Getting Financed

9 tips for community joint ventures in tourism

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Preface

Like many organizations working in the tourism sector, we believe that private sector investment is one of the key drivers of development. Over the past few years, the private sector has been a central innovator in forging business partnerships with local communities for tourism purposes around the world.

Having demonstrated some extraordinary development results, joint ventures increasingly need to demonstrate their commercial viability over the long term. Moving out of the donor- and grant-funded sphere and into the competitive capital markets in search of finance has posed a significant challenge.

We have observed that many community joint venture partnerships contain high levels of risk and that this risk usually is too high for banks to assume. We have learned that this risk could be reduced to more acceptable levels in a number of ways—notably through better market-orientation and a more competitive enabling environment. This guide provides nine tips for all actors involved in this arena—including governments, the private sector, communities, banks, and nongovernmental organizations—to reduce risk and greatly improve joint ventures’ access to commercial finance.

Thanks to the valuable contribution of the Government of Namibia and numerous community joint venture businesses, the following pages discuss the key issues facing the sector globally, provide guiding principles for creating more financially viable partnerships, and share some illustrations from one case study country, Namibia.

We hope you find this learning process to be as helpful as we have, and we look forward to hearing your thoughts on how we can push this agenda forward.

Sincerely,

The World Bank Group (WBG) and World Wildlife Fund (WWF)

#financingCJVs
Joint ventures between communities and private investors in tourism have proven to be a great thing when designed and managed well. They bring income, jobs, and know-how directly to local residents who are often in remote areas. They bring new products and new areas of the country into the tourism economy. They also introduce a shared responsibility for managing and protecting key assets—such as land, cultural heritage, or wildlife—to the local people and the private sector players.
Case Study • Namibia: Delivering Impact

Namibia is in the midst of a conservation revolution, exchanging generations of wildlife conflict, poaching, and unsustainable land-use practices for unparalleled levels of habitat protection, wildlife conservation, and sustainable development. This is taking place in the communal conservancies supported by tourism activities in remote areas of the country.

Impressive Impacts:

- **Wildlife stocks are recovering.** The rare endemic mountain zebra, near extinction in the early 1980s, is now roaming freely again in northwestern Namibia. Today Namibia is the only country with growing, free-roaming populations of black rhino, giraffe, and cheetah.

- **Local people have benefited as a result of job creation and cash generation.** In 2012, the Community Based National Resource Management Programme—of which conservancies are an integral part—generated almost N$50 million (US$6 million) in direct benefits (cash returns to conservancies, employment remuneration, and in-kind contributions) to communities and created 1,512 full-time jobs and 11,223 part-time jobs.

- **Women are becoming involved in most aspects of conservancy management.** In 2007, for the first time, women were elected to chair two conservancies in northwestern Namibia, and recent trends indicate that mismanagement of finances is less likely if finances are handled by women. In 2012, 33 percent of conservancy committee members were women, and in 2013, they made up 49 percent of conservancy treasurers.

- **Global knowledge is increasing.** Mongolia, Nepal, the United States, and 16 other countries have sent government delegations to learn directly from Namibia and apply key lessons back home.

A wealth of informative and useful literature is available on community JVs and their development impact. See Library Card, page 46 for links to some examples, plus other resources.

The number of community JVs is growing globally

Africa has seen a significant rise in community JVs, from Kenya to Botswana, Mozambique, Zimbabwe, and South Africa, and countries in Asia, the Pacific, and South America are following suit. Partnerships are growing because both supply and demand are growing.

Supply is up

Many countries have begun awarding the rights to land and resources to local communities in a way that allows “new” assets such as ‘natural capital’ to be brought to the market. Developing assets on their own without capital and expertise is not easy for communities, so they may partner with a private business. Development organizations increasingly recognize the role that tourism can play in supporting community livelihoods, cultural heritage protection, and conservation. Such organizations are initiating increasing numbers of projects to support community based tourism, including promotion of JVs.
Demand is up

Tourism is growing globally, and private investors need access to new opportunities and new assets. Changing trends in the consumer market increasingly demand greater sophistication, variety, and authenticity. Community JV lodges strike a chord with a growing number of responsibly minded travelers and, increasingly, with more traditional segments of luxury, family, and adventure travelers.

JV lodges often struggle to access finance

Despite their growing profile, JVs run up against many of the same barriers faced by other small and medium enterprises (SMEs) in developing countries. One of the most critical obstacles is access to commercial finance. The World Bank Enterprise Survey 2013 results indicate that globally, 31 percent of SMEs cite access to finance as a major constraint, rising substantially in lower-income countries. 1

SMEs express a lot of frustration over the seemingly impossible task of getting a commercial loan, and most ventures are financed through private resources, friends and family, or development grants. Given the relative insecurity of these sources and the growing demands of the sector, the need to bring the banks into the equation is growing.

Banks identify prohibitively high risks

When banks consider the opportunity to finance community JVs, they identify a number of risks. In emerging destinations, the banks usually perceive these risks to be prohibitively high. For such businesses to increase their chances of getting commercial capital, they need to reduce these risks. The following tips contained in this guide cover the various ways that actors in this equation can reduce risk within the businesses. Banks want to be sure that mitigation mechanisms are in place and can be relied upon to manage risk.

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1. World Bank Enterprise Survey 2013: Eighteen indicators measure the availability of financing in 135 countries. The results are based on surveys of more than 130,000 firms.

“We need capital at all stages of the business”
Simonetta MUSSO, Journeys Namibia

“We need capital at all stages of the business. Right at the beginning we need startup capital to plan and construct buildings, get licenses and permits, and develop the business overall. From there, we might need project specific infrastructure to support the business—like secondary roads, an airstrip, or bore holes for water. After that, we usually need working capital or lines of credit. This might be to purchase initial inventory stock and make sure we have enough liquidity for operations. Sometimes we could also apply for auto loans if we need specific vehicles like game-viewing trucks, and then expansion capital is usually needed once the business is booming (hopefully!) to upgrade facilities, build more rooms—or things like that.

We need a variety of products from banks; some longer-term development financing—maybe of five years or more—as either equity or long-term debt; and some shorter-term credit loans.”

This note answers the following questions:

• Why is it so difficult for these ventures to get finance?
• What are the banks saying?
• How can the government, the operators, the communities, and other actors make obtaining financing easier for community JVs?

Taking into account the various challenges of this niche sector, those with ‘skin in the game’ are overwhelmingly positive. In a private sector survey by the Federation of Namibian Tourism Association (FENATA) in 2010, the private sector and community organizations both said they wanted to continue the JV business relationship. Ten of the 12 private sector interviewees said that if they had the chance to do their project over again, they would certainly do so, and they would advise others to do it too. All of them say, however, that the experience they have today, would change the way they would go about it if they started again.

The experience of Namibia forms the basis of this note, drawing lessons and examples to illustrate broader points made to wider audiences in Africa and beyond. Around the world, investors, communities, governments, and other parties are recognizing historical mistakes and building on lessons of the past, but a long road is ahead. People need to deepen their understanding of what they must do to succeed in this arena and how to secure a well-financed, sustainable future for the businesses, the communities they support, and the tourism destinations.
What Makes a Community—JV Partnership Work?

There are various motivations for establishing and promoting JVs. A partnership model will not be appropriate in all cases, and other alternatives do exist for achieving touristic, conservation, or social objectives. That said, JVs have the potential to deliver extraordinary results for the private sector, the communities, and the government if effectively planned and managed.

Different parties have different motivations

Broadly speaking, communities are primarily interested in increasing household incomes, the jobs, and the skills training that the model can deliver for individual or collective advancement. Communities may also recognize the value of better managed natural or cultural resources brought about as a result of the “tourism incentive” from the presence of a lodge. These interests typically are shared by the support sector of nongovernmental organizations (NGOs) and donors involved with communities as well as the government. Governments also tend to be supportive of the growth and diversification of the tourism sector and the resulting opportunities for promotion and nation branding. Although other motivations come into play, the opportunity to develop a commercially attractive business is the major incentive for the private sector. The concept is attractive because it affords them access to an asset (natural or cultural) that they believe they can sell—and sell more effectively than other opportunities available to them.
JV partners have a spectrum of priorities

The more responsible players will also be motivated to support or generate a development dividend for communities and the local area. The private sector approaches this responsibility in a number of ways.

A social enterprise is an organization that applies commercial strategies to maximize improvements in human and environmental well-being, rather than maximizing profits for external shareholders. Social enterprises can be structured as for-profit or nonprofit.

A commercial enterprise is an organization that applies commercial strategies to maximize profits for the owners or investors of the business. Many commercial enterprises consider themselves to be responsible or to have social objectives, but these objectives are not the sole purpose of their activity. Increasingly, responsible business operators recognize that commitment to good social and environmental practices also contributes to the financial value of the business.

Most banks feel more comfortable financing enterprises that seek to responsibly maximize their financial value and that are clearly operated as commercial enterprises. Other sources of finance exist for social enterprises or nonprofit organizations.

Case Study • Namibia: JV Demand

Generally speaking, the tourism industry private sector understands and supports conservation and protection of Namibia’s natural resources, which are what the tourism sector sells. The private sector therefore invests in communal conservancies to sell a nature-based, wildlife product to consumers where limited alternatives exist in the country outside private game reserves.

Management of Wilderness Safari’s Damaraland Camp, the first JV lodge in Namibia, highlighted additional motivations when they first made their investment, many of which directly impact the bottom line:

“Firstly, it’s a seller. Tourists responded positively to the unusual degree of staff warmth and attention, which in turn can be partly ascribed to their own stake in the camp. Given the importance of word of mouth in marketing, this is significant.”

“Secondly, it has boosted exposure through various awards,” such as the 2005 Tourism for Tomorrow Award for conservation and National Geographic’s Best Ecolodges 2013. “This has been beneficial in a highly competitive market where southern African safari lodges need to distinguish themselves.

“Thirdly, it provides some security and comfort to Wilderness Safaris of the community’s support in the event that a problem arises from external sources, such as neighboring communities, local government, or other operators.”

“Fourthly, the Namibian tourism product is dependent on maintenance of the wildlife and wilderness. Our Company Director and Camp Manager believed that local attitudes to elephants, which cause enormous physical damage in the area and occasionally kill people, have become more positive since the lodge began.”

For the private sector, sustainability = profitability. Serious entrepreneurs are not in business to just cover costs but to earn a living at a standard of their choosing. A business is viable only when operating costs are covered and the return on investment is high enough to justify the original cash outlay to start the business

Some fundamental factors increase the chance of JV success

The first, and probably most important factor is the commercial proposition or project concept. Most JVs come about because the partnership provides the enterprise with access to a tourism asset or product that is marketable and attractive to the consumer, or tourists.

Second, the right to use this asset for tourism purposes should be held by at least one of the partners. This right is usually afforded to the community partner because it strengthens their stake in the JV and provides them something tangible to bring to the deal. Awarding community organizations such rights is a matter of effective legislation, although many destinations fail to take it that far.

Having established the commercial proposition, a solid facilitation and brokering structure in the form of NGOs and advisers who have valuable experience working directly with communities is important. Research also shows that the success of JVs can be affected by the company philosophy, trust, time invested, external market trends, the caliber and commitment of dedicated individuals who want it to work.

The type of partnership affects results

Communities and the private sector have various choices in the JV models they select for their engagement, depending on the legal context and the levels of risk to which each party is exposed. Of the JV models available, three common examples follow.

- **Private sector builds, operates, and sometimes transfers.** In this scenario, a lodge operator enters a joint-venture agreement with a community partner for a fixed period, during which the community agrees to support the lodge and, in many cases, obtains the appropriate tenure rights for the business and manages the surrounding environment. In return, the lodge operator provides the capital and builds, manages, and markets the lodge. In addition, the lodge operator, within the framework of their agreement, can ensure that employment (within reason) comes from the community and a fee (which generally is based on the lodge’s performance, demonstrated by factors such as turnover) is paid to the community account. The community fee is important because it covers costs associated with community management of the land and contributes to community projects and support to local residents to offset the cost of living with wildlife. A minimum fee payment protects communities in case the lodge turnover is reduced; the minimum also motivates the lodge to perform well. An example of this model of JV is the Brandberg White Lady Lodge in the Tsiseb Conservancy, Namibia.

- **Community and private sector invest (joint equity) and private sector operates.** A number of opportunities exist for communities to access capital (often, at the initial stages, through donor funds) to invest in lodge operations with the aim of increasing their return or their share of ownership.

  - In some cases, the community investment is in the form of a loan for new buildings; in return, the community partner receives an increased percentage of turnover that is based on the performance of the lodge. Unless the community partner can access 100 percent capital requirement, providing a loan for a higher return is generally considered better than a minority equity shareholding (it also may have tax advantages).

  - In other instances, the community investment can be significant enough to cover construction of lodge buildings, which are rented out to an operator; in return, the community receives a percentage on turnover for the user’s rights to the area, as well as a rental fee on the structure. Etendenka Trail Camp, Namibia is an example of this JV model.
Some JV structures fall between the preceding examples, whereby community partners become shareholders in the business (the operating company). Doro Nawas Lodge (Wilderness Safaris), for example, was able to raise capital for the conservancy to become an immediate 45 percent shareholder in the lodge. In this case, the conservancy has two potential income streams: a fee that is based on turnover that covers the right to use the land, and a dividend on return from the business. The minority shareholder usually has no right, however, to declare dividends.

- **Community invests and private sector partner manages.** In this case, the community owns the lodge and hires a management company to run the business. The management company earns a fee that is based on turnover (with performance incentives), and the community is fully exposed to the profit and loss of the business. An example of this JV structure is the Grootberg Lodge in Khoadi-/Hôas Conservancy, which originally raised funding for the lodge through a grant from the European Union. In a relatively mature JV market, this model may become increasingly popular.

### Is a community—JV partnership right for you?

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<th>Do not consider JVs if:</th>
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<td>• Communities express resistance or ambivalence</td>
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<td>• There is no experienced support sector of NGOs</td>
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<td>• The private sector is expected to take over the state role of rural development instead of supporting it</td>
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<td>• The quality of the communities’ assets is not high enough</td>
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<td>• Communities (or another JV partner) do not have access or use rights to the asset</td>
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<td>• There is no market for the lodge’s product</td>
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<td>• JVs will expose communities to dangerously high risk</td>
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<td>• The regulatory environment is weak and will not protect both parties</td>
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<td>• Land-use plans do not include or protect tourism investment</td>
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<th>Do consider JVs if:</th>
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<td>• Communities are receptive and open to the concept</td>
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<td>• Private sector demand exists for the community’s asset</td>
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<td>• The right to use the asset lies with at least one of the partners (usually the community)</td>
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<td>• The tourism product is marketable</td>
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<td>• The JV concept broadly contributes to the national tourism sector goals and fits with national marketing efforts</td>
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<td>• Land-use plans and zones account for and accommodate JVs</td>
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<td>• Private sector players can access finance</td>
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<td>• Private sector players have responsible credentials</td>
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<td>• A reliable, experienced support sector of NGOs is available</td>
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<td>• The enabling environment will protect the interests of both parties</td>
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What do Banks Want?

All investors, banks, and commercial lenders need to be confident that they are investing in or lending to a sound, financially viable business. They are concerned about mechanisms for injecting capital, mechanisms for the return of their capital, and dividends and interest payments. Equity investors are particularly concerned about protections for their investment and how they will be able to exit at the end of the investment period. Banks are especially focused on the adequacy of the project’s cash flow to service debt obligations and the securities the borrower can provide.

If the bank is to finance a project, understanding what they are looking for is important. What do they need to see in the project? How do they make assessments? What are their biggest concerns?

All lenders require projects to meet minimum criteria before proceeding with financing.

Lenders assess the following criteria:

- Will the business be viable?
- Is the sponsor credible?
- What collateral is available?
- Is this project profitable enough for us to take the risk?
What are banks looking for in a transaction?

In practice, banks expect the project concept and business plan to be sound, well researched, and in line with market assumptions. The venture will be sufficiently profitable (over time) to service debt and generate dividends and returns for the owners. The sponsor of the project is experienced in the business, is trustworthy, and has good credit history or relationships with creditors. Lenders need to feel confident the sponsor will lead and execute the business plan effectively.

In the event of default or nonrepayment of loans, the banks want to be sure that their rights of recovery are protected and the collateral is of sufficient value to recoup their losses. Collateral must also be marketable and transferable in nature (for example, land or property assets). Finally, the return on equity invested or the interest on debt accrued from the project must justify the cost of ongoing loan administration and the opportunity cost of financing other, lower-risk opportunities.

Why we struggle to finance community–private sector lodges in Namibia

Christo Viljoen, Head, First National Bank (FNB) Agri & Tourism, Namibia

Q: What have been the main barriers?

A: Often, our biggest challenge is to determine the financial viability of the ventures. Business plans are sometimes incomplete and the risks involved are not properly addressed. Collateral is important. Repayment ability is even more important. We would like to see an up-to-date history of financial performance that indicates good financial discipline and financial management. We use this to determine the future repayment ability of the business—but many ventures are unable to deliver this.

Q: What is the most important deciding factor for you?

A: Its the project sponsor—without a doubt! Since cash flow projections are done on assumptions and these can obviously change, we put a huge reliance on the person running the business. Do they have the necessary experience to manage a business of this nature? Can we trust that person to inform the bank in time of any challenges and deviations on the cash flow? Will he/she be able to come up with solutions to challenges and make things work out?

Q: What advice would you give to the sector?

A: I always tell prospective clients to prepare properly before coming to see us. Your business plan is key. I can’t overstate how important it is that it addresses upfront our main concerns and provides good detail on marketing, management structure, expertise and a SWOT analysis as well as detailed financial history and projections (i.e. Balance Sheets, Income Statements and Cash Flow Projections).
9 Tips
9 ways community-joint ventures can be more attractive to financiers
9 Tips

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<th>Tips</th>
<th>Governments</th>
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#1 Choose a marketable place or idea

Money flows to bankable places and ideas. This means that the inherent marketability of the natural or cultural assets on which the tourism product will be based must be first class or the business will never get off the ground. The history books are full of well-intentioned projects that have failed because of the insufficient quality and commercial appeal of the underlying assets.

Most successful JVs come about because the partnership provides the enterprise with access to a tourism asset or product that is marketable. Fundamentally, entering into a partnership with a community brings a set of unique challenges; to compensate, the “product” must bring a set of unique or competitive benefits to the business. This means that the underlying asset must be strong, such as a good wildlife base, an area of spectacular beauty, or a rich cultural heritage. This asset often is made more desirable because opportunities to access it are scarce or are unavailable to the private sector without a partnership arrangement.

When the private sector begins to search for a suitable lodge site, various market-based elements influence the decision.

- **Quality of the resource base (attraction value).** When the project is conceptualized around a natural asset (a protected area, wildlife population, or site of special beauty), the site’s value can be measured by biodiversity and density of wildlife, quality of the natural environment, elevation, wind, tides, natural water availability, and so forth. Similar principles apply for cultural or historical assets.

- **Current tourism offer and flow.** Lodges (even those that pride themselves on “wilderness”) usually benefit from being located on existing or emerging tourist circuits, clusters, or routes, relatively close to service centers with a critical mass of other facilities. Tourists increasingly have complex and varied itineraries, visiting several accommodation facilities and destinations in one trip. JVs will realize the importance of being able to plug into these trade paths to increase their chances of visitation. Forging strategic alliances with other tourism providers in a given area also presents potential benefits for joint marketing, problem solving, and trade.

- **Access and infrastructure provision.** Visitors need to be able to access the lodge and use the asset base once there—for a price that is appropriate. This means that road networks; proximity and capacity of airstrips; and availability of water, electricity, and sewage facilities will come under consideration.

Other non-market-based factors also come into play, such as availability of destination support (through government programs, marketing, and funding); security of tenure and land availability; and the quality of potential partners in the business—in this case, communities.
The following is a typical checklist of market and non-market-based site characteristics. Evaluators can use such checklists to score the competitiveness of each of these components, and compare to other sites. Is this really a marketable place or idea?

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<th>Site Characteristics</th>
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<td>Quality Natural Features (e.g. natural beauty, density of wildlife, elevation)</td>
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<td>Quality Cultural Features (e.g. heritage buildings, site-specific traditions and history)</td>
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<td>Administrative Barriers</td>
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Without a commercially attractive asset base, developing a commercially attractive tourism product such as a lodge is difficult. If the lodge cannot attract visitors, it will have a very limited life expectancy, and banks are unlikely to lend to it.

Key takeaways for managing risk

Consider site selection and evaluate assets.

The private sector can draw up comprehensive checklists to determine the quality of the site or asset, with a focus on the market-based criteria. Several opportunities can be evaluated at the same time to ensure the best one is selected.

Control supply-driven opportunities.

There is a temptation for Government authorities and the supporting sector of NGOs to identify and push JV opportunities toward the private sector. The criteria for selecting these opportunities may not be primarily market driven, and potential private sector players need to know when to walk away. The private sector must be allowed the opportunity to provide input into this process.

Support private sector selection process with data.

The state can support business in making decisions by highlighting areas of strategic interest and by providing data, statistics, and other information in an easily digestible format to prospective investors.


#2 Invest in a competitive enabling environment

A sound and competitive enabling environment for JVs and respective partners is very important. The policy and regulatory framework should make this niche a competitive and attractive alternative to more traditional forms of tourism enterprise. The framework has to protect the interests of all parties involved, providing clear definitions, and unambiguous guidelines on what is allowed under law, thereby reducing risk and providing a mechanism for protecting a business’s rights and assets.

The enabling environment is loosely defined as the set of policies, regulations, and practices that stimulate and support the effective functioning of organizations or business entities. The more competitive the enabling environment, the easier it is for all businesses to set up, operate, and grow, including the community–private sector partnerships.
In Southern Africa and elsewhere, policy has created similar opportunities. In each case, a legislative or policy change has been necessary to devolve rights over marketable assets to the local level, but the form has varied enormously. Examples include the devolution of appropriate authority to councils under CAMPFIRE in Zimbabwe; the land claims process in South Africa; and a policy agreement between two ministries in Botswana that resident communities should have preferential and cheap access to land leases in certain designated areas. In each case, the policy context has generally moved in favor of communities, but several policy and legal constraints remain—notably, secure land tenure.

In every situation, without secure land tenure, community JVs remain exposed to high levels of risk, which presents a challenge to securing commercial loans.

The framework should also allow the opportunity to fulfill its potential. Responsible private sector operators tend to prefer a tighter business regulatory environment to one that is looser, or open to interpretation. Weak, complicated, and opaque business environments can severely hamper business operations, affect profitability, and deter investment economywide. Specifically in the subsector of joint-venture lodges, the following regulatory issues have a particular impact on financial performance.

- **Length of leases**: Some JVs operate on freehold land where the landowner brings the land into the deal as an equity contribution; most, however, lease state or communally held land from the community partner or the state. Although maintaining some control over the land is in the interest of the landowner, short lease terms—often without an automatic renewal—present

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5 CAMPFIRE is the Community Areas Management Programme for Indigenous Resources in Zimbabwe.
problems for the private sector and their financial backers. A community JV takes an average of three years to break even and five years to become profitable. If the lease is for only 10 years, establishing long-term investment interest in the market is difficult. Once initial payback of capital investment is completed, businesses have just a few years to receive a return on investments, making it difficult to justify comprehensive planning, development, and operating a project of this nature. One result of this can be the propensity to favor noncapital intensive and temporary developments (such as tented camps) instead of more permanent or higher quality physical infrastructure. In the U.S. National Parks System—and, indeed, in many regulated concessions programs—the provision of legally enforceable preferential lease-renewal rights for lodges that have made significant investments brings comfort to investors.

Lease duration and terms of renewal are usually specified in law and it falls to the lawmakers to review the options. Extending the length of head leases to the community allows for longer subleases to the JVs (for example, 20 years). This enhances investors’ prospects for generating returns and encourages long-term commitment. Joint-venture lodges carry relatively higher risk than other similar lodging businesses. Given the business risks involved and the variability of returns because of seasonality, investors generally prefer a longer holding period. Commercial banks also prefer longer leases when considering lending because longer leases create confidence in the business community. More importantly, longer leases are beneficial to the conservancy because they increase the private sector operator’s commitment through increased reinvestments, enhancing the product and service offering. A stronger product strengthens the brand name for the concept and helps attract more investments and financing.

### Ability to sublease

Granting community partners rights over commercially attractive land or resources is of critical importance to the success of the JV model, allowing those partners to bring inherent value to the deal. In most cases, community partners may be awarded land or use rights to the land or the natural resources found there. From a lending perspective, however, these rights must be legally transferable. When lending to a business, banks need to feel secure that the land on which the business depends is controlled by the business, and this usually occurs through a sublease from the community to the JV. In many emerging economies, the right to sublease is either not permissible or not well articulated in law. Without this provision, the lending proposition carries significant risk. Governments can play a role here by reviewing the relevant legislation so that leases can be better aligned with the commercial realities of the businesses that are likely to be developed on those lands.

### Fees, size, and traversing rights

To provide confidence to the private sector, these elements must also be effectively regulated, allowing market forces to dictate the appropriate parameters. Businesses need appropriate rental pricing as part of their operational costs, and they also need adequate space to be able to run their activities without unreasonable interference from competitors or from the local community. The community, however, as long-term residents of the area, also needs to be confident that their traversing and use rights over land are protected and clearly laid out; these rights should be stated in the JV contract.

### Taxes and payments

Taxes on land (in addition to lease and other partnership fees) are another potential expense or barrier to profitability for JV lodges. In some countries, taxes are levied as a percentage of turnover, not of profits, which may put a significant burden on small enterprises. The suggestion has been made that because most JV businesses contribute a disproportionately high amount to local economic development and community welfare, they should be tax exempt. This is a philosophy that has been adopted to an extent in, for example, the United States, Canada, and Germany, with policies that provide for tax incentives to encourage business development on indigenous land and in areas of low socioeconomic status. In Australia, indigenous community shareholding organizations are income tax exempt, but nonindigenous shareholders generally are not. A reduction in income tax for nonindigenous investors and for the JV could encourage more development, and this suggestion has been put forward to the Australian Parliament.
• **Control over asset quality**: The private sector partner negotiates the deal with the community and therefore expects that the community has the ability to maintain its end of the bargain, particularly in the management and preservation of the asset base on which the tourism product relies, such as wildlife. This expectation relates to the legal ability to patrol boundaries, maintain infrastructure, prevent degradation, and manage conflicting land uses. In cases such as Namibia, where the community has rights to “use” and “benefit” from wildlife resources but does not own the land, this responsibility can become problematic. Although legislation exists to prevent other tourism ventures from entering the area, “using” the wildlife, or even leasing land directly from the government within conservancy boundaries, the law may not be always strictly enforced. This threat of competition and poor tourism planning at the national level can leave JVs in a fundamentally insecure and uncompetitive position.

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### WBG helps improve the tourism sector’s enabling environment

Through the Trade & Competitiveness (T&C) Global Practice, the WBG works across 40+ destinations with government clients to identify policies that promote growth, while helping identify and remove impediments to the smooth functioning of markets. This typically involves support to improve the tourism business environment through strong legal and regulatory reform, investment policy frameworks, business taxation systems, and policies that unlock constraints to market competition.

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### Key takeaways for managing risk

**Create a conducive general business climate.**

An attractive environment in which to invest and do business enables all businesses to function more efficiently, operate to their potential, and generate healthy profits—an important indicator for lenders.

**Provide sufficiently long lease terms.**

Lease terms that allow for businesses to plan and invest effectively boost confidence in the market and allow for greater returns – both financially for the business and in terms of more-predictable, long-term community impact.

**Grant the ability to transfer land rights.**

Clarifying rights of ownership and transferral in relation to business assets and land reduces risks for lenders.

**Apply appropriate taxes and permits.**

The level of taxes and charges must strike a sound balance between what the business earnings can support and what the business contributes to the community and broader social objectives.

**Provide long-term land-use planning and control.**

Community JVs benefit from setting up in areas with a clear state-led vision in terms of tourism and a mechanism for controlling other development that may threaten this subsector. Such measures reduce risk for the investment and enhance its operational viability.
#3 STRENGTHEN GOVERNANCE STRUCTURES

#3 Strengthen governance structures

Corporate governance is an important consideration for all lenders. Who is ultimately responsible for key business decisions? How effectively is the contract managed? Who is managing the relationship, keeping the books, and auditing the company? What happens in the event of a dispute, and how will the bank’s investment be protected? Solid assurances and answers to these questions mitigate risk from the banks’ perspective and increase the likelihood of securing financing.

Corporate governance is the system of structures, rights, duties, and obligations by which corporations are directed and controlled. The governance structure is a mechanism for monitoring the actions, policies, and decisions of corporations, including the distribution of responsibilities among different participants, such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders.

In the case of community JVs, in which one of the parties (the community organization) is relatively unknown to banks and is usually inexperienced, this need for a strong structure carries even more weight. Although substantial differences in capacity may exist between the owner and the operator of a JV lodge, banks require very clear explanations within the partnership contract relating to the following:

- The management of the business
- The monitoring of the business
- Systems for dispute resolution

JVs must have the support of properly trained company clerical staff and be aware of the specific requirements of the relevant company code and the contractual agreement between the two parties. JVs should also have access to external professional advisers (lawyers and accountants) to ensure compliance. These measures demonstrate an understanding of sound corporate governance and provide increased confidence to external financiers.

Troubleshooting dispute resolution. Communities may comprise disparate groups of people and interests, and the potential exists for disagreement that may end up impacting the business partnership. To reduce this risk, JVs must be able to demonstrate a clear separation between community conflict resolution and the day-to-day business operations.

In most cases, community management committees share the private sector’s frustration with unclear lines of responsibility and communication between such groups as traditional authorities, regional councils, other stakeholders, and themselves. Some destinations have called for a greater role by the state and some by NGO facilitators. Whichever group provides this valuable support must be well trained, neutral, and business savvy.
Case Study • Namibia: Banks cite unclear corporate governance

A number of “business models” exist, and the exact nature of the relationship between the parties is not always clear—either to the parties or to outside entities, such as banks. In some JVs, parties (shareholders, managers, or directors) may hold more than one role, and external financiers feel that many JVs could significantly improve their governance structures to provide greater comfort.

Much of the contract relates to the structure of ownership of the business and its assets—namely, who holds the lease, who owns the property, and who operates the business. Many variations of business structure are in place in Namibia, and some overlap in terms of governance.

The notion of ‘ownership’, particularly of land and assets related to community land, is a sensitive issue across much of the world, especially in Southern Africa, and Namibia is no exception. The term ‘ownership’ is used here because it influences business performance and the willingness of commercial entities to lend to such businesses. In the financial community, the precise structure of a business, the nature and value of the assets, and where they appear on the balance sheet (or who owns them) are of critical importance in making a lending decision.

Corporate governance principles and codes have been developed in different countries and issued from stock exchanges, corporations, institutional investors, or associations of directors with the support of governments and international organizations. However, compliance with these governance recommendations is not always mandated by law. Introducing transparency into governance structures is considered good corporate practice, and can be effective in bringing external backers on board.

Key takeaways for managing risk

Ensure strong corporate governance structures.
Partnership agreements can extrapolate from global good practices codes of conduct to provide a reassuringly strong governance structure that will hold up under the scrutiny of lenders.

Embrace transparency.
Consistently communicating roles and responsibilities among all the various parties and widely publicizing the governance structure can help to reduce not only suspicion and internal conflict but also perceived risks for banks.

Provide avenues for dispute resolution.
A clearly laid-out process for dealing with disputes between or among the parties is important, with third-party mediators on hand, if necessary. This process should be reinforced by an explicit separation (within the governance structure) between community conflict and business operations.

Establish a third party as mediator.
A dedicated mediation service provided by the government or a neutral party is a must to further reduce banks’ perception of risk, and the mediator’s physical presence will help in brokering trust and understanding among and between parties.

Construct clearly understood contracts.
Contracts must be designed to ensure that the business operations are viable and that neither party feels disadvantaged. Contracts must be clear and easily understood, and both parties must agree to adhere to the terms.
#4 Draw up equitable contracts

Contracts are the core of the community-private sector partnership. They are constructed to specify mutual responsibilities and goals and are crucial for avoiding trouble later. Occasionally, contracts place such emphasis on the benefits and expectations of the community partner that the needs and expectations of the business partner become secondary. This practice puts great pressure on businesses to perform financially and increases the perception of risk from the lenders’ perspective.

Contracts should specify that the partnerships involve certain rights and duties

The parties have a mutual right to control the enterprise, a right to share in the profits, and a duty to share in any losses incurred. Each partner has a fiduciary responsibility, owes a standard of care to the other members, and has the duty to act in good faith in matters that concern the common interest or the enterprise.

Standard components of partnership agreements

- Main purpose and parties
- Key definitions of terms that will be used
- Key operational clauses, such as leasehold, user rights, operating fee, payment schedule, duration of agreement, and development and maintenance of lodges
- What the parties are not allowed to do
- What the parties are supposed to do
- How the agreement between the parties will be managed
- What happens when the parties disagree or do not do what they are supposed to do—how this will be resolved
- Legal requirements to ensure both parties comply with the agreement
- What employment and empowerment needs are required
- Signing Page—signed by the authorized representatives of both parties
- Appendices to the agreement, which may include the financial and technical offers of the operators, empowerment and environmental management plans, proof that the operator can access the necessary funds, company registration forms, and mechanisms for interpreting key terms

From a lending perspective, the contract is of fundamental importance. Banks are primarily concerned with the profitability of the business, the governance structure behind the business, which partner has control of the assets, and what will happen to the business in the event of problems. In drafting the contract, these issues must be clearly articulated and agreed upon.

Community–private sector partnerships can be challenging but rewarding ventures for all parties. The partnership and the business must be pursued as one. If the business is not working well, the partnership will suffer; if the partnership is not working well, the goals of the company may not be met—particularly with regard to the management approach, the way staff members behave, the product being offered, and the way the product is marketed. At times, tradeoffs may have to be made between what is good for the partnership and what is good for business. Those tradeoffs must be carefully evaluated and an equitable balance struck as far as possible.

The following issues typically covered in the partnership contract have been known to cause stress to the business and investors and should be approached with care:

1. **Selection of the partnership model.** The financial obligations of the business to community partners vary significantly, from true equity JVs to lease agreements to simple operating contracts. The financial implications of each model for the respective partners vary considerably and will also impact the business. Lenders typically feel more comfortable with agreements that clearly demonstrate a fair sharing of risk and reward, in which the needs of the community and private sector partners are aligned and in balance. This ensures that each party has similar incentives to make the contract work effectively.

2. **Expectations of the community.** Typically, businesses have contractual requirements to contribute to social development goals and projects and, sometimes, other financial requests that fall outside of the contract. Unexpected costs can damage the business and make earnings unpredictable, thus increasing risk and discouraging lenders.

3. **Length of the partnership agreement.** In JV partnerships, duration is a key issue, and it often is where communities and companies start with radically different needs. Communities and governments who are just entering the tourism sector often do not want to commit themselves and their members for decades to come, while companies want plenty of time to generate adequate returns on investment. This issue may require considerable discussion, negotiation, and compromise.

4. **Community partner roles in operations.** Perceived confusion between the roles of the parties in relation to management and corporate governance can represent risks. Outside of the community–private sector partnership sphere, lodge operators typically have the right to manage their operations without interference from lodge owners or other third parties as long as they operate within the law and the terms of the agreement. These partnerships often are subject to contractual obligations to source or hire staff members from within the local community. In general, this practice has had substantial positive impacts on wildlife management and asset maintenance by engaged community members, and it provides even greater results when a real investment in training is made. When little training is provided, however, the private sector prefers to source more productive staff members from elsewhere. In times of economic pressure, this contractual requirement may make managing costs to stay viable very difficult for businesses.

5. **Manifestation of underlying distrust in overly restrictive contracts.** Occasionally, a pervasive assumption exists (on both sides) that unless every detail is negotiated and tied down, one partner will exploit the other. For the private sector, this attitude leaves very little room for flexibility in difficult times, and little room for creativity or space to prove their responsibility or development impact in other ways. This lack of trust may be further compounded by a lack of knowledge or understanding by individuals or groups within communities of what the contract contains.
6. **Structured communication.** Most contracts designate the need for JV management committees composed of both private sector and community representatives. Such committees are supposed to meet at designated intervals (monthly, quarterly, etc.) so both parties can inform one another of operational responsibilities and provide business performance updates. Such meetings can foster trust, confidence, and knowledge sharing between both parties. If these meetings do not take place, communication can become ad hoc leading to distrust and a lack of information flow.

**Quality advice from neutral third parties**

A further barrier in the design and negotiation of the agreements can be the quality of advice from neutral third parties, such as government authorities or local NGOs. If inappropriate advice is provided the resulting contractual emphasis can be on ‘money extraction’ from the business leading to lower profitability. Although participants have a large interest in getting money out of the business (to pay conservancy fees and drive local community development), tourism businesses are capital intensive. Money-oriented structures provide little incentive to reinvest but a big incentive to withdraw capital quickly, to “drip-feed” capital injections, and to adopt transfer pricing policies that have the potential to damage local enterprises.

**Case Study • Namibia: Exploring nonfinancial returns**

While negotiations often revolve around financial percentages, both companies and communities have other non-financial objectives as well. The company may seek significant benefits from, for example, measures to boost local security, improved environmental management and cleanliness, and cultural events being made accessible to tourists. For the community, terms of negotiation may revolve around training, development of spin-off enterprises, and traversing rights over land.

Research conducted by Ashley and Jones in 2001 shows the importance that communities put on a range of livelihood concerns. During negotiations with Wilderness Safaris, the Torra Conservancy members pressed harder for increased commitment to senior-level training and the transfer of ownership, than for a 1 percent increase in revenue share. They also highlighted the importance of jobs near their farms, even if they paid less than city jobs, because they could continue working as farmers. An alternative partnership with another company was rejected, despite potential high returns, partly because it would have limited access to a spring used in drought.

**Financial dashboard for communities**

The community partner needs to see information regarding the operations of the lodge business in a clearly visible and logical way, much like the car’s dashboard for checking speed, temperature, and fuel. In Namibia, some lodges regularly present business performance in a simple, graphic way on a financial dashboard and talk through aspects such as occupancy levels, payments to government and conservancy, increase or decrease in certain expense line items compared with the previous months, and so forth. Namibia has found that when partners have open, transparent discussions regarding the operations and performance of the business, the trust created helps the relationship to flourish. The financial dashboard can be a valuable tool.

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Experience from the mining sector: Published contracts for transparency

An increasing number of diverse organizations are calling for contract transparency in mining, including Revenue Watch Institute, the International Monetary Fund, and the World Bank Group. “Countries have no justification for secrecy,” insists Rashad Kaldany of the International Finance Corporation (IFC). “All of these agreements will be made public in future.” The Extractive Industries Transparency Initiative was launched in 2003, with the goal of asking countries and companies to publicly disclose information of all financial payments in the mining, gas, and oil industries to enable citizens to see how much money is generated and how that money is spent. Such publication in the tourism JV arena would help to educate partners on terms agreed, build trust between partners, and set benchmarks for balanced, equitable deals.
Key takeaways for managing risk

**Explore a range of deal structures**
Different financial structures bring different rights and duties, with correspondingly different risk levels for communities and impacts on profitability.

**Develop a set of principles and standardize contracts**
Contract templates for similar types of partnerships provide JVs with structure and good practice clauses on rights and duties that have been tried and tested elsewhere. The following “win-win” principles could be considered:

- Clear definition of profit motive—either fully commercial or quasi-commercial entities
- Transparent risk-sharing structure, reducing pressure on lodge revenues
- Reconfigured employment obligation to allow greater flexibility and add training requirements

**Strive for greater transparency**
Enhanced clarity and transparency of contracts is necessary to create market confidence in the partnerships. NGOs and other supporters can assist by developing transparency platforms and publishing contracts.

**Employ professionals**
Ventures may hire reputable lawyers and accountants—in addition to the supporting organizations in the community–private sector partnership sphere—for advice on negotiating the partnership contract.

**Maximize nonfinancial community benefits**
Explore, define, and commit to nonfinancial obligations that safeguard or improve communities’ access to economic opportunities without directly impacting profitability.

**Recognize that contractual agreements have implications for the bottom line**
Everything agreed to contractually will have a direct or indirect effect on profitability and, as a result, an effect on the business’s prospects for raising commercial finance. Community staff, for example, may initially be less productive and require a greater expenditure on training. Calculations need to be considered: does the cost of hiring local staff members eat into profits, or does it bring its own rewards in the form of a happier staff, more authentic guest experiences, and reduced community-lodge conflict and a stronger linkage to good management of resident wildlife—eventually increasing profits? Before committing to the contract, businesses must weigh these options.

**Explore alternative delivery mechanisms for development impact**
In addition to contractual contributions to social development, JVs can consider employing voluntary mechanisms, incentivized by the market. Environmental and social performance is increasingly demanded as a prerequisite for industry excellence, as judged by international award schemes, consumer feedback sites such as TripAdvisor (Green Leaderboard), and corporate social responsibility indexes. Using the market as an incentive to innovate in the development sphere can be rewarding for all parties, including consumers.

**Educate, empower, and communicate with community partners**
Implement regular awareness-raising and training initiatives for communities—not only on basic business principles but also on the performance of their business partnership and how it meets the goals set in the agreement. Open, structured, and frequent communication strengthens the relationship.
#5 Get creative about collateral

Lenders need collateral or securities to hold against loans in case of nonrepayment or default. A common obstacle for SMEs in the tourism sector is an inability to use immovable assets, such as the hotel property or the land on which it is built, as collateral because of poor transferability and perceived insecurity of land tenure. Frequently, businesses lease or sublease land from the state or a third party, and this agreement is not always considered sufficiently secure.

Firm-level enterprise surveys conducted by the World Bank in developing countries help explain why obtaining financing is difficult. A common trend for firms is rejection of credit applications due to unacceptable collateral. The survey showed that most firms don’t even bother applying for loans because they are certain that they could not meet the collateral requirements often requested by banks.

Source: World Bank Enterprise Surveys Global Database⁸

The bar for accessing capital is different for existing JV partnerships than for those conceiving a new partnership. An existing partnership with a well-structured lease, contract, and business plan plus a positive financial track record of three years or more is more likely to convince banks that it can service the debt. By contrast, new JV partnerships need to rely more heavily on the private sector partner’s creditworthiness and willingness to pledge personal or external collateral or securities.
An in-depth analysis indicates that unavailability of collateral is frequently not the problem; rather, it is the inability to use valuable assets as collateral. In the developing world, around 80 percent of the capital stock of a business enterprise typically is in movable assets, such as machinery, equipment, or receivables, and around only 20 percent is in immovable property; unfortunately, many financial institutions are reluctant to accept movable property as collateral.

By contrast, in the United States, movable property makes up about 60 percent of enterprises’ capital stock, and lenders consider such assets to be excellent sources of collateral; movables account for around 70 percent of collateral for small-business financing.

One way to increase access to credit lies in reforming secured transactions laws and establishing movable collateral registries. Providing legal structures through which movable assets in emerging markets can be effectively used as collateral will significantly improve access to financing by those firms that need it the most. Even in the most advanced jurisdictions where reliable credit information and a wide range of financial products are available, only the largest and best-connected businesses can obtain unsecured loans; the rest have to provide fixed collateral. A sound legal and institutional infrastructure is critical to maximize the economic potential of movable assets (such as future cash flow) so that they can be used as collateral (for example, accounts receivables, inventory, equipment, vehicles, farm products [crops, livestock], intellectual property, household goods, and so forth).

Case Study • Success in Ghana

In 2008, Ghana embarked on a reform of its movable collateral legal framework and registry, with the support of WBG. Before the reform took place, the use of movable collateral in Ghana was a key constraint for SME financing. Upon enactment of the Borrowers and Lenders Act 2008, the Bank of Ghana established a collateral registry. With IFC support, the Bank of Ghana has drafted amendments to the Borrowers and Lenders Act and redesigned the registry system to align it more with international best practice. As of June 2014, some results of those changes include the following:

- More than 73,000 loans have been registered since March 2010.
- 75% percent of the loans go to microenterprises and 17% percent to SMEs.
- The total financing secured with movable property accounts for more than US$14.5 billion.
- Inventory and accounts receivables (25 percent), household assets (20 percent) and motor vehicles (19 percent) are the top three types of movable collateral used by businesses.

Another way to increase access to credit is to strengthen the legal framework around the land lease agreement. Secured transactions and registries often are an effective medium-term or complementary solution for countries where lease agreements (for immovable assets, such as land) are not yet readily usable as collateral. In many countries, however, strengthening the legal framework of the lease may turn this asset into acceptable security.

In some jurisdictions, financial leasing is treated as a secured transaction and, consequently, it is regulated by secured transactions law. However, other jurisdictions have special laws governing financial leasing. Recharacterizing financial leases as secured transactions may not be necessary or possible in some jurisdictions, but the rights of financial lessors must be subject to the same publicity and priority rules as rights arising out of other secured transactions.
World Bank Group advises clients on using movable assets as collateral

The World Bank Group’s Finance and Markets Global Practice priorities are designed to help clients provide broad-based financial services to individuals (such as credit, savings, payments, and insurance products) and to promote growth and employment generation by supporting sustainable lending to SMEs.

One approach is to facilitate the use of movable assets as collateral for loans. The World Bank Group does this by working on the following:

- **Legal Framework.** Advising governments, law and policy makers, and financial sector players on necessary improvements to the legal and regulatory environment for secured lending
- **Collateral Registries.** Providing technical advice to the government and other stakeholders on the creation of new collateral registries or improvement of the existing ones
- **Capacity Building.** Training and awareness building among key stakeholders on compliance with new laws and regulations, as well as on the use of the new system; specific training of creditors on movable asset-based lending products

A third way to increase JVs’ access to credit is to provide banks with guarantees or insurance. Banks must provide credit to businesses, but where market failures are occurring, governments may consider offering additional targeted supports, such as guarantees against losses on qualifying loans. To qualify for the guarantee, the banks would have to finance businesses that meet certain criteria (for example, high potential for job creation) to match policy objectives.

Finally, setting lending targets for banks may be appropriate in some countries. In some countries governments have introduced incentives to channel more lending to the sector. These can be in the form of setting targets for lending through state backed lending institutions. Sometimes these are supported by state backed guarantees which are designed to reduce risk for the commercial lenders. There are also opportunities for commercial risk-sharing facilities to be introduced targeted at the sector.
#5 GET CREATIVE ABOUT COLLATERAL

## Case Study • Namibia: Employing a multipronged approach

In Namibia’s communal conservancies, no private land ownership exists, and lodges sub-lease land from the government via the conservancy who holds the head-lease. This makes transferring ownership of the company’s immovable assets difficult and therefore limits the ability of lenders to assume control of the assets in the event of a default. The business therefore cannot provide adequate collateral to meet lender requirements.

Neither the Communal Land Reform Act 2002 nor its 2005 amendment explicitly allow for conservancies to transfer the land-use right for commercial purposes. Although, in theory, the community courts would likely honor the partnership agreement under customary law (this has not yet been tested) it is viewed as too risky for commercial lenders, who report that they would require a legal transfer of land-use rights to the asset-holder (lodge owner). In early 2014, amendments to the Communal Land Reform Bill were submitted to the National Council, stipulating changes to Section 31 to allow for leaseholds to be awarded to community-based organizations (including conservancies) and for such organizations to legally sublease to a third party. This amendment is intended to provide the legal clarity that has been absent from the previous act regarding the ability to sublease.

Despite this effort, commercial lenders indicate that to accept a lease as collateral, they would additionally require some kind of a guarantee, which is not currently available. The state may examine the possibility of providing a guarantee to back the lease, although, notably, a previous guarantee program closed because of a high default rate. A repeat of this situation may be avoidable with more rigorous, systematic due diligence.

Namibia made a step toward accelerating SME finance with the SME Bank opening in December 2012. Capitalization will eventually reach N$1 billion, and the bank is required to have 30 percent of its loan portfolio secured by future cash flows rather than fixed asset collateral. Approximately 10 percent of the portfolio is expected to be allocated for tourism and hospitality. The banks confirmed that they would be open to financing community-private sector partnerships provided the businesses could present a strong project proposal with credible financial forecasts and, preferably, be verified by a third party.

## Key takeaways for managing risk

**Facilitate use of movable assets as collateral**
Adapting the legal framework and developing collateral registries can greatly increase firms’ access to finance.

**Strengthen the lease agreement**
Legislate for and support projects that rely on lease agreements as security.

**Support banks with guarantees**
Consider how facilities can be introduced to reduce risk for the lender in a targeted way, such as through guarantees, or risk-sharing financial structures.

**Set targets for banks**
Policy makers can incentivize or encourage banks to lend to SMEs without movable assets.
#6 Professionalize business operations

The profitability of any business is naturally affected by the way it is run. The experience, capacity, and professionalism of lodge management—particularly with regard to operations, revenue, and expenditure—and community relationships are therefore of great importance. Lodge location, size, and structure typically present a series of operational challenges that require skilled management.

Private sector partners are savvy, like-minded risk takers. Private sector partners in these types of ventures fall across a spectrum from experienced global or regional operators with extensive portfolios to one-off entrepreneurs with strong personal motivations. All of them tend to be risk takers with capital and often have other business interests. They are largely innovators and usually prefer to trade in areas where no one else is trading. Many have commercial successes and failures under their belts and believe that they know what it takes to make a business succeed. They see their investment in a community partnership as a business choice they have made because of a set of specific criteria. They are largely owner/operator/investors, as opposed to distant venture capital investors, and usually are part of a network of like-minded people with a broad range of contacts—from builders, engineers, and architects to trusted field guides and tour operators. With high levels of practical, hands-on business acumen, some of them may, however, be lacking in experience of working with communities and in standard financial accounting practices—skills that become necessary when faced with various operational challenges.

Operational challenges are derived from the nature of the business. Typical operational challenges faced by lodge management stem from the often isolated locations of the lodges and the resulting logistical and connectivity challenges.

The profitability of any business is naturally affected by the way it is run.
Many lodges face **high input costs** because of the limited number of suppliers of food, beverages, and other goods in their location, meaning longer travel distances, longer wait times, and increased stock levels. In Namibia’s rural conservancies, for example, sampled lodges revealed a 20 percent to 25 percent higher input cost than in the capital, Windhoek. **High repair and maintenance costs** also are common—for example, the regular replacement of motor vehicles every five to six years, attributable to difficult terrain and more significant wear and tear. **Higher fixed-cost structures** also are a common feature, with proportionally high costs in labor, labor benefits, power, rent, insurance, and lease charges. Such opportunities to manage fixed costs are limited in the lodging industry, however, and are even more limited in the case of JV lodges. These properties are highly specialized tourism assets, whereas downtown hotels attract a range of markets and provide space that can be used for meetings, events, and social functions. In Namibia, some lodges report a 67 percent fixed-cost structure, which makes maintaining occupancies and generating revenue all the more imperative.

Of these fixed costs, labor is significant, and many lodge operators cite high staff turnover and poor productivity as operating challenges. Other operators often poach the more talented staff members. Several private sector partners have commented over the years that they accept the principle of giving preference for employment within a particular community, but they also want the freedom to hire more competitively.

Many of these challenges are faced not only by community JV lodges but also by all rural accommodation providers. The specific costs of working directly with community partners, however, are an additional challenge that directly affects the viability of the enterprises. Most significant are the costs that result from preinvestment delays in finalizing agreements and those that result in delays in attainment of breakeven.

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**Case Study • Namibia:**
**Working with communities to manage costs**

According to the Federation of Namibian Tourism Associations, their 2010 study finds that on average, a private sector partner in a typical JV lodge for photographic tourism lodge had an investment of N$15 million, had 32 beds, and had 55 staff members.

Preinvestment delays, which result in opportunity costs for idle capital, add about 12 percent to the capital investment and cause a reduction of 7.5 percent in the average operator’s annual net income. Delays also reduce the 20-year net present value of the investment by approximately 12 percent and the 20-year financial rate of return for the operator from 15 percent to 12 percent.

Delays in reaching breakeven have a significant impact on the cash flow of JVs and reduce their 20-year financial net present value of the investment by 14 percent. Delays in breakeven reduce JVs’ financial internal rate of return over 20 years from 15 percent to 12 percent.

Extrapolation of the findings suggests that the costs of induction are currently causing communities to lose N$2.2 million in income from JVs over a 20 year period. Losses in economic income (gross national income) from photographic JVs as a result of induction costs amount to approximately N$6.7 million, and those from hunting JVs are estimated at about N$1.0 million.

Source: FENATA, 2010
Given these challenges, community JVs are not for everyone. Opportunities to participate in community-private sector JVs have increased globally over the past few years, and a perception exists among financiers that supply may exceed demand in some markets. This means that private sector partners can be selective. This state of affairs poses a potential problem for community partners, with limited guidance or benchmarks to help them evaluate the proposition.

To help attract the interest and commitment of the best, most experienced private sector players, authorities may consider staggering the supply of such opportunities in the marketplace and introducing a competitive process for the most attractive sites, through open or limited tender processes. This role could be filled by a one-stop shop or convening board that also offers other facilitation services for investment and ongoing mediation or support. The WBG Trade & Competitiveness Global Practice provides hands-on technical assistance in assessing investment opportunities, as well as advice on how to structure and implement promotion and outreach activities to attract appropriate investment partners.

The marketing function is paramount to success. Of crucial importance to the financial health of JVs is their ability to generate revenue through sales. Maximizing occupancies at the lodges is largely driven through marketing, most of which is carried out by the businesses. Community partners in developing countries will not likely possess the sales and marketing experience or the leadership resources to achieve target occupancy levels over the short and long term. Brand equity and the horsepower of the private sector partner thus become paramount to the enterprises’ success.

“You all have heard my mantra—‘If you build it … they may not come’ unless the enterprise has marketable assets; a solid, strategic marketing strategy; and an established sales/distribution system.”

—Jim Sano, Vice President, Travel, Tourism and Conservation, WWF

Continual, high-quality hospitality training for the operator and all staff members is fundamental. Wilderness Safari’s custom digital video and online training program (powered by Lobster Ink) is truly groundbreaking in this respect; however, this type of training entails a substantial upfront investment.

Business Edge: WBG Filling a gap in the SME training market

Business Edge™ is a training system designed to improve the management skills of SME owners and managers. This classroom-based program offers practical management training that is adapted to the local business context and delivered by a network of local partners.

The program is delivered by certified trainers in the local market and comprises 55 courses, including human resources, marketing, finance, operations, personal productivity, and tourism. The hospitality and tourism courses offered include caring for guests, marketing accommodation services, retaining hotel staff members, running a sustainable business, saving costs in accommodation business, and selling accommodation services. All of these are areas of operational and management weakness typically found in SMEs, including community JVs.

WBG has found that the tool directly strengthens management skills of owners, managers, and staff of tourism SMES, increases profits for SMES, and often increases access to finance. The program is currently being rolled out in nearly 30 countries in Africa, Central Asia, and the Middle East.
Key takeaways for managing risk

Reduce the cost of sales
Management of high input costs is critical for managing risk as these can easily get out of control. Professional management practices can reduce use and waste and achieve efficiencies.

Manage human resources
Partnership agreements must strike an equitable balance between maintaining their important social obligations and ensuring an adequate financial return. Agreements ideally retain some flexibility in key areas, such as staff hiring, and also make provisions for adequate training and enhanced productivity. Working on a longer-term investment outlook would provide incentive for such behavioral change.

Improve the value proposition
Businesses should evaluate the value proposition for tourists through more efficient pricing of food and beverages, improved cost management, and innovation and product development, and they should likewise evaluate activities revenues. Above all, lodges can increase occupancies by more effectively managing room stocks and by extending the shoulder season.

Encourage participation of the private sector
The growing supply of JV opportunities and increasing demand should increase competition from the private sector. Where appropriate, competitive procurement processes such as tenders or auctions could be used to secure partnerships with the most suitable and experienced operators.

Focus on marketing and promotion
Lodges must recognize the significance of their marketing and promotional efforts to spread high fixed costs over a greater number of tourists. Lack of marketing can result in low capacity utilization and depress revenues and profits. The national tourism authorities and organizations can provide support in a convening and mobilizing role.

Provide training for better practices
Destinations may consider extending training efforts to private sector partners and JV businesses, with a particular emphasis on financial management, accounting, revenue management, and marketing. Such efforts will improve profitability, reduce risks, and create a more compelling investment proposal.
#7 Develop compelling proposals

Developing sound project proposals is an integral part of securing financing. Plans are submitted to lenders to explain the project, make a case for investment, and allay concerns. Banks evaluate these plans to make a decision about whether and on what terms to make an investment, so these proposals must be as strong as possible.

Weak project proposals are a well-documented problem for SMEs across the world, with banks and other lending (or even grant) organizations consistently raising the issue.

Proposals can show weakness in various ways, but the key issues are as follows:

1. Poor presentation of project concepts
2. Inadequate accompanying financial information

**Project concepts are typically weakened through the omission or poor presentation of data and ideas.** Lenders highlight the following as typical flaws: a poor management team with insufficient experience and/or the wrong skills mix for the needs of the business; a narrow customer base; inadequate marketing; under- or overpricing of products; poor product and service quality; emotional or autocratic managers; and undefined or undeveloped product-market mix.

Financial information often is lacking in substance and credibility.

- **Speaking the same language** Businesses need to speak the same financial accountancy language as the lending community to ensure common understandings of account categorizations such as costs, income, and departmental revenues. This universal language is known globally as the Uniform System of Accounts for the Lodging Industry or Uniform System (see www.ahlei.org) and is the industry standard for all financial accounting in hotels and lodging accommodations. Many otherwise sound projects are rejected every day because of misallocated or misrepresented data that distorts a balance sheet; using the Universal System prevents this distortion.

- **Making projections and benchmarking** When lenders evaluate a financial proposal, they like to see forecasted projections of business operations and financial management. Banks complain that often when projections are included, the benchmarks, or industrywide data used to calculate these projections, are either incorrect or inappropriate. Given the current niche status of the community-JV sector, most countries do not collect specific data of relevance, and businesses are left using estimates or very generic, inappropriate data.

- **Getting into the numbers** Banks assess a project’s ability to meet minimum thresholds for several financial ratios and performance indicators, such as debt/equity, debt service cover, and current ratios to ensure that the project’s cash flow will be significantly robust to comfortably repay the loan. Debt service...
A coverage ratio (DSCR) is calculated by dividing the firm's available cash flow after operations by the amount it owes on interest, principal, and lease payments. Usually banks require this ratio to be in the range of 1.15 to 1.5.

A current ratio is calculated by dividing current assets by current liabilities and is mainly used to give an idea of a company’s ability to meet its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, and receivables). The higher the current ratio, the more capable a business is of paying its obligations. Quick ratio includes only cash or cash-equivalent current assets in the numerator, and the denominator is still current liabilities. As a consequence, the quick ratio is usually lower than the current ratio. Quick ratio assesses a business’s current liquidity, or the ability to pay off its current debt.

WBG SME Toolkit supports businesses to develop better proposals for banks

The SME Toolkit is a complementary product to Business Edge™. It is an online, interactive program that uses the latest information and communication technologies to help SMEs in emerging markets improve their management practices. The toolkit provides thousands of articles and tools covering the following areas of business management: accounting and finance, international business, marketing and sales, human resources, legal and insurance, operations, and technology.

Specifically developed for securing commercial finance, the toolkit provides guidance on the following topics:
- Information on how to finance your business
- Sample business plans
- Demand forecasting
- Preparation of your production plan
- Cover letter for loan application

Key takeaways for managing risk

Employ the Uniform System
The Uniform System of Accounts for the Lodging Industry establishes standardized formats and account classifications to guide individuals in the preparation and presentation of financial statements for lodging operations. The system is published by the American Hotel and Motel Association and is regularly revised.

Employ professionals
Lenders are more comfortable with a proposal that has been independently reviewed by a chartered accountant or is presented together with a robust feasibility study. These steps can involve additional costs but could be the key factor in successfully securing financing.

Use reliable sector data for projections
The development of reliable benchmark and performance scenario data for the sector (and, indeed, the subsector of small lodges or comparable community enterprises) is essential, and businesses should use the data once developed.

Use proposal checklists
Various organizations, including WBG, have developed tools to support businesses in developing plans.
GETTING FINANCE: 9 TIPS FOR COMMUNITY JOINT VENTURES IN TOURISM

#8 Improve sector data

Without good industry data, accurate projections about the performance of the industry are limited—for banks, businesses, and other stakeholders. People tend to avoid what they do not understand.

In many emerging destinations, reliable financial and operating data is hard to come by, and data for sector niches—such as the community-private sector partnership segment—is virtually nonexistent. As a result, most financial forecasts and lodge pro forma statements are currently based on varying and often divergent views of the industry, which makes planning and decision making very difficult.

**Banks:** When the projected viability of projects varies so greatly, banks struggle to make industry comparisons or to test prospective proposals against reliable benchmark data. Without reference points, these proposals carry more risk.

**Businesses:** A lack of clear, reliable, and easily available industry data can lead to poorly conceived project concepts, flawed financial planning, and, occasionally, oversupply of facilities in the marketplace, driving overall occupancies down and reducing business viability.

**Other stakeholders:** Lack of data and understanding about industry performance and viability makes assessing risks, making long-term plans, or deciding how best to support the industry harder for governments, NGOs, and other groups. Inflated numbers or forecasts can, in some cases, lead to the creation of inappropriate policies, legislation, and incentives that damage the industry in the long term.

Collecting this kind of operational data is notoriously challenging. Some of the online schemes that work best provide incentives for the data providers (hotels) to contribute. In this model, usually larger hotels contribute their data online and, in return, immediately receive the aggregated data from a preselected sample of their competitors. This data is useful for owners and operators for benchmarking. Destinations working in partnership with benchmarking and data reporting systems, such as STR Global, have access to a wide pool of aggregated data that could also be made available to banks. Additional reports are available that track changes in market dynamics covering top-line performance, supply, demand, industry forecasts, profitability, and segmentation data.
Case Study •
Caribbean mutually beneficial data generation

The Caribbean Hotel and Tourism Association (CHTA) wanted to introduce a tourism investment fund to help fill a financing gap in the regional market—specifically, for owner-operators of resorts with up to 150 rooms looking to expand, renovate, or take over underperforming assets. CHTA engaged an audit, tax, and advisory services firm and Caribbean Financial Services Corporation KPMG to act as advisers to the fund and signed a strategic partnership agreement with the commercial bank FirstCaribbean International Bank.

FirstCaribbean agreed to fund data collection and research done by CHTA. Helping to generate this kind of information was in the interest of the bank to inform their understanding of present realities and to forecast future trends.

Key takeaways for managing risk

Support organizations to gather more and better data
State statistics organizations, private sector associations, and other relevant bodies can be encouraged to capture and submit more data. Incentivized, online schemes often work well. Independent organizations or outsourced partner firms can also process and package the data for use by industry and banks.

Build an evidence-based supporting narrative
The stories that lie behind the numbers often provide deeper insight into why some enterprises fail and others succeed. Collecting, developing, and promoting a series of JV partnership case studies can help to educate financiers and other stakeholders in any market.

Reach out to banks
Proactively present data and engage with the lending community to familiarize banks with the sector, answer questions, and assuage risk.

“The challenges of good data collection”

Gitta PAETZOLD, CEO, Hospitality Association of Namibia

“We collect occupancy rates and figures for Average Daily Rate, but only on a voluntary membership basis. We have 350 members, but only a few of these are conservancy-private sector partnership lodges. First National Bank and FENATA produce a quarterly tourism index with overall growth and occupancy trends. While this is a good start, as a tool to inform qualified decision making across the industry, it is far too limited.”

Read more at www.caribbeanhotelassociation.com/InvestmentFund.php
#9 Maintain a community support system

Behind the scenes are a network of authorities, third-party advisers, and support groups working closely with communities. These advisers have a critical role to play in preparing for and facilitating the partnerships and in ongoing support and troubleshooting once the business is operational. The influence of such advisers is fundamental to the success of the ventures, and their role cannot be underestimated.

**Recognize when to pass responsibility to others.** NGOs play a valuable role in communities through capacity building and empowerment, providing advice on livelihood choices, training, benefit distribution, and the creation of networks, advocacy, monitoring of outcomes, and sharing good practice. NGOs must recognize, however, the areas in which they may not be neutral or in which they have limited expertise. In these situations, they should advise communities to seek alternative support. Private sector partners in various countries have reported that some NGOs are ill equipped to be providing advice to the community—specifically, in relation to the nuances of a business deal—and that sometimes their predisposed mistrust of the private sector is transferred to communities.

Although the long-term commitment of communities and their support agencies is vital, avoiding donor dependency is essential, and it is an all-too-common feature of Community-Based Tourism. “Free” money reduces community ownership, commitment, and motivation and the prospects of long-term success for an enterprise.

**Have a strong convening body.** In more developed destinations, a convening body often is mandated to coordinate between actors and ensure that basic standards are being met. Typical challenges noted by these bodies include managing the links between three cultures: the traditional or community culture, whose process may be slow and prolonged; the corporate culture, which has little time and wants to strike deals with the lowest costs and highest returns; and the NGO, or development culture, which focuses on benefits to low-income people, or other non-business objectives such as conservation or community development.

**The support sector itself needs support**— especially those organizations or individuals working directly with communities, often in remote or difficult conditions. Regular trainings, experience-sharing and mentoring can be a great help, coordinated by the convening body. Regulation may or may not be an effective way to improve performance within this sector but development of guidelines, best practices, templates and tip-sheets for the various activities undertaken can help improve overall delivery.

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Case Study • Namibia’s NACSO has been an effective coordinator

The Namibian Association of Community Based Natural Resource Management Support Organizations (NACSO) is an umbrella association of Namibia’s community-based natural resource management support organizations, which currently includes nine NGOs and the University of Namibia. NACSO reports to its members but also coordinates closely with the Ministry of Environment and Tourism. It is led by a small Secretariat of three staff members, who report to its board.

NACSO is mandated to coordinate the provision of support services to communal conservancies in the arenas of natural resource management, institutional governance, and business development and to monitor the development, performance and impacts of the national Community-Based Natural Resource Management Programme. NACSO facilitates JV lodge support through its Business, Enterprise and Livelihoods (BEL) working group, which is composed of regionally based NGO field staff supported by qualified tourism advisers provided by NACSO through WWF in Namibia. The BEL working group develops training methodologies, lodge viability assessments and business plans, standardized JV contract templates, facilitation and brokering, and dispute resolution services to existing and emerging JV lodges in Namibia’s communal conservancies.

In 2011, with the support of the Millennium Challenge Account, NACSO produced 27 training modules for communities, including training guidance for the trainers. Modules cover diverse topics such as financial management, staff recruitment and public speaking. So far, the training modules have been deployed to more than 50 conservancies and affiliated staff and enterprises. All stakeholders agree that training cannot happen just once; it must happen regularly, especially when the governance structure of the community partner changes. NACSO provides a structured set of training events, which are then followed up with clear, focused technical assistance. The private sector was so adamant about the followup that they indicated a willingness to share the costs (provided they were agreed on as part of the contract), and they recommended extending this learning to relevant NGOs.

NACSO is presently too small and understaffed to meet the growing demands of the conservancy movement, but it has provided a successful model for coordinating support services to conservancies on a geographic or thematic basis.

Additional requests from the private sector include establishment of a neutral community JV business support center, independent of private sector, government, traditional, and regional authorities and NGOs. The support center must be well funded, professionally staffed, governed by a dedicated board, and have access to data and information to assist JV development.

The role of supporters in marketing often is undervalued. Of crucial importance to the financial health of JVs is their ability to generate revenue through sales. Maximizing occupancies at the lodges is largely driven through marketing, much of which is carried out by the businesses but which also can be supported by the state and other convening bodies. The longer it takes for a product to become known in the marketplace, the longer it will be before the enterprise earns profits and fulfills the profit share part of the contract. Forming public-private partnerships is therefore in the interest of not only the lodges but also the communities, their supporters, and the state. Partnerships that develop and execute a well-structured marketing plan, invest in professional skills training, and monitor the marketing function will have the best chance of success.
Consider this word of caution. A fine line exists between supporting a nascent sector and driving it. Because a business sector is starting to produce results does not mean it is necessarily ready for large-scale replication. Lenders must first consider the overall size and growth of any subsector. Rapid growth in numbers of JVs is not necessarily an indicator of success. Lenders question whether growth is an accurate reflection of demand or if other supply-side factors are at play, with strong political support creating incentives for rapid, but potentially unfounded, growth.

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**Key takeaways for managing risk**

**Secure a strong political champion**
An individual with strong governmental and private sector networks can operate as an effective champion for community–private sector JVs, securing support from other ministries, securing budget, and building a sense of national ownership and pride for the sub-sector.

**Mandate, establish, empower, and provide resources for a coordinating unit**
This entity can take various forms, but a coordinating body with some government participation has been highlighted as critical for success in almost all destinations where JVs are gaining prominence. This body may also assist in data collection for the subsector.

**Train the trainers**
Regular creation and updates of training tools, methodologies, and systems are necessary in this environment. Best results usually occur when developing material together with lead trainers or technical advisers. Employ a “train the trainers” approach to help NGO and governmental staff train communities.

**Know when to bring in professionals**
The support sector must recognize its limitations. All actors need to recognize when to bring in professionals with necessary expertise such as lawyers, accountants and mediators.

**Foster community-to-community learning**
Conservancies in Namibia requested a mechanism for interconservancy experience sharing and communication so that they can learn from one another. This mechanism has been successfully applied in large numbers of conservancies across Namibia, generating both synergy and connectivity between conservancies in various regions of the country.
“One of the most satisfying processes in my life.”

Chris WEAVER, 
Managing Director of WWF–Namibia

Q. What is the role of WWF in Namibia?
A. We provide advice and assistance to our partner organizations, like NACSO members and the government of Namibia, to assist communities in forming conservation areas to manage and benefit from their wildlife. We help find investors and offer business training to conservancy members. Namibia’s market-based conservation model has inspired hope for countries and communities around the globe. Twenty different countries have sent delegations to come and learn from Namibia’s experiences and successes.

Q. What functions do local NGOs play?
A. They are directly involved at the grassroots level, interacting on a regular basis with the community and the conservancy management. They provide advice and training and report back to the National CBNRM Programme through NACSO on progress made.

Q. How do you interact with the government?
A. Assisting Namibia’s conservancy movement to grow and produce conservation impacts on a national scale has been one of the most satisfying processes in my life. This has been achieved through an excellent collaborative relationship with Namibia’s very progressive government. We work side-by-side in conducting analysis, sharing best practice, revising legislation, and empowering other organizations within this space.
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<td>Tourism Investment Generation Approach</td>
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<td>Facilitating Large-Scale Tourism Resorts in Mozambique: The Tourism</td>
<td>2012</td>
<td>The World Bank Group</td>
<td>40</td>
<td>Describes an approach aimed at improving the investment climate in the tourism sector by facilitating strategic investments in select protected and coastal areas, as well as through focused reforms in the regulatory environment.</td>
<td><a href="https://www.wbginvestmentclimate.org/uploads/CoastalResortsStudy.pdf">https://www.wbginvestmentclimate.org/uploads/CoastalResortsStudy.pdf</a></td>
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<td>Investment Generation Approach</td>
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<td>An updated analysis of the Torra Conservancy and Damaraland Camp</td>
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<td>A Private Sector Point of View Conservancy Based Tourism Enterprises (CBTEs) in Namibia and the Business of Tourism</td>
<td>2010</td>
<td>Jacqueline W. Asheeke, FENATA (Federation of Namibian Tourism Associations)</td>
<td>177</td>
<td>This study addresses and clarifies the many varied perceptions about the true state of affairs with regard to the successes and/or failures and the relationships between private-sector investors and the communities involved in JVs. It highlights processes and challenges to contribute constructively towards a more meaningful engagement.</td>
<td>Available on request from <a href="http://www.fenata.org/">http://www.fenata.org/</a></td>
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<td>Marketing hunting and tourism joint ventures in community areas</td>
<td>2006</td>
<td>Brian Child and Chris Weaver, IIED, Participatory Learning and Action 5S: Practical tools for community conservation in southern Africa</td>
<td>8</td>
<td>This article describes the process of empowering and training communities to select, negotiate with and contract private sector partners.</td>
<td><a href="http://pubs.iied.org/pdfs/G02926.pdf">http://pubs.iied.org/pdfs/G02926.pdf</a></td>
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<td>‘How to...?’ Series: Brief 3- Building Local Partnerships</td>
<td>2005</td>
<td>Caroline Ashley, Clive Poultney, Gareth Haysom, Douglas McNab and Adrienne Harris (ODI) Overseas Development Institute</td>
<td>28</td>
<td>The purpose of the ‘How To...?’ series is to assist tourism companies to take advantage of opportunities to contribute more to the local economy. The intended audience is tourism businesses of various sizes and operational types. Brief 3 provides practical tips on aspects of local partnerships drawing from the experiences of successes and failures.</td>
<td><a href="http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/2259.pdf">http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/2259.pdf</a></td>
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<td><strong>Cape Town Declaration on Responsible Tourism in Destinations</strong></td>
<td>2002</td>
<td>Cape Town Declaration</td>
<td>5</td>
<td>The declaration emphasizes the commitment of stakeholders in the tourism sector to take collaborative responsibility for achieving economic, social and environmental components of responsible and sustainable tourism.</td>
<td><a href="https://www.capetown.gov.za/en/tourism/Documents/Responsible%20Tourism/Toruism_RT_2002_Cape_Town_Declaration.pdf">https://www.capetown.gov.za/en/tourism/Documents/Responsible%20Tourism/Toruism_RT_2002_Cape_Town_Declaration.pdf</a></td>
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<td><strong>Cultural Tourism in the Wet Tropics World Heritage Area: A Strategic Overview for Rainforest Bama</strong></td>
<td>2001</td>
<td>Sarah Ignjic, Rainforest CRC</td>
<td>35</td>
<td>Brief overview of some indigenous tourism operations, identifies key critical factors which are essential for enterprise development, and recommends key elements of a strategy for government departments and indigenous organizations to assist Rainforest Bama to establish and operate tourism businesses.</td>
<td><a href="http://www.rainforest-crc.jcu.edu.au/publications/cultural_tourism.pdf">http://www.rainforest-crc.jcu.edu.au/publications/cultural_tourism.pdf</a></td>
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<td><strong>Getting The Lion’s Share From Tourism: Private Sector-Community Partnerships In Namibia</strong></td>
<td>2001</td>
<td>Dilys Roe, Maryanne Grieg-Gran &amp; Wouter Schalken Volume II—Practical Action: Guidelines for the Development of Private Sector—Community Partnerships</td>
<td></td>
<td>These guidelines for Namibia aim to provide advice on how both parties can get a good deal from the partnership rather than one side at the expense of the other. They set out the questions both sides to the partnership, community and private sector should consider at each stage of the negotiation process and the reasons why these issues are important.</td>
<td><a href="http://www.propoortourism.info/documents/PovertyInequalityVol2.pdf">http://www.propoortourism.info/documents/PovertyInequalityVol2.pdf</a></td>
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<td><strong>Enterprise Surveys</strong></td>
<td>N/A</td>
<td>IFC &amp; World Bank</td>
<td>N/A</td>
<td>An Enterprise Survey is a firm-level survey of a representative sample of an economy’s private sector. The surveys cover a broad range of business environment topics including access to finance, corruption, infrastructure, crime, competition, and performance measures.</td>
<td><a href="http://www.enterprisesurveys.org/">http://www.enterprisesurveys.org/</a></td>
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Source: WBG
Getting Financed

9 tips for community joint ventures in tourism

About the World Bank Group

The World Bank Group is one of the world’s largest sources of funding and knowledge for developing countries. It comprises five closely associated institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together form the World Bank; the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). Each institution plays a distinct role in the mission to fight poverty and improve living standards for people in the developing world.


About WWF

WWF is one of the world’s largest and most respected independent conservation organizations, with over 5 million supporters and a global network active in over 100 countries. WWF’s mission is to stop the degradation of the Earth’s natural environment and to build a future in which humans live in harmony with nature, by conserving the world’s biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption.

For more information, please visit www.wwf.org or www.worldwildlifefund.org