

BUSINESS AND TOURISM ENTERPRISE TRAINING

Module 2.1:

JOINT VENTURE TOURISM DEVELOPMENT



ACKNOWLEDGEMENTS

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GENERAL TRAINING TIPS

Preparation:

- Prepare each session in advance and ensure all necessary materials and visual aids are available (use visual aids wherever possible to enhance your training)
- Be aware of local customs – remember to open and close the training day with a prayer and give due recognition to any traditional leaders present
- Provide translation services where necessary (this will need to be arranged in advance – it may not be appropriate to ask a participant to translate)

General training and presentation guidelines:

- Use good time management to ensure every aspect of your training is completed – but take into account the possible need for translation and be prepared to slow down if necessary to ensure that all participants understand
- Maintain good eye contact with participants
- Speak clearly
- Keep your training language simple and appropriate to your audience
- Bridge one topic to the next
- Provide clear instructions for activities and check to see if your instructions are understood
- Where appropriate summarise each component of the module
- Avoid reading from this trainer's manual

Visual presentation:

- Write clearly and boldly if using flip charts
- Keep your visual aids clear – avoid blocking participants' view of visual aids

Involving the participants:

- Encourage questions and participation
- Ask questions to get participants thinking about the topic and key issues
- Keep the group focused on the task, but take breaks if participants are tired and losing concentration – be aware of body language
- Be patient and courteous with all participants
- Talk to your participants and not to the flipchart
- Acknowledge the comments and feedback from participants



NB: Where we wish to indicate that text in this module refers to an activity that training participants are expected to undertake, we have employed this little icon.



ABOUT MODULE 2.1: JOINT VENTURE TOURISM DEVELOPMENT

<p>OBJECTIVES: People who receive training in MODULE 2.1 will gain knowledge on:</p>	<ol style="list-style-type: none"> 1. Current joint venture (JV) models in Namibia 2. Identifying and assessing JV site opportunities 3. Preparing the conservancy for JV tourism 4. Approaches for finding a JV partner 5. Assessing the JV proposal 6. The community equity contribution 7. The leasehold process 8. JV negotiations 9. The JV Agreement process and content 10. The Environmental Management Plan 11. The Joint Management Committee (JMC) 12. The annual business review 13. The JV financial 'dashboard'
<p>COMPETENCIES: People who receive training in MODULE 2.1 will be able to:</p>	<ol style="list-style-type: none"> 1. Identify different JV models 2. Understand the key factors affecting lodge performance 3. Describe the different processes for finding a JV partner 4. Know what to look for in the business/financial proposal 5. Be confident in moving from proposal to agreement 6. Understand basic negotiation skills 7. Know what the legal requirements are in setting up a JV lodge 8. Understand the rights and responsibilities of all partners 9. Know why a JMC is needed and how to establish one 10. Conduct an annual business review
<p>MODULE 2.1 is intended for:</p>	<p>Conservancy Manager and the Conservancy Committee (and Enterprise Committee/JV Reference Group, if it exists)</p>
<p>Duration of MODULE 2.1:</p>	<p>The training for this Module will usually last 3.5 days</p>

To train this MODULE 2.1 you will need to have (enough for everyone):	Check
Flipchart stand, sheets and different coloured marker pens ("kokies")	✓
Module 2.1 Handouts #1 – #25.	
Prepared Flipchart Sheets #1 - #12 if you prefer to use them (all but #8 and #12 can be laminated for duplicate use)	
Paper and pens for participants	
A5 (or other shape) coloured cards	
Participant's Manual	

NOTE: Handout #3 should be printed on A3 (poster-sized format) and laminated for duplicate use.



The training of this **MODULE 2.1** will generally follow this schedule:

TOPIC 1:	Current joint venture (JV) models in Namibia
TOPIC 2:	JV site/opportunity identification and assessment
TOPIC 3:	Preparing the conservancy for JV tourism
TOPIC 4:	Approaches for finding a JV partner
TOPIC 5:	Assessing the JV proposal
TOPIC 6:	The community equity contribution
TOPIC 7:	The leasehold process
TOPIC 8:	JV negotiations
TOPIC 9:	The JV Agreement process and content
TOPIC 10:	The Environmental Management Plan
TOPIC 11:	The Joint Management Committee (JMC)
TOPIC 12:	The annual business review
TOPIC 13:	The JV financial 'dashboard'
SELF-ASSESSMENT:	Assessing participants' understanding of this Module (Handout #25)

NOTE TO TRAINERS/FACILITATORS: HOW TO USE THIS TRAINER'S MANUAL

This Manual provides a guide for delivering the training course for Module 2.1: Joint Venture Tourism Development. The Manual provides a step-by-step approach for delivering training on each topic in this Module. The training approach includes a mix of participatory activities and delivery of information to the participants. Instructions for these participatory activities are provided in the Manual. The Manual also indicates where trainers/facilitators need to have material prepared in advance and where they need to have Handouts ready to give to participants.

The Manual also provides essential information and messages that need to be conveyed to participants at each step of the Module. *This material is provided as a foundation on which the trainers/facilitators should build the delivery of the Module.* More detailed information and more examples that can be used in delivery are provided in the Participant's Manual, which will be provided to all course participants. Trainers/facilitators should familiarise themselves with the contents of the Participant's Manual. You will not be able to cover all the information that is in the Participant's Manual and in some cases you will need to tell participants to refer to their Manual for more details.

Sometimes, topics have been divided into 'sessions', with amounts of time allocated to them. These time frames are a guide only, and trainers/facilitators might need to adapt them as they deliver the Module.



KEYWORDS and ACRONYMS for this MODULE

AGM	Annual General Meeting
CC	Conservancy Committee
CEq	Community equity
CfP	Call for Proposals
EIA	Environmental impact assessment
EMC	Enterprise Management Committee
EMP	Environmental Management Plan
HWC	Human wildlife conflict
JMC	Joint Management Committee
JV	Joint venture
KPI	Key performance indicators
lessee	A person who leases a property or land from its owner (the lessor)
MET	Ministry of Environment and Tourism, Namibia
MOU	Memorandum of Understanding
NGO	Non-governmental organisation
PTO	Permission to occupy
TA	Traditional authority

A full list of definitions can be found in the Participant's Manual.

NOTE: Throughout this Manual we have tended to use the word 'lodge' when discussing JV tourism development opportunities in Namibian conservancies. However it should be remembered that conservancies may also develop tented camps and campsites too, so the word 'lodge' should be assumed to cover these other enterprises as well.



INTRODUCTION

- 1** **LIST:** The **objectives** of Module 2.1 by writing them on a flipchart sheet. To save time you may prefer to have Flipchart Sheet #1 prepared in advance (or even laminate this one and others for duplicate use).

Objectives of this workshop: you will gain knowledge on –

1. Current joint venture (JV) models in Namibia
2. Identifying and assessing JV site opportunities
3. Preparing the conservancy for JV tourism
4. Approaches for finding a JV partner
5. Assessing the JV proposal
6. The community equity contribution
7. The leasehold process
8. JV negotiations
9. The JV Agreement process and content
10. The Environmental Management Plan
11. The Joint Management Committee (JMC)
12. The annual business review
13. The JV financial 'dashboard'

- 2** **LIST:** The **competencies** of Module 2.1 by writing them on a flipchart sheet. To save time you may prefer to have Flipchart Sheet #2 prepared in advance.

People who receive training in Module 2.1 will be able to:


1. Identify different JV models
2. Understand the key factors affecting lodge performance
3. Describe the different processes for finding a JV partner
4. Know what to look for in the business/financial proposal
5. Be confident in moving from proposal to agreement
6. Understand basic negotiation skills
7. Know what the legal requirements are in setting up a JV lodge
8. Understand the rights and responsibilities of all partners
9. Know why a JMC is needed and how to establish one
10. Conduct an annual business review

EXPLAIN: The competencies to the participants and also refer them to the 'JV Development Process' section in their Participant's Manual.



NOTE: If participants are unfamiliar with the concept of joint ventures, you may wish to start the training by explaining in broad terms what a joint venture partnership is, and why they can be important for conservancies.

ASK: What is a joint venture partnership?

3  Ask pairs to consider this question, and then ask a few pairs to suggest an answer while the rest listen. Write the first few pairs' contributions on a flipchart sheet under the heading 'What is a joint venture partnership?' and then ask the remaining pairs to add any further contributions (and write these on the flipchart sheet as well).

4 **EXPLAIN:** A **joint venture (JV)** is a **business activity undertaken by two or more partners for their mutual benefit.** Partners in a conservancy joint venture will be:

- **Rural people**, who have user rights to the natural resources occurring in a community utilisation area (communal conservancy), and
 - **Established private sector companies** (investors/operators) that recognize the area's potential for business development.
1. The private sector partner is sometimes referred to as an 'investor' or 'operator' (or both). For the purpose of this training, we will use the term 'operator' unless otherwise stated.
 2. Growth in tourism has coincided with the development of conservancies, as well as legislation that provides the rights for registered conservancies to benefit from tourism.
 3. The spectacular scenery, rich cultures and burgeoning wildlife populations in many Namibian conservancies have attracted increased private sector interest and investment, and in turn this has brought larger numbers of tourists to these conservancies.
 4. By far the most lucrative source of income and benefits to conservancies is from JV tourism lodges and camps, in which conservancies negotiate a mutually beneficial agreement with an operator.
 5. In JV agreements, both parties are bringing something of value to the table and partnerships are structured in such a way as to maximise benefits to both parties. In general JV agreements include:
 - a. The **conservancy**, bringing the tourism development rights; a commitment to actively manage the natural resources (especially wildlife); community members interested in employment; and a desire and willingness to learn and become involved in the tourism industry.
 - b. The **operator**, bringing capital, expertise in tourism and access to the market.



TOPIC 1: Current joint venture (JV) models in Namibia

1 **EXPLAIN:** As a result of experiences elsewhere in the southern Africa region, the predominant joint venture model in Namibia has been a so-called “build, operate and transfer” (BOT) approach. The lessee (operator) builds (or renovates) a lodge or camp, operates the facilities for a period of time, and then transfers them to the lessor (community/conservancy).

We will now look at the three existing JV models that have been developed in Namibia to date, i.e.:

- a. 100 per cent private sector investment.
- b. 100 per cent community investment.
- c. Joint shareholding.

ASK: Do you know of any lodges being operated in a conservancy?

2 Write down the names of a few Namibian lodges and the conservancy they are located in on a flipchart sheet under the heading: ‘Lodges in Namibian conservancies’. Then ask participants to identify **who operates these lodges?** (and write the names of the operators next to the names of the lodges, assuming that they are correctly given). Now ask **who owns the lodge?** and ask whether the conservancy is a shareholder (record responses).

3 **DISTRIBUTE:** Handout #1 (comprising 3 pages) and explain in detail the three different JV models that have been developed in Namibia, their advantages and disadvantages, as well as conditions and implications.

REFER: Participants back to the information on the Step 2 flipchart sheet and ask them to identify which JV model applies to which lodge/conservancy. Record their responses on the flipchart sheet.

NOTE: These models are only models, and should not develop a high degree of complexity, thus undermining commercial viability, or competitiveness with direct deals with government and deals on private land.

DISTRIBUTE: Handout #2 (2 pages) and discuss with participants.

4 **SUMMARISE/LINK:** In this initial topic of our training, we have looked at models for JV that are currently in use in Namibian conservancies. In the next topic, we will look at how to identify and assess JV sites and opportunities. Does anyone have any questions before we move on to the next topic?



TOPIC 2: JV site/opportunity identification and assessment


Session 1: Tourism plans (*approximately 1 hour*).

NOTE: The aim of the first session in Topic 2 is for participants to gain a good understanding of how tourism potential and opportunities are identified.

1 **EXPLAIN:** Prior to identifying specific sites for JV lodges or other tourism opportunities, it is important to have a good understanding of how these fit into the 'bigger picture' with regards to tourism development. This requires us to obtain an understanding of current tourism opportunities (including existing facilities and activities) as well as identifying future opportunities for tourism business development. This can be achieved through the development of **tourism plans**, which can be produced for different 'land units' and with different levels of detail:

- a. National
- b. Regional
- c. National Park
- d. Conservancy
- e. Concession Area

ASK: What is a national park, a conservancy, and a concession?

2  Divide participants into three groups and give each group a piece of pre-cut card. One group should write on their card their definition for a **national park**, another group should write down their definition for a **conservancy**, and the third group should write down their definition for a **concession**. Ask groups one after each other to stick their cards on a flipchart sheet and discuss the definitions together. Ask the other participants whether they agree with the definitions created by the different groups.

ASK: What should be done to obtain optimal tourism development in these three areas?

3  Ask participants this question, above, and then lead the discussion towards the idea of the development of a **tourism plan**, which can be a National, Regional, or Conservancy Tourism Plan.



4 **EXPLAIN:** A **Tourism Plan** is a document that:

- Identifies **tourism development opportunities** within a given area.
- Identifies existing tourist attractions, infrastructure and tourism facilities.
- Identifies a range of tourism opportunities to maximise tourism potential of a given area.
- Identifies larger areas that may be zoned for particular land-use activities, e.g., photographic safaris, hunting, adventure tourism, 4x4 use, livestock, settlement etc.
- Represents a **process that should be participatory and involve all stakeholders**, with a strong emphasis on involving communities.

5 **EXPLAIN:** Why do we need a **Tourism Plan**?:

- It provides all stakeholders with a framework within which support can be provided.
- It assists in deterring uncontrolled and unplanned developments.
- It allows resources and support to be focused on the Tourism Plan recommendations.

6 **DISTRIBUTE:** Handout #3, which you should also make available as a poster-sized laminated resource.



Divide participants into pairs or groups and ask them to study Handout #3 in detail. They should respond to these questions, which you have already prepared as Flipchart Sheet #3:

1. **What information does the poster give us?**
2. **Why is this information important?**
3. **Why the proposed enterprises are called 'Options'?**
4. **Is there any information missing?**
5. **Why do we need Tourism Plans?**
6. **How can we use Tourism Plans in our work?**
7. **Has a Tourism Plan been developed for your region/conservancy?**
8. **Which is the main ministry involved in developing a Tourism Plan?**



7

EXPLAIN: Tourism Plans need to be incorporated into management plans, thereby forming an integral part of the overall **Conservancy Management Plan**. Here are the various sections of such a Conservancy Management Plan:

1. Zonation (land-use planning)
2. Habitat Management and Rehabilitation (including Fire Management)
3. Rebuilding Game Populations
4. Tourism Development
5. Natural Resource Harvesting
6. Law Enforcement
7. Human Wildlife Conflict (HWC) Mitigation
8. Infrastructure Development
9. Monitoring for Adaptive Management
10. Human Resource Development
11. Community Awareness
12. Research

Session 2: Site assessment (*approximately 1 hour*).

NOTE: The aim of the second session in Topic 2 is for participants to **gain a good understanding of how a JV tourism site is selected**.

1

EXPLAIN: In many instances, a conservancy may have already identified what they believe to be a good site for JV tourism. It is often on this basis that a request will be made by the conservancy for assistance in developing a lodge or campsite. Many potential sites look attractive initially, but they are often not suitable as feasible tourism sites for a number of reasons. To assist in our assessment of a site and its suitability, we should look at the aspects highlighted below.

- Even if the registered conservancy, community, concession holder or JV partner has all the appropriate rights and capacities (duly appointed and competent committee and staff) to allocate a site, it still does not necessarily make it a feasible site.
- Too often, 'land owners', conservancies and development agencies look at a site merely from the perspective of the land 'owner' or community, and forget that a tourism operator and tourists are the ones who choose where they want to go. So unless the available site is at least equal – or preferably better – than other sites in a particular tourism region, it will most likely not be feasible.
- It is therefore important that someone with an understanding of the **needs and interests of potential tourists and tourism markets** does an initial assessment of any potential sites.



2 **DISTRIBUTE:** Handout #4.



In plenary, participants should discuss the eight steps for ascertaining the potential feasibility of a site.

EXPLAIN: The **eight-point plan to determine feasibility of a tourism concept** once participants have had a chance to discuss them together:

1. Regional context

Before a site can be chosen, it is important that the regional context be fully understood as the success of a lodge is largely dependent on the environment within which it is located. As much as the attractions of a region and/or a particular site are important, the landscape, the economics, the political dispensation and the local people of the region may all have an impact on its potential success. Competing land uses, accessibility, infrastructure and service support are also important considerations.

2. Objectives

It is similarly important to obtain clarity (agree) on the primary purpose of establishing a lodge. Here, the conservancy needs to be very clear about its priorities and what it wants most to get out of a JV tourism development. For example, is the objective to:

- Enhance conservation - through an improved field presence that will assist in monitoring wildlife and act as a deterrent to potential poachers?
- Create tourism-related jobs for local communities?
- Create income for the conservancy?
- Develop skills and capacity?
- Create economic benefit for the region?
- Protect cultural heritage?

It is important that the key objectives are clear and that they are agreed on at an early stage in the planning and assessment process.

3. Tourism Plans

The selection of a site should also be done within the framework of existing tourism policies, strategies and other tourism, economic, or regional development plans and should also show awareness of any other infrastructure plans or projects contemplated in the area that may have an influence on the proposed lodge/campsite.

Certain projects planned for an area may be conflicting or competing (e.g., mines, clinic) with the intended lodge/campsite or, conversely, may create new opportunities. **NB:** Refer participants back to the previous session.



4. Legal status

It is important to know who has rights over a particular piece of land, and what form these rights take. In the case of a registered conservancy, government policy states that the conservancy has user rights over wildlife and tourism. However, in some cases there may still be a need to ensure agreement with the traditional authorities, who remain the custodians of State Land in communal areas.

A conservancy is the appropriate signatory for all tourism and wildlife utilisation enterprises but it is necessary to ensure that the CC driving the process has the necessary decision-making powers and the executing powers. In addition, it is important to ensure there are no other land-use rights that could have a negative impact on the development of a lodge or campsite – for example mining rights, land re-allocation, or existing land-use rights (e.g., old 'Permission to Occupy' certificates).

NOTE: This will be explained in more detail under Topic 7 of this Manual and you can also refer to the MET website for copies of policies driving the process: <http://www.met.gov.na/Pages/PoliciesandLegislations.aspx>

5. Market potential

It is important to have an overall understanding of the market potential for the proposed product in a particular location at a particular site, and at a particular time. This means – what type of tourist will visit, how many will come, when are they going to visit the lodge and how long will they stay? The evaluation team therefore needs to contain someone who understands tourism in Namibia and the current trends and potential for new developments. He/she also needs to know the existing competitors in the local area.

6. Site potential

If, after all of the above steps have been carried out, it seems likely that the area can host a tourist development as proposed (e.g., a lodge), it would be wise for the host community to check that the site identified by them does not have better potential for another type of tourism product, or even for another type of land use altogether. In other words, other options must also be considered.

If the site has potential for the proposed product, it is essential to do a full analysis of the site. It is more appropriate for the JV partner to undertake this analysis as they are the ones who know what is needed for the development of the tourism product.

7. Market demand

It is essential to do a proper tourism demand analysis to verify market feasibility. However, in most cases this is something that the operator has to complete as part of their business planning process.



The following elements should be analysed before a picture can be formed of realistic market demand for a specific site:

- International and national trends (arrivals, trends, estimated numbers etc.).
- National industry indicators (regional vs. national occupancies, access, trends, etc.).
- Markets (level, volume, growth, attractions, projected regional demand, projected site demand etc.).
- Assessment of proposed site within industry (market pitch, attractions, likes, concerns, dislikes).
- Best concept/s

8. Feasibility

Once the preferred concept – based on all seven of the former steps – is quite clear, a detailed Feasibility Study should be done (by the operator). It is also advisable to test the concept with the larger tourism operators in the region. Their response should give a good idea whether the JV concept is reasonably on track, regardless of what the financial projections say. Do however remember that not all operators would be interested in the same type of concept, so make sure to only ask those that would normally operate, or use, a similar product. When an operator is negative, it is important to find out why.

- 3** **SUMMARISE/LINK:** In Topic 2, we have looked at how to identify and assess JV sites and opportunities. In the next topic we will explore the process of preparing the conservancy for JV tourism. Does anyone have any questions before we move on to the next topic?




TOPIC 3: Preparing the conservancy for JV tourism

1 EXPLAIN: It is absolutely essential that the participating community, as well as any other participating stakeholders, have the capacity to make informed decisions related to a JV opportunity and that they are allowed to fully participate in the process from the outset. If required, training should take place before commencing with the JV process.

- At the beginning of the JV process, each key stakeholder should be identified, their legal standing and their role should be determined, and their ability and/or capacity to participate meaningfully should be evaluated.
- Where communities are involved, it is important that a democratically elected and legally constituted **representative body** such as a conservancy exists, which has the institutional capacity to undertake a project of this nature.

NOTE: It is very useful to create a conservancy 'JV Reference Group', which is a group of people identified by the conservancy who will represent them throughout the entire JV process. For the sake of **continuity**, keeping the same JV Reference Group members is of the utmost importance and should be stressed from the outset.

ASK: Who are the main stakeholders in the JV process? What role do they play?

2  Ask participants the question above, and note their responses on a flipchart sheet where you have already prepared three columns with the headings of 'role player', 'typical role' and 'authority' (see below). You may have to prompt the group if there is doubt on what authority the various stakeholders have. The final table should look something like this:

Role player	Typical role	Authority
Conservancy	Landlord, lessor, possible shareholder and beneficiary	Allocation of usage rights
Regional council	Processing of application for right of leasehold	Endorses application
NGOs	Assist with planning, training, technical advice, logistical support, project management and resources	Management of technical team and resources
GRN departments (land board)	Approval of application for Leasehold Certificate and support during tendering process	Granting of leasehold rights
Transaction advisor/consultant	Advising and project managing the concept development and tendering processes	Supervision over technical team
Trainers	Provide training to role players	None
Technical team	Tourism, legal, financial, marketing, environmental and construction advice and support	None
MET Concession Unit	Support conservancies with allocation of Head Concession Rights and tendering of sites	Facilitates



3

EXPLAIN: In order to understand a JV opportunity, it is important that the conservancy JV Reference Group has a good knowledge of the basic business and financial definitions, as well as how the financial projections for a lodge/campsite are put together.

NOTE: A full list of all definitions is to be found at the end of the Participant's Manual.

4

EXPLAIN: In order to assist in our understanding of how **lodge business plans/financial projections are developed**, we will follow the process step by step:

1. **Market assessment:** a full market survey needs to be undertaken in order to assess the demand for the proposed lodge product. This will help the operator to move from an initial 'idea' to a concrete business proposal, and to more clearly define the product.
2. **Describe the product:** a detailed description of the accommodation (number, appearance and type of rooms/beds, the orientation, views, accessibility, construction materials, dimensions, vehicle access) and activities (game drives, walking, boat trips etc.). The product must be matched to the demand that has been demonstrated in the market assessment.
3. **Price:** the correct price for the product being offered. This will be determined by the type of product, costs and competition from similar lodges offering a similar product.
4. **Occupancy:** how many tourists will come and how this number will change over time as the lodge grows. The actual measure of occupancy used is 'beds' or 'bed-nights' – this is because one tourist could stay for more than one night and what we actually need to measure are the number of bed-nights sold, not just the number of individual tourists who have visited. Occupancy levels are determined by looking at the number of bed-nights as a proportion (percentage) of the total number of possible bed-nights available.

NOTE: Bed-nights are literally calculated on the number of 'beds' and NOT 'rooms' sold. A lodge might have 12 rooms but 24 beds. Thus calculating bed-nights uses the numbers of beds and not rooms.

DISPLAY: *Flipchart Sheet #4, which you may prefer to have laminated for duplicate use, and explain the text written on it:*



What is the 'Rack Rate'?

The price or 'rate' for accommodation offered to a tourist is called the 'Rack Rate'. This is the rate that would be paid if a tourist went directly to the lodge for a price quotation, without using a booking agent.

Lodge operators will have a 'discounting and commission structure' that will offer different rates to different partners. They also have to pay Value-added Tax (VAT) at a rate of 15 per cent on all accommodation and activities, as well as a 2 per cent levy to the Namibia Tourist Board (NTB) on accommodation (or 1 per cent on the fully inclusive rate).

Although a lodge may advertise a rack rate of N\$1000, once the commissions, VAT and NTB levy have been paid out, the lodge may only receive N\$625 or 63 per cent of the original Rack Rate. This is called the '**Achieved Rate**'.

- 5 **DISTRIBUTE:** Handout #5 (2 pages) and discuss. Assist the participants to calculate the bed-nights of a lodge which has 30 beds and a 15 per cent occupancy rate with a rack rate of N\$800.00. Do the calculations on a flipchart sheet.

ASK: How do we calculate the income for a lodge?

- 6 Ask participants the question above. Ask one of the participants to write responses down on the flipchart sheet under the heading 'Conservancy income' and compare suggestions with the list below.

- Lodge turnover (income):** income may come from a variety of sources, e.g.:
 - Accommodation (at least bed and breakfast).
 - Bar.
 - Meals (often lunch and dinner are charged separately).
 - Curios (most lodges have gift shops where crafts and curios can be purchased).
 - Activities – game drives, walking, boat trips, horse-riding, mountain-biking, elephant/rhino tracking, cultural visits.
 - Other services – laundry, telephone, transport, internet etc.
- Lodge expenditure:** this is normally cost of sales, operational costs and cost of capital. **NB:** You may have to explain these terms.



3. **Profit:** a lodge must also declare its profits to government, which will charge company tax. This means from the total gross turnover/income figure, deductions are made for:
 - a. Commissions, VAT and NTB levy.
 - b. Expenditure – cost of sales, operational costs (staff, vehicles, etc.) and cost of capital (interest on bank loan).
 - c. Tax – payable on declared amount of profit.

7 **EXPLAIN:**

- When analysing the lodge financial projections, and in particular the proposed payments to the conservancy, it is therefore important that we understand how the lodge operates from a business and financial point of view. This will allow us to negotiate based on **the reality of how the lodge is expected to perform** rather than how we think it should perform.
- In negotiating the payment to the conservancy, it is important to understand the amount of money that actually 'gets to the operator' (i.e., achieved income) and the amount of profit that is made after all expenditure has been deducted. This ensures that payments to the conservancy are calculated based on what is reasonable and fair for both the lodge operator and the conservancy.

8 EXPLAIN: There are **many types of financial arrangements between conservancies and their private partners when negotiating JV tourism (or hunting) agreements**. Negotiating the financial deal can be difficult, because the terms used are often unfamiliar to communities. Some options and tips on how these financial arrangements can be negotiated will now be discussed. There are basically two approaches for financial management.

DISTRIBUTE: *Handout #6 and discuss.*

EXPLAIN: There are various implications relating to the **lease fee and equity arrangements options**.

DISPLAY: *Flipchart Sheet #5, which you may prefer to have laminated for duplicate use:*



Implications: lease fee and equity arrangements

The choice depends on:

- The degree of risk the community wants to take. Equity is generally more risky: profits may be good, but might not.
- The community's financial experience. Equity shares can be empowering and profitable, but not for conservancies that don't know what equity and dividends are, and aren't able to prevent 'profit-hiding' by their partner.
- How long the partnership is expected to last, and how much independence the community and company want from each other. When a lease arrangement is finished, the community can find another partner for the next contract, and the private company can go and invest elsewhere. An equity share binds them together until the shares are sold or the company closes.
- The legal and institutional situation. Equity is only possible where the community contributes physical or financial resources to the capital investment, or where such investment is made by another party (local government/donor) on their behalf. It can be particularly appropriate inside a park or reserve, where the state controls the land but wants to involve the community in a tri-partite venture with an investor. A lease is only possible where the community has clear tenure rights over the resources and the right to sub-let them. Where the community's contribution is less tangible, some other fee is needed.

9

DISTRIBUTE: Handout #7 and discuss. Ask participants to share their experiences.

10

EXPLAIN: The choice depends partly on the community's trade-off between low risk and high income, and between incomes now versus income in the future.

- At one extreme, fixed fees (e.g., land rental of so many thousand dollars per year) offer low risk and immediate income, but probably at low levels. At the other extreme, a share of revenue (like an equity share) offers the chance of high income if and when profitability is high.
- For a contract lasting more than one year or two, a flat fee on its own is usually not a good idea, but is useful in combination with a variable fee. A small fixed fee can guarantee a minimum income from the start, while the variable fee grows with the enterprise.

NOTE: Neither equity nor lease arrangements guarantee community involvement in decision making, so additional specific measures to enhance this are needed (e.g., training, regular consultations).



11 **SUMMARISE/LINK:** In Topic 3, we have looked at the process of preparing the conservancy for JV tourism and in particular we have explored how lodge business plans/financial projections are developed, how income to the conservancy can be calculated, and the two types of financial arrangements that relate the JV partnerships with conservancies.

In the topic that follows, we will be investigating approaches for identifying JV partners but first let's just check that we all feel that we are on target regarding our objectives for this workshop so far in this training (*refer back to the first flipchart sheet – or prepared Flipchart Sheet #1*). Does anyone have any questions before we move on to the next topic?



TOPIC 4: Approaches for finding a JV partner

Session 1: Process of finding a JV partner (*approximately 30 minutes*).

NOTE: The aim of the first session in Topic 4 is for participants to **gain a good understanding of the value of sites** and the process to follow when looking for a JV partner.


1 EXPLAIN: Several different approaches are used in Namibia to attract potential JV partners – with varying degrees of success. Experience tells us that there is no single approach alone that we should be using. The approach used to attract an operator will vary from place to place, and will **depend mainly on the value of the site on offer**, as follows. Write the following out on a flipchart sheet, or you may prefer to prepare this information in advance as Flipchart Sheet #6.

High potential	The site is near iconic areas, e.g., it is adjacent to (or inside) a national park/heritage site or major attraction such as Twyfelfontein rock art, or Spitzkoppe.	} Adopt a ' Call for Proposals (CfP) ' in the form of a formal competitive bidding (tendering) process. This could be an 'open' or 'closed' CfP depending on the likely level of interest. This will encourage competition between potential operators, which should help to obtain the best offer for the site.
Unknown	The potential value of a site is unknown – there is no previous experience of tourism development in the area and it is not clear what the demand will be.	
Limited	The site is assessed to have limited potential, or has been previously put out for a CfP with no bids received or interest shown.	An operator-initiated approach may be preferable to a CfP, responding to interested operators on a case-by-case basis or approaching operators who may be interested in the opportunity directly. In this instance, we are not expecting that a CfP will help us to get a better offer. An operator-initiated process could be quicker than a competitive bidding process and can still result in a good offer to the conservancy.

NOTE: Regardless of the chosen method of finding suitable JV partners (operators) it is important that the entire process is completely transparent with all parties involved held accountable. It is also important to use a facilitator who has the technical expertise that the conservancy might lack, and to use the same facilitator throughout the entire process.



ASK: Why is it important to use a clear process when trying to find a JV partner?

- 2  Ask for responses from participants to this question and write them on a flipchart under the heading: 'Why do we use a clear process in trying to find a JV partner?'. Discuss each response. Compare responses to the list below and add the ones that were not presented by the participants.

EXPLAIN: A clear process should be used when looking for a JV partner for the following reasons:

- It puts the conservancy **in control**.
- It encourages a professional response from **reputable operators**.
- It **clarifies what is required from all stakeholders** and allocates responsibility for the different roles.
- It ensures **transparency** – all stakeholders can see what is going on, who is involved, and what is being offered by both the conservancy and the operators.
- It ensures **accountability** – by getting information, discussions and proposals down on paper there will be less disagreement regarding what has been said or agreed.
- It creates a high standard and ensures that all potential JV agreements are **consistent with national and regional benchmarks**.
- It makes it easier to obtain **structured support** from NGOs and GRN as they can build in the required support according to an agreed schedule of dates and resource availability.
- It **creates confidence** in all stakeholders, especially government and the private sector.

3 **EXPLAIN:** In addition to the potential value of the site, it is also important to take into consideration the experience and track record of the operator. Providing it is not a high-potential site, if approached by an experienced operator with a sound track record, it may be better for the conservancy to adopt an operator-initiated approach and begin negotiations directly.

- 4 **EXPLAIN:** We are now going to look at the different approaches used to find a suitable JV partner.

DISPLAY: The prepared Flipchart Sheet #7 for discussion.



Appropriate uses	Call For Proposals regular	Call For Proposals complex	Call For Proposals limited	Operator-initiated	Existing lodges
New developments where value of site and demand are not known	✓				
Where the value of a site and the demand for that site is known to be high (concession areas, protected areas)		✓			
Where key operators are known to be interested in a site and have a good track record			✓		
New developments in most conservancies where value of site and demand is not known, or known to be limited				✓	
Where lodges were developed and have operated prior to the formation of a conservancy					✓
Examples of the different approaches:					
Call for Proposal - regular:		Sesfontein			
Call for Proposal - complex:		Tsiseb, Nyae Nyae, Doro !Nawas, Uukwaluudhi			
Call for Proposals - limited:		Kwando			
Operator-initiated:		Sorris Sorris, Puros			
Existing lodges:		Mayuni, Mashi, Kasika, Impalila, Marienfluss			

Session 2: The operator-initiated process *(approximately 1 hour)*.

NOTE: The aim of the second session of Topic 4 is to look at **finding a partner for a limited-potential site**, located far away from the main tourist attractions.

1

EXPLAIN: For some limited-potential sites, we do not need to compare many different proposals (i.e., by utilising the CfP process), but we can **negotiate with just one potential operator** and still get a good deal for both parties.

- Once operators have identified suitable sites, they will often contact one or all of the following: the local TA, conservancy, NGO or MET, and begin to negotiate. In the past when this has happened (without proper process) it has often led to poor agreements and unhappy partners.
- In negotiating a JV agreement, this is also an opportunity for the conservancy to take control of the process. Instead of merely responding to an operator who has initiated discussions, it is best if the conservancy takes control and drives the process itself.



In order to make sure that the negotiations remain transparent and all parties are held accountable, it is important that a process is followed and that there should be clear steps in this process. Since there is only one potential operator, it is likely that the process can move more quickly and will be simpler, but we should still adapt and use some of the steps that form part of the CfP as follows:

1. **Agree on a schedule** for the process, to include all key dates for each step in the process (when doing this, make sure that the schedule will fit in with the tourism cycle of the potential operator).
2. Agree on **who will be responsible** for each step, who should be included in the process of each step, and how will the process be funded.
3. **Clarify all key steps** in the process and the methods to be used for each: how will the proposal be assessed during adjudication, what will be the key selection criteria, will there be a 'scoring system' and how will this work?
4. **Develop written material** (similar to the CfP 'package').
5. **Send out the written material** to the interested operator.
6. **Provide feedback and clarification** to the interested operator if required.
7. **Facilitate a visit to the site** to allow the potential operator to see the site and meet the conservancy.
8. **Receive the proposal.**
9. **Adjudicate the proposal** according to a pre-agreed method.
10. Decide if the proposal is good enough to continue on to a negotiating stage. If yes, **present the proposal to the conservancy**, explaining clearly how the adjudication took place and why various recommendations regarding the proposal have been made.
11. Agree with the conservancy to **move forwards into negotiations** with the operator.
12. **Commence negotiations** around any issues that are not satisfactory to either partner.
13. **Draft JV Agreement.** When all outstanding issues from the proposal have been negotiated and addressed.
14. Ensure both parties **fully understand the content** and meaning of the agreement.
15. **Finalise and sign the agreement.**



Ask participants to make a rough guess on how long it will take to find a JV partner up to the stage of signing the agreement. There is no need to write their responses down for this activity.

EXPLAIN: The time it takes to find a JV partner will vary from place to place. For a high-value JV opportunity there will be more interest and the process could be completed quite quickly (6-9 months). If the JV opportunity is less attractive, it could take quite a bit longer (12-24 months).



These timeframes only refer to the amount of time taken from starting the process of finding a partner to signing an agreement. Obtaining a Leasehold Certificate and Environmental Clearance Certificate could add considerably to the time it takes before the JV business becomes operational.

Session 3: Call for Proposals (CfP) (approximately 1 hour).

NOTE: The aim of the third session in Topic 4 is for participants to gain a good **understanding of a CfP** and what is required, when will it take place, and who is responsible when following the CfP process.

1 EXPLAIN: A **Call for Proposals (CfP)** essentially means that a JV opportunity will be described and advertised publicly (sometimes to a few operators but often to any operators who wish to respond), and the proposals that are received are then compared with each other to find the most suitable investment proposal and partner.

NOTE: A CfP is also sometimes referred to as the following: 'Call for Expressions of Interest', 'Tender', or 'Request for Proposals'.

Once a decision has been made by the conservancy and other partners (NGOs, MET etc.) to undertake a CfP, the actual process itself needs to be agreed upon. This means that we need to decide **what steps in the CfP process are required, when will they take place, and who is responsible.**

A CfP process will vary from site to site, depending on the type of land (conservancy, concession, national park), the investment potential (high or low), and any specific legal requirements that may exist (e.g., in national parks there may be a requirement to involve the government Tender Board and their existing tender process). In Namibia, there have been several different approaches used, with varying levels of complexity, but the overall process is very similar.

2 EXPLAIN: A typical **Call for Proposals process** could be as follows:

1. Agree on **approach** required for a particular site – regular/complex/or limited.
2. Agree on a **schedule** for the process, to include all key dates for each step in the process. When doing this, make sure that the schedule will fit in with the tourism cycle of potential operators – don't provide deadlines that fall within the main tourism season (June-October) or you are unlikely to attract much interest.
3. Agree on **who will be responsible for each step**, who should be included in the process of each step (writing the CfP document, adjudication, negotiations etc.), and how will the process be funded.



4. **Clarify all key steps** in the process and the methods to be used for each (e.g., how will the different proposals be assessed during adjudication, what will be the key selection criteria, will there be a 'scoring system', and how will this work etc?).
5. **Develop written material** or CfP promotional 'package' to include background information about the JV opportunity (include brief overview of conservancy/concession and purpose of seeking a JV partner).
6. **Operator conference** (optional) – held to provide information and clarify the process to potential operators.
7. **Advertise the JV opportunity.** Depending on the site potential, choose the media to be used and geographic coverage required carefully – could include the development of a dedicated website, use of existing investment websites, trade and travel magazines, newspapers, trade fair attendance etc. This is a very specialised area of expertise and will require external assistance to get the best mix.
8. **Send out the CfP 'package'** to interested operators on request (i.e., when they respond to the advertisement). If it is an open CfP it is also a good idea to send it to any existing known operators.
9. During a given period (as advertised in the schedule), **provide feedback and clarification** to potential operators if required (advise on content of their proposal, more information about the site, the conservancy and expectations etc.).
10. **Facilitate a visit to the site** to allow potential operators to see the site and meet the conservancy. Some operators will do this on their own, though it is probably fairer to all if the visit is facilitated.
11. **Receive all proposals** and register them formally, giving a 'receipt' to the operator to confirm their participation in the process.
12. **Adjudicate the various proposals** according to a pre-agreed method (key criteria, 1-5 scoring, weighted scoring.)
13. **Select the 'preferred' proposal/operator** and get the participants in the adjudication process to 'sign-off', confirming their agreement of this selection.
14. **Present the preferred proposal** to the conservancy (this may include a presentation by the operator), explaining clearly how the adjudication took place and why this is the preferred proposal.
15. **Agree** with the conservancy to move forwards into negotiations with the preferred operator.

This is where the actual Call for Proposal process ends, but the overall process of finalising a JV agreement continues with a few more steps as follows:



16. **Commence negotiations** around any issues that are not satisfactory to either partner.
17. **Draft JV Agreement.** It is best to wait until all outstanding issues from the proposal have been negotiated and addressed before moving to discuss the agreement.
18. Ensure **both parties fully understand** the content and meaning of the agreement.
19. **Finalise and sign the JV Agreement document.**

ASK: What are the advantages and disadvantages of the different approaches used to find a JV partner?

3 **DISTRIBUTE:** Handout #8.



Divide participants into groups and ask them to tick the appropriate boxes on a copy of Handout #8 (more than one box can be ticked per advantage or disadvantage). Ask groups to exchange completed forms and check responses against the following:

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



Disadvantages	Call For Proposals regular	Call For Proposals complex	Call For Proposals limited	Operator-initiated
Lack of flexibility, and complicated documentation	✓			
High potential for bribery or mismanagement				✓
Expensive (marketing, site visits, conference)		✓		
Not initially driven by conservancy				✓
Complexity may reduce competition		✓		
Reduced competition, therefore reduced offers			✓	
Not competitive				✓
Build first and then hope to be accepted by conservancy				✓

4 SUMMARISE/LINK: In Topic 4, we have looked at the process of finding a suitable JV partner (including the importance of assessing the value of the site in question initially), and we also explored the operator-initiated approach for finding a partner for a limited-potential site, as well as the Call for Proposal approach.

In the topic that follows, we will be looking at how we evaluate a JV proposal. Does anyone have any questions before we move on to Topic 5?



TOPIC 5: Assessing the JV proposal

1 **EXPLAIN:** Now that all the previous steps have been followed and the proposals from operators have been received, it is time to assess them. The process used to evaluate the submissions is called 'adjudication'. Proposals need to be compared to each other but also compared with JV agreements that already exist (this is important when there is only one proposal).

EXPLAIN: Here are the key components of the adjudication process:

1. Who? The group (not exceeding 8-10 persons) that undertakes the adjudication should be made up of a combination of members of the JV Reference Group and additional technical experts who can provide advice (if required).

2. What? There are many issues that we need to understand and analyse in order to assess whether a proposal is good or not. Basically they fall into three categories:

- a. **Financial and business:** these cover all aspects of financing, developing and operating a tourism lodge.
- b. **Empowerment:** these cover aspects related to people and employment, as well as the relationship between the operator and the conservancy.
- c. **Environment:** these cover all aspects of the potential impact that the lodge may have on the environment and how to mitigate (avoid/reduce) these.

3. How? The method of adjudication will vary from one opportunity to another and will depend on the process used for finding a JV partner. If the process is a complex Call for Proposals or tender, the adjudication process will need to be more formal and complex. Alternatively, if the process involves a simple Call for Proposals, is operator-initiated, or involves an existing operator, it is possible to keep the adjudication relatively simple.

- **Complex adjudication:** includes pre-selection, a technical and an evaluation committee, and the use of professional auditors to check the financial proposals. This process is appropriate for high-value sites.
- **Simple adjudication:** the majority of conservancy opportunities can be adjudicated using a simple process requiring a less complicated procedure. This is appropriate to medium-value sites, or sites where only one operator may be interested.



- 2 **DISTRIBUTE:** The first page of Handout #9. Discuss with the group and answer any questions.
- 3 **DISTRIBUTE:** Handout #9 pages 2 – 5. Discuss with the group in detail the different factors that need to be taken into consideration during a proposal evaluation and point out that questions contained on these pages can guide the conservancy in evaluating any JV proposal, or comparing two or more proposals against each other.

NOTE: It is very important to undertake a proper analysis and adjudication of the proposal/proposals before starting the process of negotiation and drafting a JV agreement.

- 4 **DISTRIBUTE:** Handout #10 (3 pages). Divide participants into two groups and explain that now that we have discussed the key issues of the adjudication process, they should carefully read through pages 1 and 2 of Handout #10. Once they are clear on the content, they should answer the questions on page 3 within their group and write down answers and ratings below the questions. **NB:** This activity may take some time as participants must read through a great deal of material before they begin to formulate their answers to the page 3 questions.

Now discuss the responses from both groups and write down relevant points on a flipchart sheet.

- 5 **SUMMARISE/LINK:** In Topic 5, we have looked at the complex issue of evaluating a JV proposal, or series of proposals, and we examined a number of different factors that need to be taken into consideration during the assessment process.

In the topic that follows next, we will be looking at the equity contribution that the conservancy makes towards a JV partnership. Does anyone have any questions before we move on to Topic 6?



TOPIC 6: The community equity contribution

1 **EXPLAIN:** There are many different tourism lodge investment opportunities in Namibia, ranging from private land (farms and freeholds in towns and cities) to communal areas and – potentially in the future – national parks. They all carry different levels of opportunity and with it, risk.

2 **DISPLAY:** Prepared Flipchart Sheet #8 and discuss. Now ask the question below and write down responses in the second column of your prepared sheet. **NB:** Make sure to leave space for this.

ASK: Why is it risky for an operator to spend millions in setting up a lodge in a communal area?

Comparison of risk on different land types

Freehold (farms and town lands)	Communal
<ul style="list-style-type: none"> • Full ownership of land, and rights to build and operate 	<ul style="list-style-type: none"> • Leasehold rights only (often held by conservancy)
<ul style="list-style-type: none"> • Investment in fixed assets can realize growth and return a profit 	<ul style="list-style-type: none"> • In theory, fixed assets belong to the state and returns must come from profit
<ul style="list-style-type: none"> • No limit over period of land tenure 	<ul style="list-style-type: none"> • Leaseholds can be limited to 9 years 11 months, often with first right to renew, or by negotiation up to 25 years. Obtaining leasehold can take more than 12 months
<ul style="list-style-type: none"> • Control over land management issues 	<ul style="list-style-type: none"> • Rely on other partners (conservancy) to manage resources and adjacent land
<ul style="list-style-type: none"> • Clear shareholding and partner arrangements 	<ul style="list-style-type: none"> • Shareholding with community institutions can be difficult and time consuming
<ul style="list-style-type: none"> • Land and fixed assets can be used as collateral for financial loans 	<ul style="list-style-type: none"> • Cannot use land or assets in communal areas as collateral for financial loans

3 **EXPLAIN:** In order to attract more investors and unlock potential for tourism development in communal areas, it is necessary to create an attractive investment environment, and look at different ways to make it easier to encourage investment as well as maximise conservancy benefits. **We therefore need to look at ways to reduce the disadvantages of investing in communal areas that we have just discussed.**



4 **EXPLAIN:** Although the financial markets (banks) operate effectively in Namibia, **obtaining finance for tourism developments can be difficult and costly** and is often limited to larger investors who have access to collateral (other physical assets e.g., houses, land etc., that can be taken by the bank if their loan is not repaid) or can demonstrate previous business experience in communal area tourism.

1. Currently there are no financial incentives offered to investors, nor are there any financial products that are custom-made for tourism businesses in Namibia. Most JV agreements to date have required the private sector to access all of the capital and initial operational costs – mainly from commercial bank loans.
2. Recently, it has been recognized that in communal areas in particular, grant money can be injected into the tourism sector in order to create incentives for investors. The availability of grant money from government or donors allows the conservancy to explore different ways in which it can leverage investment or partnerships.

5 **EXPLAIN:** In the CBNRM Programme, community equity can be called 'match funding', 'shareholding', 'stake in the business', 'community capital contribution', or 'co-ownership' etc. **NB:** *You may wish to write this definition on a flipchart sheet:*

Definition: Community equity (CEq)

Money made available to organised communities (mainly conservancies) that can be brought to the table as part of a tourism business development in partnership with the private sector. The money is mainly sourced from government or donor grants.


ASK: How should community equity be used?

6 **EXPLAIN:** It is generally agreed that the careful and targeted use of community equity funding can unlock potential tourism opportunities, increase local benefits, and promote involvement of local communities in the tourism sector. This could occur on communal land, on commercial land, and in concessions inside and outside of national parks. It could also be used to leverage shareholding in existing lodges/tourism businesses.

It is further agreed that there are two main driving forces (or 'justifications') behind the use of community equity funding – **financial or economic** and **social or political**.



DISTRIBUTE: Handout #11.

7  Ask participants what they understand by **financial and economic factors**. Write responses on a flipchart sheet under the appropriate heading. Then ask participants what they understand by **social and political factors**. Again write their suggestions on a flipchart sheet under the appropriate heading. Now discuss Handout #11 in detail.

8 **EXPLAIN:** Here are some guiding principles for using community equity:


- All business developments that benefit from community equity funding must be able to demonstrate clear market demand and business viability.
- Recipients of community equity funding must be a representative body, such as a conservancy or legally recognized community organisation.
- An improvement in the financial situation (especially seen in a reduction of debt for private sector) must be adequately translated into increased income to the conservancy/community and, if requested, increased involvement in decision making around the business.
- If used for financial/economic reasons, the community equity contribution should result in a good return on the investment (ideally at least better than a high interest bank account).

9 **EXPLAIN:** Shareholding in a business comes with risks, which means that the conservancy would potentially be liable for losses as well as profit. Participating conservancies need to be fully aware of all the possible business ownership/partnership arrangements that they could enter into, and the implications of these different options for the conservancy. Once aware and informed, the conservancy can decide for itself what the most suitable business ownership/partnership arrangement is for its particular situation, and if it feels capable of managing the associated risks.

ASK: What could be the different shareholding options with regard to fixed and moveable assets, management, training, and capacity building?

10 **DISTRIBUTE:** Handout #12 page 1 only. Discuss the options shown on the Handout and their advantages. Discuss the disadvantages for Options 1 and 2. Write the disadvantages on separate cards and stick them up on a flipchart sheet.



 Divide the participants into four groups (one group for each of the Options 3-6) and give some pre-cut cards to each group. Each of the groups should write down the disadvantages of their Option on pre-cut cards, which you should then also display on the flipchart sheet.

11 **DISTRIBUTE:** Handout #12 page 2 and discuss. It should be noted that depending on the aspirations and circumstances of different conservancies the 'advantages' and 'disadvantages' identified by participants may be reversed.

NOTE: The different options need to be discussed and clearly understood by the conservancy stakeholders before finalising a JV Agreement document.

12 **EXPLAIN: Different proportions of a joint venture tourism business can be funded by community equity grant funding.** Although some of the grant funding sources (donors) for community equity have proposed a limit to the proportion of community equity that should be made available for any one deal (MCA propose 25 per cent), experience in Namibia and elsewhere in the region suggests that this needs to remain flexible and should depend on the particular circumstances of each business opportunity and the various partners to the agreement.

In particular it is necessary to consider:

1. The **degree to which the operator is committed** – this could be reflected in terms of their capital contribution and some believe that they (the operator) should carry most of the financial risk. This is the thinking behind the MCA limit of 25 per cent community equity – that if the operator is contributing the most in terms of finance (i.e., 75 per cent plus), they are more likely to be committed to business success. Commitment can, however, be measured in many different ways, i.e., not just the financial contribution, so we need to be flexible regarding this.
2. The **degree to which the conservancy has the ability to manage the risk and business responsibilities** of being a majority shareholder.

It is generally agreed that in order to maximise poverty alleviation and achieve the country's development goals, there needs to be maximum flexibility in the way that community equity grant funding is applied. Each situation needs to be looked at separately and there needs to be a thorough process of assessment that takes all of the issues into account before arriving at a final 'package' of support, of which community equity grant funding may be one component.

 **DISPLAY:** Prepared Flipchart Sheet #9 and discuss.



Empowerment – real or token?

There is some concern that community equity could be used to improve the financial situation of a lodge operator (especially by reducing their debt burden) but that this may not be adequately translated into increased financial returns (income) to the conservancy and (if requested) other benefits such as greater involvement of the conservancy in the business partnership.

In other words, the conservancy should decide for itself what empowerment means for its members. This could range from little or no involvement in the business (but maximising income returns), to full involvement in all aspects of the business.

Certainly, the conservancy will be empowered if they are able to initiate, negotiate and manage their JV Agreement. However, it is probably true that most empowerment will be found in individual staff members (from the community) who are given the opportunity not only to earn a regular wage income, but also to thus increase their knowledge and skills of tourism and potentially progress into more senior positions within the tourism sector.

- 13** **DISTRIBUTE:** Handout #13 (3 pages). Explain that the conservancy needs to decide on the use of CEq, the process, and what tools to use.
- 14** **DISTRIBUTE:** Handout #14 (2 pages). Explain the diagrams and ensure that participants clearly understand the process.
- 15** **SUMMARISE/LINK:** In Topic 6, we have looked in detail at what we mean by community equity, how it can be used in JV partnerships, and the conservancy's options for ownership/partnership/management arrangements, along with their advantages and disadvantages. We also examined the different proportions of a joint venture tourism business that can be funded by community equity grant funding, and how this can affect empowerment and decision-making issues at the conservancy.

In the topic that follows, we will be looking at the process of acquiring leasehold, but before we do that, let's just check that we all feel that we remain on track regarding our objectives for this workshop (*refer back to the first flipchart sheet – or prepared Flipchart Sheet #1*). Does anyone have any questions before we move on to the next topic?



TOPIC 7: The leasehold process

1

EXPLAIN: In order to operate a tourism business on communal land, the operator used to require a '**Permission to Occupy**' (PTO) Certificate, which was issued by the central Ministry of Lands (which in turn requested input from the Ministry of Environment and Tourism). Very little input was obtained at a local level, and often PTO Certificates would be issued with little or no knowledge by the community of the proposed development.

With the introduction of the **Communal Land Reform Act in 2002**, there was a change in the way land was allocated for the purpose of operating a (tourism) business on communal land. The Act made provision for the establishment of a regional land board in each region (except Khomas).

ASK: What do you understand by 'Leasehold Certificate' and who issues it?

2



Ask participants to respond to the question above. Write down their responses on a flipchart sheet under the heading 'The Leasehold Certificate' and discuss briefly.

EXPLAIN: Leasehold is a form of property tenure where the operator obtains the right to occupy an area (within a conservancy in this instance) for a given length of time in order to conduct a certain kind of business or activity.

In order to operate a tourism business in the communal area, an operator requires a '**Leasehold Certificate**' – this replaces the old PTO Certificate. The land board in each region has been given the responsibility of issuing the Leasehold Certificate. The land boards are made up of local representatives including: the traditional authorities, local government (technical and administrative support), and a representative from the conservancies in that particular region. As part of the government's decentralisation policy, the intention is to ensure that decisions regarding land use and the allocation of (tourism) business rights are made by representatives from each particular region and not by central government.

3

EXPLAIN: When an application for a Leasehold Certificate is made for a site in a conservancy (or emerging conservancy), the land board is required by law to ensure that the application has the official support of the conservancy and is not in conflict with their management/tourism plans. **This new approach supports the government's policy position that requires all tourism businesses in a conservancy to benefit the conservancy and its members.** If the process of issuing a Leasehold Certificate is followed correctly, this should be a powerful tool that ensures that the conservancy and local people are the main beneficiaries of all tourism developments in communal area conservancies.



NOTE: For more information on the *Communal Land Reform Act of 2002* refer to training Manual 1.7 on Policy and Legislation or to a copy of the Act.

4 **DISPLAY:** Prepared Flipchart Sheet #10 and discuss.

The Leasehold Certificate is an important component of JV agreements for the following main reasons:

- It is part of the legal requirements for developing a tourism business in communal areas.
- Issuing a Leasehold Certificate helps to avoid unplanned and inappropriate tourism developments.
- It assists all stakeholders in land-use planning – comparing land use at a local level.
- It secures land-use rights for the conservancy/operator.
- It helps to formalise the relationship with a private sector operator.
- It can be helpful if the operator/investor seeks a loan from the bank as the possession of a Leasehold Certificate can be seen as a form of collateral.

5 **ASK:** Who holds the leasehold for campsites and lodges in your conservancy? Are there any lodges where the operator holds the leasehold instead of the conservancy? **NB:** There is no need to record responses.

6 **EXPLAIN:** In an ideal situation, the conservancy holds the user rights of the resource (land) and should thus hold the leasehold rights over all tourism developments in the entire conservancy. The conservancy would then sub-lease the rights to the JV operator.

- In practice, providing there is a well-drafted agreement in place, and a good relationship between the conservancy and the JV operator, ownership of the Leasehold Certificate should not be that important. The agreement should contain sufficient clauses to ensure that ownership of the Leasehold Certificate does not unfairly advantage either partner.
- However, where the JV operator is not negotiating in good faith or is refusing to negotiate altogether, if the conservancy retains ownership of the Leasehold Certificate it gives them extra leverage in finalising a good agreement.



- Once a specific site has been chosen and finalised by the potential JV operator and this has been agreed by the conservancy, an application for a Leasehold Certificate can be submitted to the regional land board. If a Call for Proposals process is being used, the application for a Leasehold Certificate can only be submitted once a partner has been chosen and a site is finalised.
- The timing of the application could also be influenced by the location of the opportunity, especially in a conservancy where most of the land that is suitable for tourism development has already been utilised for intensive crop farming or may be subject to annual flooding.

NOTE: The traditional authority needs to be apprised of the negotiations, development and site selection. The Conservancy Management Plan and the Business Plan need to be part of any Leasehold Certificate application.

7 SUMMARISE/LINK: In this topic, we spent some time looking at the leasehold property tenure arrangement as it relates to communal (and therefore conservancy) land, as well as the issuance of the Leasehold Certificate and how ownership can affect the conservancy.

In Topic 8 we will be looking at the subject of JV negotiations. Does anyone have any questions before we move on to the next topic?




TOPIC 8: JV negotiations

1 **EXPLAIN:** When a conservancy meets with the operator to reach an understanding, resolve differences, bargain for advantage, or produce an agreement upon a course of action, it **enters into negotiation**.

- Negotiation is a process where each party involved tries to gain an advantage for themselves by the end of the process, which often requires a compromise. Everything is negotiable.

ASK: What are the characteristics of smart negotiators?

2  Ask each participant to identify aloud **one mistake they have made when negotiating with someone** (husband/wife or boss – but perhaps they should not get TOO personal). One volunteer should write down all the responses on a flipchart sheet under the heading: 'I could have handled that better!'. Discuss responses and collaborate together to come up with some suggestions on how each participant could have won his/her argument and/or got buy-in from the other person through good negotiating tactics.

3 **EXPLAIN:** With respect to negotiations, each conservancy has its own unique situation to deal with regarding existing agreements, institutional capacity, and its history of joint venture management. This topic is thus only a guideline that should be expanded on.

4 **DISPLAY:** Prepared Flipchart Sheet #11 and discuss.

Tactics of a smart negotiator:

Smart negotiators understand that the stability of the outcome is important and focus on more than simply maximising the concessions that can be extracted from the other side:

- Focus initially on each side's primary objective – secondary negotiating points can become a distraction in the early stages.
- Be prepared to settle for what is fair – if an agreement is not seen to be equal it is unlikely to be stable. Maintain flexibility in your own demands and interests, this makes it easier for the other side to be flexible as well.
- Listen to what the other side wants and make efforts to meet their requests.
- Compromise on the main issues so that both sides can begin to attain their goals.
- Seek to trade off concessions – so that each side gets something in return for everything they give up.



5 **EXPLAIN:** Nearly all negotiations are characterised by four phases:

1. **Preparation** involves information gathering: understanding the supply and demand status and being aware of the strengths and weakness of your negotiating partner.
2. The **opening phase** of a negotiation involves both sides presenting their starting positions to one another. It usually represents the single most important opportunity to influence the other side.
3. In the **bargaining phase**, your aim is to narrow the gap between the two initial positions and persuade the other side that your case is so strong that they must accept it. In order to do this you should use clearly thought out, planned and logical debate.
4. The **closing** of a negotiation represents the opportunity to capitalise on all of the work done in the earlier phases.

Session 1: The JV negotiations: preparation phase (*approximately 1 hour*).

NOTE: The aim of the first session in Topic 8 is for participants to gain a **good understanding of what preparations need to be completed before meeting to negotiate with the operator.**

- 1 **EXPLAIN:** The preparation phase should take into account all the key partners: the CC, the traditional authority, the operator(s), and secondary partners such as the land board and MET.
 - All partners will need to be fully prepared if an optimal outcome to the negotiation process is to be achieved. If any of the partners are not prepared for the stakeholder workshop and follow-up direct negotiations, then this will only serve to put the negotiation process and final outcome in jeopardy.
 - The conservancy might opt to engage the services of a facilitator with good negotiation skills, e.g., a consultant or NGO. It should then be made clear to all stakeholders that this specific facilitator will lead negotiations on behalf of the conservancy.
 - The roles and responsibilities of the working group (facilitator, CC and representatives of the traditional authority) need to be clarified. This should be sketched onto a poster and displayed in the conservancy office, or wherever the meetings are held, as a reference point for the duration of the process of negotiation.



2 **EXPLAIN:** There will be a need to develop some **baseline land-use mapping to be used as a point of reference for negotiation.**

- This should include looking at options for exclusive buffer zones around lodges and/or camps, trophy hunting zones, general tourism development zones, agriculture, and settlement zones.
- All this will have a bearing on the final negotiations as there will need to be agreements reached on key issues such as, for example, grazing rights in the exclusive buffer zones in times of emergency, and the right to water access.

NOTE: The conservancy will need to develop draft plans for how they propose to 'enforce' the land-use zones.

3 **EXPLAIN:** The facilitator, JMC and conservancy must prepare the following in preparation for their negotiations, and provide explanations where necessary:

1. **Tourism Management Plan** (and the need for coordinated efforts at the conservancy, local and regional levels).
2. Strategies for proportionally-based **revenue sharing** for the community and its inhabitants.
3. The **strategic plan** for coordinated and united land-use for communal/conservancy land between key local partners – and in particular between the traditional authority, the CC and the land board.
4. **Different strategies for dealing with different operators** based on their history, types of agreements and associated legal obligations, willingness to negotiate, and general vision.
5. Identification and benefit/impact/conflict analysis of **available conservancy land-use options**, such as tourism joint ventures, trophy-hunting joint ventures, community campsites, agriculture, crafts and others – and the preparation of a strategy of negotiation based on these factors.

4 **DISTRIBUTE:** *Handout #15 and discuss together what needs to be done in the preparation phase of the negotiation process.*



Session 2: JV negotiations: opening, bargaining and closing phases
(approximately 90 minutes).

- 1** **DISTRIBUTE:** Handout #16 and talk about what needs to be done during the **opening phase of the negotiation process**. Discuss with participants and share experiences.

- 2** **DISTRIBUTE:** Handout #17 and talk about what needs to be done during the **bargaining phase of the negotiation process**. Discuss with participants and share experiences.

- 3** **DISTRIBUTE:** Handout #18 and talk about what needs to be done during the **closing phase of the negotiation process**, which represents the last opportunity to capitalize on all of the work done in the earlier phases. Discuss with participants and share experiences.

- 4** **SUMMARISE/LINK:** In this Topic 8 we have looked at the characteristics of an effective negotiator and we shared some experiences of times when we perhaps didn't use our negotiating skills very well. We then looked at the different stages of the negotiating process for JV partnerships, including making sure that the conservancy is well prepared when its representatives come to the negotiating table.

In Topic 9 we will be looking at the process of drawing up our JV contract or agreement, and what the document should contain. Does anyone have any questions before we move on to the next topic?



TOPIC 9: The JV Agreement process and content

1 **EXPLAIN:** A JV Agreement (or 'Contract', or 'Memorandum of understanding', MOU) is **a written document that sets down what has been agreed between two JV tourism parties.** It should clarify who does what and when, where, and for how long. In addition, it should state clearly what each party must and must not do, and what will happen if the parties do not comply with the agreement.

The parties to an agreement are the people who sign it. In the case of a JV lodge, for example, this could include the following:

- The **JV Agreement** should be signed by the conservancy Chairperson (or nominated representative) and the operator (or nominated representative).
- An **Employment Agreement** should be signed by each lodge staff member and the operator.
- If goods or services are being purchased by the lodge from local suppliers, a simple **Supply Agreement** should be signed by the supplier and the operator.

ASK: Taking all the things we have learned in the previous topics into consideration, when do you think the JV Agreement should be drafted?


2 *Ask participants to suggest when the JV Agreement should be drafted. You do not have to note their responses down.*

3 **EXPLAIN:** A **JV Agreement is drafted after proposals have been assessed and negotiation has taken place.** It is the JV Agreement that puts the 'legal wording' around what has been offered in the proposal from the operator, and what the conservancy has agreed to undertake.

- It is best to use a template agreement with the assistance of an NGO, consultant or government. The final document needs to be approved by a lawyer who would ensure that the agreement is legally binding.
- Once the JV Agreement has been finalised, it is a good idea to hold a formal Signing Ceremony in the conservancy so that members can see for themselves that the JV Agreement has been finalised. At the ceremony it is helpful if a summary of the main parts of the JV Agreement is given to the conservancy members in simple terms.



ASK: What do you think should be the main components of the JV Agreement?

4  Divide participants into groups, and supply each with five pre-cut cards and some pens. Ask each group to identify **five components that they believe need to be included in the JV Agreement** and write each component on a separate piece of card. Collect all the cards, stick them on the wall in a random fashion, and ask two participants to volunteer to place them in a logical sequence/order.

EXPLAIN: Here are the component parts (or sections) of a typical Namibian JV Agreement document. (**NB:** Add any that were missing after the end of the previous activity.)

JV Agreement main content

Title page	6. Damage to or destruction of improvements
Introduction/Pre-amble	7. Joint Management Committee
1. Definitions	8. Dispute resolution
2. Framework	9. Domicilia and notices
2.1 Land availability	10. Whole agreement
2.2 Leasehold	11. Non-waiver
2.3 Use	12. Warrant of authority
2.4 Development and maintenance	13. Sale, cession, sub-letting and encumbrment
2.5 Operating fee	14. Prospective tenants/purchasers
2.6 Termination	15. Order of precedence
3. Breach	16. Replacement of earlier Agreement
3.1 Breach by the operator	17. Operator's successors in title
3.2 Breach by the conservancy	18. Good faith
4. Conservancy's obligations	Signing page
4.1 Legal rights	NB: Note that you may well have to explain some of these technical/legal terms and/or explain that participants do not have to know their exact meanings.
4.2 Conservancy management	
4.3 Tourism control	
5. Operator's obligations	
5.1 Local empowerment	
5.2 Environmental management	
5.3 Auditing	
5.4 Right to inspect	
5.5 Maintenance	
5.6 Insurance and liabilities	
5.7 Material change in partnership	



5

EXPLAIN: Each **JV Agreement should be developed around the specific circumstances in which that particular lodge/campsite is being developed.** Differences between agreements are most commonly found in the following areas:

- Zonation – size of Exclusive Use Zones.
- Whether the lodge is new or existing.
- Lodge development – number of rooms, design, building materials etc.
- Duration of Agreement.
- Conditions of renewal or extension of Agreement.
- Transfer of 'physical' improvements, or payment for improvements.
- Financial offer – how much, how calculated, etc.
- Payment arrangements – how paid and when?
- The financial projections and growth potential (low, medium, high).
- Leasehold ownership – conservancy or operator?
- Additional benefits – staff transport, accommodation etc.
- Human resources/empowerment – number of staff, conditions of employment, training plans etc.
- Joint Management Committee – composition and mode of operation.
- The viability of the lodge – financial projections and growth potential.
- Competition – if the lodge is in an area where there are other competing businesses.
- Experience and resources of investor/operator – existing or new and inexperienced operator.

NOTE: A template JV Agreement is included in the Participant's Manual. This can be adapted by each conservancy according to their needs.

6

SUMMARISE/LINK: In this last topic we have examined the subject of the JV Agreement and other associated agreements. We also listed together the many component parts that go into the JV Agreement and discussed how the content of a number of these can vary somewhat from conservancy to conservancy, depending on the individual circumstances of each.

In the next topic, we will be looking at the Environmental Management Plan, but before we do that, let's just check that we all feel that we remain on track regarding our objectives for this workshop (*refer back to the first flipchart sheet – or prepared Flipchart Sheet #1*). Does anyone have any questions before we move on to the next topic?

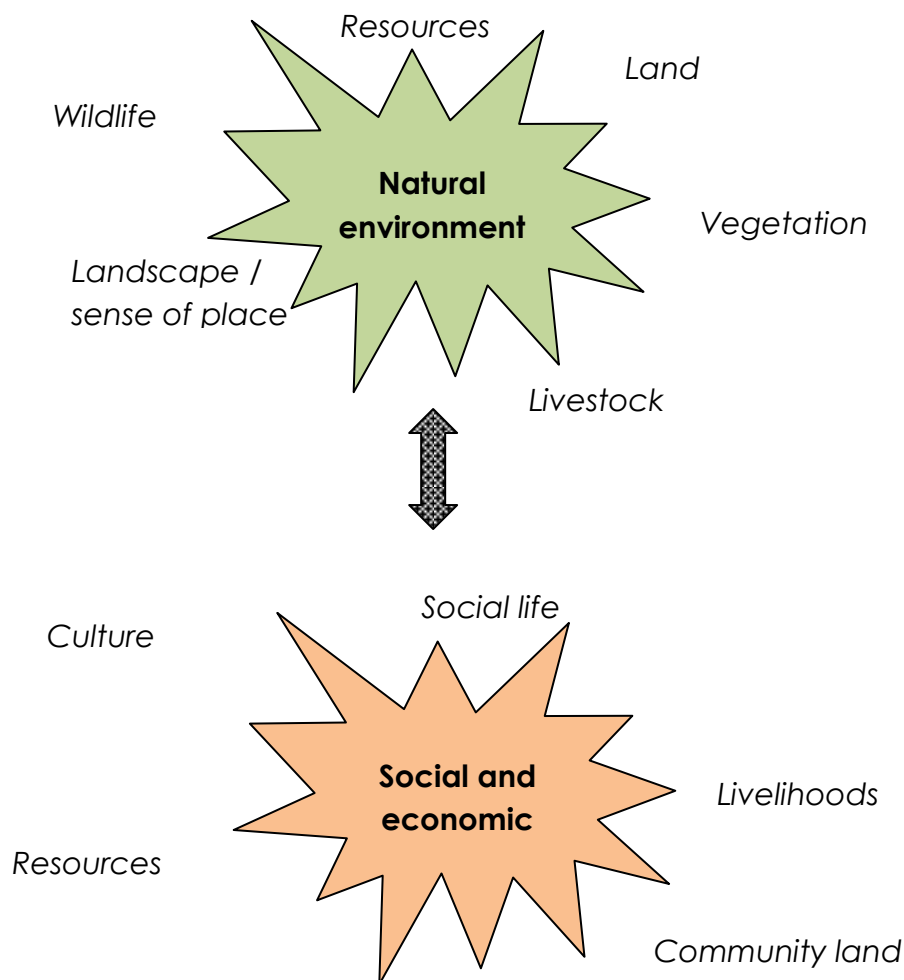


TOPIC 10: The Environmental Management Plan

ASK: What are the important environmental issues to be considered when planning a lodge?

- 1 **DRAW:** The following two shapes and the text inside them only on a flipchart sheet (use one colour for 'Natural environment' and another colour for 'Social and economic').

➔ Ask participants to think of what would encompass the **natural environment** with regard to the establishment of a lodge. Also ask them to think of some **social and economic factors** and complete the diagram on the flipchart sheet as below by adding their suggestions around the two shapes that you have drawn.



- 2 **EXPLAIN:** Tourism developments should only be considered if they are **environmentally, ecologically, socially and economically sustainable**. All tourism developments in communal areas should involve and benefit local communities.



Once a specific operator has been selected and a JV Agreement has been signed, the operator will be responsible for ensuring that the proposed lodge development and all activities meet the *Environmental Management Act* requirements. (Contact the Directorate of Environmental Affairs [DEA] within the Ministry of Environment and Tourism for detailed information on current requirements).

- 3** **DISTRIBUTE:** Handouts #19 and #20. Discuss the various environmental and social impacts of a lodge construction. Focus your discussion on planning, construction and operations.

ASK: What is sustainable tourism?

- 4** Ask participants to suggest answers to the question above and record their responses on a flipchart sheet under the heading 'Sustainable tourism'.

EXPLAIN: There are many ways of describing sustainable tourism but for the purposes of this training we will say that sustainable tourism is tourism attempting to make a **low impact on the environment and local culture**, while helping to **generate future employment for local people**. The aim of sustainable tourism is to ensure that development brings a positive experience for local people, tourism companies, and the tourists themselves.

- 5** **EXPLAIN:** Poorly-planned tourism can have significant negative impacts on the environment.

1. In order to ensure that the natural, social and economic environments in the area are maintained or improved by the new developments, it is required that an **Environmental Screening Questionnaire** for tourism projects is completed. This should be completed prior to the development of the lodge, particularly where significant infrastructure (building work) is planned.
2. The Environmental Screening Questionnaire will be assessed and it may be further required that an **environmental impact assessment (EIA)** be completed for the tourism development if it is anticipated that there is likely to be a significant environmental impact.
3. An **Environmental Management Plan (EMP)** on the other hand, considers all of the above but also drafts a set of guidelines for how environmental impacts should be managed when the lodge is operational, e.g., sewerage and refuse disposal, water supply.



6 **EXPLAIN:** The **Environmental Screening Questionnaire** for tourism projects:

- Is a short and simple questionnaire which must be completed by the project developer/operator and submitted to the Environmental Assessment Unit (EA Unit) of the Directorate of Environmental Affairs (DEA) within the Ministry of Environment and Tourism (MET).
- Provides the authorities with important information about the proposed development.
- Determines if the project is likely to result in any major environmental impacts.

7 **EXPLAIN:** The **environmental impact assessment (EIA) process**. The EIA:

- Is a planning process.
- Identifies and assesses the potential environmental impacts of a development, both positive and negative.
- Identifies mitigation measures, which are steps that can be taken to reduce negative impacts.
- Provides for the involvement of interested and affected parties.
- Assists decision makers in choosing the best alternative for the development.
- Develops Environmental Management Plans for the construction and operational stages of the development.

8 **EXPLAIN:** It is the responsibility of the operator to contract a suitably qualified consultant or NGO to complete the EIA/EMP. This should be paid for by the operator unless the parties have agreed otherwise.

9 **DISTRIBUTE:** Handout #21 and discuss the EIA process with participants. **NB:** Explain where in the process the conservancy plays a leading role.

NOTE: Conservancies should, for example, monitor the number and types of tourists, vehicle tracks and road conditions, water use, refuse removal, and impact on cultural sites.

10 SUMMARISE/LINK: Topic 10 looked at the need for there to be a formal process for assessing environmental, social and economic aspects of any JV development at the conservancy, before any actual work is done at the site. We saw how the EIA process looks at both positive and negative impacts, as well as mitigation measures (where necessary). In Topic 11 we will be looking the role of the Joint Management Committee. Does anyone have any questions before we move on to the next topic?



TOPIC 11: The Joint Management Committee (JMC)

1 **EXPLAIN:** Once the JV Agreement has been signed, it is crucial that the conservancy and operator continue to communicate with each other on a regular basis. The **Joint Management Committee** is formed to allow this to happen. The **JMC is there to manage the implementation of the JV Agreement only** and not the direct management or operations of the lodge.

2 **EXPLAIN:** The JMC should consist of representatives from both the conservancy and the lodge operator. For the JMC to work effectively, it is important to develop a relationship of trust and honesty – to see both the conservancy and the operator as real partners that are both important for the success of the JV lodge. The JV Agreement will include a section that describes how the JMC should be structured and operate. It is important that the conservancy and operator agree on this as it will become legally binding as part of the JV Agreement.

DISTRIBUTE: Handout #22 (2 pages) and discuss all the logistics needed to set up and manage a JMC.

ASK: Why is a JMC important?

3 *Divide participants into small groups and ask them to consider this question, above. Note contributions on a flipchart sheet under the heading 'Why is a JMC important?'. Compare the suggestions from the participants with the list below:*

EXPLAIN: The JMC provides a forum and opportunity:


- Where regular feedback can be provided and information can be exchanged.
- To obtain feedback regarding the performance of the lodge and the conservancy.
- For discussion of issues related to the JV Agreement.
- Where disputes related to the JV Agreement can be resolved.
- Where both parties can get a better understanding of issues affecting each other.
- The conservancy can nominate conservancy members for potential employment.



- Both parties can make suggestions that could improve the JV Agreement.
- For the discussion of new tourism development opportunities within the conservancy.
- To develop rules and regulations related to tourism operations within the conservancy.
- To share information that may be helpful to either JV partner.

NOTE: If relevant, and to make the discussions more applicable to real life situations, ask conservancies about their experiences of what worked well in their JMC and what did not.

ASK: Can we identify what the JMC is not?

4  Ask participants to consider the following statements with the aid of prepared Flipchart Sheet #12 (but do not insert the answers, represented by a cross, at this stage). Explain that you want a show of hands if they agree with each statement in turn and mark the box on the flipchart sheet with a cross (✗) according to the consensus. If, as a group, the participants answer incorrectly, then explain the correct answer to them (given below).

Statement	True	False
A JMC is set up to manage the day-to-day operations of the lodge.		✗
It is the responsibility of the operator to manage the day-to-day operations of the lodge.	✗	
It is the right of the conservancy to intervene regarding who the operator employs at the lodge.		✗
JMC meetings should be used by the conservancy to capture important data related to the performance of the JV lodge.	✗	
A JMC is there to build relationships and to ensure a strong JV partnership.	✗	
The JMC is a forum to obtain feedback regarding the performance of the lodge and the conservancy.	✗	
All CC members need to attend JMC meetings.		✗

5 **SUMMARISE/LINK:** Topic 11 looked at the roles and functions of the Joint Management Committee in respect to JV tourism development and conservancy management. We identified together what the JMC does and – perhaps just as importantly – what it does not do.

In the second-to-last topic of our training we will look together at the annual business review process. Does anyone have any questions before we move on to the next topic?



TOPIC 12: The annual business review

1 **EXPLAIN:** When the conservancy operates a business or is a partner in a JV Agreement, it is important to know how well the enterprise is performing. Although the conservancy should be **monitoring what is happening** on a regular basis through the Joint Management Committee (JMC), it is a good idea to spend some time once a year looking back at what happened and also looking forward at what you want the business to achieve, by developing a plan for the coming year.

The **annual business review should take place at the conservancy site**, where all the relevant data, information, and key participants (EMC, JMC members) are readily available.

2 **EXPLAIN:** Undertaking an **annual business review** allows all interested stakeholders:

- To come together to reflect on the business performance of the JV lodge.
- To get an opportunity to share information about the business and to make decisions regarding the future of the business.
- To find out that nothing is being hidden and that both the operator and the conservancy are being open and transparent about their operations.
- An opportunity for the conservancy and the operator to make sure that they have all their monitoring and data collection material up to date.

3 **DISTRIBUTE:** *Handout #23 (first page) and explain 'Look backwards':*

1. Review business performance of the JV lodge by analysing available data and information (e.g., number of visitors, occupancy, net turnover, expenditure, payments to the conservancy, employment etc.). Make sure that monitoring systems are working (e.g., JV lodge 'dashboard') and that the CC has enough information to make business-related decisions.
2. Create a forum for discussion about performance, management and partnership issues.



4 **DISTRIBUTE:** Handout #23 (second page) and explain '**Looking forwards**':

1. Develop an Action Plan for the coming year (set targets, identify key activities, identify responsible persons, identify type and level of support required from JV partner and conservancy as well as external NGO partners and business service providers).
2. Develop an Annual Operating Budget for activities related to the JV lodge for the coming year.
3. Create a forum for decision making regarding the future of the JV Agreement.
4. Adapt monitoring and data collection systems if necessary.

When will the annual business review be conducted?



If there are any participants at the workshop who have been involved in the annual business review process previously, ask them if they would like to answer this question. If there are no such participants just explain, as below.

5

EXPLAIN: The annual business review should take place shortly after the end of the financial year, e.g., in April (the Namibian financial year ends in February and the lodge will need 4-6 weeks to finalise its financial accounts).

NOTE: Doing the annual business review at this time will have the added advantage of feeding the data into the conservancy and national CBNRM database set up for annual reporting on the progress of the overall CBNRM Programme (which is planned for March/April every year).

Who will conduct the annual business review?



If there are any participants at the workshop who have been involved in the annual business review process previously, ask them if they would like to answer this question. If there are no such participants just explain, as below.

6

EXPLAIN: The annual business review should be conducted by the Enterprise Management Committee (EMC) or conservancy JMC members, with the full participation of the CC and members. It may be helpful to invite the JV lodge operator to assist in providing accurate feedback.

It is often helpful to have some technical advice (someone with knowledge of business and the sector e.g., tourism, JVs etc.) at the review. This could be provided by a local or national NGO partner, or by a consultant or government agency.



7 **SUMMARISE/LINK:** The topic we have just covered looked the annual business review process: its purpose and when and where it should be held. We examined how the process looks back, to evaluate the performance of the JV enterprise in the previous year, as well as forward – specifically in drawing up an Action Plan and Annual Operating Budget for the forthcoming year.

In the final topic of our training we will look at a tool for evaluating the performance of the JV enterprise, called the 'dashboard'. Does anyone have any questions before we move on to the next topic?



TOPIC 13: The JV financial 'dashboard'

1

EXPLAIN: A 'dashboard' is a user-friendly interface that organises and presents information in a way that is easy to read. The conservancy may make use of such a dashboard to keep track of performance of the lodge and adherence to their JV Agreement. The major purpose of a JV financial dashboard is to display important information on the operation of the JV business.

EXPLAIN: A JV financial dashboard offers a simple view into the data associated with joint ventures:

- It summarises the key financial data from financial statements.
- It is designed to offer greater transparency and understanding of the JV business.
- It allows for discussions on financial performance and benefits in such a way that partners can engage with a common understanding.
- Its display of well-defined data allows any person within the business (conservancy and JV operator) to interpret the numbers in the same way.
- It increases the understanding and trust of the partners through engagement.
- It becomes the catalyst for Joint Management Committee meetings.

2

DISTRIBUTE: Handout #24 and explain the information presented on the dashboard.

EXPLAIN: Business dashboards have been around in some form or other since the 1980s. Ideally, the display should be unambiguous in terms of the format, colouring, scaling and style of graphs. Remember that the prime intention is to convey information.

1. Often the simplest dashboards are the most effective and are ideally displayed on one screen (or page) for ease of use. **They show the most important business information** needed to allow JV partners to develop a successful business relationship. Dashboards can visually summarise business performance in a way that can be interpreted quickly.
2. Recently, with increasing focus on performance measurement through key performance indicators (KPI), **dashboard performance measurement and KPIs have become almost synonymous**. Dashboards, however, are only one mechanism for KPI presentation.



3 **EXPLAIN:** Business dashboards do have some disadvantages, however, since the design of dashboards needs a bit of practice. Pay attention to:

- **Clutter** – the more items on a dashboard, the more likely it is that important information will be overlooked.
- **Too many colours** – the more colours that are involved in the design, the more likely important changes in colour will be missed. (Issues with printing, as well as colour blindness in people utilising the dashboard, also need to be borne in mind.)
- **Relevancy** – including data that is not important detracts from the important data.
- **Large graphics** – many dashboards waste space by using large 'dial-like' images that take up a lot of space but don't give much informational value.

4 **EXPLAIN:** The dashboard itself follows a straightforward grid layout and the primary emphasis is placed on comparing current results against those of the previous year(s). The dashboard is divided into two sections:

- a. Tables with monthly data comparing current month with the same month in the previous year.
- b. Graphs with annual data.

Both sections have data on occupancy, revenue, expenses, year-to-date payments to government and communities, and JV Agreement fees.

5 **SUMMARISE/LINK:** In this final topic of our training, we have looked at a useful tool for evaluating the performance of the JV enterprise as a business, the financial dashboard. We have now finished our training on joint venture tourism development.

We will now carry out a quick and easy informal self-assessment to evaluate your training over the past few days, but before we do that, let's just check that we feel that we have satisfactorily covered all our objectives for this workshop (*refer back to the first flipchart sheet – or prepared Flipchart Sheet #1*). Does anyone have any questions before we move on to the self-assessment activity?



SELF-ASSESSMENT: Assessing participants' understanding of this Module

Handout #25 (2 pages) comprises a set of 'true or false' statements based on this Module and designed to evaluate the knowledge and skills that participants receiving this training have acquired. This activity is not intended as a formal test but is meant to help participants assess areas where they have sound knowledge and strong skills, and areas that require further work.

Read each statement aloud one at a time, and then ask the participants to tick 'True' or 'False' and supply an explanation for their answer on their Handout sheet. Only one tick per statement is allowed.

Collect sheets for marking. This will allow you to personally modify your training approaches if the participants' understanding of any topic is not as satisfactory as expected.

Discuss the questionnaire with participants (they should not feel compelled to share their individual responses with you however). If they are willing to share their responses, either collectively or individually, then use the information that you gather to assess your own training skills.

Also note from participants' responses where the printed training materials might require amendment, for example, if an activity or section of the text is proving problematic.



List of Handouts that you should make available for this Module

- MODULE 2.1, HANDOUT #1: JV models in Namibia (3 pages)
- MODULE 2.1, HANDOUT #2: Existing Namibian JV lodges and campsites (2 pages)
- MODULE 2.1, HANDOUT #3: Tourism Options Plan
- MODULE 2.1, HANDOUT #4: Feasibility of a Tourism Plan
- MODULE 2.1, HANDOUT #5: Calculating 'Achieved Rate' and 'Occupancy Rate' (2 pages)
- MODULE 2.1, HANDOUT #6: The two approaches for financial arrangements
- MODULE 2.1, HANDOUT #7: Fixed and variable fees
- MODULE 2.1, HANDOUT #8: Advantages and disadvantages of the approaches used to attract and secure JV investors
- MODULE 2.1, HANDOUT #9: Key general issues of the adjudication process (5 pages)
- MODULE 2.1, HANDOUT #10: Exercise: Key general issues in the adjudication process (3 pages)
- MODULE 2.1, HANDOUT #11: Justification for the use of community equity funding
- MODULE 2.1, HANDOUT #12: Options for ownership/partnership/management arrangements when community equity is applied (2 pages)
- MODULE 2.1, HANDOUT #13: Step-by-step CEq funding decision making (3 pages)
- MODULE 2.1, HANDOUT #14: Equity funding justification (2 pages)
- MODULE 2.1, HANDOUT #15: JV negotiations: preparation phase
- MODULE 2.1, HANDOUT #16: JV negotiations: opening phase
- MODULE 2.1, HANDOUT #17: JV negotiations: bargaining phase
- MODULE 2.1, HANDOUT #18: JV negotiations: closing phase
- MODULE 2.1, HANDOUT #19: Potential negative environmental impacts
- MODULE 2.1, HANDOUT #20: Potential negative social impacts
- MODULE 2.1, HANDOUT #21: The environmental impact assessment (EIA) process



MODULE 2.1, HANDOUT #22: Logistics of setting up and managing a JMC (2 pages)

MODULE 2.1, HANDOUT #23: Undertaking an annual business review (2 pages)

MODULE 2.1, HANDOUT #24: The JV financial 'dashboard'

MODULE 2.1, HANDOUT #25: *Self assessment evaluation for participants* (2 pages)

All Handouts are one page only, unless otherwise specified.

Please make sure that you make enough copies for each trainee.

- Ensure that Handout #3 is also available as a poster-sized laminated resource.



NOTES



