**JV model 1**

**Build (or maintain) - Operate – Transfer (BOT)**

100% private sector investment

**Conditions of agreement**
- 10 – 20 year agreement
- 5-12% of net income to conservancy
- Guaranteed minimum payment
- Empowerment plan – training and staff advancement
- Environmental Management Plan (EMP)

**Conservancy**
- Access to land (leasehold)
- Resource management (wildlife)
- Community support (tourism-friendly)
- Local labour

**Lodge**
- Investment
  - Fixed assets
  - Moveable assets
- Income
- Capital

**Private sector operator**
- Capital
- Access to market
- Management expertise

**Operating fee**

**Conditions and implications**

- **Project financing** – requires no community capital because project is entirely financed by private partner
- **Conflict resolution** – contractually governed (Joint Management Committee followed by mediation and arbitration)
- **Exit strategies** – contractually governed (termination after exhaustion of required procedures)
- **Support requirements** – low compared to other options; but still requires support (compliance and enforcement)
- **Examples** – Twyfelfontein and Namushasha Country Lodges - most common approach

**Advantages**
- Clear definition of roles
- Simple structure
- Conservancy ‘head rights’ secure
- ‘Resource-use’ fee secure
- Distributes risks/roles to appropriate parties

**Disadvantages**
- Perceived low levels of empowerment
- Perceived ‘passive role’ for conservancy
- Capital returns accrue to private investor
- Operating returns accrue to private partner
- Overall, low-risk but low-return model
**Full conservancy ownership** (3rd party or conservancy operations)

100% community investment

**Conditions of agreement**
- 10 – 15 year agreement
- Net income to conservancy
- Guaranteed minimum payment
- Empowerment plan – training and staff advancement
- Environmental Management Plan
- Guaranteed re-investment in infrastructure

**Conservancy**
- Equity capital
- Access to land (leasehold)
- Resource management (wildlife)
- Community support (tourism-friendly)
- Local labour

**Private sector operating company**
- Small operating capital
- Access to market
- Management expertise

**Lodge**
- Investment
  - Fixed assets (community)
  - Moveable assets (operator)
- Income
  - capital

**Rental fee to ‘Asset Company’**

**Conditions and implications**

- **Project financing**: requires significant community capital (including reserves) as conservancy finances entire project and carries risk at all levels; requires capitalisation of management company as well as project company
- **Conflict resolution**: difficult to manage conflict between conservancy as resource holder and project owner; Contractually governed (Joint Management Committee)
- **Exit strategies** – conservancy locked-in as project owner; management contract determines exit of manager and project company
- **Support requirements** – very high compared to other models; requires significant ongoing support
- **Examples** – Grootberg Lodge

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Resource-use’ fee remains secure</td>
<td>A more complicated structure</td>
</tr>
<tr>
<td>% of capital and operating returns accrue to conservancy</td>
<td>Conservancy has ‘mixed interests’</td>
</tr>
<tr>
<td>More active role for conservancy</td>
<td>% of capital and operating risks to conservancy</td>
</tr>
<tr>
<td>Greater perceived conservancy empowerment</td>
<td>Conservancy requires greater capacity</td>
</tr>
<tr>
<td>Conservancy ‘head rights’ remain secure</td>
<td>Operator may be integrated into a complex corporate trading structure (affects other models)</td>
</tr>
<tr>
<td>Deferred uptake option creates uncertainty</td>
<td>Conservancy requires access to % of capital</td>
</tr>
</tbody>
</table>
**Share equity partnership**

**Mixed equity investment**

- **Conditions of agreement**
  - 10 – 15 year agreement
  - 10% of net income to conservancy – ‘Operating Fee’ + rental payments
  - Guaranteed minimum payment
  - Empowerment plan – training and staff advancement
  - Employment guarantee
  - Environmental Management Plan
  - Guaranteed re-investment in infrastructure

- **Advantages**
  - Conservancy ‘head rights’ remain secure
  - ‘Resource-use’ fee remains secure
  - % of capital and operating returns accrue to conservancy
  - More active role for conservancy
  - Greater perceived conservancy empowerment

- **Disadvantages**
  - Complicated structure
  - Conservancy has ‘mixed interests’
  - % of capital and operating risks to conservancy
  - Conservancy requires greater capacity
  - Operator may be integrated into a complex corporate trading structure (affects other models)
  - Deferred uptake option creates uncertainty
  - Conservancy requires access to % of capital

**Conditions and implications**

- **Project financing**: requires community capital to buy shares in project company as it co-finances entire project
- **Conflict resolution**: governed by shareholders’ agreements; difficult due to ‘mixed interests’. Contractually governed (Joint Management Committee)
- **Exit strategies** – governed by shareholders’ agreements; difficult due to ‘mixed interests’
- **Support requirements** – high compared to Model 1; requires significant ongoing support
- **Examples** – Doro Nawas Lodge; Damaraland Camp
<table>
<thead>
<tr>
<th>NAME OF ENTERPRISE</th>
<th>PRIVATE SECTOR PARTNER</th>
<th>CONSERVANCY</th>
<th>REGION</th>
<th>Type of agreement</th>
<th>Terms of business agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lianshulu Lodge</td>
<td>Wilderness Safaris</td>
<td>Balyerwa</td>
<td>Caprivi NP</td>
<td>concession</td>
<td></td>
</tr>
<tr>
<td>Impalila Island Lodge</td>
<td>Islands in Africa</td>
<td>Impalila</td>
<td>Caprivi</td>
<td>No formal agreement</td>
<td></td>
</tr>
<tr>
<td>Chobe Savanna Lodge</td>
<td>Chobe Holdings</td>
<td>Kasika</td>
<td>Caprivi</td>
<td>BOT – MOU pending</td>
<td></td>
</tr>
<tr>
<td>King’s Den Lodge</td>
<td>Namib Sun Hotels</td>
<td>Kasika</td>
<td>Caprivi</td>
<td>BOT – MOU pending</td>
<td></td>
</tr>
<tr>
<td>Camp Kwando</td>
<td>Johann Liebenberg</td>
<td>Mashi</td>
<td>Caprivi</td>
<td>No formal agreement</td>
<td></td>
</tr>
<tr>
<td>Namushasha Lodge</td>
<td>Namibia Country Lodges</td>
<td>Mashi</td>
<td>Caprivi</td>
<td>BOT-lease agreement</td>
<td></td>
</tr>
<tr>
<td>Mazambala Island Lodge</td>
<td>Andre Visser</td>
<td>Mayuni</td>
<td>Caprivi</td>
<td>BOT</td>
<td></td>
</tr>
<tr>
<td>Susuwe Island Lodge</td>
<td>Islands in Africa</td>
<td>Mayuni</td>
<td>Caprivi</td>
<td>NP concession</td>
<td></td>
</tr>
<tr>
<td>Kubunyana Camp</td>
<td>Islands in Africa</td>
<td>Mayuni</td>
<td>Caprivi</td>
<td>BOT</td>
<td></td>
</tr>
<tr>
<td>Spitzkoppe Lodge</td>
<td>Melt Hugo</td>
<td>#Gaingu</td>
<td>Erongo</td>
<td>BOT</td>
<td></td>
</tr>
<tr>
<td>Brandberg White Lady Lodge</td>
<td>Kobus De Jagger</td>
<td>Tsiseb</td>
<td>Erongo</td>
<td>BOT</td>
<td>10% of net turnover/minimum of N$250,000 pa</td>
</tr>
<tr>
<td>Khaudum Camp</td>
<td>Namibia Country Lodges</td>
<td>George Mukoya, Muduva Nyangana</td>
<td>Kavango NP</td>
<td>concession</td>
<td></td>
</tr>
<tr>
<td>Sikeretti Camp</td>
<td>Namibia Country Lodges</td>
<td>George Mukoya, Muduva Nyangana</td>
<td>Kavango NP</td>
<td>concession</td>
<td></td>
</tr>
<tr>
<td>Grootberg Lodge</td>
<td>EcoLodgistix</td>
<td>#Khoadi-//Hôas</td>
<td>Kunene</td>
<td>100% community ownership</td>
<td>10-15% of net turnover/minimum of N$30,000 pa</td>
</tr>
<tr>
<td>Ongongo Camp</td>
<td>Liana Greeff</td>
<td>Anabeb</td>
<td>Kunene</td>
<td>BOT</td>
<td>10% of net turnover/minimum of N$80,000 pa</td>
</tr>
<tr>
<td>Palmwag Concession</td>
<td>Wilderness Safaris</td>
<td>Anabeb, Sesfontein, Torra</td>
<td>Kunene NP</td>
<td>concession</td>
<td></td>
</tr>
<tr>
<td>Doro Nawas Lodge</td>
<td>Wilderness Safaris</td>
<td>Doro Inawas</td>
<td>Kunene</td>
<td>Shareholding/lease agreement</td>
<td>6-8% of net turnover plus dividends</td>
</tr>
<tr>
<td>Kunene River Lodge</td>
<td>Peter Morgan</td>
<td>Kunene River</td>
<td>Kunene BOO</td>
<td></td>
<td>5% of net turnover/minimum of N$36,000 pa</td>
</tr>
<tr>
<td>Camp Syncro</td>
<td>KaokoHimba Safaris</td>
<td>Marienfluss</td>
<td>Kunene BOO</td>
<td></td>
<td>6% of net turnover/minimum of N$10,000 pa</td>
</tr>
<tr>
<td>Okahirongo River Lodge</td>
<td>Lions in the Sun</td>
<td>Marienfluss</td>
<td>Kunene BOT</td>
<td></td>
<td>5-8% of net turnover</td>
</tr>
<tr>
<td>Kunene Conservancy Safaris(Eelambura Lodge)</td>
<td>Russell Vinjevold</td>
<td>Marienfluss, Okondjombo, Orupembe, Puros, Sanitatas</td>
<td>Kunene Community ownership</td>
<td>N$500 per visitor</td>
<td></td>
</tr>
</tbody>
</table>
### Existing Namibian JV lodges and campsites

<table>
<thead>
<tr>
<th>Name of Enterprise</th>
<th>Private Sector Partner</th>
<th>Conservancy</th>
<th>Region</th>
<th>Type of Agreement</th>
<th>Terms of Business Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>22. Kunene Camp</td>
<td>Skeleton Coast Safaris</td>
<td>Marienfluss</td>
<td>Kunene</td>
<td>BOT</td>
<td>6% of net turnover</td>
</tr>
<tr>
<td>23. Serra Cafema</td>
<td>Wilderness Safaris</td>
<td>Marienfluss</td>
<td>Kunene</td>
<td>BOT</td>
<td>8% of net turnover</td>
</tr>
<tr>
<td>24. Okahirongo Elephant Lodge</td>
<td>Lions in the Sun</td>
<td>Puros</td>
<td>Kunene</td>
<td>BOT</td>
<td>5-8% of net turnover</td>
</tr>
<tr>
<td>25. Purros Camp</td>
<td>Skeleton Coast Safaris</td>
<td>Puros</td>
<td>Kunene</td>
<td>BOO-lease agreement</td>
<td></td>
</tr>
<tr>
<td>26. Skeleton Coast Camp</td>
<td>Wilderness Safaris</td>
<td>Puros</td>
<td>Kunene</td>
<td>NP concession</td>
<td></td>
</tr>
<tr>
<td>27. Madisa Lodge</td>
<td>Nicolas Pienaar</td>
<td>Sorri-Sorris</td>
<td>Kunene</td>
<td>BOT</td>
<td>5% of bed-night rate</td>
</tr>
<tr>
<td>28. Damaraland Camp</td>
<td>Wilderness Safaris</td>
<td>Torra</td>
<td>Kunene</td>
<td>Shareholding/lease agreement</td>
<td>10% of net turnover plus % dividends</td>
</tr>
<tr>
<td>29. Kuidas Camp</td>
<td>Skeleton Coast Safaris</td>
<td>Torra</td>
<td>Kunene</td>
<td>BOO</td>
<td></td>
</tr>
<tr>
<td>30. Hobatere Lodge</td>
<td>(No operator at present)</td>
<td>#Khaadi /Hôas</td>
<td>Kunene</td>
<td>NP concession</td>
<td></td>
</tr>
<tr>
<td>31. Etendeka Mountain Camp</td>
<td>Etendeka/ Big Sky Lodges</td>
<td>Anabeb and Omatendeka</td>
<td>Kunene</td>
<td>NP concession</td>
<td></td>
</tr>
<tr>
<td>32. House on the Hill</td>
<td>Trevor Nott</td>
<td>Orupembe</td>
<td>Kunene</td>
<td>BOT</td>
<td></td>
</tr>
<tr>
<td>33. Kapika Waterfall Lodge</td>
<td>Gielie Van Zyl</td>
<td>Epupa Emerging Conservancy</td>
<td>Kunene</td>
<td>BOT</td>
<td>6% of net turnover</td>
</tr>
<tr>
<td>34. Camp Kipwe</td>
<td>Visions of Africa</td>
<td>Uibasen-Twyfelfontein</td>
<td>Kunene</td>
<td>BOT</td>
<td>8-10% of net to camp</td>
</tr>
<tr>
<td>35. Twyfelfontein Country Lodge</td>
<td>Namibia Country Lodges</td>
<td>Uibasen-Twyfelfontein</td>
<td>Kunene</td>
<td>BOT</td>
<td>10% of net to camp</td>
</tr>
<tr>
<td>36. Uukwaluudhi Safari Camp</td>
<td>Namibia Country Lodges</td>
<td>Uukwaluudhi</td>
<td>Omusati</td>
<td>Lease agreement/ shareholding</td>
<td></td>
</tr>
<tr>
<td>37. Okomize Lodge</td>
<td>Okomize Lodge CC</td>
<td>Uukolokhadhi/Ruacana</td>
<td>Omusati</td>
<td>BOT</td>
<td>6-8 of net turnover</td>
</tr>
<tr>
<td>38. Tsumkwe Country Lodge</td>
<td>Namibia Country Lodges</td>
<td>Nyae Nyae</td>
<td>Otjozondjupa</td>
<td>100% private sector owned</td>
<td></td>
</tr>
</tbody>
</table>
MODULE 2.1, HANDOUT #3: Tourism Options Plan

OTJIMBOYO TOURISM OPTIONS PLAN

Vision
Tourism development in the Otjimbanko Conservancy should capture the existing tourism resource which makes use of the main road running through the conservancy, offering alternative accommodation facilities whilst at the same time adding value to the experience through secondary activities. Tourism development in the conservancy should benefit all the community through employment, education, and entrepreneurial opportunities. Tourism should not only be able to contribute towards sustainable management of natural resources but should increase natural resource productivity. Tourism should also help to reduce national legislation and planning and should involve government, private sector, NGO’s, the community and the Traditional Authorities.

Tourism Potential

Types of tourism
- Potential to link to existing markets offering self-catering accommodation, or rent market-level accommodation. Good access to main road and links to the Brandberg.

Main Tourism Features
- Views of the Ugab River and Brandberg, some rock art at the main sites, possible suite of crafts and alternative activities such as donkey cart trips (to rock art) all based from the Havana Lodge site.

Key issues and limitations
- Highly dependent on passing trade market and have no control over what the neighbouring conservancies establish. Any other mid-market self-catering accommodation would directly compete with the Havana site.

Environmental Issues

- Water resources: Traditional water sources in the area are declining due to overuse and contamination. Slow recovery of water bodies due to water abstraction and pollution.
- Vegetation: Deterioration of vegetation cover due to overgrazing and illegal logging. Inadequate fire management practices leading to increased fire hazard.
- Wildlife: Decline in wildlife populations due to poaching and habitat fragmentation. Human-wildlife conflict due to increased human activity in the area.

Table of Activities for Tourism Sites

Environmental Limitations

- Water resources: Limited water supply due to declining water tables and contamination.
- Vegetation: Inadequate vegetation cover due to overuse and misuse.
- Wildlife: Limited wildlife populations due to poaching and habitat fragmentation.

Table of Activities for Tourism Sites

Tourist Options

1. Self-Catering Accommodation
2. Camping
3. Eco-Lodges
4. Bush Camps

Environmental Limitations

- Water resources: Limited water supply due to declining water tables and contamination.
- Vegetation: Inadequate vegetation cover due to overuse and misuse.
- Wildlife: Limited wildlife populations due to poaching and habitat fragmentation.

Table of Activities for Tourism Sites

Tourist Options

1. Self-Catering Accommodation
2. Camping
3. Eco-Lodges
4. Bush Camps

Environmental Limitations

- Water resources: Limited water supply due to declining water tables and contamination.
- Vegetation: Inadequate vegetation cover due to overuse and misuse.
- Wildlife: Limited wildlife populations due to poaching and habitat fragmentation.

Table of Activities for Tourism Sites

Tourist Options

1. Self-Catering Accommodation
2. Camping
3. Eco-Lodges
4. Bush Camps

Environmental Limitations

- Water resources: Limited water supply due to declining water tables and contamination.
- Vegetation: Inadequate vegetation cover due to overuse and misuse.
- Wildlife: Limited wildlife populations due to poaching and habitat fragmentation.

Table of Activities for Tourism Sites

Tourist Options

1. Self-Catering Accommodation
2. Camping
3. Eco-Lodges
4. Bush Camps

Environmental Limitations

- Water resources: Limited water supply due to declining water tables and contamination.
- Vegetation: Inadequate vegetation cover due to overuse and misuse.
- Wildlife: Limited wildlife populations due to poaching and habitat fragmentation.

Table of Activities for Tourism Sites

Tourist Options

1. Self-Catering Accommodation
2. Camping
3. Eco-Lodges
4. Bush Camps

Environmental Limitations

- Water resources: Limited water supply due to declining water tables and contamination.
- Vegetation: Inadequate vegetation cover due to overuse and misuse.
- Wildlife: Limited wildlife populations due to poaching and habitat fragmentation.

Table of Activities for Tourism Sites

Tourist Options

1. Self-Catering Accommodation
2. Camping
3. Eco-Lodges
4. Bush Camps

Environmental Limitations

- Water resources: Limited water supply due to declining water tables and contamination.
- Vegetation: Inadequate vegetation cover due to overuse and misuse.
- Wildlife: Limited wildlife populations due to poaching and habitat fragmentation.
MODULE 2.1, HANDOUT #4: Feasibility of a Tourism Plan (based on W. Bonzaier, 2001)

1. Determine regional context
   Understand the environment
   What is the tourist appeal?
   What are the deterring factors?

2. Define Objectives
   Why consider tourism development?
   For money, jobs, conservation, skills.

3. Tourism Plans
   What tourism plans exist?
   Does it fit into existing tourism circuit?

4. Legal status
   Can legal rights be obtained over the site?
   Are there competing rights or uses?

5. Markets and products
   What branding and markets exist?
   What are the competing and complementary products?

6. Determine site potential
   Is it the best use?
   What are the attractions and attributes?
   What services and access constraints are there?

7. Demand
   Understand tourist needs
   What is the tourist profile, numbers, occupancy, pricing, trends, best concepts?

8. Carry out Feasibility Study
   It is potentially viable?
   Use financial model. Apply volumes and prices.
Calculating ‘Achieved Rate’ and ‘Occupancy Rate’

Calculating Occupancy Rates

If a lodge has 24 beds

\[ 24 \text{ beds} \times 365 \text{ days in the year} = \text{total available bed-nights of 8760} \]

This means that if all of the beds were filled every night of the year the lodge will have achieved 100% occupancy (full all of the time).

Occupancy will vary within a year (more tourists come in August & September so these months will achieve a higher monthly occupancy).

Occupancy will also vary over time – as the lodge grows it is expected that the occupancy will increase from year to year until it reaches a stable level.

A new lodge might typically start the first year with just 10% occupancy. This means that \( 10\% \times 8760 = 876 \) bed-nights are expected to be sold.

As indicated previously, the average break-even occupancy in Namibia is approx. 30%. This would mean that for this lodge \( 30\% \times 8760 = 2628 \) bed-nights would need to be sold to break-even.

Another calculation that could be useful is if the operator tells the conservancy that they had 4564 bed-nights filled last year. The occupancy level would then be \( \frac{4564}{8760} = 0.521 = 52.1\% \).

Note: it is important to look at the occupancy levels proposed in the lodge business plan. These should be analysed to see if they are realistic for this particular lodge, in this particular location at this particular time.

Calculating the ‘Achieved Rate’ (example of a typical lodge)

Rack Rate
The rate or price shown in adverts and promotional material (that would be paid by a tourist if they go to the lodge directly, without going through a booking agent).

1. Start with a Rack Rate of N$1,000.00 per night

Commission/discount @ 25%. The amount that is paid to a booking agent for selling the lodge product and/or discounts given to preferred partners (who bring or send large numbers of tourists). This averages 25% (and can go as high as 35% in Namibia).

25% would add up to N$250.00

2. So the amount left of the full rack rate is = N$750.00

Value-added tax (VAT) @ 15% is tax paid to government on all accommodation and activities

This is N$112.50

3. So the amount left is = N$637.50

Namibia Tourism Board (NTB) levy @ 1-2% levy paid to the NTB based on 2% of accommodation rate or 1% of fully inclusive rate. This money is used by the NTB to market Namibia, to monitor product quality, and to establish training standards within the tourism industry.

2% would be N$12.75

4. The Achieved Rate (the remaining amount) = N$624.75

Which ends up being:

63% of the original Rack Rate

(37% deductions)
Calculating ‘Occupancy Rates’

If a lodge has 24 beds

24 beds x 365 days in the year = total available bed-nights of 8760

This means that if all of the beds were filled every night of the year the lodge will have achieved 100% occupancy (i.e., it is full all of the time). Occupancy will vary within a year (more tourists often come in August and September so these months will achieve a higher monthly occupancy). Occupancy will also vary over time – as the lodge grows it is expected that the occupancy will increase from year to year until it reaches a stable level.

A new lodge might typically start the first year with just 10% occupancy.

This means that 10% x 8760 = 876 bed-nights are expected to be sold.

As indicated previously, the average break-even occupancy in Namibia is approx. 30%.

For this lodge 30% x 8760 = 2628 bed-nights would need to be sold to break-even.

Another calculation is if the operator tells the conservancy that they had 4564 bed-nights filled last year.

The occupancy level would be 4564/8760 = 0.521 = 52.1%
## Module 2.1, Handout #6: The two approaches for financial arrangements

<table>
<thead>
<tr>
<th>Lease fee</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The operator pays the community a fee for its contribution to the partnership</strong></td>
<td><strong>The community has an equity stake (shares) in the company that owns the enterprise</strong></td>
</tr>
<tr>
<td>Often this is a <em>lease fee</em> for using community land and resources. The fee can be fixed or variable, or a combination of both.</td>
<td>This is a <em>share of ownership</em>, which entitles the conservancy to share in the profits (and losses).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Advantages</strong></th>
<th><strong>Disadvantages</strong></th>
<th><strong>Advantages</strong></th>
<th><strong>Disadvantages</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Guaranteed community income</td>
<td>✓ Enterprise owned by outsider</td>
<td>✓ Community has a share of ownership</td>
<td>✓ Ownership might be on paper only</td>
</tr>
<tr>
<td>✓ A fee set as percentage of turnover grows with the enterprise</td>
<td>✓ No stake for community or automatic right to decision-making on the enterprise management</td>
<td>✓ As shareholders they have the automatic right to decision making.</td>
<td>✓ Community shares the risk of financial loss</td>
</tr>
<tr>
<td>✓ Easy to understand</td>
<td>✓ A combination of a fixed rental (minimum income) and percentage of turnover</td>
<td>✓ As profits increase, income for the community increases</td>
<td>✓ No guaranteed minimum income</td>
</tr>
<tr>
<td>✓ Recognises the community contribution in terms of natural resources</td>
<td>✓ As profits increase, income for the community increases</td>
<td>✓ Share in asset value of the enterprise at the end</td>
<td>✓ Profits can be reduced by clever accounting</td>
</tr>
<tr>
<td>✓ As the landlord, the community can have a decision-making role in issues affecting resource use in terms of the lease</td>
<td>✓ Strong profit incentive to help the enterprise do well</td>
<td>✓ No profit or community income at first</td>
<td>✓ Not easy to understand</td>
</tr>
</tbody>
</table>
### Module 2.1, Handout #7: Fixed and Variable Fees

<table>
<thead>
<tr>
<th>Option</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed fees</strong></td>
<td>✅ The amount is known</td>
<td>✅ No increase in community income as enterprise grows</td>
</tr>
<tr>
<td>(i.e.: fixed N$ per year)</td>
<td>✅ Easy to understand, implement and monitor</td>
<td>✅ No community incentive for community support or involvement</td>
</tr>
<tr>
<td></td>
<td>✅ No risk</td>
<td>✅ Likely to be low if it’s to be affordable from the start</td>
</tr>
<tr>
<td></td>
<td>✅ Income is earned from the start</td>
<td>✅ May be eroded by inflation (unless pegged to prices or foreign currency)</td>
</tr>
<tr>
<td></td>
<td>✅ Useful for short-term agreements, or for a guaranteed minimum in combination with other fees</td>
<td></td>
</tr>
<tr>
<td><strong>% of turnover</strong></td>
<td>✅ Community income increases as the enterprise grows</td>
<td>✅ Risk and uncertain amounts: goes down as well as up</td>
</tr>
<tr>
<td></td>
<td>✅ Any type of growth increases income, whether it’s due to:</td>
<td>✅ Can be difficult to understand</td>
</tr>
<tr>
<td></td>
<td>- Higher price per tourist</td>
<td>✅ Turnover can be hidden if income stays with a parent company</td>
</tr>
<tr>
<td></td>
<td>- More tourists</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- More activities (ballooning, curios, more time in the bar)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>✅ Increases as prices increase. Keeps up with inflation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>✅ Creates incentives for community support</td>
<td></td>
</tr>
<tr>
<td></td>
<td>✅ % can be varied over time</td>
<td></td>
</tr>
<tr>
<td><strong>% of profit</strong></td>
<td>✅ As for % of turnover</td>
<td>✅ Easily avoided</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✅ Zero or very low for first few years and whenever business is bad</td>
</tr>
<tr>
<td><strong>Fee per unit</strong></td>
<td>✅ Easy to understand</td>
<td>✅ Can go down as well as up</td>
</tr>
<tr>
<td>(i.e.: N$ per bed-night)</td>
<td>✅ Income goes up as resource use goes up</td>
<td>✅ Needs to be linked to inflation</td>
</tr>
<tr>
<td></td>
<td>✅ Useful for consumptive tourism</td>
<td>✅ Only grows with use of one resource, not with other changes in growth or profitability (e.g., more expensive beds, more activities)</td>
</tr>
<tr>
<td></td>
<td>✅ Clear incentives for conservation</td>
<td></td>
</tr>
</tbody>
</table>
## Module 2.1, Handout #8: Advantages and Disadvantages of the Approaches Used to Attract and Secure JV Investors

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Call For Proposals Regular</th>
<th>Call For Proposals Complex</th>
<th>Call For Proposals Limited</th>
<th>Operator-initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open, transparent and clear steps</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Encourages competition (helps obtain market value of site)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Might identify an opportunity that wasn’t already known</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Documentation is pre-prepared and clear</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clear timelines exist</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can compare proposals as they use same format</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional, well-organised approach</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raises profile of sites and conservancy investment opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensures all proposals are of high quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May be quicker as operators/investors are already known</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cheap</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Might be able to develop a business for which there is a limited window of opportunity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disadvantages</th>
<th>Call For Proposals Regular</th>
<th>Call For Proposals Complex</th>
<th>Call For Proposals Limited</th>
<th>Operator-initiated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of flexibility, and complicated documentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High potential for bribery or mismanagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expensive (marketing, site visits, conference)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not initially driven by conservancy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complexity may reduce competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced competition, therefore reduced offers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not competitive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Build first and then hope to be accepted by conservancy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MODULE 2.1, HANDOUT #9: Key general issues of the adjudication process (page 1 of 5)

**Operational / Growth**
- Occupancies proposed
- Growth in occupancy
- Increase in prices / costs (inflation)
- Rack rate
- Achieved rate (commissions & deductions)
- Marketing plan – access to tourists
- Links to existing operators

**Capital Costs**
- Size of lodge – Number of beds
- Rack rate (market segment)
- Quality of construction / fittings / design
- Availability of capital funds (JV partner & conservancy)
- Leasehold / agreement duration

**Track Record**
- Existing operator (Namibia)
- Existing business (Namibia)
- Overseas or external investor
- Experience in tourism industry
- Partnerships / management contracts

**Company Structure**
- Large multinational company
- Small family / consortium (Lifestyle)
- Shareholders’ expectations
- Investment company or operator
- Hotel management company

**Location**
- Proximity to main attractions
- Accessibility – main routes
- Exclusivity / remoteness
- Cost of transport / supplies
- Competition with existing lodges
- Potential for further expansion

**Empowerment**
- Number of staff
- Staff conditions
- Staff skills development
- Working relationship
- Procurement -services and supplies
- Conservancy involvement in JV

**Financial & Business**

**Lodge viability**

**Environment**
- Legal requirements; required studies
- Design features
- Appropriate technology
- Vehicle management
- Contribution to conservancy
MODULE 2.1, HANDOUT #9: Key general issues of the adjudication process (page 2 of 5)

**Market Sectors**
- Small up-market (12-24 beds) N$10m-16m
- Large mid-market (48 – 100+ beds) N$15m+
- Small mid-market (16-24 beds) N$3-5m

**Conservancy Income**
- Proposed payment to the conservancy – e.g. Percentage of Net Turnover, bed-night levy, fixed rental etc.
- Rate at which this payment increases annually.
- Minimum guaranteed payment
- Proposed deductions e.g. Commissions, discounting, VAT, NTB (total % deductions)
- Method of payment – fixed monthly fee, variable monthly fee, quarterly payments.
- Method of calculation of above fees.

**Operational / Growth**
- Occupancies – average in Namibia is approx 40% (with great variation)
- Break – even occupancy average is approx. 30% (below this over the longer term is not viable)
- Existing operators with market links will get higher initial occupancy rates and occupancies will grow faster
- New or inexperienced operators without strong market links will get lower initial occupancies and occupancies will grow more slowly
- Increase in prices / costs (inflation) – Note average over past 2 years has been around 10%
- Achieved rate (commissions & deductions) – average commission is about 25-35%. With VAT and NTB levy this can be as much as 40% deduction from Rack Rate.
- Marketing plan – 5% capital cost at start up and 5% of annual turnover thereafter. Will depend on if lodge is part of a group or individual

**Ratio of Capital v Product**
- Is it the right amount for the proposed product (market sector, size, rack rate etc.)

**Access to Capital**
- Does the operator/investor have access to adequate capital? (if not, this could hamper the speed of development and initial operations).
- Is the capital a commercial or private loan? (commercial loans could add costs to the operations)

**Rack Rate**
- Up-market N$1200-N$4000+
- Mid-market N$500-N$1200
- Low-market N$200-N$500

**Operational Costs**
- Are costs realistic in relation to proposed product (No. Staff, maintenance, replacement etc.)
- Does the operator have “economies of scale” (other lodges in same area) – this would allow costs savings.
- Are annual cost increases in line with inflation
- Ensure all operational costs are shown

---

**Financial and Business - 1**

What to look out for
MODULE 2.1, HANDOUT #9: Key general issues of the adjudication process (page 3 of 5)

**Company Structure**
- Large multinational company – could have access to more resources and cover initial cumulative losses more easily than a small company.
- Small family / consortium (lifestyle) – owner-operators are often very committed and easy to work with but must ensure lodge does not just become a “hobby” and is aimed at obtaining a good return from the use of the site. A minimum payment will ensure lodge performs.
- Shareholders / investment companies – will expect a return on their investment so the lodge may be more profit driven.

**Location**
- Proximity to main attractions – expect faster and higher growth rates.
- Accessibility - remote locations require additional costs and are often better developed as up-market exclusive lodges (need to recover high costs).
- Competition – where located close to other lodges – need to offer different or better products, prices, experiences or volume of tourists must be very high to match supply of beds (e.g. Adjacent to Etosha NP).
- If the location / product has potential for further growth, this will have a positive impact on potential viability.

**Financial and Business - 2**

What to look out for

**Track Record**
- Existing operator / investor / management company (Namibia) – easy to look at their track record and reputation.
- Existing business (Namibia) – as above, but need to check tourism experience.
- Overseas or external investor – often harder to assess track record and reputation. Also harder to establish a working relationship and build trust.

**Leasehold**
- Leasehold / agreement duration – the higher the investment then the longer the lease / agreement requirement. Alternatively – the lower the growth potential, then the longer the lease / agreement requirement.
- Do not give sites away on long term leases if returns are too low / viability is in question.
**Company Structure**

- Large multinational / regional company – could have access to more resources and therefore increased training and learning opportunities for staff.
- Small family / consortium (lifestyle) – owner-operators are often very committed and easy to work with but may not have resources for good training programs or may not wish to “let go” of the management of the lodge.
- Shareholders / investment companies – will expect a return on their investment so they will insist on competent staff regardless of where they come from – may take longer to localise staff.

**Working Relationship**

- Willingness and commitment to make the Joint Management Committee work effectively.
- Non-financial benefits – what other benefits are being offered e.g. Emergency transport, access to phone, support for other community initiatives such as festivals, sports events etc.

**Procurement**

- Willingness to source supplies and services locally e.g. Wood, laundry, vegetables, meat etc
- Willingness to provide technical support to local businesses so they can provide reliable supplies and services.
- Note: This should be seen as an additional component in favour of a particular proposal, but it is the main financial offer to the conservancy and the wage income to staff that are the most important.

**Skills Development**

- What is the commitment to training
- What is the staff “progression plan” – how will staff move up within the business (e.g. Cleaner – guide – assistant manager-manager)
- What is the management “succession plan”? – Will external managers be replaced by local staff and over what period?

**Staffing**

- Number of staff employed
- Local v external staff
- Is staffing realistic for product (e.g. Up-market lodges may require a ratio of 3 staff to 1 guest)
- Wages – what is the minimum wage and are wage levels in line with the national average
- Social security
- Medical insurance
- Housing
- Annual leave
- Transport to work
- Uniforms
- Note: the staff conditions offered should be compliant with the Namibian Labour Law. They should also be compared with other lodges of a similar type.

**Empowerment**

What to look out for
MODULE 2.1, HANDOUT #9: Key general issues of the adjudication process (page 5 of 5)

MET Legal Requirements
- Does the proposed Environmental Plan comply with the current MET legal requirements? This will normally include the need for an Environmental Questionnaire and then an Environmental Impact Assessment (EIA) or Environmental Management Plan (EMP).
- An EMP is the most practical as it provides management guidelines for the operations of the lodge into the future. (See Section 1.9)

Waste Management
- Clear policy and approach to waste management.

Contribution to the Conservancy
- Sharing resource management activities – e.g. Wildlife monitoring, species re-introduction, water point maintenance, poaching control, erosion control etc.

Vehicle Management
- Servicing & maintenance of vehicles.
- Commitment to reducing vehicle use – more emphasis on non-vehicle based activities e.g. Walking, horses, bikes etc.
- Vehicle sharing (other lodges / businesses).

Design Features
- Passive energy – has particular attention been given to siting of buildings, shade, weather patterns, winds etc.
- Use of environmentally friendly building materials.
- Use of local materials.
- Appropriate landscaping and planting (indigenous species only).

Appropriate Technology
- Solar energy – electricity.
- Solar heating – water.
- Water saving devices.
- Use of grey water.
- Wind power.
- Dry composting toilets.

Environment
What to look out for
Summary of Ongandu River Lodge Proposal

Background
Etoko Investment Group intends to build a mid-market lodge at the Ongandu River Gorge. This is an investment company that has been involved in mining of precious stones in the Omao Conservancy in the north-west of Namibia and it has no background or experience in any tourism business. Due to the downturn in the prices of the gemstones, and being already operational in the Omao Conservancy, the company decided to diversify into tourism and build a mid-market lodge at the Ongandu River Gorge.

The following are extracts from its proposal to the Omao Conservancy.

The proposed investment
10 million Namibia dollars, to be partly sourced through commercial funding sources such as the Development Bank of Namibia.

Proposed product
- A 20 chalet (40 bed) mid-market lodge with a main area and a swimming pool
- Will offer accommodation to visitors to the gorge
- Game drives
- Village cultural visits
- Guided hiking trails in the Ondundu mountains

Right of Leasehold
The Right of Leasehold will have to be secured in the name of Ongandu Lodge for a period of 25 years, with the agreement between the lodge and the conservancy also for duration of 25 years with an option of renewal based on a review of the relationship. After the end of the agreement period, all fixed assets and their improvements can revert to the community or the state.

Exclusivity needed
A 20km radius is proposed, i.e., to be protected from any new lodge development within this 20 km radius.

Financial offer
- Lease fee will start with 6% of gross income for first and second year
- 7% of gross income for Year 3
- 8% of gross income for Year 4
- 9% of gross income for Year 5
- And 10% of gross income as from Year 6 onwards.

A minimum lease fee of N$50,000 per annum will be guaranteed for the first three years of operation.

It should be noted that we have decided to offer the conservancy the first right of refusal to purchase more shares in the lodge, if the conditions are fit at such a time. This will mean more empowerment to the conservancy and a greater sense of belonging to the community in such a project.

Empowerment and employment
From a social point of view, the aim is to provide employment to the community members, which according to the Business Plan could be as high as 30 - 40 people on a permanent basis. Indirect employment could reach about 20 people. It must be understood that some employment can be during construction of the lodge and not necessarily after the lodge is operations. The lodge might outsource other activities and services to capable community members.

Apart from the fulltime employees, a number of casual workers will be employed, and with an increase in occupancy and growth, more workers will be employed. Ongandu Lodge will endeavour to employ at least 80% of staff from the community unless skills needed are not available within the community. Training would be provided and Etoko Investment Group will do everything possible to elevate one or two staff members from the community to the level of Assistant Managers over time.

Environmental management
Environmental clearance was obtained from the Ministry of Environment and Tourism and handed in at the land board for processing the Right of Leasehold Certificate. An Environmental Management Plan will be drafted before the construction starts.
### Module 2.1, Handout #10: Exercise: Key general issues in the adjudication process (Page 2 of 3)

**OGANDU LODGE**

**20 ROOMS - 40 BEDS**

<table>
<thead>
<tr>
<th>Note</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Occupancy %</strong></td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
<td>45%</td>
</tr>
<tr>
<td><strong>Beds Available</strong></td>
<td>14,600</td>
<td>14,600</td>
<td>14,600</td>
<td>14,600</td>
<td>14,600</td>
</tr>
<tr>
<td><strong>Beds Occup.</strong></td>
<td>1,460</td>
<td>2,920</td>
<td>4,380</td>
<td>5,840</td>
<td>6,570</td>
</tr>
</tbody>
</table>

**SALES**

| Food a) | 293,251 | 645,153 | 1,064,502 | 1,561,269 | 1,932,071 |
| Bar b) | 25,389 | 55,857 | 92,164 | 135,173 | 167,277 |

**COST OF SALES**

| Food | 140,849 | 309,869 | 391,144 | 465,382 | 537,946 |
| Bar | 8,886 | 19,550 | 32,257 | 47,311 | 58,547 |

**TOTAL INCOME**

| 177,791 | 391,144 | 645,382 | 946,561 | 1,171,369 |

**GROSS PROFIT - SALES**

- **% Food**
  - 55%
  - 65%

- **% Bar**
  - 55%
  - 65%

**OTHER INCOME**

| Accommodation e) | 1,263,137 | 3,570,902 | 5,891,988 | 8,641,582 | 10,693,958 |
| Game drives d) | 107,912 | 237,407 | 391,722 | 574,526 | 710,975 |
| Horses e) | 107,912 | 237,407 | 391,722 | 574,526 | 710,975 |
| Village f) | 107,912 | 237,407 | 391,722 | 574,526 | 710,975 |

**TOTAL INCOME**

| 1,800,928 | 3,962,043 | 6,537,370 | 9,588,143 | 11,865,327 |

**EXPENDITURE**

| Advertising | 50,000 | 57,500 | 66,125 | 76,044 | 87,450 |
| Audit fees / Accounting fees | 15,000 | 17,250 | 19,838 | 22,813 | 26,235 |
| Admin Fee - Reservations | 48,000 | 55,200 | 63,480 | 73,002 | 83,952 |
| Bank charges | 32,000 | 36,800 | 42,320 | 48,668 | 55,968 |
| Leasing Hold Fees | 60,000 | 60,000 | 69,000 | 79,350 | 91,253 |
| Insurance | 60,000 | 69,000 | 79,350 | 91,253 | 104,940 |
| Cleaning | 38,000 | 43,700 | 50,255 | 57,793 | 66,462 |
| Guest Supplies | 38,000 | 43,700 | 50,255 | 57,793 | 66,462 |
| Commission d) | 259,880 | 571,736 | 943,364 | 1,383,601 | 1,712,206 |
| Courier and postage | 10,000 | 11,500 | 13,225 | 15,209 | 17,490 |
| Fuel & Gas | 60,000 | 69,000 | 79,350 | 91,253 | 104,940 |
| Licences | 4,300 | 4,730 | 5,203 | 5,723 | 6,296 |
| Interest Paid | 2,921 | 3,378 | 3,925 | 4,481 | 5,037 |
| Management Accounts Fees | 120,000 | 132,000 | 145,200 | 159,720 | 175,692 |
| Motor vehicle expenses | 132,500 | 153,000 | 177,450 | 206,880 | 242,787 |
| - Repairs & maintenance | 12,500 | 15,000 | 18,750 | 24,375 | 32,906 |
| - Fuel & oil | 120,000 | 138,000 | 158,700 | 182,505 | 209,881 |
| Packaging | 24,000 | 27,600 | 31,740 | 36,501 | 41,976 |
| Phone & fax | 23,000 | 26,450 | 30,418 | 34,980 | 40,227 |
| Printing & Stationery | 12,000 | 13,800 | 15,870 | 18,251 | 20,988 |
| Repairs and maintenance | 10,000 | 11,500 | 13,225 | 15,209 | 17,490 |
| Replacements | 6,000 | 6,900 | 7,935 | 9,125 | 10,494 |
| Salaries and wages | 774,000 | 851,400 | 1,021,680 | 1,226,016 | 1,471,219 |
| Secretarial fees | 1,350 | 1,553 | 1,785 | 2,053 | 2,361 |
| Subscriptions | 855 | 983 | 1,131 | 1,300 | 1,495 |
| Travelling | 5,000 | 5,750 | 6,613 | 7,604 | 8,745 |
| Uniforms | 27,791 | 28,154 | 29,807 | 34,589 | 41,342 |
| Water & Electricity | 180,000 | 207,000 | 238,050 | 273,758 | 314,821 |
| Workmans compensation | 1,500 | 1,725 | 1,984 | 2,281 | 2,624 |

**NET PROFIT/(LOSS)**

| 1,187,200 | 627,088 | 2,529,293 | 4,783,367 | 6,309,814 |

**Profit/(loss) B/F**

| 1,540,000 | 1,352,800 | 1,979,888 | 4,509,181 | 9,292,548 |

**ACCUM PROFIT / LOSS**

| 1,352,800 | 1,979,888 | 4,509,181 | 9,292,548 | 15,602,361 |

**Excl Vat**

| Breakfast a) | 65 | 72 | 79 | 87 | 95 |
| Dinner | 130 | 143 | 158 | 174 | 191 |
| Lunch packs | 52 | 57 | 63 | 69 | 76 |

**TOTAL INCOME**

| 1,369,156.17 | 3,012,143.58 | 4,970,036.90 | 7,289,387.46 | 9,020,616.98 |

**Less VAT 15%(Net Income)**

| 1,163,782.75 | 2,560,322.04 | 4,224,531.37 | 6,195,979.34 | 7,667,524.43 |

**Conservancy Lease Fee**

| 69,826.96 | 153,619.32 | 295,717.20 | 495,678.35 | 690,077.20 |
Adjudicate the Etoko Investment Group Proposal in terms of:  
*Give a rating of 1 = very weak; 2 = weak; 3 = ok/average; 4 = good; and 5 = excellent* and explain why the rating was awarded.

1. Background and experience (rating:     )

2. Finance and financial benefits (rating:     )

3. Empowerment and employment (rating:     )

4. Environment (rating:     )

Make recommendations to the conservancy:
## MODULE 2.1, HANDOUT #11: Justification for the use of community equity funding

<table>
<thead>
<tr>
<th><strong>Financial/economic</strong> (from the perspective of the business)</th>
<th><strong>Social/political</strong> (from the perspective of the community)</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Where <strong>access to capital is difficult</strong> or impossible for communities/conservancies who wish to develop their own tourism business.</td>
<td>✓ Where a community has been excluded or removed from a tract of land (e.g., San and Herero from Etosha National Park) and there is a need to now maximise the return to this community from a JV (concession) Agreement.</td>
</tr>
<tr>
<td>✓ Where <strong>access to capital is difficult for the private sector</strong> - they are unable to obtain a commercial loan (and without community equity the lodge/business will not be developed).</td>
<td>✓ Where a conservancy/community has no other income-generating alternatives and therefore needs to maximise its return from a JV Agreement.</td>
</tr>
<tr>
<td>✓ Where a <strong>business opportunity has viability but has limited growth potential or carries high risk</strong> (if the private sector has to borrow capital and the debt burden will be so great that the business will struggle to break even, cash flow will be difficult and there will only be small returns possible to the conservancy/community).</td>
<td>✓ Where a conservancy/community has demonstrated outstanding commitment to conservation (and is incurring a high cost in doing so).</td>
</tr>
<tr>
<td>✓ Where an existing and viable lodge wishes to reduce their debt burden and offer ‘shareholding’ to a selected conservancy/community (with the possible ‘re-cycling’ of a proportion of the freed up capital to another project).</td>
<td>✓ In cases where a conservancy/community is carrying very high costs of human wildlife conflict.</td>
</tr>
</tbody>
</table>
### Options for ownership/partnership/management arrangements when community equity is applied

<table>
<thead>
<tr>
<th>Option</th>
<th>Advantage</th>
<th>Disadvantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Simple Agreement with a JV partner that includes lease fee payment (for use of land) and rental payment (in return for conservancy/community % shareholding of fixed assets). Focuses on maximising income back to the conservancy/community. Uses CEq to leverage increased income but not participation.</td>
<td>- Increased income from lease fee and added rental fee. &lt;br&gt;- Conservancy/community requires minimum capacity building or additional support. &lt;br&gt;- Uncomplicated and easy to monitor.</td>
<td></td>
</tr>
<tr>
<td>2. As above + includes a contractual requirement for training and capacity building, and option for conservancy/community ‘takeover’ after initial set period (approx 15 years).</td>
<td>As above plus: &lt;br&gt;- Capacity and skills development are built in as part of agreement. &lt;br&gt;- Conservancy/community has option to operate lodge in future.</td>
<td></td>
</tr>
<tr>
<td>3. Development of a Joint Venture (Fixed) Asset company with private sector that rents the facility (lodge) to an operating company. Income comes from lease fee payment (for use of land) and rental payment (in return for conservancy/community % shareholding of fixed assets).</td>
<td>- Increased income from lease fee and rental fee. &lt;br&gt;- Capacity and skills are built as part of agreement. &lt;br&gt;- Uncomplicated shareholding, with predictable returns through regular rent. &lt;br&gt;- Increased involvement in tourism sector through input into decisions regarding lodge/facility maintenance and investment.</td>
<td></td>
</tr>
<tr>
<td>4. Development of a Joint Venture (Fixed and Moveable) Asset company with private sector that rents the facility (lodge) and equipment to an operating company. Income comes from lease fee payment (for use of land) and rental payment (in return for conservancy/community % shareholding of fixed and moveable assets).</td>
<td>As above plus: &lt;br&gt;- Potential for increased returns due to rental of both the fixed and moveable assets to the operating company.</td>
<td></td>
</tr>
<tr>
<td>5. Development of a Joint Venture Company with shares in the lodge management company.</td>
<td>- Increased income from lease fee and ‘dividend’ paid from profit as shareholder of the management company. &lt;br&gt;- Capacity and skills are built as part of agreement. &lt;br&gt;- Involvement in decision making around the operations of the business. &lt;br&gt;- High level of involvement in the tourism sector.</td>
<td></td>
</tr>
<tr>
<td>6. Development of a Joint Venture Company with a combination of shareholding in both the asset and the management companies.</td>
<td>- Increased income from lease fee, rental of fixed asset and dividend from profit of the management company. &lt;br&gt;- Capacity and skills are built as part of agreement. &lt;br&gt;- High level of involvement in decision making around both the fixed assets and the operations of the lodge. &lt;br&gt;- High level of involvement in the tourism sector.</td>
<td></td>
</tr>
</tbody>
</table>
### Options for ownership/partnership/management arrangements when community equity is applied

<table>
<thead>
<tr>
<th>Option</th>
<th>Advantage</th>
<th>Disadvantage</th>
</tr>
</thead>
</table>
| 1. Simple Agreement with a JV partner that includes lease fee payment (for use of land) and rental payment (in return for conservancy/community % shareholding of fixed assets). Focuses on maximising income back to the conservancy/community. Uses CEq to leverage increased income but not participation. | - Increased income from lease fee and added rental fee.  
- Conservancy/community requires minimum capacity building or additional support.  
- Uncomplicated and easy to monitor. | - No involvement in decision making around business or asset could lead to limited sense of ownership.  
- No real participation in tourism business. |
| 2. As above + includes a contractual requirement for training and capacity building, and option for conservancy/community ‘takeover’ after initial set period (approx 15 years). | As above plus:  
- Capacity and skills development are built in as part of agreement.  
- Conservancy/community has option to operate lodge in future. | - No involvement in decision making around business or asset could lead to limited sense of ownership.  
- No real participation in tourism sector. |
| 3. Development of a Joint Venture (Fixed) Asset company with private sector that rents the facility (lodge) to an operating company. Income comes from lease fee payment (for use of land) and rental payment (in return for conservancy/community % shareholding of fixed assets). | - Increased income from lease fee and rental fee.  
- Capacity and skills are built as part of agreement.  
- Uncomplicated shareholding, with predictable returns through regular rent.  
- Increased involvement in tourism sector through input into decisions regarding lodge/facility maintenance and investment. | - No involvement in decision making around business operations of lodge.  
- Shareholding in Asset Company carries some risk.  
- Involvement in decision making requires additional capacity building of conservancy/community.  
- More difficult to monitor - increased external support required. |
| 4. Development of a Joint Venture (Fixed and Moveable) Asset company with private sector that rents the facility (lodge) and equipment to an operating company. Income comes from lease fee payment (for use of land) and rental payment (in return for conservancy/community % shareholding of fixed and moveable assets). | As above plus:  
- Potential for increased returns due to rental of both the fixed and moveable assets to the operating company. | - As above plus:  
- Increased complexity due to addition of shareholding in moveable assets as well as fixed assets.  
- Shareholding in Fixed and Moveable Asset Company carries some risk. |
| 5. Development of a Joint Venture Company with shares in the lodge management company. | - Increased income from lease fee and ‘dividend’ paid from profit as shareholder of the management company.  
- Capacity and skills are built as part of agreement.  
- Involvement in decision making around the operations of the business.  
- High level of involvement in the tourism sector. | - Potentially complicated shareholding agreement.  
- Conservancy/community liable to risk of losses as well as profit from management company.  
- Difficult to monitor - increased external support required. |
1. Identify a business opportunity.

2. Make an initial assessment of the viability of the proposed business. This is a higher-level assessment and not a detailed Business Plan.

3. Identify and describe the community legal entity (e.g., conservancy, community trust), which will be the beneficiary of the community equity funding. Obtain proof of legal registration.

4. Determine whether or not there is justification for CEq funding – looking at both the financial/economic and social/political factors affecting the proposed business development. This may happen after a tender or expressions of interest process, when it is clear who the private sector partner will be and there is a well-developed Business Plan with detailed financial projections.
   
   i. **Financial/economic** – is the private sector partner in a position to fully capitalise the business according to the Business Plan. If not, why not? If the reason given is acceptable (e.g., cost of capital is too high; working in communal area is too risky) and it is clear that the business will not be developed without financial assistance, determine how much additional financing is required. What % of the total capital costs does this represent? Is this an acceptable %?

   ii. **Social/economic** – given the particular community, is there justification for utilising CEq funding? If yes, determine what amount should be applied and what % of the total capital cost this represents.

5. Once justification has been made and the % CEq required has been established, it is important to determine the proposed ownership/partnership structure. This will need to be done together with the community. The preferred ownership/partnership structure then needs to be fully described and understood by all parties to the agreement.

6. Once the preferred ownership/partnership model is agreed, it is important to determine whether or not the community has the necessary capacity and skills to manage the risk attached to the preferred option. If not, determine if there are sufficient resources available to support the community and to develop the required capacity. If there are, then it is OK to continue. If not, the process should be halted whilst the necessary resources and support are made available. Or the chosen ownership/management option may need to be modified to a less complicated option, where the community can adequately manage the associated risk.

7. Once this is agreed to the satisfaction of all parties, the agreement can be drafted and signed, and the CEq funds mobilised.
Diagram 1
Process for Tourism Business Opportunity Site Selection for the use of Community Equity Grant Funding (CEq)

START

1. Identify Tourism Business Opportunities through tourism plans/ zonation / site selection in National Parks, Concessions and Conserves

2. Is the proposed Business Opportunity viable? Is there sufficient market demand?
   - Yes
     - Is the proposed Tourism Business Opportunity inside a:
       1. National Park (NP)
       2. Tourism Concession.
       3. Conservancy or on Communal Land immediately adjacent to a NP
       4. Conservancy or on Communal Land that is designated as a wildlife corridor.
       5. On a Commercial farm that is committed to partnering with an Organised Community Group.
   - No
     - Stop

3. Tourism Business Opportunities Priorities should be given to Conserves that meet the highest number of selection criteria listed below
   - YES / NO

   1. Members of the Conservancy / Community previously lived inside the NP
   2. The Conservancy / Community has no other major potential source of income (this business opportunity will greatly increase conservancy sustainability)
   3. The Conservancy / Community members have demonstrated strong commitment to conservation and natural resource management.
   4. The Conservancy / Committee members are carrying (or will carry in the future) a very high cost due to Human-Wildlife Conflict.

Notes:

1. In most Conservancies & Concessions, broad tourism zonation is sufficient. In NP's & high density Conserves, specific sites should be identified.

2. Assess business viability and tourism demand at a "broad level". An actual business plan with detailed financial projections will be required as part of the Call for Proposals (CIP) process.

3. If no clear priority emerges from this process, market demand should prevail as the leading criteria.
MODULE 2.1, HANDOUT #13: Step-by-step CEq funding decision making (page 3 of 3)

Diagram 2
Example of Process for deciding on the use of Community Equity Funding

START

1. Is the proposed Business Opportunity Viable?
   - No → STOP!
   - Yes → 2.

2. Is there a Representative & Stable Community Legal Entity?
   - No → 3.
   - Yes → 4.

3. Is there Financial/Economic Justification for Community Equity Funding?
   - No → STOP!
   - Yes → 5.

4. Is there Social/Political Justification for Community Equity Funding?
   - No → STOP!
   - Yes → 6.

5. Are there sufficient resources / support to develop capacity?
   - No → STOP (No longer a Community Equity Funding option).
   - Yes → 2.

6. What is the proposed % Community Equity Funding & the proposed ownership / management structure?
   - % CEq. Funding = 35%
   - % Fin./Ec. = 35%
   - % Soc./Pol. = 0%
   - % Total = 35% + 35% + 0% = 35%

7. Does the Community have the capacity & skills to manage the risks associated with this option?
   - Yes → 2.
   - No → 2.

8. Are there sufficient resources / support to develop capacity?
   - Yes → 5.
   - No → STOP (No longer a Community Equity Funding option).

FINISH

Notes:
1. Demonstrate Business Viability
2. Explain / Describe the Legal Entity
3. Demonstrate Financial / Economic Justification
   See Table 2
4. See Financial projections
   Business Plan
5. Explain the proposed partnership / management structure (1-6)
   & % Community Equity Funding
   See Diagram 3 & 4
MODULE 2.1, HANDOUT #14: Equity funding justification (page 1 of 2)

Community equity funding - social/political justification (what proportion CEq should be provided?)

Criteria

1. Community living in a park
2. Community previously living in a park
3. Community has no other major source of income except from this tourism business
4. Community has demonstrated outstanding commitment to conservation
5. Community carries very high costs due to human wildlife conflict

Yes/No

If Score is 0/5, then Community qualifies for no Community Equity Funding (0%)

If Score is 5/5, then Community qualifies for maximum Community Equity Funding of 100%

= 5
MCA community equity funding - social/political justification
(what proportion CEq up to 35% maximum should be provided?)

Diagram 4
MCA Community Equity Funding
- Social / Political Justification

If Score is 0/4, then Community qualifies for no Community Equity Funding (0%)
If Score is 4/4, then Community qualifies for maximum Community Equity Funding of 35%

Criteria

1. Members of the conservancy previously lived inside the NP
   The conservancy has no other major potential source of income (this business opportunity will greatly increase conservancy sustainability)
2. The conservancy members have demonstrated strong commitment to conservation and natural resource management
3. The conservancy members are carrying (or will carry in the future) a very high cost due to human wildlife conflict

Yes/No

= 4
### MODULE 2.1, HANDOUT #15: JV negotiations: preparation phase

<table>
<thead>
<tr>
<th>Task</th>
<th>Why do it?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Preparation helps with uncertainty</strong></td>
<td>Preparation may not equip you with all the answers ahead of opening a negotiation but it should help you to take appropriate action if and when events take an unexpected turn.</td>
</tr>
</tbody>
</table>
|                                                                     | • When and how to open  
|                                                                     | • How far to move and when  
|                                                                     | • How long to hang on                                                                                                                                                                                    |
| **2. Information is key to success**                                | Knowing and understanding the industry, being aware of the market value and of the strengths and agenda of your negotiating partner. Your information should be at least as good, if not better, than that of the other side. |
| **3. Gather information on the organisation**                       | Be aware of the operator’s strengths and weaknesses as a business/operation. Have access to your prospective partners’ business plans, including financial details.                                                   |
| **4. Gather information on the market**                             | Research the status of the lodge industry in which you are planning to get involved.                                                                                                                                                  |
| **5. Assessing your position**                                      | You should be aware that the other side may be using a tactical ploy to increase their power so as to convince you to change your position. Many of the moves and tactics in a negotiation are attempts to alter the other side’s perception of the power dimension. |
| **6. Turning weakness into strengths**                              | The critical question is not who is ‘asking’ and who is ‘giving’ - but who can get the power dimension to work for them.                                                                                                                                 |
| **7. Planning your objectives**                                     | Be clear about your objectives and consider the major areas of the deal.                                                                                                                                                             |
| **8. Establish a negotiating range**                               | Define your bargaining objectives in a way that best suits your specific circumstances:  
|                                                                     | • **Ideal** - the best deal you can hope to achieve  
|                                                                     | • **Minimum** - the least you would be prepared to settle for  
|                                                                     | • **Target** - the deal that you believe is realistically achievable                                                                                                                                                          |
| **9. Knowing what you want**                                       | Knowing what you want depends on two factors:  
|                                                                     | • Understanding what is possible  
|                                                                     | • Evaluating what is important                                                                                                                                                                                                          |
| **10. Use of existing contracts**                                  | You may be able to use existing contracts and other documentation and modify them as the negotiations proceed.                                                                                                                                 |
| **11. Developing an Agenda**                                       | The Agenda should aim to introduce the issues in such a way as to promote a favourable reaction (and hopefully early convergence on key points). On those issues where there are known differences, starting with the least important. |
### MODULE 2.1, HANDOUT #16: JV negotiations: opening phase

<table>
<thead>
<tr>
<th>Task</th>
<th>Why do it?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Tough opening position</strong></td>
<td>The opening phase of a negotiation represents the most important opportunity to influence the other side. You should use your opening to manipulate the other side’s expectations to be more in line with what you want.</td>
</tr>
</tbody>
</table>
| **2. What to offer or not to offer** | Be as tough as possible whilst remaining credible. Ideally your opening statement will be backed up by thorough research and will also be tabled in response to an opening statement from the other side. Several factors need to be considered, e.g.:  
  - Is the other side’s attitude tough or easygoing?  
  - Are their expectations reasonable?  
  - Do you feel as though a deal is possible? |
| **3. Get the other side to open first** | When one side puts an offer or draft agreement on the table, the other side is able to assess their negotiating style, determine whether or not they are tough negotiators, and may even be able to infer their settlement range. |
| **4. When you are in a strong/weak position** | The way in which you ask the other side to open is likely to be influenced by your relationship with them. |
| **5. Gather more information** | Analysing their opening statement will help you to evaluate the strengths and weaknesses of their arguments. Knowing what is non-negotiable can be a valuable weapon in your negotiating armoury. |
| **6. Listen and take notes** | Taking notes as you listen will enable you to construct a more accurate picture of the other side’s position. |
| **7. Value of body language** | Be aware of posture, facial expression, tone of voice and limb position. Body language should be seen as a two-edged sword, and when you are opening you should be aware that the other side may use it to encourage you to say more than you intended. |
| **8. Non-negotiable items** | Once identified, non-negotiable items can have the effect of forcing the other side to be more flexible about issues that are negotiable. |
| **9. Intelligent listening** | Listening to what people say to understand what they really mean. |
| **10. Is their opening credible?** | The fundamental question is whether or not you consider the operator’s opening position to be credible. If it is not credible then you must reject it immediately. If you do not make this clear then you are tacitly accepting their opening as a valid start point. |
| **11. Splitting the difference** | This approach involves halving the difference between the last two offers to find a middle ground that is agreeable to both sides. |
| **12. Value of shock opening** | The use of a shock opening can compel the other side to adjust their expectations. Using a shock opening is easier if you are in the strong position. |
## MODULE 2.1, HANDOUT #17: JV negotiations: bargaining phase

<table>
<thead>
<tr>
<th>Task</th>
<th>Why do it?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Stick to your agenda</strong></td>
<td>You should try to follow your own agenda and use it to keep you focused on your goals and to keep the discussions on track.</td>
</tr>
<tr>
<td>2. <strong>Note down all concessions given</strong></td>
<td>When it comes to detailing the terms of the final deal, the notes you have taken may put you in a position to request concessions that can substantially benefit your side’s position.</td>
</tr>
<tr>
<td>3. <strong>Always be polite</strong></td>
<td>Put forward persuasive arguments that will compel the other side to agree with you and thereby make concessions.</td>
</tr>
<tr>
<td>4. <strong>Negotiating styles</strong></td>
<td>Assess your own personality in the light of the negotiating styles. Bear in mind that you are unlikely to identify exclusively with a single personality type, as most people are a complex mix of different personality types.</td>
</tr>
</tbody>
</table>
| 5. **Making concessions pay** | **How and when to offer concessions:**  
  - Avoid making the first major concession  
  - Frame every concession that you make in terms that if you make concession X then you want to receive concession Y.  
  - Behave as if every concession is important: never give an impression that a concession you have trade is of no consequences to you |
| 6. **When things go wrong** | When you recognize a losing trend you can respond by either:  
  - **Taking a break** - make an excuse and suspend negotiations while you reorganise your arguments and rethink your strategy  
  - **Moving the focus** - a losing trend can result from the negotiations becoming centred on your weak areas. Try to move the debate on to areas where you are stronger  
  - **Trading a concession** - one sure way to stop a losing trend is to gain a concession from the other side. This may be worthwhile even if the trade seems generous from your perspective - as you may shift the momentum back to your side of the negotiating table |
| 7. **What to do when an impasse arises** | Where the two sides just cannot see eye to eye and progress is not being made, the key here is to remain calm and patient. Try to step back from the heat of the talks and understand what has led to the current situation. |
### Module 2.1, Handout #18: JV negotiations: closing phase

<table>
<thead>
<tr>
<th>Task</th>
<th>Why do it?</th>
</tr>
</thead>
</table>
| 1. **When to close the deal**             | The closing of a negotiation needs to be handled carefully. There are a number of signs that indicate that the opportunity to close is approaching:  
   - The difference in the positions of the two parties narrows significantly  
   - The objections and arguments coming to a close indicate that all of the major points of contention have been addressed satisfactorily  
   - The other side indicates that they would like to see a draft final agreement or contract |
| 2. **Wait before closing**                | In complex negotiations, it can sometimes be necessary to wait before making a final commitment. This allows both sides time to think, to digest the whole proposal, and to decide whether they are genuinely happy with the terms set out (or not). |
| 3. **Handling last minute tactics**       | You should be prepared for a last minute tactic, particularly if the other side has repeatedly raised an issue that remains unresolved.                                                                     |
| 4. **Finalising a deal**                  | The bargaining phase is over when you have talked through all possible alternatives and options, the points of contention have been addressed, and you believe that your respective positions are probably about as close as they’ll get. |
| 5. **Getting the final commitment**       | Once the other side has responded positively to your closing offer get their commitment by producing the contract or agreement.                                                                              |
| 6. **Post negotiations**                  | One of the best insurances against agreements falling apart is to keep the negotiators involved in the implementation phase of the deal.                                                                     |
**Potential negative environmental impacts**

**Planning/design**
- Increased vehicle tracks and landscape scarring

**Construction**
- Disturbance to wildlife from human activity
- Deterioration of roads
- Waste dumps – attract animal scavengers and cause pollution
- Increased use of natural resources (water, wood, etc.)
- Noise and dust

**Operation**
- Disturbance to wildlife from human activity
- Deterioration of roads
- Waste dumps attract animal scavengers and cause pollution
- Increased use of natural resources (sand, water, wood, etc.)
- Noise and dust

**Closure of facility**
- Unrehabilitated infrastructure danger to people and livestock
- Management vacuum that allows for uncontrolled tourism
MODULE 2.1, HANDOUT #20: Potential negative social impacts

**Planning/design**
- Power struggles within communities due to competition for role in development

**Construction**
- Influx of workers (social disruption, HIV/AIDS, crime)
- Disturbance of livestock
- Waste dumps attract humans, cause disease
- Noise and dust

**Operation**
- Influx of workers (social disruption, HIV/AIDS, crime)
- Disturbance of livestock
- Waste dumps – attract human scavengers
- Noise and dust
- Resentment over contrasting incomes of locals and tourists
  - **On-site**
    - Disruption of power balance between communities by possible favouritism of operators
  - **Off-site**
    - Unauthorised visitation of important cultural sites
    - Damage to rock art
    - Loss of privacy and dignity
    -Insensitive social interactions

**Closure of facility**
- Disillusionment
- Resentment towards conservancy or other local structures
- Loss of jobs and income
- Danger to livestock and people from abandoned waste dumps, sewerage infrastructure, etc.
MODULE 2.1, HANDOUT #21: The environmental impact assessment (EIA) process

Small-scale developments that will not cause significant impacts on the environment.

Environmental Screening Questionnaire

- Impacts identified and assessed by environmental consultants and other specialists
- Input from all interested and affected parties
- Mitigation and other recommendations
- Independent review

Environmental Impact Assessment

Review

Environmental Contract

Management Plan

Start construction and operation

Monitoring

Closure of facility

Submitted to the EA Unit (of the DEA within MET). Determines if a full EIA is necessary.

Yes

No

Management Plan for the construction and operation of the development.

Monitoring occurs throughout construction and operation to maintain and improve environmental conditions.

Granted by EA Unit of MET. States conditions by which the development may proceed.

Lessons

End of the development's life.
### MODULE 2.1, HANDOUT #22: Logistics of setting up and managing a JMC (page 1 of 2)

1. **Set up JMC**
   - The JMC should be formed during the JV negotiation process (or at least immediately after the JV Agreement has been signed).

2. **JMC representation**
   - Representation from the conservancy and the lodge operator, normally three people from each party.
   - Persons who have some understanding of business, tourism and the operations of the conservancy should be nominated by the conservancy to represent them on the JMC.

3. **Enterprise Management Committee (EMC)**
   - A committee of 3-4 persons that is given the responsibility for monitoring and managing the relationships of all of the conservancy business and income-generating activities.
   - Skills and understanding of all conservancy business opportunities in a smaller group of CC members are developed, the group will then report back to the larger CC.

4. **JMC meeting participation**
   - It is important to try to ensure that the same people attend all of the meetings, so that they can develop a good understanding of the relationship between the parties, and the issues.
   - A neutral facilitator (NGO, MET or consultant) to be used to facilitate the first three or four meetings in order to establish a good relationship between the parties and set a consistent Agenda format.

5. **JMC meeting schedules**
   - First meeting to take place right after signing the JV agreement.
   - During the first six months, the JMC should meet at least every two months – or more often as required (during the initial lodge development and operation phase it is crucial that the conservancy is informed and understands what is happening and that it monitors the implementation of the JV Agreement closely).
   - Thereafter it is recommended that the JMC meets at least every quarter (every three months).
   - Establish fixed dates for JMC meetings and make sure that these dates are kept. Agree on whose responsibility it is to organise the meetings (e.g., conservancy, JMC Secretary or the EMC).
### 6. Meeting Agenda

**NOTE:** For a sample JMC meeting agenda refer to Participant’s Manual.

- A standard agenda format is to be used at every meeting, dealing with more ‘positive’ issues and general information and feedback from each party first, followed by any concerns or issues that need to be addressed from both sides.

- All meetings shall be minuted and the minutes shall be kept on file.

- The performance of the JV lodge is an important Agenda item. Performance data includes:
  
  a. Number of tourists
  b. Bed-nights sold
  c. Occupancy
  d. Net turnover
  e. Payments made to the conservancy
  f. Staff numbers
  g. Wages
  h. Training provided
The annual business review is made up of two parts: looking backwards at what happened last year and looking forwards at what we want to happen during the coming year.

1. Look backwards – past year
   - The conservancy Enterprise Management Committee (EMC) or conservancy JMC members should update and prepare all monitoring data and information (e.g., JV lodge monitoring matrix, conservancy payments received).
   - Make sure that monitoring systems are working (e.g., JV lodge ‘dashboard’) and that the CC has enough information to make business-related decisions.
   - The EMC or JMC should present all the data and information for discussion. This should be both quantitative:
     a. Number of visitors
     b. Occupancy
     c. Net turnover
     d. Expenditure
     e. Payments to the conservancy
     f. Employment
   and qualitative:
     a. Why did this happen?
     b. What does it means for the business?
     c. Do we need to do something different to improve the situation, and if so what?
   - The EMC or JMC should be encouraged to explain what the data means in terms of the JV lodge. It would be appropriate to ask the operator to attend this session and assist in providing feedback. Alternatively, the conservancy JMC members should work together with the operator prior to this meeting to develop a presentation for the CC and wider conservancy members. Initially this activity may also need the support of an NGO or local consultant.
   - The EMC or JMC should create a forum for discussion about:
     a. Performance
     b. Management
     c. Partnership
   - The EMC or JMC should also present a list of outstanding issues and concerns from the past years that still need to be resolved.
2. Looking forward – coming year

- Develop an Action Plan for the coming year:
  a. Set targets
  b. Identify key activities
  c. Identify responsible persons
  d. Identify type and level of support required from JV partner
  e. Identify type and level of support required from conservancy
  f. Identify type and level of support required from external NGO partners
  g. Identify type and level of support required from business service providers.

- Identify and agree on expected payments to the conservancy from the lodge for the year. The income targets should be developed using last year’s income figure and adding an increase (normally not a decrease!) based on how much we think the business will grow during the coming year. The operator should be asked to provide this figure. This will probably take into consideration:
  a. Current rate of growth of the business
  b. Any expected increase/decrease in the number of tourists
  c. Any expected increase in income due to new activities or
  d. Any planned increase in the price currently being charged

- Develop a budget for the coming year (cost to the conservancy of managing the JV Agreement) – this should be based on an analysis of expenditure in the previous year. Most of the cost will be related to meetings and transport, although in the future – as NGO support decreases – the conservancy will need to pay for the cost of any external advice, e.g., lawyers, technical or business advisors and accountants.

- Review any proposed new product developments from the operator, especially if these are not currently included in the Conservancy Tourism Option Plan/JV Agreement (e.g., the operator may wish to develop a second small bush camp linked to the main lodge in a wilderness area within the conservancy, or they may wish to build additional chalets or commence horse treks). All new ideas for additional products and services should be discussed and if the conservancy believes they may have potential, appropriate changes need to be made to the current JV Agreement that reflect these additions.

- Create a forum for decision making regarding the future of the JV Agreement.

- Adapt monitoring and data collection systems if necessary.
MODULE 1.2, HANDOUT #24: The JV financial 'dashboard'

For the Month of December

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bed Nights Sold</td>
<td>357</td>
<td>461</td>
</tr>
<tr>
<td>Percent Occupancy</td>
<td>48%</td>
<td>62%</td>
</tr>
<tr>
<td>Running Ave Y-T-D</td>
<td>65%</td>
<td>72%</td>
</tr>
<tr>
<td>Free of Charge (FOC) Bed Nights</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**OCCUPANCY**

**REVENUE**

- Accommodation:
  - For the Month of December: $181,098 $252,762 $71,664
  - Y-T-D: $2,464,369 $2,937,425 $473,057
  - Average Daily Rate / Bed Night: $507 $548 $41
- Other Lodge Based Revenue: $30,872 $44,994 $14,122
- Activity Based Revenue: $41,296 $61,204 $19,909
- Total Revenue (excl. Tax): $253,365 $359,860 $106,495

**EXPENSES**

- Cost of Sales: $156,725 $122,405 ($34,320)
- Operating Expenses (incl. fees): $257,375 $239,229 $1,853
- Total Expenses: $394,100 $361,633 ($32,467)
- Net Profit: ($140,735) ($2,573) ($138,162)
- Net Profit Y-T-D: $107,222 $458,352 $351,130

**YEAR TO DATE PAYMENTS TO GOVERNMENT AND COMMUNITIES**

- Y-T-D Payments to Communities (excl. Fees): $527,671 $639,413 $111,742

**JV AGREEMENT**

- Total Revenue (excl. Tax): $253,365 $359,000 $105,635
- minus Deductibles: $28,202 $57,782 $29,580
- Net Turnover (as per contract): $215,163 $291,218 $76,055
- Conservancy Fee: $25,000 $30,000 $5,000
- Fee % of Net Turnover: 11.6% 10.0%
- Conservancy Fee Y-T-D: $234,000 $265,000 $31,000
- Y-T-D Fee % on Net Turnover: 7.9% 7.2%
**MODULE 1.2, HANDOUT #25: Self-assessment evaluation for participants (page 1 of 2)**

Tick ‘Yes’ if you agree with the statement and ‘No’ if you disagree. Then explain why you ticked yes or no.

<table>
<thead>
<tr>
<th>#</th>
<th>Statement</th>
<th>Yes</th>
<th>No</th>
<th>Explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>It is not necessary to consult the regional or conservancy tourism plan when building a lodge.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>It is a good idea to get someone with an understanding of the needs and interests of potential tourists (and the tourism market in general) to do an initial assessment of a potential lodge site.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The regional council processes applications for right of leasehold.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Leasehold Certificates should always be in the name of the private operator.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The rack rate refers to the price the booking office pays for accommodation and does not include VAT and the NTB levy.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>A full market assessment or survey needs to be undertaken in order to assess the demand for a proposed JV lodge.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Lodge turnover includes income from accommodation, meals, curios, activities and other services.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>When looking for a JV partner, it is essential to follow a transparent process.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Module 1.2, Handout #25: Self-assessment evaluation for participants (page 2 of 2)**

Tick ‘Yes’ if you agree with the statement and ‘No’ if you disagree. Then explain why you ticked yes or no.

<table>
<thead>
<tr>
<th>#</th>
<th>Statement</th>
<th>Yes</th>
<th>No</th>
<th>Explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Calls for Proposals are only needed when the site has limited potential with limited interest shown by investors.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>The advantage of negotiating with only one operator is that it is cheap and quick. However, we need to be alert to bribery.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Adjudication can best be described as a method to compare JV proposals that have been submitted as part of the Call for Proposal (CfP) process, i.e., competitors are evaluated and ranked.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>When the conservancy invests in a lodge through equity funding, the conservancy profits from all the income but is not affected if the lodge operates at a loss.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>When negotiating with an operator it is not necessary to prepare well for the meetings and you should always insist on getting what you want.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>JV Agreements are signed by the conservancy Chairperson and the operator.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>An EIA identifies and assesses the potential impacts the lodge construction will have on the environment, both positive and negative.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>The JMC only needs to meet when there are problems with the JV lodge operations and management.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>The annual business review is necessary to reflect on the business performance of the JV lodge and to get an opportunity to share information about the business.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>