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**BUSINESS PLAN AND SUSTAINABLE
FINANCING STRATEGY FOR THE DOROB
NATIONAL PARK, NAMIBIA**

October 2011

Prepared for

NACOMA/MET

By

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EXECUTIVE SUMMARY

This report presents a 5 year business plan and sustainable financing strategy for the recently declared Dorob National Park (DNP), Namibia. It is accompanied by a spreadsheet model which contains the necessary calculations and projections for the business plan covering establishment costs, ongoing management costs, income/revenue projections and cash flow projections.

Current management costs and income

The DNP area is currently managed by the Ministry of Environment and Tourism (MET) Erongo Region which had an operational budget of approximately N\$9.15 million in 2010 excluding head office costs incurred in Windhoek. It is probably reasonable to assume that 40% to 60% of this budget is devoted to activities in the DNP area. In addition, capital projects are undertaken periodically some of which are funded through applications to the Game Products Trust Fund (GPTF). Current non-donor income streams from activities on DNP land consist of:

- Entry fee income at Cape Cross Seal Reserve of roughly N\$2 million per annum.
- Accommodation charges at Namibian Wildlife Resorts (NWR) campsites with a probable total turnover of roughly N\$1 million.
- Filming permit charges (revenue estimates not available)

Implication of the DNP Management and Development Plan

The DNP Management and Development Plan (MDP) and draft regulations provide relatively clear guidance on how the park is to be managed. They both recognise the unique character of the park, its relative openness with regard to entry and the multitude of uses both commercial and non-commercial on park land. Currently low levels of enforcement within the park are recognised as a serious constraint to progress and in need of significant improvement. In keeping with the policy directions outlined in the 2010 Sustainable Financing Plan for Namibia's Protected Area System, the MDP argues for income generated to be kept in the local area for use in park management. MET should seriously consider using the DNP as a pilot project in which revenue retention and greater local autonomy in park management are tested for potential wider application in the rest of Namibia. It represents an ideal situation for the testing of these ideas in order to assist national policy development.

Additional establishment and ongoing management costs

In order to execute the management plan and realize income generation prospects, the following key cost drivers would arise:

- Capital investments in infrastructure
- Significantly increased enforcement actions
- Administration of permits and other income sources
- Public awareness and information
- Monitoring and evaluation

With regard to staffing, the need for 15 additional posts was identified. If the execution of the income generation strategies is to succeed it will be particularly important to appoint a relatively senior person to focus on the commercial aspects of park management.

With regard to potential capital projects and other establishment costs, the following key projects were identified:

- Fencing off of sensitive areas where restricted access is imperative and clear demarcation of usage zones particularly in the dune belt between Swakopmund and Walvis Bay.
- Establishment and upgrading of clearly demarcated 4X4 trails and tracks.
- Information signs and boards at various points in the park.
- Expansion of the Cape Cross permit office to include a souvenir shop and kiosk also offering more visitor information for the wider area.
- Establishment of a small office in Henties Bay preferably renting space.
- Stocking of three offices and additional staff with the necessary equipment and supplies.
- Vehicles for additional staff particularly to enhance enforcement.
- Formulation of a park communications strategy, production of park information material (pamphlets, etc.) and implementation of the communications strategy.
- Setting up of park website with basic information on activities allowed, rules, permits forms, contact details, etc.
- Staff and Honorary Wardens training.
- Commissioning of a rehabilitation/restoration plan and initial rehabilitation actions.

Total establishment and capital expenditure for the park are expected to start at N\$5 million in the first year, N\$1.8 million in the second, N\$1.2 million in the third and reducing to roughly N\$800,000 in the fifth years of the business plan period.

Ongoing operational expenditures would be of a similar nature to those currently incurred by the MET offices in Swakopmund and Walvis Bay. Additional costs have, however, been included for:

- Increased monitoring and enforcement
- Collection of fees and other sources of income
- Continued public awareness creation and education
- Ongoing maintenance of infrastructure and equipment

The total ongoing operational budget for the park is expected to start at approximately N\$3 million in the first year of operation rising in line with inflation thereafter.

Income/revenue sources and projections

The following sources of income are assessed in greater detail in the plan:

- Entry permit fees
- Tourism operator usage charges
- Rentals for commercial sites
- Event venue hire fees
- Accommodation concessions
- Filming and photography fees
- Donor funding, grants and donations
- Biodiversity/conservation offsets
- Prospecting and mining fees
- Fines

Note that filming and photography fee income as well as income from the NWR fishing camps along the coast are not new income sources. For each of these income sources, revenue raising mechanisms and levels are recommended allowing for the projection of likely income/revenue. Recommendations are also made with regard to key management measures informed by key principles that should be borne in mind when considering the introduction of income generation mechanisms.

Vehicle permit fees

With regard to entry permit fees it is recommended that fees be levied on vehicles only. This would have advantages in terms of conformity with the draft park regulations, public acceptability and be in keeping with other partially open access national parks such as Table Mountain National Park in Cape Town, South Africa. Revenue from vehicle permits should climb gradually from roughly N\$133,000 in 2012 to N\$800,000 in 2016. Note that it is assumed that charging would only commence in the fourth quarter of 2012 allowing time to engage with and inform stakeholders, and set up the necessary payment systems.

Tourism operator usage charges

Commercial tourism operators are relatively active in most parts of the DNP and there is good scope to introduce tourism operator usage charges for these operators offering quad biking, 4X4 tours (including shore-based fishing), sandboarding, paragliding, horse riding, hot air ballooning, sky diving and walking. Based on a reasonable per tourist charge, total revenues from tourism operator usage charges should climb gradually from roughly N\$383,000 in 2012 to N\$2.4 million in 2016. It is assumed that charging would only commence in the third quarter of 2012.

Over time it is almost certain that new tourism operators will emerge along with new tourism activities. The capacity of the park and specific areas within it to accommodate new entrants will therefore need to be monitored and adjusted as needed. If at all possible, new entrant situations should be handled in a way that maximizes the chances of competitive outcomes. The granting of rights to operate in the park to new entrants is also an area that lends itself to greater application of black economic empowerment measures in order to foster transformation in the tourism industry.

Site rental fees

Site and building rental charges would be justified for two quad bike tour operators, a skydiving operator and at Cape Cross once a souvenir shop and kiosk area has been built. Appropriate rentals will need to be negotiated for existing facilities and as part of a concession process for the Cape Cross facility. Using tentative estimates, total revenue for all site rentals should climb gradually from roughly N\$33,000 in 2012 to N\$114,000 in 2016.

Accommodation concessions

Potential for additional accommodation in the park can be considered moderate at present given the existence of accommodation in towns and environmental constraints. The following possible additional concession options for income generation in the park from accommodation were identified in order of priority:

- Camp sites in the Moon Landscape area in the Swakop and Khan Rivers
- A camp site or small lodge near the Ugab River mouth (as suggested in the Dorob MDP)
- A camp site or very small lodge in the Messum crater area (as suggested in the Dorob MDP).
- A lodge north of the Omaruru River near Henties Bay

Using reasonable concession fees, total revenue from new accommodation should climb gradually from roughly N\$70,000 in 2014 to N\$250,000 in 2016.

Filming and photography fees

The following factors are considered potential limitations of the current MET fees for filming and photography based on international best practice and inputs from local film industry stakeholders:

- No distinction is made between filming versus photographic shoots.
- Fees do not take into account the size of the shoots (i.e. number of people and vehicles on set) and their potential to do damage to the environment.
- Documentaries and shoots in line with national park business are given a discount that significantly exceeds those offered in other countries reviewed.
- No provision is made for deposits for use in the event that production company rehabilitation efforts are found to be inadequate.
- Charges to cover staff time and administration seem low.
- No explicit insurance requirements are expected from shoots.

With these factors in mind, a revised fee structure is proposed which should result in revenue from this source climbing gradually from roughly N\$2.7 million in 2012 to N\$4.8 million in 2016.

Donor funding, donations and grants

NACOMA funding will continue to be critical to the early success of the park and conservation in the rest of the Namibian coastal zone. Clear potential does, however, exist to augment this source with income from other donor funding, donations and

grants both directly and potentially through a trust fund. As with other income sources it is important from a practical implementation perspective to be realistic regarding the time and costs involved in fundraising efforts and the necessary human resources capacity. The report outlines potential sources of funds focused on institutions, businesses and individuals. With regard to business, the mining industry (and uranium mining in particular) shows the greatest potential particularly if channels and institutions established by the industry are used. Individuals are also a key potential source of donations but securing funds from them often requires large investments of time and effort to identify, persuade and satisfy donors, relative to the amounts raised. This process has, however, become easier and more cost effective with clever use of technologies such as online donation management platforms.

Financing mechanisms including trust funds

At a basic level, donations and grants can either be made directly to park management or through mechanisms such as a trust fund. Both options are acceptable depending on amounts and associated donor conditions – they should not be seen as being mutually exclusive. On balance it seems worthwhile to pursue the establishment of an independent trust fund for the DNP. This is not only because of its potential to enhance fundraising efforts for donations, but also as it could provide a platform through which the DNP could channel other income thereby fostering income retention and some level of autonomy for the park. A revolving fund possibly with a small endowment element would probably be most appropriate for the DNP given the park needs, long term focus and low likelihood of attracting the significant up front capital needed for a pure endowment fund.

Conservation or biodiversity offsets

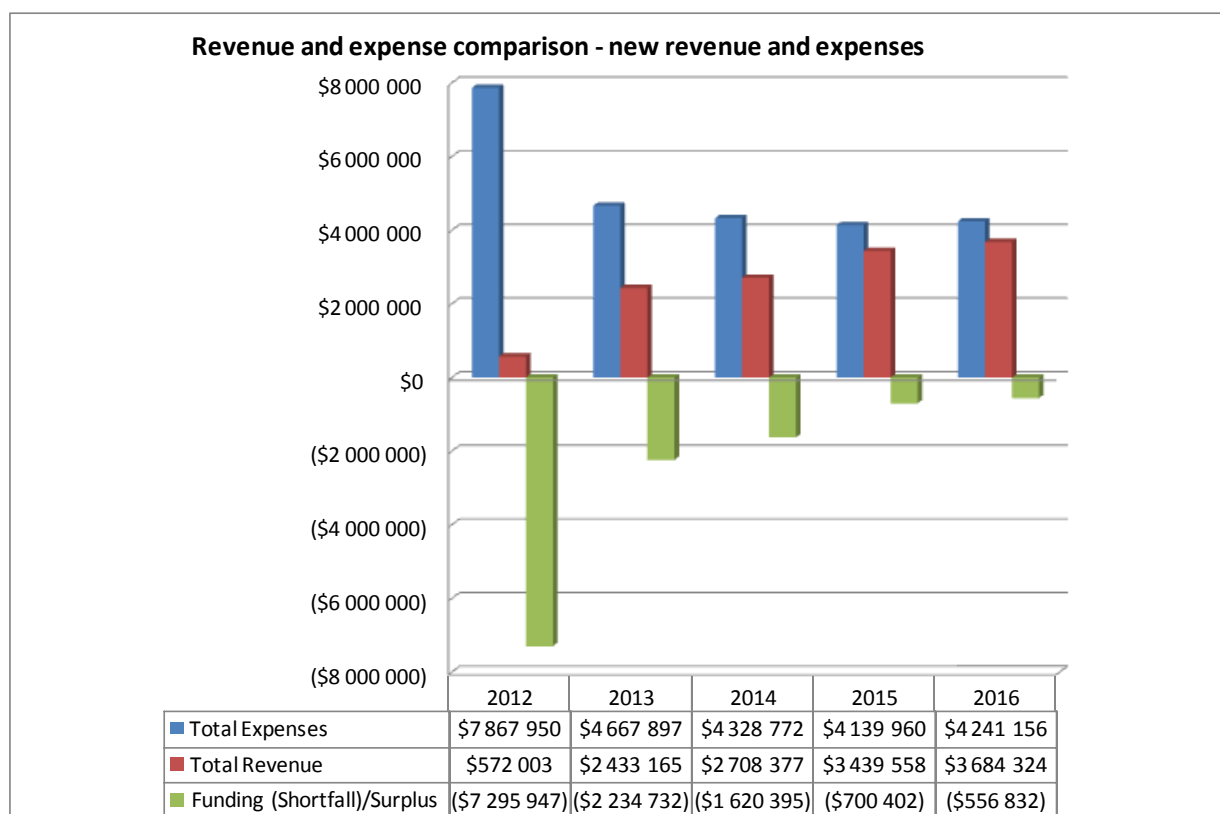
While it is possible to deal with offsets on a case by case basis, it is preferable to be able to do so with reference to a national offsets policy. Such a policy is not available for Namibia at present. In the specific case of the DNP (and potentially other parks and conservation area in Namibia particularly along the coast), land area for conservation is not the primary constraint to successful conservation. A conservation offset policy that focuses exclusively on this form of compensation (i.e. land for land) is therefore unlikely to be optimal in contributing to conservation goals in the DNP. In the absence of clear policy guidance, park management and the MET will have to deal with development applications on a case by case basis. This should be approached from a position of relative strength in any negotiations recognising that the park was not gazetted to encourage development. If certain developments are, however, clearly justifiable and can result in significant offset benefits to the park then they should be considered seriously with adequate analysis and consultation.

Prospecting and mining user fees

The potential for a user fee or charge for prospecting and/or mining in protected areas is best dealt with at a national level between the MET and the Ministry of Mines and Energy with reference to all national parks in Namibia. DNP management should aim to first raise this issue within the MET and support any initiatives should the decision be made to take the issue forward at a national level.

Cash flow projections

The necessary additional expenditure and potential new revenue sources are summarised in the figure below which allows for the estimation of annual funding surplus/(shortfalls) or cash flows. It is this shortfall that will have to be covered by donor funding, government funding and donations if the DNP is to be operated at an acceptable level. Focusing on new expenditure/cost and revenue, the results show that the DNP is likely to experience a shortfall of N\$7.3 million, N\$2.23 million, N\$1.62 million, N\$700,000 and N\$557,000 respectively in the five years of business planning period. It is clear that cash flows are highly negative in the first few years due to high establishment costs as one would expect. However, once these costs have been covered, cash flows improve significantly as revenues streams stabilise and new revenue streams are added towards the end of the period (e.g. accommodation concessions).



Implications for NACOMA's second phase

For the park to succeed it will be critical for donor partners to give serious consideration to the provision of part of the necessary finance and other resources in order to decrease the funding shortfall. In order to facilitate this process, the actions, items and projects that would be most appropriate to consider for funding through the

second phase of the NACOMA project were identified as follows and costed at a total value of N\$7.25 million.

- Cape Cross permit office extension for souvenir shop and kiosk
- Fencing & signage
- Roads, trails & rehabilitation
- Communications programme
- Other once off set up costs such as the establishment of revenue collection systems and a trust fund, training and the investor conference
- General operation support

The expectation is not that NACOMA would be able to fund all of these items, but rather choose those that fit their mandate and resources.

Indicators of sustainable financing

In order to measure progress regarding sustainable financing, the following indicators are recommended:

- Percentage real (i.e. excluding inflation) increase in annual income (excluding donor and grant funding). This indicator can be used to monitor progress with regard to financial self sustainability – i.e. it will indicate whether there is a trend towards greater income generation or at least not a decrease?
- Progress towards meeting goals for income from donations as measured by percentage donations received relative to goals for annual income from donations.

Timing of key actions

Considering ease of implementation and the size of income generation potential, the following ordering of priorities for the introduction of new income sources seems sensible:

- Event venue management concession and tourism operator user charges
- Site rentals
- Vehicle permit fees
- Accommodation concessions

Existing income sources such as filming and photography fees would also be worth tackling with the possibility of a revision in fees for all National Parks in Namibia based on the model recommended for the DNP. If potentially significant resentment of fees and charges is to be avoided (and the lower revenues that go hand in hand with this), it will be important for tourism operators and individuals to see that increased management and enforcement efforts are occurring on the ground. At a minimum, introduction of charges therefore needs to coincide with action on the ground. If up-front financing is available from government and/or donor sources, it would be preferable for expenditure on visible management actions to precede the introduction of charges.

ACKNOWLEDGEMENTS

This report was made possible with funding from the Global Environmental Facility (GEF) and Government of Namibia through the Namibian Coast Conservation and Management Project (NACOMA). The guidance and support provided by Rod Braby, Ignatius Kauvee and their team at NACOMA is much appreciated along with that provide by the Ministry of Environment and Tourism primarily from Cletius Maketo, Colgar Sikopo, Rob Davis, Boniface Sichombe, Manie du Plessis, Ulrich Boois and from others within the Ministry.

Thanks also goes to the numerous tourism and conservation stakeholders interviewed as part of the research process who gave freely of their time and options along with participants at the two workshops held for the project listed alphabetically below:

Frikkie Botes - BCLME
Rod Braby - NACOMA
Rob Davis - MET
Manie du Plessis - MET
Ayn Garises - NACOMA
Raili Hasheela - NACOMA
Joseph Ihula - Swakopmund Municipality
Else Khaiseb - MET
Ignatius Kauvee - NACOMA
Cletius Maketo - MET
Vencentius Mughongora - National Museum of Namibia
Kaatri Namband- NACOMA
Basilia Shivute - EcoAfrica
Colgar Sikopo - MET
Peter Tarr - Southern African Institute for Environmental Assessment
Monica Thomas - Walvis Bay Municipality

The views expressed in the report are those of the author and do not necessarily of those of NACOMA, MET or any other organisation.

ABBREVIATIONS

BCLME	Benguela Current Large Marine Ecosystem
CA	Central Area
CBNRM	Community-based Natural Resource Management
CF	Consultative Forum
CFA	Conservation Finance Alliance
CI	Conservation International
CSR	Corporate Social Responsibility
CTAN	Coastal Tourism Association of Namibia
CTF	Conservation Trust Fund
DEA	Directorate of Environmental Affairs (in MET)
DNP	Dorob National Park
EIA	Environmental Impact Assessment
EIF	Environmental Investment Fund
EMP	Environmental Management Plan
GEF	Global Environment Facility
GPTF	Game Products Trust Fund
HW	Honorary Warden
IUCN	World Conservation Union
JV	Joint Venture
MDP	Management and Development Plan
MET	Ministry of Environment and Tourism
MFMR	Ministry of Fisheries and Marine Resources
MME	Ministry of Mines and Energy
MOF	Ministry of Finance
NTB	Namibia Tourism Board
NWR	Namibian Wildlife Resorts
NAMPOL	Namibian Police
NGO	Non Governmental Organisation
NPO	Non Profit Organisation
NSCNP	Namib Skeleton Coast National Park
ORV	Offroad Vehicle
PA(s)	Protected Area(s)
PES	Payments for Ecosystem Services
PPP	Public Private Partnership
TORs	Terms of Reference
SADC	Southern Africa Development Community
SANParks	South African National Parks
SPAN	Strengthening Protected Areas in Namibia
SEA	Strategic Environmental Assessment
SF	Strategic Forum
UNDP	United Nations Development Programme
WWF	Worldwide Fund for Nature

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1 INTRODUCTION

The Dorob National Park (DNP) was proclaimed in 2010 and incorporates the former National West Coast Recreation Area, which stretches from the Ugab River southwards to just north of Swakopmund, the Dune Belt between Swakopmund and Walvis Bay, the Kuiseb Delta area, the area surrounding the Walvis Bay Salt Works and Pelican Point (see Map 1). The establishment of the DNP is the final piece of the puzzle which will enable Namibia's conservation authorities to proclaim a mega-park, provisionally named the Namib Skeleton Coast National Park (NSCNP). It will stretch between the Orange River and the Kunene River and will also adjoin the Ai-Ais/Richtersveld Transfrontier Park (between Namibia and South Africa) in the south. This mega-park will be the 6th largest terrestrial park in the world and the largest in Africa.



Map 1: Dorob National Park area

Subsequent to proclamation, a management and development plan (MDP) was drawn up for the DNP along with draft regulations. Flowing from these and, in particular, recognising the income generation opportunities within the park, the need was identified for a business plan and sustainable financing strategy to be drawn up. Funding for this was subsequently provided by the GEF through the NACOMA project allowing for the drafting of this report and its accompanying spreadsheet model.

1.1 Aims and terms of reference

The overall aim of the study is to develop a sustainable financing strategy and business plan for the DNP that can also contribute to a financing strategy for the NACOMA second phase project concept. The overall conceptual role and function of the work is illustrated in Figure 1 below taken for the Conservation Finance Alliance’s (CFA) guideline on business plan formulation for protected areas (PAs) (CFA, 2003).

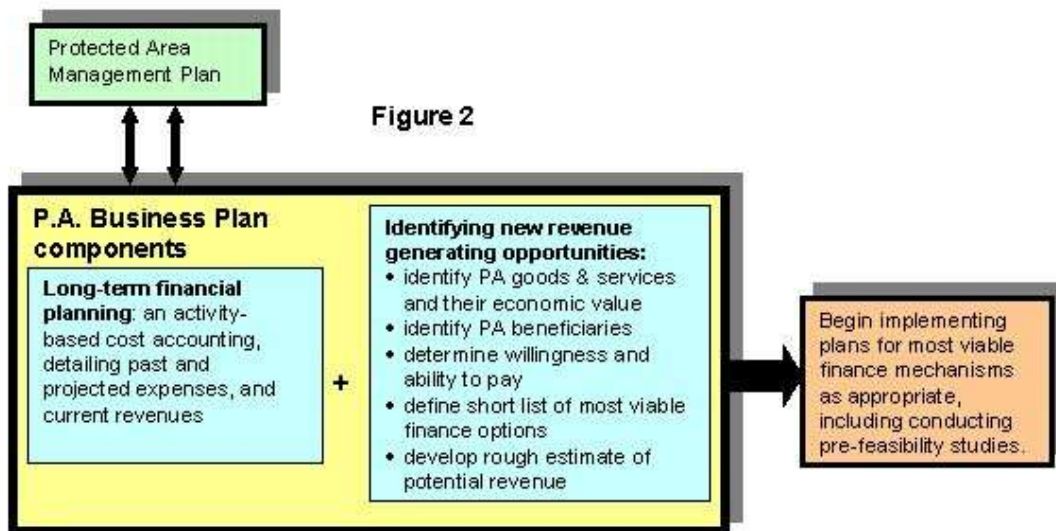


Figure 1: The role of business planning in protected areas management

Specific objectives identified in the Terms of Reference (ToR) include the following:

- Conduct diagnostic analyses of sustainable tourism for the DNP that includes visitors’ profile, principal activities, access points, the structure of the tourism industry and its future trends, making reference to previous studies of the subject matter;
- Conduct diagnostic analyses of sustainable mining and extraction activities including rehabilitation, agriculture, transport corridors and governance as important sectors in the implementation of ICZM in the DNP;
- Analyse the gaps related to DNP within the MET/SPAN sustainable financing plan for terrestrial PA network;
- Identify possible financial sources and opportunities uniquely provided by each sector and intergovernmental/inter agency in the DNP towards the

- overall sustainable financing mechanism that capitalizes on those opportunities;
- Draft a 5 year business plan for the DNP that describes the finances and financial management needed to implement the draft park management plan. The business plan should include (i) a long-term financial plan, an analysis of the current and potential revenue generating opportunities, and (ii) a narrative with the protected area goals, plans and strategies to achieve the goals and milestones for monitoring and evaluation. The latter should be developed such that it provides for effective communications and marketing;
 - The long-term financial plan should include a costing analysis from past and current budgets, as a first step and core component that thoroughly documents all the costs associated with managing the protected area not precluding the costs associated with collection and management of the identified diverse revenue opportunities;
 - The long-term financial plan should project respective revenue generation options through identified sources at international, national and local levels;
 - Recommendations on institutional set-up, enabling legislative framework for revenue generation, collection and management;
 - Design and develop a standard system for determination and collection of diversified revenues (fees);
 - Recommendations to tap into existing governmental and non-governmental funds such as the Game Product Trust Fund and the Environmental Investment Fund; and
 - Develop indicators for sustainable financing for input into the monitoring indicators network for coastal biodiversity based on this financing strategy.

In addition, the ToR required the identification and costing of potential items/projects that could be funded through a second phase of the NACOMA for inclusion into the diversified project concept developed by another consultancy.

2 APPROACH

The project started with a relatively thorough inception phase during which key contextual and background information was reviewed and stakeholder engagements were initiated along with client consultations. The relevant literature pertaining to the DNP and the national policy environment was reviewed along with literature that provided guidance with regard to sustainable financing of parks and business plan development.

Consultations and discussions during inception were held with:

- The NACOMA project team
- MET officials operating in the Erongo Region and responsible for the management of the area falling under the DNP
- MET officials in the Parks and Wildlife Management Directorate of MET in Windhoek
- MET officials in the Administration and Support Services Directorate which deal with MET funding requests to the MoF.

- The SPAN project
- Members of the DNP Consultative Forum
- Selected tourism stakeholders in the DNP area
- Consultants responsible for the finalisation of the DNP management plan and the EIA for the dune area between Swakopmund and Walvis Bay
- Consultants that have previously been involved in relevant work for NACOMA and in drawing up the Sustainable Financing Plan for Namibia's Protected Area System (Turpie et al., 2010)
- Consultants (Eco-Africa) involved in the NACOMA replication strategy

As part of inception the ToR and key focus of the business plan was clarified and it was agreed that:

- The key focus of the work would be making recommendations with regard to sustainable financing and income generation options. These would need to be identified and estimates made of income that could be expected from them. In addition recommendations were required to ensure their realistic and practical achievement.
- The business plan would need to include estimates of capital and operation costs required to achieve the plan's goals. These would need to be estimated in close collaboration with MET officials in the Erongo region taking cognisance of existing budgets which have been provided by the MET.

After the inception phase potential income streams were identified at a preliminary level. Before continuing with a detailed assessment of their potential, a workshop was held to discuss the adequacy of these income streams and ensure that all possibilities were being covered. This allowed for greater focus and accuracy and assisted with the generation of ideas. It was followed up with further consultation with tourism stakeholders, tourism operators, MET and others in order to refine ideas and develop the business plan.

Note that the investigation of potential income streams focused on those related to operations and activities on park land and under the jurisdiction and primary control of MET. Potential income from marine-based activities and uses were thus not considered. This does not imply that marine activities have limited potential for the generation of income. Tourism operator use of the marine environment, for example, has the potential to generate revenues.

2.1 Report structure

The business plan begins with a brief discussion of the national policy context with regard to national park financing and its implications followed by a review of current expenditure by MET on managing the DNP area as well as current revenue/income sources within the DNP area. The DNP development and management plan (MDP) along with the draft regulations for the park are then reviewed and discussed focusing on their implications for business planning and financing. This is followed by an estimation of the costs associated with the establishment and operation of the DNP additional to MET's existing costs in the Erongo region. Income sources are then considered and recommendations made on the most appropriate mechanisms

through which income/revenue can be generated allowing for detailed revenue projections. Cost and commercial revenue projections are then analysed with a view to determining funding shortfalls that will need to be covered by government and/or donor funds (including grants, donations and other contributions). The particular role of NACOMA is discussed in this regard. Finally, key recommendations are made include those focused on the timing of key actions and conclusions are drawn.

2.2 Use of guidelines and templates

It was agreed with MET that the 2007 Business Plan for Etosha National Park could serve as a guide for the structure and key elements that should be contained in the DNP Business Plan. This would ensure a minimum level of conformity with previous MET work on business plans. In addition to this plan, the Sperrgebiet National Park Business Plan drawn up in 2008 also provides relevant guidance. At an international level, Conservation Finance Alliance material and templates on the production of sustainable financing strategies and business plans also provided useful tools particularly with regard to identifying and prioritising potential revenue sources as well as drawing up spreadsheet models as part of business planning processes (see www.conservationfinance.org).

2.3 Role of the accompanying spreadsheet model

In keeping with best practice, the business plan and finance strategy consists of this report and an accompanying spreadsheet model produced in Microsoft Excel which should be read and used together. The model is easily adjustable – it should be treated as a first iteration of an ongoing process since revenue and expenditure assumptions continue to change over time. The model should be used as a management tool to facilitate decision-making and to guide financing strategy as part of long term management planning processes.

2.4 Assumptions and limitations

The following broad assumptions and limitations apply to this report and associated work:

- For some of the income streams there are a limited number or no directly comparable concessions or charges in operation in Namibia. This makes the formulation of an appropriate concession system and fees more difficult.
- National park management and financing policy and practice to a large degree dictate what is possible at the level of local parks such as the DNP.
- The estimation of new income flows for the park is an inherently uncertain exercise. It is made particularly difficult in the case of the DNP by the lack of clear and secure access control to areas.
- The recommendations made in the plan are partially based on consultation with tourism operators and other potential users. They are not, however, the

result of an extensive engagement and negotiation process with each tourism operator grouping which may be necessary before any charges are finalised.

3 POLICY CONTEXT

3.1 Implications of the national policy context

A review of the relevant policies, literature and discussions with MET revealed that currently all National Parks in Namibia have essentially no real and direct control over the income that they raise. In other words, individual parks are not allowed to keep any income that they may generate and all income flows to central government and centrally administered funds for allocations to parks on the basis of perceived need. As outlined in Turpie et al. (2010) Namibia's parks are financed by (a) government grant, (b) donor funding and (c) some of the revenues generated by the parks channelled via a trust fund. With regard to the latter, 25% of the entrance fee income generated by parks are earmarked for capital projects in parks through a revolving trust fund, the Game Products Trust Fund (GPTF). Individual parks can then make applications for funding to the GPTF for capital projects within their borders. The 25% of entrance fee income reserved for parks (which exceeded N\$12 million in the fiscal year 2009/10) is not earmarked for particular parks and bears no real relation to where the entrance fees were generated. The money does, however, at least stay within the park system for use in capital projects. The objectives of the Fund are as follows:

- To make grants to emerging conservancies and wildlife councils for the purposes of implementing and maintaining projects and programmes, approved by the Board in consultation with the Minister of Environment and Tourism, regarding wildlife conservation and management and rural development.
- To allocate funds to conservancies, wildlife councils and protected areas, and to persons, organisations and institutions approved by the Minister, to be used in connection with projects and programmes regarding wildlife conservation and management and rural development.
- To support measures aimed at improving the relationship between people and wildlife.
- To support improvements in the monitoring, management, protection, sustainable use and development of wildlife resources in rural area.

In addition to the GPTF, a national Environmental Investment Fund (EIF) has been established by the state (but is not yet operational) with a broader mandate than the GPTF. The objectives of the EIF are to (a) procure funds from international donors for the maintenance of an endowment that will generate a permanent stream of income, and (b) to procure funds within Namibia on an annual basis from conservation fees and levies. These funds will be used for making investments in the protection and wise management of the environment, promoting sustainable use of natural resources for economic development, and conserving biological diversity and ecological life-support functions. The EIF is not just a fund for financing conservation activities as it will pursue a broader investment portfolio by providing economic

opportunities and a stake in the use of natural resources to the poorest sectors of society. The ultimate goal is to improve the quality of life and the economic well being of this sector, thereby reducing the possibilities of them pursuing activities that degrade Namibia's fragile environment and waste its natural resources.

The 2010 Sustainable Financing Plan for Namibia's Protected Area System provided a comprehensive overview of park funding and issues. It found that total funding for parks management throughout Namibia was in the order of N\$136.7 million for 2009 and pointed out that (Turpie et al., 2010):

- Based on the difference between running costs requested and received by the parks, the allocation to park management division fell short by some N\$28 million for 2009/10 (i.e. at least N\$165 million or 20% more than the amount allocated would be needed just to adequately maintain the parks system).
- This minimum amount is not adequate to meet biodiversity conservation requirements and merely meeting minimum funding requirements will not produce the economic returns that could be created from an improved parks system as described by the Parks Vision.
- Park entry fees make up about 90% of non-tax revenues collected by MET in 2007. Concession fees make up about 7% and other revenues sources make up the remainder. The latter include film fees, wildlife utilization permits, wildlife registrations and licenses, film fees, registration of culling teams and professional hunters and sales of trophies.
- The state-owned Namibia Wildlife Resorts company (NWR), which currently owns and operates most tourist facilities inside parks, does not pay rentals to the parks.
- Roughly \$33 million was received from Donor funding in 2006/7.

Note that relying on costs requested as an indicator of minimum funds needed to adequately maintain parks as done in Turpie et al. (2010) is probably of limited reliability as many park managers generally will only ask for funds that they think they stand a good chance of getting. This generally means that significant increases in budget requests from year to year are probably seldom submitted even when they may be needed.

In the international literature and practice with regard to park financing there is broad consensus that individual parks and park systems tend to function better when some minimum level of autonomy is given to individual parks with regard to revenue raising and revenue retention. Indeed a key recommendation in the Sustainable Financing Plan for Namibia's Protected Area System is "convincing the Ministry of Finance to allow the MET to retain a greater proportion (or all) of revenue to be reinvested in park management, a similar motivation for the retention of the tourism concession fees." (Turpie et al., 2010). The IUCN Global Review of Challenges and Options for Sustainable Financing of Protected Areas also provides guidance and advocates not only securing adequate funds but also considering the quality, form, timing, targeting, uses and sources of funding entailing (Emerton et al. 2006):

- Building a diverse funding portfolio, going beyond conventional mechanisms and including multiple funding sources.

- Managing and administering funds in a way that is efficient and effective, allowing for long-term planning and security, and that provides incentives and opportunities for managers to generate and retain funds at the protected area (PA) level.
- Providing support to groups who incur costs as a result of the PA system, as well as securing fair contributions from PA beneficiaries.
- Identifying and overcoming the broader market, price, policy and institutional distortions that act as obstacles to PA funding and financial sustainability.
- Factoring finance into PA planning and management processes to achieve cost efficiency of the operation.
- Ensuring that there is adequate institutional set up and sufficient human capacity to use financial tools, is a key strategy for improving PA financial sustainability.

Survey evidence from within Namibia also provides insights to the views of tourists who are the main 'customers' for national parks when it comes to revenue generation. Krug et al (2002) found that tourists feel strongly about the institution that manages park revenues and the way the money is spent. The survey responses of visitors to Etosha and Sossusvlei indicated that they would prefer an independent organisation to manage park revenues and would theoretically be willing to pay higher entry fees if such an institution were to be responsible for conservation management. Krug et al (2002) also note that public distrust of government institutions is not specific to Namibia, but rather a phenomenon that occurs in many countries.

It is important to bear in mind that the debate around the need for greater revenue retention is essentially a national one. As such this sustainable financing strategy and business plan is not in a position to assume that significant changes are likely. However, where appropriate, suggestions are made with regard to management changes that are essentially governed by national policy.

3.2 Implications of changes to management structures

With regard to management structures, the Parks and Wildlife Directorate is in the process of restructuring its operations to be better aligned with the management of the conservation regions identified in the Parks Vision. The restructuring process is ongoing and is expected to be finalised shortly. At this stage, the following elements are to be implemented:

- Regional approach – regions headed by deputy directors, incorporating parks and wildlife management functions.
- Decentralisation of administrative functions
- Incorporation of financial management, administration, research and maintenance functions in the regional sub units.

This restructuring will probably introduce short term uncertainty with regard to budgeting for operations as budgets currently relate to existing management structures.

4 CURRENT MANAGEMENT COSTS AND INCOME

4.1 Management activity and costs

The DNP was declared in 2010 and is currently managed by MET Erongo Region primarily from its offices in Swakopmund and Walvis Bay. This management occurs in partnership with other branches of government such as the Ministry of Fisheries and Marine Resources (MFMR), the Erongo Regional Council and the individual municipalities or towns in the area.

The operational budget for Erongo MET was approximately N\$9.15 million in 2010 excluding head office costs incurred in Windhoek. Data is not available to allow for an accurate estimate how much of this budget was devoted to activities specifically within the boundaries of the DNP. It is, however, probably reasonable to assume that 40% to 60% of the total is devoted to activities in the DNP area.

In addition to this operational budget, capital projects are undertaken periodically some of which are funded through applications to the GPTF. Currently planned projects in the DNP area include the following:

- Building of new offices and garages, upgrading of existing Swakopmund permit office – estimated cost = N\$4 million.
- Upgrading and renovation of Walvis Bay permit office – estimated cost = N\$1.2 million.
- Upgrading and renovation of Walvis Bay flats, construction of shower/toilet – estimated cost = N\$650,000.

In addition, significant GEF donor money through the NACOMA project has been used to foster conservation in the DNP area. This includes planning exercises, information and awareness campaigns, stakeholder engagement, training as well as infrastructure such as the provision of information signs and the erection of fences. With regard to the latter, NACOMA has thus far provided 25 signs within road reserves and 15 signs outside of road reserves. In addition, the project will support additional 40 prohibitive signs (to be determined once regulations are passed) and the erection of a 12 km fence at Cape Cross and Lagunenbergs sensitive areas.

4.2 Current income streams in the park area

Current income streams from activities on DNP land consist of:

- Entry fees at Cape Cross Seal Reserve
- Accommodation charges at NWR campsites situated at Jakkalsputz, Mile 72 and Mile 108
- Filming permit charges
- Donor funding

Access permits from MET are currently required for the dune areas between Swakopmund and Walvis Bay but they are free of charge. Fishing permit and seal harvesting permit charges accrue to the MFMR. A national tourism bed levy is in

place for accommodation establishments set at 2% of accommodation charges. In addition, a 1% levy on tourism service providers such as tour companies and others that offer tourism activities is under consideration. Both these levies accrue to the NTB and are intended primarily for marketing Namibia as a tourist destination.

4.2.1 Entry fees at Cape Cross Seal Reserve

Revenue from this source is estimated at roughly N\$2 million for the latest financial year (M. Du Plessis, MET, pers com).

4.2.2 Camping sites

The NWR camping sites at Jakkalsputz, Mile 72 and Mile 108 are currently operated by Tungeni Africa in a Public Private Partnership (PPP) lasting 7 years from 2008 until 2014. When awarded the management contract, Tungeni were meant to reduce the number of campsites and invest in improving the facilities in order to improve the overall functioning of the sites and boost low occupancies. Largely these changes have not been made and are part of a dispute between NWR and Tungeni. Partially due to this dispute and the closing of some of the camps, recent data for income from these camps was not available from NWR on request. The most recent year for which data was available was 2007 at which time gross revenue from all the camps added up to roughly N\$834,500 (see Table 1). It is not clear how much of this amount translated into profit (i.e. revenue – costs), but industry averages indicate that 10% to 20% is probably reasonable translating to probable profits of between N\$80,000 and N\$160,000 at the time.

Table 1: NWR gross revenues for 2007 at fishing camps

Camp	2007		2007 - December only			
	Annual turnover	% of annual turnover generated during December	Nr of people	Nr of camp sites sold	Occupancy rate for sites	Average length of stay in days
Jakkalsputz	\$331 029	84%	4 934	1 095	15.40%	7.8
Mile 72	\$277 970	80%	4 130	877	11.80%	9.3
Mile 108	\$225 554	78%	3 089	692	13.10%	8.6
Total	\$834 553	81%	12 153	2 664		

NWR campsites at Mile 72 and Jakkalsputz are currently charged at N\$100 per person. At Mile 108 each site is charged at N\$100 with an additional N\$30 per person.

At this point it would appear that the relationship between NWR and Tungeni is strained and that NWR is unlikely to renew their contract in 2014. This means that the option of a new start exists for the camps in the near future. In addition, NWR is currently negotiating taking back control of the Mile 14 camp and considering significant upgrading and investment in it.

4.2.3 Filming permits

Data on income from this source was requested from MET but was not available.

4.2.4 Donor funding

Significant donor funding has been directed at the Namibian coastal zone by the Global Environmental Facility (GEF) through the NACOMA project. A sizable share of this funding has flowed to activities in the DNP given its position along the coast.

The Strengthening Protected Areas in Namibia (SPAN) project also provides donor funding for protected areas in Namibia. However, as the Dorob area was not a SPAN project demonstration site, minimal funding (roughly N\$23,000) was allocated to it.

5 IMPLICATIONS OF THE PARK MANAGEMENT AND DEVELOPMENT PLAN (MDP)

Any business plan for a protected area needs to take into account and be informed by the management plan for that area. In 2009 a Management & Development Plan for the Central Coast Park of the Namib-Skeleton Coast National Park was completed for the period 2010 to 2015. This plan covers the area of the Dorob National Park and is taken to be the document that sets out how the park area is to be managed. As such, this plan serves as a key departure point for the formulation of a financing strategy and business plan. It sets the following overall goal for the DNP:

“To wisely manage, rehabilitate and sustainably develop the land and natural resources of the park within an integrated “park and people” landscape matrix of highly protected globally significant biodiversity and multiple use areas appropriate to achieving a balance between protection, recreation and sustainable business development around the main coastal urban and tourism areas of Namibia, and to pass these on to future generations in productive, diverse, aesthetically attractive and healthy condition, on an economically sound footing and as part of a larger co-managed landscape that is contributing significantly to the sustainable development of the region and nation.”

The MDP provides details regarding zonation plans making the distinction between areas of varying environmental sensitivity, recreation areas, business areas and areas for infrastructure, residential and commercial/industrial development. It also outlines management targets with regard to the following aspects:

- Landscape approach
- Co-management
- Biodiversity conservation
- Coastal management
- Recreational aspects
- Tourism management and development
- Prospecting and mining
- Aquaculture
- Other industries

- Law enforcement
- Water management
- Fencing
- Roads
- Monitoring and Information Management
- Research
- Education and Awareness
- Development Guidelines
- Rehabilitation
- Financing

Recreational aspects, tourism management and development, law enforcement and financing are of particular relevance and the section of the MDP dealing with these aspects are summarised below.

5.1 Recreational aspects

Principle: The park is the recreational heart of the Central Namib, and represents “the countryside” for the residents and visitors of the towns of Swakopmund, Walvis Bay, Wlotskasbaken and Henties Bay. As such the park is zoned to provide access to a wide range of recreational areas and activities while at the same time protecting sensitive and important habitats and species as an integral part of a “people and park” landscape.

Vision: To provide ready access for residents and visitors to different zones within the park for different recreational activities with an emphasis on “responsible recreation in a fragile environment”.

Specifically, the MDP recognises the following recreational areas for the northern section of the Park:

- Beaches and the area between the beach to the north/south coastal road, from Mile 6 to Hentiesbay: 4x4s and bikes allowed, but other than the beach area, they must stay on tracks. 4x4s and bikes not permitted on the beaches adjacent to the NWR camps (these areas zoned only for non-motorised access).
- Lower Omaruru and Swakop sacrifice areas set aside for ORV and bike riding.
- Beaches north of Omaruru River until the Ugab River accessible to 4x4s but NO motorized bikes allowed, except for registered operators driving along approved bike safari routes.
- No off-road driving allowed anywhere east of the N/S coastal road – vehicles allowed on existing tracks only, and no quad bikes/bikes allowed at all, except for registered operators driving along approved quad bike safari routes.
- Fishing areas (rock and surf, and ski-boat only) – permits required from MFMR.

The recreational areas for the southern section are as follows:

- Beaches: between Walvis Bay and Swakopmund, and from Pelican Point south on the seaward side to the markers just before Sandwich Harbour, are accessible by foot, horse and 4x4 vehicles via approved access points. The only exception is access by vehicles immediately in front of development areas, e.g. Dolphin Beach, Long Beach/Langstrand and Aphrodite Beach. Angling is permitted from all these beaches under permit provided by MFMR. No motor bikes and quad bikes are allowed on any beaches between Swakopmund and Sandwich Harbour.
- Walvis Bay lagoon: accessible by foot and pedal bicycle along the walkway / promenade, and by vehicle on public roads to and through the Salt Works. No access (including dogs) is permitted on the lagoon side of the promenade and road to the Salt Works. Canoes and wind surfers are permitted in the lower (northern) part of the lagoon, but no motorized boats and no kite surfers. No fishing in the lagoon.
- Kuiseb River: access by foot, horse and 4x4 vehicle, on existing tracks. Picnics and camping at designated sites. No recreational motorized bikes and quad bikes.
- Sandwich Harbour: vehicles left at designated point and visitors proceed on foot. No fishing in Sandwich Harbour.
- Swakop River: access on designated tracks by vehicle and foot to the Swakop River mouth. Access by foot, horse, camel and 4x4 vehicles up the Swakop River. No motorized bikes and quad bikes in Swakop River, other than at designated crossing points.
- West and east faces of Dune Belt: open for walking, sand-boarding, paragliding, picnicking. The east face is also designated a “filming area”, with specific sites and conditions applied per filming event and under permit. No motorized recreational vehicles.
- Northern extreme of Dune Belt opposite the Kramersdorf suburb of Swakopmund: reserved for walking and picnicking (Figure 4). No motorized recreational vehicles.
- Dune 7 and immediate surrounds: reserved for walking and sand boarding. No motorized vehicles. A quad bike tour operator will be authorized to maintain the Dune 7 public parking area and to take tours into the dunes through a bike access corridor.
- Dune Belt interior: Apart from those areas fenced off as Damara Tern breeding sites, all responsible forms of use are permitted, including walking, 4x4 vehicles, motorized bikes and quad bikes. Specific access routes to the central part of the Dune Belt have been established, from Swakopmund, Dune 7, Long Beach / Langstrand, Dolphin Beach and Aphrodite Beach. All off-road vehicles going into the Dune Belt must obtain a permit from MET (or an organization designated by MET).
- Areas fenced off for Damara Terns: No vehicles, no people, no dogs.
- Coastal gravel plains between Swakopmund – Walvis Bay and base of dunes: access by foot, horse only. A number of designated tracks will provide access for vehicle and bikes to and over the western dune face into the Dune Belt interior.

- Gravel Plains east of Dune Belt: access by foot, horse, and camel. Motorised vehicles may access the Gravel Plains on approved roads and tracks. No off-road driving by any motorized vehicle is permitted.
- Designated Gravel Plains area north of Swakop River: this already disturbed area is allocated as a free-driving area for 4x4 vehicles, motor bikes and quad bikes (no permit required).

5.2 Tourism management and development

Principle: Use of the park is planned and implemented to promote appropriate tourism development and growth, but this is done within a zonation and management framework that ensures that the character, beauty, diversity and integrity of the fragile park is maintained, that visitors have a high quality experience that includes a sense of place, peace and tranquillity, and that contributes effectively to socioeconomic development, employment creation and empowerment as envisaged in the Tourism Transformation Charter.

Vision: To provide for present and expanding high quality eco-friendly tourism opportunities through good planning, zonation, management and collaboration between the conservation and tourism sectors, to help raise awareness and educate visitors about the Dorob and the Namib-Skeleton Coast National Park, desert and coastal environments, and to promote investment opportunities for all Namibians, particularly those previously excluded from the tourism sector as envisaged in the MET's Concessions policy and the Tourism Transformation Charter.

5.3 Law enforcement

Principle: Permits will only be required for access to restricted or concession areas (designated camp-sites, special events sites, tourism concession areas and sections of the park which are closed to general public access.) Illegal entry, activities and use of wildlife, plants and other natural resources within and adjacent to the park is controlled and kept to a minimum.

Vision: A zero tolerance approach will be followed against all illegal activities within and adjacent to the park. A partnership of collaboration will be established with all relevant stakeholders, under MET/MFMR leadership, to secure adherence to law and order in and around the park.

5.4 Financing

Principle: A significant component of the financial resources required to effectively implement this MDP are raised from within the park through levies, concession fees, fines, donations and other sources. These funds are held, administered and deployed under the local control of the Consultative Forum, using transparent and accepted accounting practices.

Vision: To raise, administer and apply funds for the implementation of the MDP. This would include:

- exploring and implementing appropriate mechanisms for resource collection and mobilization,
- establishing and implementing financial administration and management systems under the jurisdiction of the Consultative Forum and applying transparent and accepted accounting practices,
- establishing procedures for the Consultative Forum to review, discuss and approve fund deployment for legitimate activities towards the implementation of the MDP,
- reporting on funds received and expended, and on the outputs, outcomes and impacts of the actions funded.

Strategies:

a) Initiate a discussion between MET, MFMR, Ministry of Finance and representatives of the Consultative Forum on mechanisms to raise, hold, administer, manage and apply funds, within the control of the Consultative Forum, for the implementation of the MDP.

b) Based on the outcome of the above, establish the necessary financial management procedures, accounts and processes required to ensure good transparent financial accounting and reporting.

5.5 Draft park regulations

In addition to the MDP, and flowing from it, the Draft Regulations for the Dorob National Park provide clarity as to what is envisaged within the DNP with implications for the business plan. The regulations deal with issues related to:

- Public Access
- Signage, advertising and structures
- Tourism and Concessions
- Plant and animal harvesting
- Prospecting and mining
- Industries
- Waste, pollution and litter
- Honorary Wardens
- Powers of an Officer

With regard to public access, the draft regulations echo the stipulations of the MDP and make specific reference to vehicles (4x4s, motorbikes, quad bikes and buggies). One of the key issues in this regard is the intention of the draft regulations to focus on issuing permits for vehicular access to the park but not for other forms of access such as access on foot or on horseback. This has implications for options regarding charges for access which are outlined in section 7.2.

With regard to tourism and concessions, the regulations are clear that:

“1. No one may offer accommodation, tours or special events in the park unless they have a valid concession or permit authorized by the respective Ministers and issued by the Permanent Secretaries of MET and MFMR

2. *No lodge or campsite may be established in the park unless its establishment has been guided by either an Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP), or a fast-track EMP should MET decide that an EIA is not necessary. In any event, there must be an Environmental Contract that stipulates the environmental safeguards that must be complied with.*
3. *The GRN may issue concessions in the park in accordance with the MET's tourism and concession policies.*
4. *No person may make any film or photo for commercial purposes without the written permission of the Park Authorities.*
5. *Without the written permission of the Park Authority, no person, except an officer acting in an official capacity, may*
 - a. *present public entertainment,*
 - b. *collect money from the public,*
 - c. *carry out any trade or business,*
 - d. *distribute any pamphlet, book, handbill or any other printed or written document,*
 - e. *organize, hold or address any meeting or assembly, or*
 - f. *hold an organized angling competition*
6. *In all cases, conditions will be stipulated for the concession and these must be adhered to."*

5.6 Discussion

The MDP and draft regulations provide relatively clear guidance on how the park is to be managed. They both recognise the unique character of the park area, its relative openness with regard to entry and the multitude of uses both commercial and non-commercial on park land. On the whole they are relatively pragmatic as to what this implies for management. However, currently low levels of enforcement within the park are recognised as a serious constraint to progress and in need of significant improvement.

The nature of the park area dictates that the focus with regard to physical barriers such as fences will have to be the fencing in of particularly important conservation areas leaving large areas of the park area without physically restricted access. This relatively open access situation in large parts of the park will require significant investment in communications and moral suasion in order to achieve desirable usage patterns. Largely, people will need to be convinced that driving in certain areas and behaving in certain ways is unacceptable as opposed to making it physically impossible for them to do so. Note that the general lack of clear entry control barring a few areas such as Cape Cross Seal Reserve, has significant implications for workable income generation options as assessed in this report.

In keeping with the policy directions outlined in the 2010 Sustainable Financing Plan for Namibia's Protected Area System (Turpie et al., 2010), the MDP argues for income generated to be kept in the local area for use under the local control of the park Consultative Forum. Some level of income retention at a local level should be supported potentially not with the Consultative Forum as the ultimate decision making authority, but rather in a strong advisory role. National MET should seriously

consider using the DNP as a pilot project in which revenue retention and greater local autonomy in park management are tested for potential wider application in the rest of Namibia. It represents an ideal situation for the testing of these ideas in order to assist national policy development.

6 MANAGEMENT COST COMPONENTS AND PROJECTIONS

The MDP does not make the distinction between minimal and optimal actions required making it unwise to attempt to do so in the business plan. All costs are thus based on what can be best described as a middle road scenario as outlined in the MDP. Essentially they represent the kinds of resources that would be needed to allow the park to make a good start post declaration. Costs were estimated based on additional needs as identified in the MDP and in consultation with MET Erongo (who are currently managing the park area) and NACOMA taking into account relevant comments and input from key stakeholders such as tourism operators. Costs are not necessarily allocated to different programs and activity groupings within the park as these have not been identified as part of park planning. All costs assume that MET Erongo budgets will stay at least at current levels – i.e. costs are additional to current MET actions and expenditure in the area.

In order to execute the management plan and realize income generation prospects, the following key cost drivers would arise:

- Capital investments in infrastructure
- Significantly increased enforcement actions
- Administration of permits and other income sources
- Public awareness and information
- Monitoring and evaluation

The costs associated with these drivers were estimated in detail in the spreadsheet model with likely inflation factored in. Key elements are summarized in the sections that follow making the distinction between initial establishment and capital costs and ongoing operational management costs.

6.1 Establishment requirements and costs

Establishment requirements costs were divided into those associated with:

- Staffing requirements
- Capital projects
- Other projects and costs

Each of these are discussed below followed by a consolidated cost summary.

6.1.1 Staffing requirements

With regard to staffing, the following additional staff needs were identified at a minimum:

- 1 park warden based in Swakopmund
- 1 commercial manager / assistant accountant based in Swakopmund
- 4 park rangers (1 in Swakopmund, 1 in Walvis and 2 in Henties Bay)
- 1 maintenance manager based in Swakopmund
- 3 administrative staff / clerical assistants (2 in the new Henties Bay office, 1 in Swakopmund)
- 5 labourers / work hands (2 in Henties Bay, 1 in Swakopmund and 1 in Walvis Bay)

Initially no need for additional administrative staff in Swakopmund and Walvis Bay was identified by MET Erongo with current staff already involved in permitting tasks. However, significant increases in administration of permits and concessions should necessitate an additional administrator in Swakopmund where the majority of these tasks will be undertaken. Tasks such as book keeping will be added to administrative tasks. With time, and depending on the administrative burden, additional administrative staff may also be needed in Walvis Bay.

If the execution of the income generation strategies is to succeed it will be necessary to appointment a relatively senior person to focus on income generation and commercial aspects of park management. Such a person should be at the chief clerk level at a minimum and will need a commercial training and background (i.e. commerce degree at a minimum).

All salary package costs in the business plan model have been based on MET averages currently in use.

6.1.2 Capital and infrastructure projects

With regard to potential capital projects and other establishment costs, the following key projects were identified:

- Fencing off of sensitive areas where restricted access is imperative and clear demarcation of usage zones particularly in the dune belt between Swakopmund and Walvis Bay.
- Establishment and upgrading of clearly demarcated 4X4 trails and tracks. This should include trails in the Messum area, wider Swakop River, Khan River and Moon Landscape area as well as designated tracks at acceptable access points to fishing spots.
- Information signs and boards at various points in the park.
- Expansion of the Cape Cross permit office to include a souvenir shop and kiosk also offering more visitor information for the wider area.

The park will need to have an information centre and head office in Swakopmund. It is assumed that this can be housed in the soon to be upgraded MET offices in Swakopmund. In addition, it would be desirable to have a dedicated stand for the park containing key information at the main tourism information bureaus in Swakopmund, Walvis Bay and Henties Bay.

The MET office in Walvis Bay cannot be considered visitor friendly at present. Funds have, however, been allocated for a significant upgrade. Given the office's location in a mostly industrial area which is unusual from a tourist perspective, it would be worth considering better and clearer signage to guide visitors to it.

6.1.3 Other projects and costs

With regard to other potential projects and costs that will be needed initially, the following were identified

- Establishment of a small office in Henties Bay preferably renting space (for e.g., space should be available in the tourism information centre building).
- Stocking of three offices and additional staff with the necessary equipment and supplies.
- Vehicles for additional staff particularly to enhance enforcement.
- Formulation of a park communications strategy, production of park information material (pamphlets, etc.) and implementation of the communications strategy. Setting up of park website with basic information on activities allowed, rules, permits forms, contact details, etc.
- Staff and Honorary Wardens training.
- Commissioning of a rehabilitation plan and initial rehabilitation actions.

Initially it will also be necessary to set up a research programme for the park centred around the Gobabeb Training and Research Centre and the Fisheries Research and Information Centre (FRIC) as outlined in the MDP. Key actions essentially revolve around the use of staff time for things like identifying appropriate research topics and have therefore not been costed separately.

Rehabilitation costs estimates are tentative and rehabilitation needs will need to be determined by a rehabilitation plan. Note that one tourism operators is currently involved in repairing 4x4 tracks in the Moon Landscape area with support from Bannerman mine. Partnerships and potential co-funding of these kinds of initiatives should be explored in order to minimize costs and foster good relations with users and neighbours. This need not only apply to track rehabilitation, but also other initiatives where members of the public and business have an interest in collaboration particularly with an view to limiting costs.

6.1.4 Costs associated with revenue collection

The charges and fees required to generate income for the park will introduce increased costs associated with their collection and administration aside from staff time. It is expected these would take the form of:

- Establishment of payment channels with banks including the option of regular cash deposits and processing.
- Increased need for basic book keeping and accounting.
- Registration and establishment of a trust fund

6.1.5 Establishment and capital cost summary

Table 2 below presents the estimate for the necessary establishment and capital expenditure for the park. In summary these costs are expected to start at N\$5 million in the first year, N\$1.8 million in the second, N\$1.2 million in the third and reducing to roughly N\$800,000 in the fifth years of the business plan period.

Table 2: Establishment and capital cost for the DNP

Estab & capital expend Item/Activity	2012			2013			2014			2015			2016		
	Cost/Unit	# of Units	Total	Cost/Unit	# of Units	Total	Cost/Unit	# of Units	Total	Cost/Unit	# of Units	Total	Cost/Unit	# of Units	Total
Facilities & buildings															
Cape Cross permit office extension	\$650 000	1	\$650 000			\$0			\$0			\$0			\$0
<i>Sub-total</i>			\$650 000			\$0			\$0			\$0			\$0
Fencing & signage															
Fencing	\$13 000	50	\$650 000	\$13 650	50	\$682 500	\$14 469	40	\$578 760	\$15 482	30	\$464 455	\$16 566	20	\$331 311
Signs outside road reserve	\$4 400	15	\$66 000	\$4 620	15	\$69 300	\$4 897	10	\$48 972	\$5 240	10	\$52 400	\$5 607	10	\$56 068
Signs inside road reserve	\$1 700	30	\$51 000	\$1 785	30	\$53 550	\$1 892	20	\$37 842	\$2 025	10	\$20 245	\$2 166	10	\$21 663
<i>Sub-total</i>			\$767 000			\$805 350			\$665 574			\$537 100			\$409 042
Roads, trails & rehabilitation															
Rehabilitation plan and actions	\$100 000	1	\$100 000	\$200 000	1	\$200 000	\$212 000	1	\$212 000	\$226 840	1	\$226 840	\$242 719	1	\$242 719
Messum area 4x4 trail	\$110 000	1	\$110 000			\$0			\$0			\$0			\$0
Moon Landscape area 4x4 trails			\$0	\$80 000	1	\$80 000			\$0			\$0			\$0
West Coast fishing access trails	\$75 000	1	\$75 000			\$0			\$0			\$0			\$0
Other areas trails			\$0			\$0	\$50 000	1	\$50 000			\$0			\$0
<i>Sub-total</i>			\$285 000			\$280 000			\$262 000			\$226 840			\$242 719
Vehicles															
4X4s	\$345 000	5	\$1 725 000	\$362 250	0	\$0	\$383 985	0	\$0	\$410 864	0	\$0	\$439 624	0	\$0
Quad bikes	\$55 000	2	\$110 000	\$57 750	0	\$0	\$61 215	0	\$0	\$65 500	0	\$0	\$70 085	0	\$0
Sedan (share of costs)	\$56 000	1	\$56 000	\$58 800	0	\$0	\$62 328	0	\$0	\$66 691	0	\$0	\$71 359	0	\$0
<i>Sub-total</i>			\$1 891 000			\$0			\$0			\$0			\$0
Office set up															
Telephones	\$500	10	\$5 000	\$525	0	\$0	\$557	0	\$0	\$595	0	\$0	\$637	0	\$0
Radios	\$2 000	7	\$14 000	\$2 100	0	\$0	\$2 226	0	\$0	\$2 382	0	\$0	\$2 549	0	\$0
PCs	\$9 000	6	\$54 000	\$9 450	0	\$0	\$10 017	0	\$0	\$10 718	0	\$0	\$11 468	3	\$34 405
Software	\$3 000	6	\$18 000	\$3 150	0	\$0	\$3 339	0	\$0	\$3 573	0	\$0	\$3 823	6	\$22 937
Printer/copier	\$10 000	3	\$30 000	\$10 500	0	\$0	\$11 130	0	\$0	\$11 909	0	\$0	\$12 743	1	\$12 743
Office furniture	\$4 000	10	\$40 000	\$4 200	0	\$0	\$4 452	0	\$0	\$4 764	0	\$0	\$5 097	0	\$0
Safes	\$5 000	3	\$15 000	\$5 250	0	\$0	\$5 565	0	\$0	\$5 955	0	\$0	\$6 371	0	\$0
Cleaning equipment	\$750	3	\$2 250	\$788	0	\$0	\$835	0	\$0	\$893	0	\$0	\$956	0	\$0
Basic kitchen equipment	\$1 500	3	\$4 500	\$1 575	0	\$0	\$1 670	0	\$0	\$1 786	0	\$0	\$1 911	0	\$0
Books and Manuals	\$5 000	3	\$15 000	\$5 250	0	\$0	\$5 565	0	\$0	\$5 955	0	\$0	\$6 371	0	\$0
Uniforms	\$1 650	45	\$74 250	\$1 733	0	\$0	\$1 836	0	\$0	\$1 965	45	\$88 425	\$2 103	0	\$0
Cameras	\$2 500	5	\$12 500	\$2 625	0	\$0	\$2 783	0	\$0	\$2 977	1	\$2 977	\$3 186	2	\$6 371
GPSs	\$1 500	5	\$7 500	\$1 575	0	\$0	\$1 670	0	\$0	\$1 786	0	\$0	\$1 911	1	\$1 911
Binoculars	\$800	5	\$4 000	\$840	0	\$0	\$890	0	\$0	\$953	0	\$0	\$1 019	1	\$1 019
Camping equipment	\$3 000	5	\$15 000	\$3 150	0	\$0	\$3 339	0	\$0	\$3 573	0	\$0	\$3 823	1	\$3 823
Tools	\$10 000	3	\$30 000	\$10 500	0	\$0	\$11 130	0	\$0	\$11 909	1	\$11 909	\$12 743	1	\$12 743
Spare parts stock	\$2 500	3	\$7 500	\$2 625	0	\$0	\$2 783	0	\$0	\$2 977	0	\$0	\$3 186	0	\$0
Firearms	\$1 500	5	\$7 500	\$1 575	0	\$0	\$1 670	0	\$0	\$1 786	0	\$0	\$1 911	0	\$0
Sundry items	\$5 000	3	\$15 000	\$5 250	0	\$0	\$5 565	0	\$0	\$5 955	0	\$0	\$6 371	0	\$0
<i>Sub-total</i>			\$371 000			\$0			\$0			\$103 311			\$95 953
Communications programme															
Strategy formulation	\$100 000	1	\$100 000			\$0	\$25 000	1	\$25 000			\$0			\$0
Production of materials	\$150 000	1	\$150 000	\$100 000	1	\$100 000	\$75 000	1	\$75 000	\$50 000	1	\$50 000	\$50 000	1	\$50 000
Media space costs	\$100 000	1	\$100 000	\$50 000	1	\$50 000	\$50 000	1	\$50 000			\$0			\$0
Website set up	\$75 000	1	\$75 000	\$0		\$0	\$0		\$0			\$0			\$0
Programme implementation	\$250 000	1	\$250 000	\$250 000	1	\$250 000	\$150 000	1	\$150 000			\$0			\$0
<i>Sub-total</i>			\$675 000			\$400 000			\$300 000			\$50 000			\$50 000
Other set up costs															
Revenue collection systems set-up	\$50 000	1	\$50 000			\$0			\$0			\$0			\$0
General operational support	\$75 000	1	\$75 000	\$80 000	1	\$80 000	\$85 000	1	\$85 000			\$0			\$0
Establishment of trust	\$50 000	1	\$50 000			\$0			\$0			\$0			\$0
Training (incl. honorary rangers)	\$100 000	1	\$100 000	\$105 000	1	\$105 000			\$0			\$0			\$0
Investor conference			\$0	\$100 000	1	\$100 000			\$0			\$0			\$0
Ad-hoc professional services	\$50 000	1	\$50 000	\$50 000	1	\$50 000			\$0			\$0			\$0
<i>Sub-total</i>			\$325 000			\$335 000			\$85 000			\$0			\$0
TOTAL			\$4 964 000			\$1 820 350			\$1 312 574			\$917 252			\$797 713

6.2 Operational requirements and costs

Ongoing operational expenditures would be of a similar nature to those currently incurred by the MET offices in Swakopmund and Walvis Bay. Additional costs have, however, been include for:

- Increased monitoring and enforcement
- Collection of fees and other sources of income
- Continued public awareness creation and education
- Ongoing maintenance of infrastructure and equipment

6.2.1 Staff costs

Salaries and associated costs (e.g. pension and medical aid contributions) have been calculated based on the staffing requirements discussed above. In addition, allowance have been made for travel, training and the like using the current MET Erongo costs as a guideline.

6.2.2 General operating costs

General operating costs have been estimated using the current MET Erongo costs as a guideline and include items such as telecommunications, office supplies, insurance, municipal services, etc. Some of these costs are estimated as lump sums, others are linked to staff numbers and others are linked to the number of park offices (i.e. Swakopmund, Walvis Bay and Henties Bay). Note that vehicle operating and maintenance costs are also estimated and linked to vehicle types, numbers of vehicles, intended uses and likely mileages.

6.2.3 Maintenance

All park infrastructure and assets will require maintenance in order to ensure proper functioning and avoid cost build-up (i.e. assets are neglected to save money only to be forced to spend more eventually when assets need urgent replacing).

The hiring of a maintenance manager and team of workers should ensure that aside from their salaries, additional maintenance costs for park infrastructure and buildings will remain relatively low and consist primarily of materials purchases. Outsourcing of some task will, however, be unavoidable and this has been provided for under the 'General maintenance' budget item.

Note that the replacement of equipment, tools, uniforms etc are provided for in the 'Establishment and capital expenditure' budget sheet.

6.2.4 Operational cost summary

Table 3 below presents the estimate for the necessary ongoing operational budget for the park. In summary these costs are expected to start at approximately N\$2.9 million in the first year rising in line with inflation thereafter.

Table 3: Ongoing operational costs for the DNP

Ongoing costs Item/Activity	2012			2013			2014			2015			2016		
	Cost/Unit	# of Units	Total	Cost/Unit	# of Units	Total	Cost/Unit	# of Units	Total	Cost/Unit	# of Units	Total	Cost/Unit	# of Units	Total
Staff Costs - Salaries															
Salaries			\$1 013 670			\$1 064 353			\$1 128 214			\$1 207 189			\$1 291 693
<i>Sub-total</i>			\$1 013 670			\$1 064 353			\$1 128 214			\$1 207 189			\$1 291 693
Other staff costs															
Travel expenses - local transport			\$142 500			\$149 625			\$157 106			\$164 962			\$173 210
Travel expenses - foreign transport			\$67 200			\$70 560			\$74 088			\$77 792			\$81 682
Travel allow ances - local			\$199 800			\$209 790			\$222 377			\$237 944			\$254 600
Travel allow ances - foreign			\$87 000			\$91 350			\$96 831			\$103 609			\$110 862
Training, conferences, symposiums	\$50 000	1	\$50 000	\$52 500	1	\$52 500	\$55 650	1	\$55 650	\$59 546	1	\$59 546	\$63 714	1	\$63 714
<i>Sub-total</i>			\$546 500			\$573 825			\$606 053			\$643 852			\$684 067
General operating costs															
Municipal services - Swakopmund	\$24 000	1	\$24 000	\$25 200	1	\$25 200	\$26 712	1	\$26 712	\$28 582	1	\$28 582	\$30 583	1	\$30 583
Municipal services - Walvis Bay	\$18 000	1	\$18 000	\$18 900	1	\$18 900	\$20 034	1	\$20 034	\$21 436	1	\$21 436	\$22 937	1	\$22 937
Municipal services - Henties Bay	\$9 000	1	\$9 000	\$9 450	1	\$9 450	\$10 017	1	\$10 017	\$10 718	1	\$10 718	\$11 468	1	\$11 468
Office rental - Henties Bay	\$40 000	1	\$40 000	\$42 000	1	\$42 000	\$44 520	1	\$44 520	\$47 636	1	\$47 636	\$50 971	1	\$50 971
Telephone charges - Swakopmund	\$36 000	1	\$36 000	\$37 800	1	\$37 800	\$40 068	1	\$40 068	\$42 873	1	\$42 873	\$45 874	1	\$45 874
Telephone charges - Walvis Bay	\$24 000	1	\$24 000	\$25 200	1	\$25 200	\$26 712	1	\$26 712	\$28 582	1	\$28 582	\$30 583	1	\$30 583
Telephone charges - Henties Bay	\$12 000	1	\$12 000	\$12 600	1	\$12 600	\$13 356	1	\$13 356	\$14 291	1	\$14 291	\$15 291	1	\$15 291
Cellphone charges	\$3 000	10	\$30 000	\$3 150	10	\$31 500	\$3 339	10	\$33 390	\$3 573	10	\$35 727	\$3 823	10	\$38 228
Insurance (excl vehicles)	\$70 000	1	\$70 000	\$73 500	1	\$73 500	\$77 910	1	\$77 910	\$83 364	1	\$83 364	\$89 199	1	\$89 199
Banking charges	\$48 000	1	\$48 000	\$50 400	1	\$50 400	\$53 424	1	\$53 424	\$57 164	1	\$57 164	\$61 165	1	\$61 165
Office supplies	\$48 000	1	\$48 000	\$50 400	1	\$50 400	\$53 424	1	\$53 424	\$57 164	1	\$57 164	\$61 165	1	\$61 165
Internet access and website maintenance	\$30 000	1	\$30 000	\$31 500	1	\$31 500	\$33 390	1	\$33 390	\$35 727	1	\$35 727	\$38 228	1	\$38 228
Cleaning supplies & toiletries	\$15 000	1	\$15 000	\$15 750	1	\$15 750	\$16 695	1	\$16 695	\$17 864	1	\$17 864	\$19 114	1	\$19 114
Kitchen supplies	\$10 000	1	\$10 000	\$10 500	1	\$10 500	\$11 130	1	\$11 130	\$11 909	1	\$11 909	\$12 743	1	\$12 743
Veterinary and medical supplies	\$5 000	1	\$5 000	\$5 250	1	\$5 250	\$5 565	1	\$5 565	\$5 955	1	\$5 955	\$6 371	1	\$6 371
Ammunition	\$2 000	1	\$2 000	\$2 100	1	\$2 100	\$2 226	1	\$2 226	\$2 382	1	\$2 382	\$2 549	1	\$2 549
Radio licences and charges	\$15 000	1	\$15 000	\$15 750	1	\$15 750	\$16 695	1	\$16 695	\$17 864	1	\$17 864	\$19 114	1	\$19 114
Courier Charges	\$5 000	1	\$5 000	\$5 250	1	\$5 250	\$5 565	1	\$5 565	\$5 955	1	\$5 955	\$6 371	1	\$6 371
Research programme costs	\$70 000	1	\$70 000	\$73 500	1	\$73 500	\$77 910	1	\$77 910	\$83 364	1	\$83 364	\$89 199	1	\$89 199
Professional services (e.g. Legal, etc)	\$50 000	1	\$50 000	\$52 500	1	\$52 500	\$55 650	1	\$55 650	\$59 546	1	\$59 546	\$63 714	1	\$63 714
<i>Sub-total</i>			\$561 000			\$589 050			\$624 393			\$668 101			\$714 868
Maintenance															
Spare parts	\$3 000	1	\$3 000	\$3 150	1	\$3 150	\$3 339	1	\$3 339	\$3 573	1	\$3 573	\$3 823	1	\$3 823
Maintenance supplies and materials	\$100 000	1	\$100 000	\$105 000	1	\$105 000	\$111 300	1	\$111 300	\$119 091	1	\$119 091	\$127 427	1	\$127 427
Maintenance - outsourced	\$40 000	1	\$40 000	\$42 000	1	\$42 000	\$44 520	1	\$44 520	\$47 636	1	\$47 636	\$50 971	1	\$50 971
<i>Sub-total</i>			\$143 000			\$150 150			\$159 159			\$170 300			\$182 221
Vehicle, aircraft costs															
Vehicles operation and maintenance			\$447 780			\$470 169			\$498 379			\$533 266			\$570 594
Aircraft hire (for enforcement)	\$192 000	1	\$192 000	\$201 600	1	\$201 600	\$213 696	1	\$213 696	\$228 655	1	\$228 655	\$244 661	1	\$244 661
<i>Sub-total</i>			\$639 780			\$470 169			\$498 379			\$533 266			\$570 594
TOTAL			\$2 903 950			\$2 847 547			\$3 016 198			\$3 222 708			\$3 443 443

7 INCOME GENERATION OPTIONS AND PROJECTIONS

During the initial stages of business plan formulation, a desktop survey and diagnostic analysis was carried out of sustainable tourism for the protected area and financial sources and opportunities. The key need was to gain a broad understanding of tourism uses and flows in the DNP area with a view to making a preliminary identification of potential financial sources and revenue raising opportunities. This relatively broad and course list could then guide further investigation and refinement. The following reviewed documentation was particularly useful in this regard:

- Barnes, J. and Alberts, M. 2007. Sustainable tourism options for the coastal zone of Namibia and refinement of available data on coastal natural resource use practices. Report commissioned by NACOMA with funding from the GEF. NACOMA, Swakopmund.

- Turpie, J.K., Barnes, J., Lange, G.M. and Martin, R. 2010. The Economic Value of Namibia's Protected Area System: A Case for Increased Investment. Report commissioned by the MET with funding from the UNDP/GEF supported Strengthening the Protected Area Network (SPAN) Project. MET, Windhoek.
- Baker, A.C., Muteyauli, P.I., Shigwedha, V., Swiegers, S. and Sweeney, L.F. 2009. Domestic tourism in Namibia: Results of a 2006/7 Survey. DEA research discussion paper nr 80. MET, Windhoek.
- Turpie, J.K., Barnes, J., de Longcamp, M and Paxton, M. 2010. Sustainable Financing Plan for Namibia's Protected Area System. Report commissioned by the MET with funding from the UNDP/GEF supported Strengthening the Protected Area Network (SPAN) Project. MET, Windhoek.

Barnes & Alberts (2007) provided a particularly comprehensive overview of current tourism uses and sustainable options for the future. Previous work done by van Zyl on the value of coastal resources in Namibia including their tourism value was also drawn on along with preliminary discussions with MET and the Swakopmund tourism bureau. Turpie et al. (2010) produced the table in Appendix 1 which essentially gives pointers regarding potential income sources at a national level which was also considered. In addition to gaining an understanding of coastal tourism in general, discussions were held with MET, NACOMA, NWR, Walvis Bay Municipality and the Swakopmund Tourism Bureau in order to establish current activities and usage patterns in the DNP.

In order to generate a worksheet for use in determining preliminary sustainable financing and revenue raising opportunities, a Conservation Finance Alliance template was used and adapted as necessary. The following steps were followed in keeping with best practice:

1. A list of sources of values and activities in the DNP was drawn up.
2. The key direct beneficiaries of these values and activities were identified using broad beneficiary groups.
3. A preliminary judgement was made regarding the overall income potential of each source of value based on previous research in the area and international experience.
4. Potential mechanisms for generating income were listed and matched with the value sources. These mechanism were drawn from experience, the international literature and recent work in Namibia (primarily Barnes and Alberts, 2007 and Turpie et al., 2010)

The table in

Appendix 2 Appendix 2 contains the results of steps 1 and 2 while the table in Appendix 3 contains the results of steps 3 and 4.

Having identified potential financing streams at a preliminary level, the business planning process continued with a more detailed assessment of income opportunities. First a workshop was held to discuss the adequacy of the potential income streams mentioned above. This allowed for greater focus and accuracy and assisted with the generation of ideas. This was followed up with field trip observations, further consultation with tourism stakeholders, tourism operators, MET and others in order to refine ideas. Note that innovative income/finance sources including Payments for Ecosystem Services (PES) mechanism and conservation/biodiversity offsets were considered but only offsets showed real promise. PES mechanisms were found to lack the conditions where this avenue would be worth devoting resources to. Current PES markets focus on carbon sequestration and watershed services neither of which have enough potential in the DNP context to make them worth pursuing. Markets for biodiversity also seem to be emerging slowly but are at an embryonic stage, focus on highly biodiverse areas and are often combined with payments for carbon sequestration and/or watershed services. The following sources of income were therefore thought to be worth pursuing and are assessed in greater detail in the remainder of this report:

- Entry permit fees
- Tourism operator usage charges
- Event venue hire fees
- Filming and photography fees
- Accommodation concessions
- Rentals for commercial sites
- Donor funding, grants and donations
- Biodiversity/conservation offsets
- Prospecting and mining fees
- Fines

Note that filming and photography fee income as well as income from the NWR fishing camps along the coast are not new income sources. They are thus treated separately in the analysis of cash flows at the end of the business plan which focuses primarily on the consideration of new income source versus additional/new expenditures.

For each of these potential income sources, revenue raising mechanisms and levels are recommended allowing for the projection of likely income/revenue. Recommendations are also made with regard to key management measures required for success. This is preceded by a discussion of the key principles that should be borne in mind when considering the introduction of income generation mechanisms.

7.1 Key principles applicable to charges and fees

Before getting into details regarding revenue raising options for particular direct uses or activities, one needs to ask, what kinds of charges and fees are broadly justifiable,

likely to be viable (i.e. revenues are likely to outweigh costs) and therefore worth pursuing?

In keeping with the MET concessions policy and best practice, there can be little debate that any activity for commercial gain occurring on park land should incur a charge of some form if at all possible and feasible. This is an accepted principle and essentially recognizes that park land and attractions are a key input that commercial enterprises use to their financial advantage in order to offer their products. This input has commercial value much like any other inputs that commercial enterprises need to incur in their operations such as rental, staff, municipal services, etc.

Aside from charging for activities for commercial gain, there is also potential to charge individuals simply for entry/access to the park area. Similar to the case of commercial activities for commercial gain, there are also numerous examples where this occurs throughout Namibia and the rest of the world. Indeed, it occurs at present within the DNP area at Cape Cross Seal Reserve which offers a particularly special attraction. Whilst the principle of charging for access is relatively well established, it is not as clearly justifiable when compared with charging for activities for commercial gain. In other words, arguing in favour of charging for commercial gain is often significantly easier than arguing in favour of charging for entry. This is simply because giving an individual access to a given area for their enjoyment is generally more acceptable within society than giving a company or individual entry and rights which will allow for the generation of profits.

When charging for entry or commercial use, the following principles and rules of thumb are generally thought appropriate:

- Charges and fees must be set at reasonable and appropriate rates.
- Market forces and particularly healthy competition should be encouraged where possible.
- Consistent application and enforcement of charges and fees is critical. One does not want a situation where some operators are paying fees while others are not as this is clearly unfair and can result in acrimony and those that are paying refusing to do so until the authorities rectify the situation.
- The phasing in of payments for those who are not currently paying should be considered particularly if commercial conditions are difficult and/or fees represent a significant amount.
- Revise and update fees every three years based on proper ongoing analysis of demand and re-evaluation of needs and objectives as per best practice and as recommended in the Sustainable Financing Plan for Namibia's Protected Area System (Turpie et al., 2010).
- Apply adaptive management as it is almost a certainty that people will find ways of trying to get out of paying and new challenges and solutions will emerge with time.
- Show an interest in the operations and business of those being made to pay in order to understand their needs and motivations.
- Bear in mind that when people are made to pay, they generally expect a minimum level of service (i.e. conservation actions and enforcement of park regulations) in return.

These principles have been applied in this business plan to the extent possible recognizing that it is not possible to simultaneously apply them to every situation. For example, one may seek to ensure that a given fee is fair to all users, but one cannot necessarily practically apply a fee structure that satisfies everyone's often unique needs.

7.2 General entry permit fees

In addition to issues around the principle of charging for entry/access, there are significant issues around the practicality of charging for access that need to be considered very carefully. As a general rule, when taking a business-minded approach to park management, the key issues relating to practicality are:

- The ease with which entry/access charges can be levied and administered which has a significant influence on the costs relating to an access charge system.
- The ease with which access can be controlled, monitored and enforced in order to ensure that charges are actually being collected. Again, this has a significant influence on the costs relating to an access charge system.
- The general public acceptability of charging for access which is linked to the points above.

At present the Conservation Ordinance requires access permits to be issued to all those entering all Namibian national park areas (Section 18 states that no person shall without the written permission of Minister of Environment and Tourism enter or reside in a game park or a nature reserve). The Ordinance requires access permits for all entrants regardless of the way in which they gain access (e.g. on foot or in a vehicle). One of the key arguments in favour of issuing access permits to everyone is that they are a good way in which to convey the rules and regulations to those wanting to enter the park. As a consequence MET has been issuing these permits to individual users of the dune belt area without charging for them. Table 4 outlines the number of permits issued in December and January over the last three years. The total number of permits issued have decreased from 1,901 in 2008/2009 to 1,732 in 2009/2010 and 1,308 in 2010/2011. The difficult economic times over the period probably had a significant influence on this drop. Higher numbers in 2008/2009 are also thought to relate to initial confusion regarding the permits whereby people got permits for areas where they were not required.

Table 4: Vehicle permits issued for the dune belt area of the DNP in 2010

	10 Dec. 2008 / 10 Jan. 2009	10 Dec. 2009 / 10 Jan. 2010	10 Dec. 2010 / 10 Jan. 2011
Quads			
Namibian	617	565	358
South African	252	295	192
Botswana	6	8	2
Others countries	0	0	0
Not Specified	0	6	10
Total	875	874	562
Motorbikes			
Namibian	115	75	75
South African	94	90	31
Botswana	2	0	0
Others countries	0	0	0
Not Specified	0	0	0
Total	211	165	106
4x4s			
Namibian	526	407	397
South African	282	276	241
Botswana	7	9	2
Others countries	0	1	0
Not Specified	0	0	0
Total	815	693	640
TOTAL ALL	1 901	1 732	1 308

The issuing of permits results in increased costs and no revenues to off-set these costs which is negative for park finances. If one accepts that some form of access permit system for non-commercial users is required by the Conservation Ordinance (and in order to exercise adequate control over park land) then the question becomes what kind of permits and associated charges are prudent and workable in the case of the DNP? For other parks in Namibia, the standard system is to require access permits for people and for vehicles both of which have a charge associated with them. It is thus tempting to simply apply this system to the DNP. However, there are good reasons to question this system in the specific case of the DNP including:

- The draft regulations for the DNP focus primarily on controlling access for vehicles. This does not imply that issues around access for those on foot or using non-motorised transport are of no importance – they are simply put into proper perspective given their substantially lower threats to the park’s environment and compatibility with other activities. The regulations state that “Horse riding, bicycling, walking and jogging is permitted anywhere in the park unless specifically not permitted in demarcated and signposted exclusion areas (e.g. Damara tern breeding sites, lichen fields, private property). Pets may accompany the owner anywhere in the park unless specifically not permitted in demarcated and signposted exclusion areas (e.g. Damara tern breeding sites, Ramsar sites), providing they are with and under the control of the owner.”

- Entry to the park is largely not properly controllable through physical barriers such as fences and gates at specific access points. This makes charging for individual entry significantly more difficult to control.
- A relatively large number and wide variety of users already enter the park area at various points and have done so for a long time. This contrasts with conventional fenced-off and sparsely used game parks where the conventional justification and application of charging for entry apply more clearly.

It is highly likely that these factors will combine to create a situation in which charging for all and every access without running the risk of alienating local residents and incurring a financial loss (i.e. the financial costs associated with the charging system and its enforcement may well outweigh the financial benefits) will be very difficult. A more nuanced approach therefore needs to be considered. The key source of potential difficulties relates to charging permit fees for all individual that wish to enter the park including those not in a vehicle. It is therefore recommended that consideration be given to only levying entry fees on permitted vehicles. This would have the following advantages:

- The draft park regulations recommend a focus on permits for vehicular access.
- Public acceptability of the park and its regulations will increase particularly among locals most of whom should be able to see the link between vehicles and environmental concerns.
- Easier communication and public messaging around park management that can focus on vehicles.
- It would be in keeping with other partially open access national parks such as Table Mountain National Park in Cape Town, South Africa where no permit is required for walking access to roughly half of the park's area and charges are only levied for specific areas which are access controlled with gates and booms (e.g. Cape Point, Boulders Penguin Colony, Silvermine, Tokai Mountain Biking area, Oudekraal).

The key negative would be that it would not be possible to convey the rules of park entry to those not using a vehicle in the park via a paper permit. This is, however, not seen a particularly serious constraint particularly relative to the practical, cost and acceptability benefits of being focused on vehicles only. There are a number of other ways in which park regulations can be conveyed to individuals not in vehicles including sign boards and local media. This has been done with relative success in the case of Table Mountain National Park.

Taking the abovementioned factors into account, the key feature of a vehicle permit fee system should ideally be:

- Applicable to all vehicles that make use of park land outside of the main roads (i.e. vehicles driven by private individuals as well as those used by tourism operators)
- Differential rates for Namibians versus foreigners
- Affordability for locals

- The option to buy a permit that lasts for a long period (one year)

In order to determine appropriate fees for vehicle permits, fees charged for vehicles at other parks in Namibia and other similar mechanisms such as recreational fishing licenses were considered. In all national parks a once-off entry fee of N\$10 is payable regardless of length of stay increasing to N\$40 for mini-buses (11 – 25 seats) and N\$300 for buses (26 – 50 seats). Recreational anglers currently pay the MFMR N\$14 per month for an angling permit or N\$168 per year. This amount provides a roughly guideline or benchmark as to costs that are likely to be viewed as reasonable and acceptable to locals for year-long vehicular access permits. Bear in mind, however, that it has not changed since 2001. Suggested vehicle fees for the DNP are outlined in Table 5. Note that tour operators should be charged at the non-Namibian rate given the non-Namibian status of the majority of their clients.

Table 5: Recommended vehicle permits fees for the DNP

Permit validity period	Permit fees									
	2012		2013		2014		2015		2016	
	Namibians	Foreign nationals and tour operators	Namibians	Foreign nationals and tour operators	Namibians	Foreign nationals and tour operators	Namibians	Foreign nationals and tour operators	Namibians	Foreign nationals and tour operators
1 day	\$10	\$20	\$10	\$20	\$10	\$20	\$12	\$23	\$12	\$23
1 week	\$30	\$60	\$30	\$60	\$30	\$60	\$35	\$69	\$35	\$69
1 month	\$70	\$140	\$70	\$140	\$70	\$140	\$81	\$161	\$81	\$161
1 year	\$175	\$350	\$175	\$350	\$175	\$350	\$201	\$403	\$201	\$403

7.2.1 Income/revenue projections and management measures

In order to estimate likely income per year from this income source, likely numbers of permits to be issued were first tentatively estimated based on:

- Vehicle permit records for permits issued for the dune belt area of the DNP in 2010 outlined above.
- Statistics on recreational fishing permits issued plus a reasonable amount for likely non-fishing related 4X4 permits.
- The number of vehicles used by tourism operators based on estimates obtained from them.

Likely permits numbers were then multiplied by the fees outlined above to arrive at revenue estimates as outlined in Table 6 showing that revenue should climb gradually from roughly N\$132,000 in 2012 to N\$800,000 in 2016. Note that it is assumed that charging would only commence in the fourth quarter of 2012 allowing time to engage with and inform stakeholders, and set up the necessary payment systems. In order to ensure realism actually fees recovered have been based on a percentage (starting at 75% and rising to 85% with time) of hypothetical or optimistic projections.

Table 6: Estimated revenue from vehicle permit fees in the DNP

	2012		2013		2014		2015		2016	
	Namibians	Foreign nationals and tour operators	Namibians	Foreign nationals and tour operators	Namibians	Foreign nationals and tour operators	Namibians	Foreign nationals and tour operators	Namibians	Foreign nationals and tour operators
Projected revenue										
Quads and motorbikes										
Owned by tour operators										
1 year	\$0	\$90 300	\$0	\$92 106	\$0	\$93 948	\$0	\$110 201	\$0	\$112 405
Owned or hired by individuals										
1 day	\$0	\$1 034	\$0	\$1 055	\$0	\$1 076	\$0	\$1 262	\$0	\$1 287
1 week	\$2 858	\$12 408	\$2 915	\$12 656	\$2 973	\$12 909	\$3 488	\$15 143	\$3 557	\$15 445
1 month	\$13 336	\$36 190	\$13 603	\$36 914	\$13 875	\$37 652	\$16 276	\$44 166	\$16 601	\$45 049
1 year	\$116 694	\$0	\$119 027	\$0	\$121 408	\$0	\$142 411	\$0	\$145 260	\$0
<i>Sub-total</i>	\$33 222	\$34 983	\$135 545	\$142 731	\$138 256	\$145 585	\$162 175	\$170 772	\$165 418	\$174 187
4X4s										
Owned by tour operators										
1 year	\$0	\$29 750	\$0	\$30 345	\$0	\$30 952	\$0	\$36 307	\$0	\$37 033
Owned or hired by individuals										
1 day	\$0	\$3 371	\$0	\$3 438	\$0	\$3 507	\$0	\$4 114	\$0	\$4 196
1 week	\$6 612	\$40 450	\$6 744	\$41 259	\$6 879	\$42 084	\$8 069	\$49 364	\$8 230	\$50 352
1 month	\$40 168	\$117 978	\$40 971	\$120 338	\$41 791	\$122 744	\$49 021	\$143 979	\$50 001	\$146 859
1 year	\$246 694	\$0	\$251 628	\$0	\$256 660	\$0	\$301 063	\$0	\$307 084	\$0
<i>Sub-total</i>	\$73 368	\$47 887	\$299 343	\$195 379	\$305 330	\$199 287	\$358 152	\$233 764	\$365 315	\$238 439
	2012	2013	2014	2015	2016					
Total - optimistic compliance	\$189 460	\$772 999	\$788 459	\$924 862	\$943 359					
Total - realistic compliance	\$132 622	\$579 749	\$591 344	\$739 890	\$801 855					
Percentage recovery for realistic compliance relative to optimistic compliance	70%	75%	75%	80%	85%					

The following management measures are recommended for consideration:

- Permits to be purchased at MET offices using a similar format as is currently used ensuring the vehicle registration number appears on the permit along with driver(s) name. Consideration could also be given to the gradual introduction of an annual disk system similar to that used for vehicle licenses. This would assist with ease of checking licenses.
- For tourism operator vehicles not to be driven by the operators (e.g. quad bikes), an individual's name need not be noted, but rather the name of the operator.
- Serious consideration should be given to allowing the sale of permits by the MFMR in conjunction with fishing licenses and vice versa (i.e. DNP to be able to sell fishing licenses) as this will increase compliance, acceptability (i.e. public appreciate less effort involved) and income.
- Given the cash outlay involved, tourism operators with more than 20 vehicles in their fleet should be given the option to purchase their annual permits in two installments (e.g. 50% of the total fee in January and 50% in June).

7.3 Commercial tourism operator charges and concessions

Commercial tourism operators are relatively active in most parts of the DNP and

particularly in the dune belt area and in areas near Swakopmund such as the Swakop and Khan River canyons and Moon Landscape area. Currently only operators in the dune belt have been required to obtain permits from MET at no charge. Permit records for 2010 in Table 7 show that nine operators obtained such permits.

Table 7: Activity tour operator permits issued in the DNP in 2010

Activity type	Nr of operator permits in 2010 (one permit per quarter)
Quads - 4 operators	16
Tours (mostly 4X4) - 3 operators	12
Sandboarding - 2 operators	8
Total	36

In the sections that follow tourism operator activities are described, appropriate user charges are recommended, income projections are made and management measures are discussed.

It is worth bearing in mind that the tourism industry at a global scale is currently undergoing an extremely difficult period with demand for tourism remaining low certainly when compared with the period prior to the global financial crisis in 2008. Operators in the DNP area have not escaped negative impacts which make for difficult operating circumstances. This needs to be borne in mind when structuring and introducing charges and the like.

7.3.1 Tour operator activities

Throughout the business planning process discussions with tourism authorities, selected operators and MET allowed for a relatively comprehensive understanding of operator activities. Appendix 4 contains the operator categories that allow for the greatest ease of assessment along with the names of the main operators in each category. It shows that roughly 34 tourism operators use DNP land in order to generate income.

7.3.1.1 Quad bike and motorbike tours

Guided quad bike trips currently take place from Swakopmund (2 operators), near Long Beach (1 operator), and from behind Dune 7 (1 operator), all venturing into the Dune Belt, and from Walvis Bay, into the Kuiseb Delta (2 operators). The dune belt operators cater primarily for 'adventure' biking with nature appreciation while the Kuiseb Delta operators are more eco-tourism and nature appreciation focused. Prices charged for tours vary widely depending on their length from N\$220 for 45 min, N\$450 for 2 hours and N\$550 for 3 hour. Tours can also be combined with lie down sandboarding or other options such as catered sundowners.

7.3.1.2 4X4 eco-tours

Guided 4X4 eco-tours take place in most parts of the DNP including:

- Dune Belt focused tours which leave from Swakopmund, using the Swakop River, the eastern edge of the northern part of the Dune Belt, cutting up into the Dune Belt and back to Swakopmund (2 main operators)
- Tours focused on the Swakop River, Moon Landscape and Welwitschia area that leave from Swakopmund. These areas are sometimes combined with the Dune Belt over a day long tour (5 main operators).
- Tours to areas around Henties Bay often focused on the Messum Crater area, the minerals route, the Ugab Menhir, the Omaruru River area and the old Strathmore South Tin Mine. These are often combined with a visit to Cape Cross Seal Reserve (2 main operators).
- Tours in the Kuiseb Delta and surrounds including nature appreciation, birding and the occasional surfing tour (2 main operators).

The majority of these tours are either half day, $\frac{3}{4}$ day or full day tours which tend to cost roughly N\$500-N\$600 and N\$900-N\$1100 respectively.

7.3.1.3 4X4 shore-based fishing tours

Shore-based angling tours are offered by operators in Henties Bay, Swakopmund and Walvis Bay with a heavier concentration of operators in Henties Bay. The most common tours involve one day of fishing with all equipment and bait provided and with transport in the guide's 4X4 at a cost of between N\$700 and N\$950/person/day. Longer tours are also offered over multiple days. On the whole the operators offering this service are highly unregulated. In the case of operators in Henties Bay, for example, there are 4 operators that are registered with the NTB and have the necessary insurances, etc. These operators estimated that there are between 8 and 12 other operators that are not registered making them essentially illegal. Although accurate figures are not obtainable, it is likely that between 50% and 70% of tours taken particularly from Henties Bay are taken by illegal operators. This puts legitimate operators in a difficult situation as they are made to bear higher costs relative to their competitors. It also has the potential to bring the operators as a group into disrepute (e.g. if accidents occur due to neglect by untrained and underprepared operators) with potential negative consequences for tourism volumes.

7.3.1.4 Sandboarding

Sandboarding tours of roughly half a day duration are currently offered on the western side of the Dune Belt (4 operators based in Swakopmund) and at Dune 7 (1 operator). Stand up sandboarding generally costs N\$350 per person while lie down sandboarding costs N\$280 per person.

7.3.1.5 Paragliding

There are currently two operators offering paragliding on the western side of the Dune Belt for either half a day or a full day with prices ranging from N\$500 to N\$900 per person.

7.3.1.6 Skydiving

Ground Rush Skydivers run their operations for the small airfield on DNP land situated near the China Town area in Swakopmund. On a few special occasions, skydivers land in the DNP area. On a few special occasions, skydivers land in the DNP area. When this occurs it would also be justifiable to charge a form of landing or usage fee.

7.3.1.7 Hot air ballooning

There is one hot air balloon operator (African Adventure Ballooning) in the wider area that mostly tends to operate beyond the limit of the fog bank in the early mornings therefore flying mainly in the Trekkopje area outside the DNP. On occasion, when conditions warrant it a landing is made in the DNP area. When this occurs it would also be justifiable to charge a form of landing or usage fee.

7.3.1.8 Walking and bicycling tours

Currently walking and bicycling tours are essentially offered mostly on special request or on an ad-hoc basis by tour operators. In the future this is likely to change and is a trend that should be encouraged as areas such as the Moon Landscape, Swakop and Khan River canyons, Kuiseb Delta, Ugab River and others show potential for such tours.

7.3.2 *Recommended tourism operator user charges*

Charges for the activities discussed above are recommended in the sections that follow along with income projections and management recommendations. Data on activities (i.e. tour prices, number of tours/customers, nr of vehicles uses, customer origin) was requested from roughly 95% of tourism operators and used to project likely income from them. Note that some operators where not forthcoming with information and other provided on condition of confidentiality. Information received is nevertheless considered adequate for income projection at this stage with refinement possible in the future

With regard to access, it is recommended that fees be charged for vehicular access as outlined in Section 7.2. This would imply tour operators would need to purchase year-long access permits for all their vehicles reflecting their registration numbers but no individual driver/owner as in the case of individuals. Instead of a driver's name, 'tourism use and the operator's name' can simply be noted on the permit.

In addition a charge and/or concession for commercial usage would be clearly justifiable. In this regard the following options were considered at initial stages:

1. Charge per person/tourist
2. Flat charge per month calculated for each operator based on average tours taken
3. Charge based on a percentage of each operator's turnover
4. Decide on number of users and put concessions for use out to tender

Further analysis of the unique characteristics and needs of the DNP and the history of tourism use along with discussions with tour operators and MET indicate a clear superiority of the first option listed – i.e. a charge per person. Key arguments in this regard can be summarized as follows:

Charge per person/tourist

Tour operators simply add a park usage charge as a separate item to the amounts they charge customers which should not result in significant opposition from customers. This amount is then handed over to park management every month. Operators should also be encouraged to advertise and quote tour prices with park usage charges itemized separately. This will increase the acceptability of the charge among customers and give a greater level of assurance to park management that these charges are being collected.

Flat charge per month

This would essentially be a course version of a per person charge. It would, however, still need to essentially reflect the number of tours offered making it unclear whether it would not be better to just charge per person.

Charge based on a percentage of operator turnover

Charges based on a percentage of turnover have far clearer applicability in the case of lodges or other more discrete operations. It would also be difficult to administer such a system for larger operators who offer a number of different tours for different activities in different parts of the DNP and elsewhere in the region and/or country. Collection and administration of the charge would also require greater levels of financial sophistication and interaction with the income tax authorities for regular cross checking. If the same percentage of turnover is to apply to all operators it would be biased against high cost operators that do not necessarily derive greater benefit (or profit) than low cost operators. The likelihood of higher levels of resentment from tourism operators is generally higher as turnover is seen as their business – i.e. they do not take kindly to what is perceived as 'sharing' this turnover with others.

Decide on number of users and put concessions for use out to tender

This would essentially entail determining how many licences for use you intend issuing and asking people to tender for them. This is a better option in the case of new uses where no operators are already operating (e.g. a new lodge or 4X4 route, etc.). It is, however, potentially problematic where there are existing uses in place and operators can argue that they have invested significant amounts and have some form of preferential rights to operate in the area. Collusion in the bidding process is also a risk when large existing operators are in place. For example, existing operators have a strong incentive to collude and agree to prices offered amongst themselves relatively confident that other new operators are unlikely to emerge in

numbers to provide price competition.

Suggested usage charges for the DNP are outlined in Table 8 bearing the following in mind:

- It is tempting to simply recommend a set charge regardless of tour duration which relates to actual use of the park and value (i.e. 8 hours in the park constitutes a greater level of usage than 1 hour). This would certainly be simpler. However, it would result in overcharging for shorter tours which make use of the park area less (e.g. a 1 hour quad bike tour costing N\$280) and undercharging for longer tours which make full use of the park area (e.g. a full day 4X4 tour costing N\$1,100). It is therefore recommended that charges differentiate between tours of up to 4 hours and those over 4 hours in duration.
- Broadly speaking charge levels have been set with a view to having them equate to between 4% and 8% of operator turnover bearing in mind that there is currently no clear argument for higher charges based on exclusive use. Quad bike tour operators have been allocated areas where they are to operate. These areas are more of a regulatory mechanism rather than areas allocated based on specific requests for exclusivity from operators. The same essentially applies to 4X4 eco-tours that focus on the north eastern area of the Dune Belt and adjacent gravel plains.
- In order to allow time for adjustment in difficult economic times particularly for tourism it is recommended that charges be phased in over two years (i.e. 2012 charge to be 50% of 2013 charges).
- It is recommended that charges will be adjusted upward every three years.

Table 8: Recommended tourism operator usage charges for the DNP

	2012	2013	2014	2015	2016
Charge per tourist/person per tour					
Four hours or less	\$15	\$30	\$30	\$35	\$35
More than four hours	\$25	\$50	\$50	\$60	\$60
2012 charges as % of 2013 charges	50%				
Percentage increase in charges after 3 years	15%				

7.3.3 Income/revenue projections and management measures

Likely tour numbers were multiplied by the usage charges outlined above to arrive at revenue estimates as outlined in Table 9 showing that revenue should climb gradually from roughly N\$383,000 in 2012 to N\$2.4 million in 2016. Note that it is assumed that charging would only commence in the third quarter of 2012 allowing time to engage with and inform stakeholders, and set up the necessary payment systems. In order to ensure realism actually charges recovered have been based on a percentage (starting at 75% and rising to 90% with time) of hypothetical or optimistic projections.

Table 9: Estimated revenue from tourism operator usage charges in the DNP

Projected revenue	2012	2013	2014	2015	2016
Quad and motorbike tours					
Four hours or less	\$212 550	\$875 706	\$901 977	\$1 068 392	\$1 100 444
More than four hours	\$9 188	\$37 853	\$38 988	\$48 189	\$49 635
<i>Sub-total</i>	\$221 738	\$913 559	\$940 965	\$1 116 581	\$1 150 079
4X4 eco-tours					
Four hours or less	\$98 496	\$405 804	\$417 978	\$495 094	\$509 947
More than four hours	\$15 428	\$63 561	\$65 468	\$80 919	\$83 346
<i>Sub-total</i>	\$113 924	\$469 365	\$483 446	\$576 013	\$593 294
4X4 shore-based fishing tours					
Four hours or less	\$1 268	\$5 222	\$5 379	\$6 371	\$6 562
More than four hours	\$19 013	\$78 332	\$80 681	\$99 722	\$102 714
<i>Sub-total</i>	\$20 280	\$83 554	\$86 060	\$106 093	\$109 276
Sandboarding tours					
Four hours or less	\$72 692	\$299 489	\$308 474	\$365 387	\$376 349
More than four hours	\$2 473	\$10 187	\$10 492	\$12 968	\$13 358
<i>Sub-total</i>	\$75 164	\$309 676	\$318 966	\$378 356	\$389 706
Paragliding tours					
Four hours or less	\$72 692	\$299 489	\$308 474	\$365 387	\$376 349
More than four hours	\$825	\$3 399	\$3 501	\$4 327	\$4 457
<i>Sub-total</i>	\$73 517	\$302 888	\$311 975	\$369 714	\$380 806
Horse riding tours					
Four hours or less	\$3 150	\$12 978	\$13 367	\$15 834	\$16 309
More than four hours	\$2 250	\$9 270	\$9 548	\$11 801	\$12 155
<i>Sub-total</i>	\$5 400	\$22 248	\$22 915	\$27 635	\$28 464
Skydiving tours					
Four hours or less	\$225	\$927	\$955	\$1 131	\$1 165
More than four hours	\$0	\$0	\$0	\$0	\$0
<i>Sub-total</i>	\$225	\$927	\$955	\$1 131	\$1 165
Hot air balloon tours					
Four hours or less	\$225	\$927	\$955	\$1 131	\$1 165
More than four hours	\$0	\$0	\$0	\$0	\$0
<i>Sub-total</i>	\$225	\$927	\$955	\$1 131	\$1 165
Total - optimistic compliance	\$510 472	\$2 103 143	\$2 166 237	\$2 576 655	\$2 653 954
Total - realistic compliance	\$382 854	\$1 682 514	\$1 841 301	\$2 318 989	\$2 388 559

Assumptions

	2012	2013	2014	2015	2016
Percentage recovery for realistic compliance relative to optimistic compliance	75%	80%	85%	90%	90%

Given the high number of illegal operators, it is very difficult to estimate revenue flows for shore-based fishing tours when compared with other income sources. Nevertheless, information from legitimate operators was extrapolated to take into account illegitimate operators and make the necessary estimates. Note that income flows from this source have been delayed until 2013 in order to allow time for interactions with and registration of illegitimate operators. It is difficult to see how charges for the legitimate operators can be justified at present with such an unacceptably large number of illegitimate operators (a small rogue element is generally to be expected in most circumstance and is not necessary cause for

serious concern). It would be far preferable if all operators were first brought in line with the basic legal requirements of the tourism authorities (i.e. registration with NTB, etc.) bringing them on a par with other legitimate operators not only in angling but also other operators on whom charges are to be levied. Park management should make this a priority and apply pressure on and offer to assist the NTB in this regard.

Income from skydiver and hot air balloon landings will be extremely low and it will be heavily reliant on the honesty of the operator given the difficulty associated with verification. It should therefore be given a low priority.

Tour operators will need some form of security that their operations will be allowed to continue in the longer term provided they make the necessary payments and adhere to park regulations. Agreements will therefore have to be drawn up with each operator stipulating what rights are granted and on what conditions. These will need to include stipulation regarding the level of activity that is allowed (e.g. how many tours in a given period) and that the park has the right to allow new entrants to operate should it choose to.

It will be important to monitor carrying capacities for tourism activities and exercise the option of limiting numbers if needed.

7.3.4 Dealing with new entrants

Over time it is almost certain that new tourism operators will emerge along with new tourism activities. The capacity of the park and specific areas within it to accommodate new entrants will therefore need to be monitored and adjusted as needed. Where it is found that spare capacity exists, the tourism usage charges outlined above will need to be applied consistently. In addition, if exclusive use is to be awarded this will need to be done with reference to concessions policy and with appropriate additional payments for exclusivity.

If at all possible, new entrant situations should be handled in a way that maximizes the chances of competitive outcomes. For example, if there is interest in establishing an additional quad bike tour operation in the Dune Belt, the right to do so could be allocated for a lump sum fee in a competitive bidding process. The granting of rights to operate in the park to new entrants is also an area that lends itself to greater application of black economic empowerment measures in order to foster transformation in the tourism industry. Relevant government policies and guidelines in support of empowerment should therefore be applied with rigour in this regard.

7.4 Site rentals

Site and building rental charges would be justified for two quad bike tour operators, a skydiving operator and at Cape Cross as outlined below.

7.4.1 Quad bike tour operator sites

Aside from the tourism usage charges discussed above, it would also be justifiable to charge a site rental to Dune 7 Adventures and Daredevils both of whom operate from sites on DNP land without paying. It is therefore recommended that a long term site

rental agreement (preferably for 5 to 10 years) be drawn up with these operators for use of the site. An appropriate rental will need to be negotiated as part of this rental agreement. However, for income projection purposes an amount of N\$2,000 per month has been assumed starting in the second half of 2012.

7.4.2 Skydiving operator site

Ground Rush Skydivers run their operations for the small airfield on DNP land situated near the China Town area in Swakopmund. Currently they do not pay rental for this site. It is therefore recommended that a long term site rental agreement (preferably for 5 to 10 years) be drawn up with Ground Rush for use of the site. An appropriate rental will need to be negotiated as part of this rental agreement. However, for income projection purposes an amount of N\$1,500 per month has been assumed starting in the second half of 2012.

7.4.3 Cape Cross Seal Reserve

As discussed previously Cape Cross Seal Reserve currently generates significant revenue in the order N\$2 million per annum. This is done with relatively minimal infrastructure and with no real attempt to extract non-entry fee income out of visitors. With this in mind, it is recommended that the permit office at Cape Cross be expanded to include space for a kiosk, souvenir shop (with sealskin merchandise) and larger visitor information centre. This follows similar recommendations made by Barnes & Alberts (2007) when assessing tourism options for the wider coastal zone of Namibia. Once the expansion is completed preferably in late 2012 or early 2013, commercial operators interested in operating the kiosk and souvenir shop can be asked to bid for the concession based either on a monthly rental only or a combination of a lower monthly rental plus a percentage of turnover. It is difficult to estimate revenue from this source prior to receiving bids, but a tentative initial revenue of N\$2,500 per month starting in the fourth quarter of 2013 and escalation with inflation thereafter has been used as an indicator for modeling purposes.

7.4.4 Income/revenue projections and management measures

Table 10 shows that total revenue for all site rentals should climb gradually from roughly N\$33,000 in 2012 to N\$114,000 in 2016.

Table 10: Estimated revenue from site rentals in the DNP**Cape Cross kiosk and souvenir shop**

	2012	2013	2014	2015	2016
Annual rental income	\$0	\$7 500	\$30 000	\$32 100	\$34 347

AssumptionsMonthly rental in 2013

\$2 500

Rental starts in October 2013

Rental matches inflation

Dune 7 Adventure site

	2012	2013	2014	2015	2016
Annual rental income	\$12 000	\$24 000	\$25 440	\$27 221	\$29 126

AssumptionsMonthly rental in 2012/2013

\$2 000

Rental starts in second half of 2012

Rental matches inflation

Daredevils site

	2012	2013	2014	2015	2016
Annual rental income	\$12 000	\$24 000	\$25 440	\$27 221	\$29 126

AssumptionsMonthly rental in 2012/2013

\$2 000

Rental starts in second half of 2012

Rental matches inflation

Groundrush airfield near China Town

	2012	2013	2014	2015	2016
Annual rental income	\$9 000	\$18 000	\$19 080	\$20 416	\$21 845

AssumptionsMonthly rental in 2012/2013

\$1 500

Rental starts in second half of 2012

Rental matches inflation

TOTAL INCOME	\$33 000	\$73 500	\$99 960	\$106 957	\$114 444
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7.5 Event venues management concession

Specific locations in the park many of them near Swakopmund in the dunes, Moon Landscape area and along the beach are used by event companies who offer desert dinners, weddings, tented banquets, company team building events, annual 4x4 'vasbyt' events, etc. In 2010, roughly 400 permits were issued to event companies for no fee as outlined in Table 11.

Table 11: Event permits issued in the DNP area in 2010

Operator Permits issued in 2010	Nr of permits
Events such as desert dinners, weddings, etc	
Abenteuer Afrika Safaris	189
Aquanaut Tours	69
Africa Leisure Travel	20
Namibia Nights Camping	41
Spot-On Catering	7
Pride of Africa	5
Desert Catering	55
Other (School groups, church groups etc)	13
Total	399

7.5.1 Recommended event venue concession structure and management

It is recommended that the right to hire out and manage the event venues be put out to tender in order to elicit competitive bids for the concession. The successful concessionaire would then be responsible for all aspects of management of the venues for a fee with park management in a supervisory role. The period of the concession should initially be for 5-7 years to give the concessionaire security, but also to ensure that the park is not locked into a long term contract. At the end of the initial concession period, it should be reviewed and potentially be opened to another round of competitive bids.

Potential bidders should be taken on a tour of the sites and be given an information pack which includes details of event permits already issued. Bidders should be allowed to make proposals in their bids on basic on-site infrastructure that they would deem appropriate for management. This could include things like storage structures, ablutions appropriately designed to fit in with the environment at certain venues, etc. Bidders will need to include information on the charging mechanism and amounts that they intended levying for the hiring out of the venues. This can then be checked by the park management and concession unit with a view to ensuring that excessive charges are not intended as these would unnecessarily reduce accessibility and probably reduce income. Note that it would not be ideal for one of the existing event companies to be awarded the concession given the potential for conflict of interest to arise. It should also, however, be recognised that these companies are likely to be in the most favourable position to understand what is needed for the management of the venues.

The concession contract will need to be very specific with regard to terms and conditions of management and the circumstances in which the park has the right to cancel the concession. Conditions for management will need to include:

- Agreeing to scheduled and random inspections of the venues by park management to ensure that the venues are not being degraded or polluted with litter etc.
- Penalties or fines should the concessionaire repeatedly fail to maintain environmental standards.

- Clear record keeping regarding events held including nature of event, duration, number of people attending, number of vehicles and parking arrangements.

Concession fees could be structured based on a percentage of turnover. Given the total exclusivity being awarded to the concessionaire and the minimal need for investment in infrastructure, a rate of between 10% and 14% of turnover seems sensible. This implies that it will be advisable to require the winning concessionaire to establish a separate financial and accounting entity devoted exclusively to the management of the venues. This will allow for greater ease in monitoring and verifying turnover. With regard to vehicles used for events, it is recommended that fees be charged for vehicular access as outlined in Section 7.2.

There may be some room to be somewhat flexible on the use of special undesignated sites. This should, however, only be allowed in special cases and at higher rates comparable to film and photography fees. The concessionaire would need to get permission from park management for any such events. The concessionaire should also be encouraged to require a clean-up/rehabilitation deposit from clients in cases where exceptions are made and venues not on the official list are used.

7.5.2 Income/revenue projects and management measures

In order to estimate likely income per year from this income source, 2010 event numbers were divided into event sizes based on data from event companies, projected to likely 2012 numbers and multiplied by hypothetical rental rates in Table 12. These assumptions resulted in the concessionaire turnover estimates as outlined in Table 13 showing that turnover could climb gradually from roughly N\$200,000 in 2012, N\$811,000 in 2013 to N\$1.1 million in 2016.

Table 12: Hypothetical venue hire fees used by concessionaire

Event size		Fee unit	Hypothetical venue hire fee amount used by concessionaire				
			2012	2013	2014	2015	2016
Very large	Over 151 people	Per day or part thereof	\$1 750	\$3 500	\$3 710	\$3 970	\$4 248
Large	101 to 150 people		\$1 000	\$2 000	\$2 120	\$2 268	\$2 427
Medium	51 to 100 people		\$750	\$1 500	\$1 590	\$1 701	\$1 820
Small	21 to 50 people		\$300	\$600	\$636	\$681	\$728
Micro	less than 20 people		\$150	\$300	\$318	\$340	\$364

Assumptions

Number of events in 2012 extrapolated from 2010 MET permit data and sizes of events from event companies

Annual growth in number of events (used as a guideline for projections)

3.5%

Fees increase by inflation after 2013

15%

2012 charges as % of 2013 charges

50%

Fees recoverd in 2012 (i.e. charging starts in July)

50%

Table 13: Estimated turnover of event venues management concessionaire

Event size		Ave number of events (one day duration) in the DNP per year					Total revenue/turnover to concessionaire				
		2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Very large	Over 151 people	79	81	84	87	90	\$68 826	\$284 939	\$312 607	\$346 196	\$383 395
Large	101 to 150 people	172	178	185	191	198	\$86 212	\$356 916	\$391 572	\$433 647	\$480 242
Medium	51 to 100 people	83	86	89	92	95	\$31 141	\$128 923	\$141 441	\$156 639	\$173 470
Small	21 to 50 people	61	63	65	67	69	\$9 084	\$37 607	\$41 259	\$45 692	\$50 601
Micro	less than 20 people	11	11	11	12	12	\$796	\$3 297	\$3 617	\$4 006	\$4 436
Total		405	419	434	449	465	\$196 058	\$811 681	\$890 496	\$986 179	\$1 092 144

The hypothetical turnover estimates above were then multiplied by an assumed concession fee of 12% to yield park income estimates of N\$23,000 in 2012, N\$97,000 in 2013 and N\$131,000 in 2016 captured in Table 14.

Table 14: Estimated DNP income from an event venues management concession**Income to DNP from concession**

2012	2013	2014	2015	2016
------	------	------	------	------

Annual concession payment to DNP

\$23 527	\$97 402	\$106 859	\$118 342	\$131 057
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Concession fee as % of turnover

12%

7.6 Camping and accommodation concessions

In order to identify additional options for income generation in the park from accommodation, consultations were held with key stakeholders (MET, tourism bodies, tourism operators, NWR), an on the ground scan was conducted and the initial recommendation in the MDP were revisited. This process resulted in the following initial list of possible opportunities in addition to the existing NWR fishing camps:

- Camp sites in the Moon Landscape area in the Swakop and Khan Rivers
- A camp site or small lodge near the Ugab River mouth (as suggested in the Dorob MDP)
- A camp site or very small lodge in the Messum crater area (as suggested in the Dorob MDP).
- A lodge north of the Omaruru River near Henties Bay

Their potential is assessed in the following section and tentative estimates are made with regard to income from them.

Note that the Sustainable Financing Plan for Namibia's Protected Area System provides guidance with regard to how accommodation options are best dealt with. It states that: "The most efficient way to develop further tourism potential in the parks

will be to enter into private-public partnerships with concessionaires. MET would have the responsibility of identifying areas for tourism developments and providing the necessary infrastructure such as road networks and water holes. The costs in setting this up might be reduced if MET identifies areas where development can take place in clusters. Private operators would be responsible for the building and maintenance of the camps. Although this means a lower potential rental on these developments, it also means that the private entrepreneurs are the ones to carry the higher risks. A typical lease period for this type of arrangement is 15 to 45 years, with assets being handed back to the park at the end of the period. The expected royalty amounts to about 4 – 10% of turnover. This could increase once the lease period has expired and the assets are transferred to the parks (Turpie et al., 2010).”

It also worth bearing in mind that currently two illegal accommodation establishments are being operated in the West Coast Recreational Area part of the park – St Nowhere Spa north of Mile 108 and Fisherman’s Rest near Mile 72. These establishments set a negative precedent with regard to adherence to laws and regulations, probably take market share away from existing legitimate accommodation establishments and could discourage future investors from the area on the basis that the exclusivity of their rights may not be adequately enforced.

7.6.1 NWR camps

It can only be hoped that the impasse between NWR and their PPP partners (i.e. Tungeni Africa) is resolved in the near future allowing the camps at Jakkalsputz, Mile 72 and Mile 108 to be restored to profitable operations. Given underperformance and limited data, it is difficult to estimate likely future income from these camps. The following assumptions were nevertheless considered reasonable in this regard:

- Income from these camps in 2012 and 2013 is based roughly on 2007 income levels appropriately inflated. Thereafter income would increase under new management arrangements.
- The NWR would regain control of the Mile 14 camp in year 2 of the business planning period and spend year 2 and year 3 on a significant upgrade allowing for full operation from year 4 onwards. Income at this camp was assumed to be roughly 50% higher than that at Jakkalsputz given its location and upgrade.
- Profit margins for the camps are assumed to be 10% to 20% of turnover/revenue in keeping with industry averages

Potential income from this source has been tentatively estimated and is presented in Table 11 at the end of the section which also outlines the key assumptions used for estimation purposes.

7.6.2 Moon Landscape area camping

There are a number of more or less informal camp sites in this area that are used by event companies and tour operators. The event companies that offer camping in the area essentially bring their own equipment (tents, portable toilets, water, etc) to the sites where camps are set up for one night and removed the following day. A few tour operators also include camping in the area on their itineraries. For example,

Okakambe Horse Trails sometimes camps overnight in the area as part of their longer trails. Aside from tour operators, private individuals also make use of the sites and they are relatively popular given the aesthetic appeal of the area and its close proximity to Swakopmund.

It is only possible to estimate the current frequency of use for the sites for event companies and tour operators based on relatively patchy information obtained from them. Unfortunately it is not possible to estimate usage by private individuals as there are no records of use (mainly because permits are not required) and other informants are not available.

Nevertheless, it stands to reason that the area has significant potential for relatively small-scale camping particularly if basic facilities are put in place and the area is marketed. With regard to facilities, the following would be needed for at least some of the sites in keeping with similar sites in the Namib Naukluft Park:

- Long-drop toilets
- Rubbish bins
- Basic concrete braais and tables

Before proceeding it will be necessary to determine the following preferably with stakeholder inputs:

- An appropriate number of camp sites (potentially of varying sizes).
- Preferred locations for sites taking environmental sensitivity, ease of access, aesthetic appeal and potential for clashes with other users into account.
- Appropriate sizes for each site and level of facilities provided.

In order to develop and manage the area for camping, three options are available:

1. Park management installs the necessary infrastructure and operates the camp sites (i.e. takes bookings, payments and manages the sites)
2. Park management installs the necessary infrastructure and out-sources the operation of the sites on a concession (i.e. takes bookings, payments and manages the sites)
3. Installation of the necessary infrastructure and operation of the sites are both out-sourced through a concession.

Income levels will be highly dependent on how the sites are developed and managed and their popularity. This makes projections in this regard highly speculative. At this point it is assumed that Option 3 will be preferable. A brief scan of environmental constraints, aesthetic appeal and access should reveal suitable alternative camping areas or sites. In the interim it is assumed that 10 sites would be chosen. Interest in these sites can then be tested through a tender process in 2013 with a view to having the facilities open in 2014. Potential income from this source has been tentatively estimated and is presented in Table 15 at the end of the section which also outlines the key assumptions used for estimation purposes.

7.6.3 Ugab River mouth lodge/camp

The possibility of a small relatively exclusive camp site or lodge near the Ugab River mouth will need to be investigated further. A brief scan of environmental constraints, aesthetic appeal and access should reveal a few suitable alternative sites. Interest in these sites can then be tested through a tender process in 2013 with a view to having the facility opening in early 2015. Potential income from this source has been tentatively estimated and is presented in Table 15 at the end of the section which also outlines the key assumptions used for estimation purposes.

7.6.4 Messum Crater area lodge/camp

Regarding the Messum area, it would probably be worth testing whether there is interest for a campsite or small lodge in the area. However, a more pleasant environment with better potential for a campsite is probably more inland in the conservancy around the Brandberg. This would be in line with the Dorob MDP which mentions the need to explore a partnership with the adjacent conservancy for a high quality campsite in the Messum area (either in the park or in the conservancy itself).

7.6.5 Lodge north of the Omaruru River near Henties Bay

The area on the coast north of the Omaruru River near Henties Bay has potential for a small upmarket lodge. As with the other accommodation options, this potential will need to be investigated further taking environmental constraints, aesthetic appeal and access into account to reveal a few suitable alternative sites. Interest in these sites can then be tested through a tender process towards the end of the business planning period (i.e. 2015 or 2016) with a view to having the facility potentially opening by 2016 if all goes well and the market is responsive.

In order to remain conservative, potential income from this source or a Messum Crater area campsite/lodge has been estimated based on the expectation that the market would probably only show an interest in one of these two options within the business planning period. Potential income from this source has been tentatively estimated and is presented in Table 15 at the end of the section which also outlines the key assumptions used for estimation purposes.

7.6.6 Income/revenue projections and management measures

Total revenue from accommodation is outlined in Table 15 below and shows that revenue from new accommodation concessions should climb gradually from roughly N\$70,000 in 2014 to N\$250,000 in 2016. Note that income has been estimated with and without income from the fishing camps as these do not represent new income sources in the park.

Table 15: Estimated revenue from accommodation concessions in the DNP

	2012	2013	2014	2015	2016
Fishing camps					
Jakkalsputz	\$64 258	\$69 495	\$75 875	\$83 622	\$92 159
Mile 72	\$53 958	\$58 356	\$63 713	\$70 218	\$77 388
Mile 108	\$43 784	\$47 352	\$51 699	\$56 977	\$62 795
Mile 14	\$0	\$0	\$0	\$125 432	\$138 239
Sub-total	\$162 000	\$175 203	\$191 287	\$336 250	\$370 581
Moon Landscape Camping					
Projected turnover	\$0	\$0	\$861 400	\$1 292 100	\$1 722 800
Concession fee income to park	\$0	\$0	\$68 912	\$103 368	\$137 824
Ugab Mouth camp/lodge					
Projected turnover	\$0	\$0	\$0	\$650 156	\$834 801
Concession fee income to park	\$0	\$0	\$0	\$52 013	\$66 784
Other lodge (Messum or north of Omaruru)					
Projected turnover	\$0	\$0	\$0	\$0	\$547 500
Concession fee income to park	\$0	\$0	\$0	\$0	\$43 800
Total income to park incl Fishing Camps	\$162 000	\$175 203	\$260 199	\$491 630	\$618 989
Total income to park excl Fishing Camps	\$0	\$0	\$68 912	\$155 381	\$248 408

Assumptions

All amounts indicate income to the park with no costs incurred aside from cost associated with income collection (i.e. Concessionaires cover all other costs associated with structures, marketing, management, maintenance, etc.)

Mile 14 may generate income depending on NWR's ability to regain full control of the camp and make the necessary investments. Until further clarity emerges, it is assumed that income generation would be possible at Mile 14 from 2014 at a rate roughly 50% higher than for Jakkalsputz

Potential exists in the longer term for (1) a camp site or small lodge in the Messum crater area and (2) a lodge north of the Omaruru River near Henties Bay. It is assumed that one of these options would be feasible in the year 5 of the business planning period. For both, a relatively high level of exclusivity is recommended with low bed numbers.

Maximum of 8 persons per campsite / night in Moon Landscape area

Fishing camps

Profit as % of turnover:	15%
Annual growth in turnover in addition to inflation:	3%
Mile 14 income in 2014 relative to Jakkalsputz income	150%

Camping Moon Landscape

Number of camping areas	10				
Average number of stands per camping area	8				
Total camp sites for hire	80				
Percentage of groups with 1 to 4 people	70%				
Percentage of groups with 5 to 8 people	30%				
Concession fee as % of turnover	8%				
	2012	2013	2014	2015	2016
Camping fee - 1 to 4 persons	\$0	\$0	\$250	\$250	\$250
Camping fee - 5 to 8 persons	\$0	\$0	\$400	\$400	\$400
Occupancy	\$0	0%	10%	15%	20%

Ugab Mouth camp/lodge

Number of beds	15				
Concession fee as % of turnover	8%				
	2012	2013	2014	2015	2016
Charge per person per night	\$0	\$0	\$0	\$475	\$508
Occupancy	\$0	0%	0%	25%	30%

Other lodge (Messum or north of Omaruru)

Number of beds	15				
Concession fee as % of turnover	8%				
	2012	2013	2014	2015	2016
Charge per person per night	\$0	\$0	\$0	\$0	\$500
Occupancy	\$0	0%	0%	0%	20%

Potential for additional accommodation in the park can be considered moderate at present given the existence of accommodation in towns and environmental constraints. In the short term priority should be given to the potential for camping in the Moon Landscape area. The other accommodation concession options discussed can then be investigated more thoroughly and market interest in them test before decisions are made. Given the severely depressed tourism market condition prevalent at the moment and the other accommodation options available, it is considered unlikely that these options would prove viable in the next 2 to 3 years. Thereafter, conditions will hopefully improve.

In all cases, environmental sensitivity will need to be considered carefully in keeping with the draft park regulations which state that “No lodge or campsite may be established in the park unless its establishment has been guided by either an Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP), or a fast-track EMP should MET decide that an EIA is not necessary. In any event, there must be an Environmental Contract that stipulates the environmental safeguards that must be complied with.”

The idea of a focused tourism investor conference for the DNP area and the rest of the Skeleton Coast was suggested at one of the business planning workshops. Such an event could essentially be used to showcase the tourism investment opportunities in the wider area including those discussed above and ideally also other opportunities from the Namib Skeleton Coast National Park area (Skeleton Coast, Namib-Naukluft National and Sperrgebiet National Parks). It would aim to hopefully attract willing investors or at least lay the basis for future interactions. It could also assist in increasing the tourism profile of the area and create awareness of its attractions and potential which are currently under-appreciated. In addition, it may result in the generation of new ideas from the tourism industry with regard to investment opportunities not previously considered that could be explored by MET and park authorities.

7.7 Filming and photography charges

Non-tourist filming or photography entails the creation of visual (and audio) products or recordings for profit, educational, research or informational purposes. It includes filming for advertisements, feature films, documentaries and the like but excludes filming or photography by bona fide tourists.

With regard to areas allowable for filming, the MDP states that: “This has mostly been done on the eastern side of the Dune Belt. It is not possible to predict what landscapes will be needed by different films. In principle, filming in the less sensitive areas of the CA will be supported, and a flexible approach will be adopted. The onus is on the filming companies to show that they will not cause any significant environmental damage. Where environmental damage is anticipated, filming will not be permitted. Where filming is approved, it will be against a daily Concession fee.” The MDP thus recognises the need to both regulate and charge for filming and photography.

7.7.1 Recommended filming and photography fees

Currently the MET charges the following fees for commercial filming in national parks:

- Non-Namibian companies: a daily fee of N\$5000 as well as entrance fees
- Namibian-based companies: a daily fee of N\$2000 as well as entrance fees

It also charges the following fees for documentary and non-commercial recordings:

- Non-Namibian companies: a daily fee of N\$1000 as well as entrance fees
- Namibian-based companies: a daily fee of N\$500 as well as entrance fees

Finally, for all shoots, a travel allowance to cover the expenses of accompanying official (supervision) is charged at N\$200 per day. If other transport costs are imposed on officials due to a shot, these are also charged and determined on a case by case basis.

In order to interrogate the adequacy of the current system of fees a brief review of filming charges and practices in other countries was conducted. This review contained in Appendix 5 covered South Africa, The United States and New Zealand.

The following factors are considered potential limitations of the current system based on international best practice and inputs from local film industry stakeholders:

- No distinction is made between charges for film shoots versus photographic shoots. In most other countries this distinction is made and photographic shoots are charged at between 40% and 60% of film shoot rates.
- Fees do not take into account the size of the shoots (i.e. number of people and vehicles on set) and their potential to do damage to the environment.
- Documentaries and shoots in line with national park business are given a highly significant discount and charged at 20% to 25% of commercial rates. In most of the other countries reviewed, discounts are also provided but far less so and charges are generally 40% to 60% of commercial rates.
- No provision is made for deposits for use in the event that production company rehabilitation efforts are found to be inadequate.
- Charges to cover staff time and administration seem low.
- No explicit insurance requirements are expected from shoots whereas this is common practice elsewhere.

With these factors in mind, the fee structure outlined in Table 16 is proposed drawing most heavily from the South African model but also incorporating important elements of the United States, New Zealand and Australian models.

Table 16: Proposed filming and photography fees for the DNP

Type of media	Shoot size		Fee unit	2012	
				Non-Namibian production companies	Namibian production companies
Filming - commercial shoots not in line with MET business (commercial features, advertisements, etc.)	Very large	Over 30 vehicles; more than 60 people	Per day or part thereof	\$10 000	\$5 000
	Large	16 to 30 vehicles; 31 to 60 people		\$7 500	\$3 750
	Medium	6 to 15 vehicles; 16 to 30 people		\$5 000	\$2 500
	Small	3 to 5 vehicles; 6 to 15 people		\$3 000	\$1 500
	Micro	0 to 2 vehicles; 5 or less people		\$2 000	\$1 000
Photography - commercial shoots not in line with MET business (catalogues, advertisements, etc.)	Very large	Over 30 vehicles; more than 60 people	Per day or part thereof	\$6 000	\$3 000
	Large	16 to 30 vehicles; 31 to 60 people		\$4 000	\$2 000
	Medium	6 to 15 vehicles; 16 to 30 people		\$3 000	\$1 500
	Small	3 to 5 vehicles; 6 to 15 people		\$1 750	\$875
	Micro	0 to 2 vehicles; 5 or less people		\$1 250	\$625
Filming - documentaries and other productions in line with MET business (nature, etc.)	Very large	Over 30 vehicles; more than 60 people	Per day or part thereof	\$2 500	\$1 250
	Large	16 to 30 vehicles; 31 to 60 people		\$1 880	\$940
	Medium	6 to 15 vehicles; 16 to 30 people		\$1 250	\$625
	Small	3 to 5 vehicles; 6 to 15 people		\$750	\$375
	Micro	0 to 2 vehicles; 5 or less people		\$500	\$250
Photography - shoots in line with MET business (articles on nature, travel, etc.)	Very large	Over 30 vehicles; more than 60 people	Per day or part thereof	\$1 500	\$750
	Large	16 to 30 vehicles; 31 to 60 people		\$1 000	\$500
	Medium	6 to 15 vehicles; 16 to 30 people		\$750	\$375
	Small	3 to 5 vehicles; 6 to 15 people		\$450	\$225
	Micro	0 to 2 vehicles; 5 or less people		\$330	\$165
Additional to shoot permit fees	Filming applicaiton fees - non refundable		Per application	\$300	\$300
	Photography applicaiton fees - non refundable		Per application	\$200	\$200
	Staff fees for environmental control officer or other staff		Per person per hour or part thereof	\$100	\$100
The application fee covers up to three hours of administrative time which is considered normal for such things as phone calls, correspondence, application review, project consultation, scheduling park staff, issuing a filming permit (when appropriate), and providing follow-up and billing.					
All time beyond normal applicaiton processes is charged at N\$100/hr - this includes additional administrative tasks, site inspections, estimation of deposits, environmental control officer duties, supervision, etc.					
Damage/rehabilitation deposit to be estimated by the applicable park official and paid prior to the start of the shoot					
Vehicles pay for access as for other vehicles entering the park					
For all very large shoots a maximum of 50 vehicles and 100 people applies for the fees after which a special tariff needs to be negotiated					
It is assumed that the majority of vehicles will be production company vehicles that will have year long permits while other vehicles will be hired - revenue from these sources are captured under the vehcile licence fees section					

Assumptions

Namibian production company fees as a percentage of Non-Namibian company fees:

50%

Documentary fees as a percentage of commercial shoot fees

25%

Assumed percentage increase in fees every 3 years

15%

Annual growth in number of shoots (used as a guideline for projetions)

3.5%

Percentage of all shoots requiring an environmental control officer on site

20%

Annual growth in portion of shoots by Namibian production companies

5%

7.7.2 Income/revenue projects and management measures

In order to estimate likely income per year from this income source, the key assumptions in above were used along with estimates of shoot numbers and shooting days based on information from film production companies. These assumptions resulted in the revenue estimates as outlined in Table 17 showing that

revenue should climb gradually from roughly N\$2.7 million in 2012 to N\$4.8 million in 2016.

Table 17: Estimated revenue from filming and photography in the DNP

Type of media	Shoot size	Ave number of days of shooting in the DNP per year					Total revenue				
		2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Filming - commercial shoots not in line with MET business (commercial features, advertisements, etc.)	Very large	75	75	75	150	150	\$556 050	\$564 487	\$573 347	\$1 340 093	\$1 362 558
	Large	60	60	120	120	120	\$336 150	\$341 212	\$693 056	\$809 852	\$823 331
	Medium	150	150	150	180	180	\$569 250	\$577 687	\$586 547	\$822 272	\$835 751
	Small	144	144	156	156	168	\$339 840	\$344 700	\$378 953	\$442 471	\$484 056
	Micro	35	35	40	40	45	\$58 450	\$59 237	\$68 645	\$80 083	\$91 441
Photography - commercial shoots not in line with MET business (catalogues, advertisements, etc.)	Very large	-	-	-	-	-	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	Large	-	-	-	-	-	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	Medium	75	75	90	90	105	\$176 125	\$178 656	\$217 577	\$254 064	\$301 126
	Small	240	240	248	256	256	\$348 900	\$353 625	\$370 539	\$446 256	\$452 965
	Micro	40	40	45	45	50	\$44 250	\$44 812	\$51 078	\$59 542	\$67 094
Filming - documentaries and other productions in line with MET business (nature, nature, etc.)	Very large	-	-	-	-	-	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	Large	-	-	-	-	-	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	Medium	60	60	60	90	90	\$64 575	\$65 419	\$66 304	\$115 980	\$117 665
	Small	180	180	192	192	204	\$131 175	\$132 694	\$143 241	\$166 781	\$179 496
	Micro	15	15	20	20	20	\$8 737	\$8 822	\$11 880	\$13 805	\$13 955
Photography - shoots in line with MET business (articles on nature, travel, etc.)	Very large	-	-	-	-	-	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	Large	-	-	-	-	-	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	Medium	-	-	-	-	-	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	Small	64	64	72	72	80	\$32 720	\$33 044	\$37 557	\$43 653	\$49 042
	Micro	50	50	50	55	55	\$21 962	\$22 148	\$22 343	\$28 523	\$28 794
		1188	1188	1318	1466	1523	\$2 688 181	\$2 726 541	\$3 221 064	\$4 623 372	\$4 807 272

7.8 Donor funding, donations and grants

It is relatively common for national parks and other conservation areas particularly in developing countries to rely on donor funding, donations and grants as a key source of income for establishment as well as ongoing management. In numerous cases, it is clear that without these contributions, many conservation areas would not have come into being or been able to continue operating. As outlined in Section 4.2.4, MET is already receiving donor funding from the GEF through the NACOMA programme for environmental management in the DNP area. NACOMA is also in the process of submitting a further application for funding that would benefit the DNP. This funding will continue to be critical to the early success of the park and conservation in the rest of the Namibian coastal zone. Clear potential does, however, exist to augment this source with income from other donor funding, donations and grants both directly and potentially through a trust fund. As with other income sources it is also important from a practical implementation perspective to consider the time and costs involved in these efforts and the necessary human resources capacity.

In the sections that follow, potential sources of funds are considered first followed by appropriate mechanisms for receiving and allocating these funds along with other

management considerations.

7.8.1 Potential funding sources

If one considers all the possible institutional and individual sources of donated or granted funding for conservation and park management, it is clear that a great number of options exist particularly when one considers options at an international scale.

7.8.1.1 Institutions

At present government institutions and funding mechanisms are the primary funding source for national parks in Namibia. Aside from direct allocations from the fiscus via MET, as outlined in Section 3.1, the government-lead Game Products Trust Fund (GPTF) provides finance for national parks in Namibia and has committed itself to earmarking 25% of the park entrance fees it receives for re-investment back into parks. Individual parks can then make applications for funding to the GPTF for capital projects within their borders. In addition to the GPTF, a national Environmental Investment Fund (EIF) has been established by the state (but is not yet operational) with a broader mandate than the GPTF.

Whether through direct funding or trust funds, it is likely that the GRN will need to remain the primary funder of the DNP and the wider parks system. With time, however, the need for this funding should reduce as direct income generation opportunities such as those outlined in this report are realized and other sources of donor funding and donations are secured.

With regard to other institutions, broad distinctions can be made between the following all of which are potential contributors:

- Donor agencies (Bilateral such as USAID and Multilateral such as GEF)
- Conservation NGOs and NPOs
- Foundations and other grant givers
- Corporations and other businesses

The Conservation Finance Alliance (CFA) recently conducted a global review of conservation trust funds (CTFs) which is instructive with regard to funding sources. This reviewed revealed that (CFA, 2008):

- While new fundraising opportunities are continually emerging, the GEF and bilateral aid agencies remain the major sources of funding (almost 75 percent) for such trust funds.
- Corporations, other non-profit organizations and foundations also play an increasing role. In most cases, money raised through these partnerships is used to finance individual projects and programs rather than to capitalize endowments.
- Some natural resource extractive industry companies have provided funds to help capitalize new CTFs or new accounts within existing CTFs (mostly in the form of sinking funds). However, partnering with such companies can also be potentially risky for a CTF's image. A CTF's board and executive director

need to make sure that a partner company's values significantly overlap with the CTF's values, and that the CTF retains the capacity to walk away if the company's policies or activities put the CTF's reputation at risk.

Donor agencies

Donor agency support for the DNP should continue to flow primarily from the GEF through the NACOMA project. Potential appropriate uses for this funding are discussed in Section 9. There may be some scope to seek co-funding from other donor agencies in order to augment GEF funds. However, the chances of success in this regard are considered relatively low given the significant contribution of the GEF and its multilateral nature. Should additional funding become a possibility, it will be important to discuss overall acceptability and synergy with the GEF given its ongoing commitment to the DNP area.

Conservation NGOs, NPOs, foundations and other grant givers

With respect to large conservation NGOs and NPOs, the following organizations stand out at a global scale as potential funding sources:

- The Worldwide Fund for Nature (WWF)
- Conservation International (CI)
- International Union for the Conservation of Nature (IUCN)
- Fauna and Flora International (FFI)
- The Nature Conservancy (TNC)
- The EarthWatch Institute

In addition to these larger organisations, there are a great number of smaller organizations and foundations which are potential funding sources. In order to assist those (including the DNP) seeking funds particularly from smaller sources, the following resources were found to stand out:

- The Convention on Biological diversity (CBD) Catalogue of Funding Sources "which is a worldwide compendium of financial institutions, agencies, services and other entities that provide international assistance to biodiversity undertakings in particular in the developing countries and the countries with economies in transition. As the basic reference source of relevant international funding programs, the primary purpose of the Catalogue is to assist users in identifying potential funding opportunities for their biodiversity undertakings, and to obtain general information on international assistance programs" (CBD, 2006).
- The Foundation Center (www.foundationcenter.org) which provides an extensive list of funders and grant givers in the United States and includes online tools that allow for searches for potential funders to approach.
- Fundsnet Services (www.fundsnet.com) which provides a Fundraising and Grants Directory and provides information about grants, fundraising, philanthropy, foundations and non-profit organizations to those in need of funding and research for their philanthropic efforts and missions. It also provides links to professionals that focus on fundraising on behalf of

organisations.

Corporations and other businesses

Donations directly from corporations, businesses or groupings of companies present a significant potential source of funding particularly at the local level where companies are operational in parks or impact on parks / draw benefit from parks. Ruzzier et al. (2008) found that corporations are becoming interested in assisting conservation activities and that this is, to some extent, driven by a desire to develop a greener image, but is also just as often driven by a true sense of environmental responsibility. They note that the most sympathetic companies are likely to be those that need to bolster their image such as resource companies or those with a direct stake in the success of the conservation area or program such as those reliant on tourism (Ruzzier et al., 2008).

In the context of the DNP, the mining industry (and uranium mining in particular) shows the greatest potential for the sourcing of donated funds. With this in mind, the Uranium Institute was approached to discuss possibilities in this regard. This discussion revealed the following (W. Swiegers, Uranium Institute, pers com):

- While mines often have their own Corporate Social Responsibility (CSR) programme and funds (e.g. The Rössing Foundation), mining companies have a general preference for pooling their resources through the Uranium Institute for use on environmental and conservation projects.
- Mining companies tend to have a wider regional view at the Namib level with a preference for projects that reflect this.
- Mining companies (mostly through the Uranium Institute) and other companies in the Erongo region often work together and pool resources for allocation through the Erongo Development Foundation.
- Economic conditions in mining are challenging at present. This does not mean that CSR spending is suspended, but does decrease amounts that can be allocated.

Given the above, it would be fruitful for DNP park management to prioritize engagement with the Uranium Institute and Erongo Development Foundation in order to establish relationships with a view to securing donations. It would be preferable to approach these institutions primarily with wider conservation programmes for the Namib that require funding as opposed to individual projects. These programmes will need to be devised in partnership with other parks and partners in the Namib area.

Engagement with individual companies particularly those not in mining should also be pursued with a focus on larger companies which benefit from the park. In addition, opportunities for sponsorships of things like vehicles and other equipment may be worth pursuing.

7.8.1.2 Donations from individuals

Donations from individuals have significant potential particularly if it can be shown that donations are well managed, ring-fenced and applied successfully. When considering donations to all charities in the United States, American Association of Fundraising Counsel (AAFC) figures from 2010 showed that 80% of philanthropic dollars are contributed by individuals. In contrast, corporations and foundations are generally easier to target, but their contribution was roughly 20% of the total (AAFC, 2010). Note that the potential for individual donations extends to donations made through a person's will or estate. These are essentially gifts to the protected area or conservation organization (in the form of cash, securities, property, as the beneficiary of a life insurance policy or annuity, etc.)

While individuals can be a larger resource, they are generally more of a challenge to reach and solicit despite being more flexible. Emerton et al. (2006) note that compared to fund raising from governments and aid agencies, securing private donations often requires large investments of time and effort to identify, persuade and satisfy the donor, relative to the amounts raised. In many cases protected area authorities or managers do not have the skills or contacts to undertake this kind of fund raising, and therefore rely on others (such as NGOs or social marketing specialists) to secure this funding, thus adding further to overheads. The key challenge seems to be identifying individuals who are likely to be willing to give and then asking them to make a substantial contribution that justifies the effort (Ruzzier et al., 2008).

The US National Park Foundation (www.nationalparks.org) is the national charitable partner of the National Park Service. It allows donations to be made in a number of ways and has a standard donation form that donors can use to specify their wishes. The Foundation then disperses funds only to National Parks partially through a competitive grant system in which parks are invited to apply for grant funding. Within the US National Park Service, individual parks also have a level of autonomy that allows them to seek direct donations from individuals and companies without the use of a trust fund.

SANParks in South Africa has a 'Support SANParks' section on its website where individuals, companies and other institutions can make donations either through a direct bank transfer or through an online credit card payment mechanism. When making their donations, donors are given the option of making a general donation to SANParks as a whole or specifying that their donations are to be used in individual parks or even in key projects. When choosing to make a donation, donors are redirected from the SANParks site to www.givengain.com who handle all payment processing and administration of donations for a relatively modest fee. The appeal of the GivenGain platform is that it enables non-profits to build online fundraising communities at a fraction of the traditional time and cost. Fees for their packages vary. For example, the basic package entails no annual subscription and allows the listing of only one project (e.g. conservation management in the DNP) and one system user for a 5% fee of all donation money received. Other packages involve annual fees and greater functionality and benefits. The Pro Package, for example entails a annual subscription of US\$1200 per year and a 3% fee of all donation

money received and allows the listing of 25 projects and 10 system users (this is the kind of package that SANParks uses allowing for the listing of multiple individual parks as projects).

7.8.2 *Financing mechanisms including trust funds*

The preceding sections have discussed potential sources of donations and grants and made some preliminary observations regarding the mechanisms through which funds could be channeled to the DNP. The issue of funding mechanisms is assessed further here with a particular focus on the potential of trust funds.

At a basic level, donations and grants can either be made directly to park management or through a mechanism such as a trust fund. The use of both of these mechanism are acceptable depending on amounts and associated conditions – they should not be seen as necessarily being mutually exclusive. Trust funds are a popular and well-used mechanism to raise funds for conservation management including that of specific parks and/or park systems (i.e. at a country-wide or regional level).¹ They are generally structured in one of the three ways outlined below or as a combination of these approaches (CFA, 2008):

- **Endowment Fund** – Up front capital is invested in perpetuity, and only the resulting investment income is used to finance activities.
- **Sinking Fund** - The entire principal and investment income is disbursed over a fairly long period (typically 10 to 20 years) until it is completely spent and thus sinks to zero.
- **Revolving Fund** - Income from taxes, fees, fines, etc., that are specially earmarked, regularly go into the fund to be used for specified purposes.

7.8.2.1 Trust fund pros and cons

A properly constituted trust fund has the significant advantages of making it easier for donors to donate with confidence, allowing for pooling of money and potentially allowing for greater local autonomy and flexibility with regard to the allocation of funds. It can also be structured to not only receive money from donors but also from government sources, user fees and concessions. Note that these advantages will only emerge if the trust fund is properly constituted and mandated, adequately resourced and well managed (see Section 7.8.2.3 for more details).

International experience shows that varying levels of success have been achieved with trusts. The key to success lies largely in the specific details of how the fund is set up and managed. The CFA global review of conservation trust funds (CTFs) found that (CFA, 2008):

- With regard to increased spending, national CTFs in Mexico and Peru have served to catalyze greatly increased government spending for protected areas (Pas). In other countries such as Ecuador, there have been no significant changes in government spending on PAs after a CTF was

¹ See CFA (2008) for a review of trust funds of varying sizes and missions supported by a range of financing mechanisms.

established to help co-finance PAs.

- There do not seem to be any cases in which the establishment of CTFs has led to an overall decrease in government spending on PAs.
- In some cases where CTFs were established to support only certain specific PAs, or only PAs in certain regions of a country (i.e., Brazil's Amazon region), governments have transferred their past support for those PAs to other areas thereby spending the same overall national budget for PAs but just on different PAs in other parts of the country.

With regard to the latter point, establishing a trust fund for a particular park can result in the same level of park funding only from a different source (i.e. donor funding through the trust fund instead of government funding). From a practical implementation perspective it is also important to consider costs and capacity to implement.

7.8.2.2 Potential for a new trust fund(s)

On balance it seems worthwhile to pursue the establishment of a trust fund for the DNP. This is not only because of its potential to enhance fundraising efforts for donations, but also as it could provide a platform through which the DNP could channel other income thereby foster income retention within the park.

A revolving fund possibly with a small endowment element would probably be most appropriate for the DNP given the park needs, long term focus and low likelihood of attracting the significant up front capital needed for a pure endowment fund. In addition to capital structuring, it is necessary to consider whether the fund will be operated as:

- A stand alone trust fund focused only on the DNP
- A DNP focused trust fund which folds into a wider trust fund for all national parks in Namibia. Note that according to the Sustainable Financing Plan for Namibia's Protected Area System (Turpie et al., 2010), it should be possible to establish a third trust fund in addition to the existing funds (i.e. the GPTF and EIF) which is specifically focused on the park system (e.g. a Protected Areas Fund) or to change the management of the existing funds to serve parks better.

At this stage it is recommended that the former option be seriously considered (i.e. a DNP focused trust fund) given its clear focus and the potential to get it up and running in the relatively short period. The key advantage of a dedicated DNP Trust Fund would be that it has a clear focal area. This would allow for focused fund raising in the surrounding region. It would also probably make the fund easier to market to specific regional entities and the local population who are likely to be more suspicious of a more amorphous national trust fund. This should increase willingness to contribute to the fund. This need not mean that a fund for the whole parks system should be shelved as an idea. The DNP Trust Fund should provide valuable lessons regarding how a national system fund could work in the future. In this sense it would fulfill an important piloting role.

7.8.2.3 Institutional structure and governance

Experience with what works for trust funds is relatively well developed and documented in the form of case studies and the like. With particular relevance to the DNP, these studies indicate that demonstrable independence and good governance is the key to success without which trust funds tend to be doomed to fail. In order to achieve this and win the trust of donors, the following conditions are a minimum requirement (CFA, 2008 – see Appendix 6 for more details):

- The single most important condition (i.e., best practice) for good governance is for a majority of the members of a trust fund's governing board to come from outside of government. Experience shows that trust funds with greater independence from government are more transparent and effective in achieving biodiversity conservation goals, less influenced by short-term political considerations, and more successful in attracting contributions from international donors and from the private sector than government controlled funds.
- Other important factors ensuring a trust fund's independent status include: (1) The chairman of the board should not be a government official; (2) The trust fund's offices should not be physically located inside a government ministry; and (3) non-governmental members of the board should not be chosen or appointed by a government.

In addition, the basic requirement for successful conservation trust funds, based on experience to date, can be summarized as follows (CFA, 2008):

- Integration into a country-wide conservation strategy that is based on needs assessments in and outside of PAs, and presents a system-wide management plan.
- Political support at the highest level, while government involvement in the day-to-day management and spending decisions of a trust fund remains limited.
- International fundraising and technical support as many countries themselves cannot raise all (or even most) of the funding needed to effectively conserve their biodiversity, including setting up trust funds.
- Consultative processes during which all stakeholders' voices can be heard and integrated.
- A balanced focus on supporting sustainable livelihoods, and not simply supporting biodiversity conservation in ways that exclude surrounding communities and overlook development issues.
- Highly capable staff and board members that can provide the breadth of skills needed to lead the trust fund.

7.8.2.4 Appropriate allocation of funds

As part of the process of setting up a trust fund, attention will need to be paid to the appropriate allocation of funds. This should be guided by the Dorob MDP and take cognisance of the following strategies for maintaining focus (CFA, 2008):

- Provisions in a trust funds' articles of incorporation that clearly limit the purposes for which fund can be allocated, and require the unanimous vote of the board for any changes;
- Requirements that members of the trust fund's board be chosen based on their expertise in biodiversity conservation or their affiliation with non-governmental conservation organizations; or
- Donor grant agreements that establish separate accounts in a trust fund that can only be spent for narrowly defined purposes, and are governed by a special committee that includes representatives of a particular donor(s).

With regard to the geographical spread of funding, there are enough challenges within the borders of the DNP to justify that funds are only allocated to this area at least for the business planning period and probably beyond. In addition, reasons to fund projects in neighbouring areas such as compensation for problem animals or loss of land are absent.

7.8.2.5 Administration

Fund administration processes and procedures can be set up with the help of institutions such as the Namibian Nature Foundation (NNF) that specialise in this area and can give advice on the finer details. Generally such service providers offer their services on the basis of a percentage of turnover which can range from 3% for a very basic service (e.g. banking and bookkeeping only) to 9% for a comprehensive service that includes implementation, investment of funds and procurement of items. Park management will need to decide on an appropriate level that ensures that administration costs and effort are minimised.

7.8.3 Income/revenue projections and management measures

Best fundraising practices include building up the necessary fundraising, marketing and strategic skills of boards and senior management, and designing a realistic and well thought-out marketing and fundraising strategy. In formulating such a strategy it will be important to focus on cultivating donors over time in order to optimise the chances that they give larger donations with time. Appendix 7 provides a brief outline of the so-called 'Donor Cultivation Pyramid' developed by the US National Parks Service which should be carefully considered in this regard. Fundraising strategy should also take cognizance of the following:

- Partnership development is critical in obtaining donor or grant funding. Adequate time and effort therefore needs to go into this aspect on an ongoing basis.
- Particularly for small and medium sized donations and grants, it will be important to assess the benefits associated with grants as well as the costs in order for a clear picture to emerge regarding their relative desirability.
- Bear in mind that all donor agencies and grant givers are different and have their own procedures and idiosyncrasies. This can lead to challenges with regard to the administrative burden and increased costs associated with reporting, monitoring and evaluation, auditing and site visits.
- Carefully monitor time and costs spent on fundraising and ensure that unreasonable time is not devoted to this.

- Ease of payment is a key ingredient for success in generating funding. The SANParks model of using a third party online payment system and other systems that allow for direct deposits are worth pursuing.

Given the extremely high levels of uncertainty with regard to success in being able to attract donations income, it is probably better to set income targets for use in business planning. Any income can then be treated as additional and not as something to necessary rely on and expect. In this regard the tentative targets in Table 18 are offered as a starting point. Note that this excludes GEF funding through the NACOMA project which is discussed separately in Section 9.

Table 18: Income targets for donor funding, grants and donations

Source of funds	Target amount					
	2012	2013	2014	2015	2016	Total
Donor agencies	\$0	\$0	\$100 000	\$150 000	\$150 000	\$400 000
Conservation NGOs, foundations & grant givers	\$0	\$0	\$50 000	\$75 000	\$75 000	\$200 000
Corporates and other businesses	\$0	\$25 000	\$30 000	\$50 000	\$50 000	\$155 000
Individuals	\$0	\$5 000	\$10 000	\$15 000	\$15 000	\$45 000
Total	\$0	\$30 000	\$190 000	\$290 000	\$290 000	\$800 000

7.9 Conservation offsets and mining fees

Conservation or biodiversity offsets are a relatively new concept and, internationally, there is neither a standard definition nor a consistent approach for dealing with and determining offsets. Nevertheless offsets are increasingly being put in place and progress is being made by individual government and other institutions such as the Business and Biodiversity Offsets Program (BBOP), a partnership between companies, financial institutions, governments and civil society organizations to explore biodiversity offsets. Several definitions for biodiversity offsets have been attempted, most notably those below:

“Biodiversity offsets are conservation actions intended to compensate for the residual, unavoidable harm to biodiversity caused by development projects, so as to ensure no net loss of biodiversity. Before developers contemplate offsets, they should have first sought to avoid and minimise harm to biodiversity” (Ten Kate et al., 2004).

“Positive actions that conserve biodiversity to compensate for biodiversity loss arising from development, negotiated on a case-by-case basis’ or ‘one or more appropriate actions that are put in place to counterbalance (offset) the environmental impacts of development” (DEC, 2005).

Biodiversity offset are only triggered when residual biodiversity impacts of medium or higher significance, are evident even after all possible mitigation. In other words, biodiversity offsets are a last resort measure to consider once all the options and alternatives to prevent, minimise and mitigate impacts have been explored most often as part of the Environmental Impact Assessment (EIA) processes. Note that residual impacts (i.e. impact after mitigation) of very high significance often represent

a fatal flaw for the development in which case offsets are generally thought to be unacceptable. In essence, biodiversity offsets have the potential to contribute to sustainable economic development by ensuring responsible development that goes hand in hand with conservation (or restoration) action to ensure that ecological integrity is maintained. They are a mechanism whereby development and conservation objectives can be achieved more effectively by not only focussing on the site of the development (DEA&DP, 2007).

The predominant approach to biodiversity offsets is to limit their use to the provision of appropriate land/habitat to compensate for that lost or negatively affected. Offsets that do not involve securing and managing habitat but include funding research, education, staffing (etc.), are generally frowned on specifically in dealing with biodiversity loss (see DEC, 2005).

While it is possible to deal with offsets on a case by case basis, it is preferable to be able to do so with reference to an offsets policy. Such a policy is not available for Namibia at present. In the specific case of the DNP (and potentially other parks and conservation area in Namibia particularly along the coast), land area for conservation is not the primary constraint to successful conservation. A conservation offset policy that focuses exclusively on this form of compensation (i.e. land for land) is therefore unlikely to be optimal in contributing to conservation goals in the DNP.

The ideal solution to the management of offsets would be the formulation of a national offsets policy by MET which deals with potential specific situations such as that in the DNP. This policy can draw on international best practice and should focus on offsets for conservation worthy habitat on private and state land. Ideally, it should also be specific as to what activities should be allowed within national parks, if any, and what forms of compensation would be appropriate. In the interim, park management and the MET will have to deal with development applications on a case by case basis. This should be approached from a position of relative strength in any negotiations recognising that the park was not gazetted to encourage development. If certain developments are, however, clearly justifiable and can result in significant offset benefits to the park then they should be considered seriously with adequate analysis and consultation.

Note that offsets have the potential to increase park funding depending on agreements reached and how they are managed in the longer term. Given these uncertainties it was not possible or advisable to estimate income from this source.

7.9.1 Prospecting and mining user fees

The idea of a user fee or charge for prospecting and/or mining in protected areas has been raised by the Sustainable Financing Plan for Namibia's Protected Area System (Turpie et al., 2010) and is mentioned as a potential income source in the Dorob MDP. Assessment of this source revealed that it has clear conceptual appeal and can be justified. However, it will not be possible to impose or administer without agreement and active support from the national Ministry of Mines and Energy (MME) who are responsible for all mining related fees. The potential for such a fee is therefore best dealt with at a national level between the MET and MME with

reference to all national parks in Namibia. DNP management should aim to first raise this issue within the MET and support any initiatives should the decision be made to take the issue forward at a national level.

7.10 Fines

Fines should become a relatively minor potential income source probably from 2013 onwards particularly once park regulations and signage are in place and enough time has lapsed to justifiably expect the public to be aware of and understand park regulations. However, the most likely pattern with fine income is that once fines are actively levied at high enough levels, this should result in greater compliance and therefore lower fine income. Primarily for this reason, the extreme difficulty associated with their estimation and in order to ensure conservatism in income estimation, they have not been included as an income source in the business plan model.

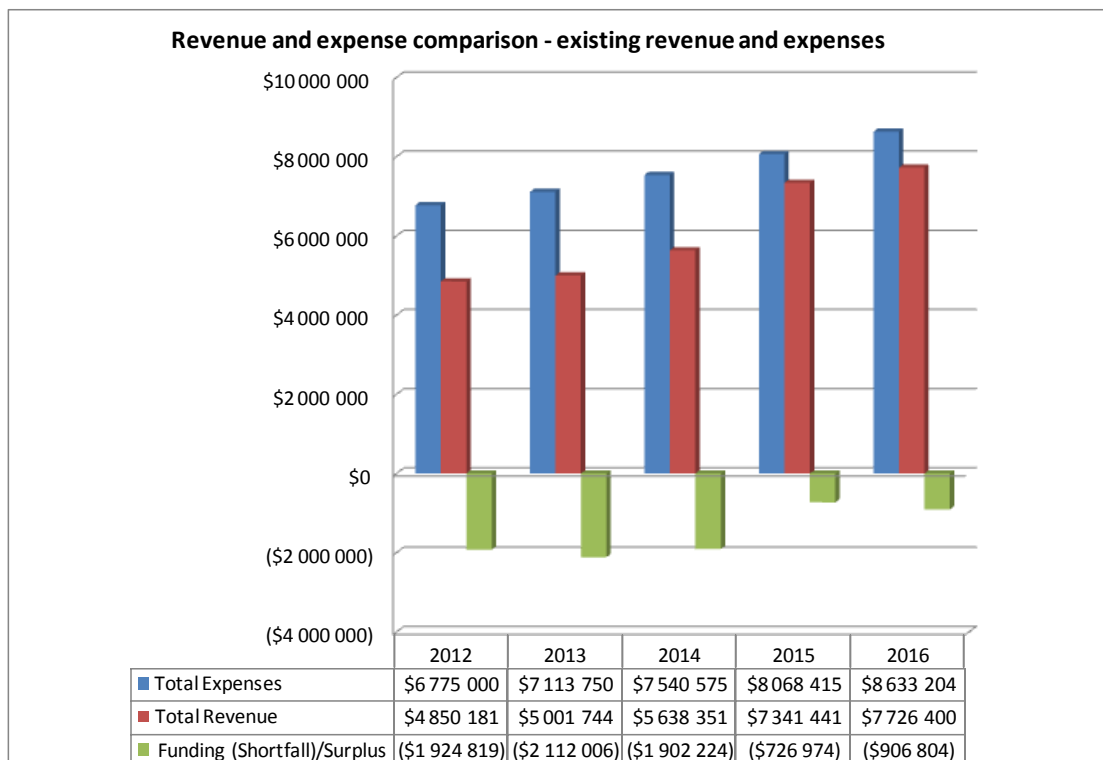
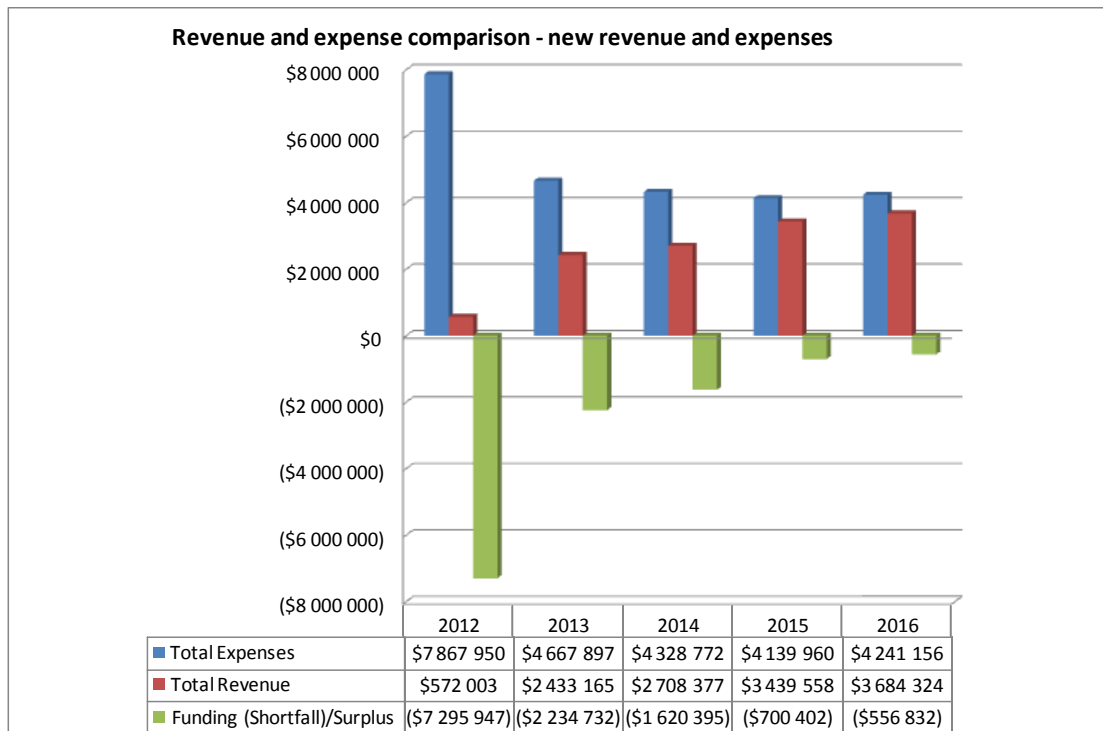
8 CASH FLOW PROJCTIONS

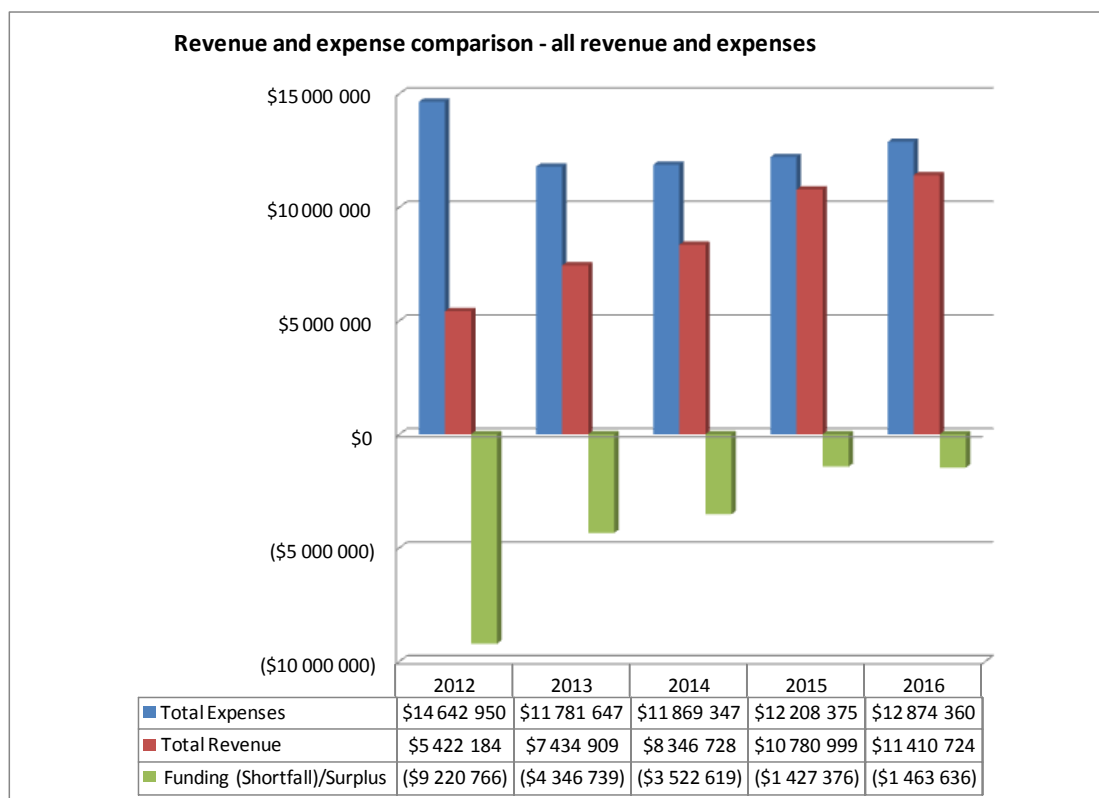
The necessary additional expenditure and potential new revenue sources assessed in this report are summarised in Table 19 which allows for the estimation of annual funding surplus/(shortfalls) or cash flows. It is this shortfall that will have to be covered by donor funding, government funding and donations if the DNP is to be operated at an acceptable level. In addition, summary data on the funding surplus/(shortfalls) when considering existing expenditure and revenue as well as when considering all expenditure and revenue (i.e. existing plus new) are presented. A set of accompanying Figures are also presented following Table 19 capturing overall cash flow per year in a more visual format.

Focusing on new expenditure/cost and revenue, the results show that the DNP is likely to experience a shortfall of N\$7.3 million, N\$2.23 million, N\$1.62 million, N\$700,000 and N\$557,000 respectively in the five years of business planning period. It is clear that cash flows are highly negative in the first few years due to high establishment costs as one would expect. However, once these costs have been covered, cash flows improve significantly as revenues streams stabilise and new revenue streams are added towards the end of the period (e.g. accommodation concessions). For the purposes of sensitivity analysis one can represent shortfall amounts as percentages of (1) total expenditure/costs and (2) total revenues (see end of Table 19). This reveals that specifically in the 5th year of the business plan, a break even situation (i.e. revenues = costs) could be possible if currently predicted costs were to reduce by 13% or if predicted revenues were to increase by 15%.

Table 19: Income and expenditure summary and funding shortfalls/surpluses

	2012	2013	2014	2015	2016	Total
Cost/expenditure summary						
Existing MET expenditure in DNP area	\$6 775 000	\$7 113 750	\$7 540 575	\$8 068 415	\$8 633 204	\$38 130 945
Additional expenditure required for DNP						
Establishment and capital costs						
Facilities & buildings	\$650 000	\$0	\$0	\$0	\$0	\$650 000
Fencing & signage	\$767 000	\$805 350	\$665 574	\$537 100	\$409 042	\$3 184 066
Roads, trails & rehabilitation	\$285 000	\$280 000	\$262 000	\$226 840	\$242 719	\$1 296 559
Vehicles	\$1 891 000	\$0	\$0	\$0	\$0	\$1 891 000
Office set up	\$371 000	\$0	\$0	\$103 311	\$95 953	\$570 264
Communications programme	\$675 000	\$400 000	\$300 000	\$50 000	\$50 000	\$1 475 000
Other set up costs	\$325 000	\$335 000	\$85 000	\$0	\$0	\$745 000
<i>Sub-total</i>	\$4 964 000	\$1 820 350	\$1 312 574	\$917 252	\$797 713	\$9 811 889
Ongoing operational costs						
Staff Costs - Salaries	\$1 013 670	\$1 064 353	\$1 128 214	\$1 207 189	\$1 291 693	\$5 705 119
Other staff costs	\$546 500	\$573 825	\$606 053	\$643 852	\$684 067	\$3 054 297
General operating costs	\$561 000	\$589 050	\$624 393	\$668 101	\$714 868	\$3 157 411
Maintenance	\$143 000	\$150 150	\$159 159	\$170 300	\$182 221	\$804 830
Vehicle, aircraft costs	\$639 780	\$470 169	\$498 379	\$533 266	\$570 594	\$2 712 188
<i>Sub-total</i>	\$2 903 950	\$2 847 547	\$3 016 198	\$3 222 708	\$3 443 443	\$15 433 846
Total	\$7 867 950	\$4 667 897	\$4 328 772	\$4 139 960	\$4 241 156	\$25 245 735
Total costs (existing MET + additional)	\$14 642 950	\$11 781 647	\$11 869 347	\$12 208 375	\$12 874 360	\$63 376 680
Revenue/income summary						
Existing commercial revenue sources						
Filming and photography fees	\$2 688 181	\$2 726 541	\$3 221 064	\$4 623 372	\$4 807 272	\$18 066 429
NWR fishing camps	\$162 000	\$175 203	\$191 287	\$336 250	\$370 581	\$1 235 320
Cape Cross entry fees	\$2 000 000	\$2 100 000	\$2 226 000	\$2 381 820	\$2 548 547	\$11 256 367
Total	\$4 850 181	\$5 001 744	\$5 638 351	\$7 341 441	\$7 726 400	\$30 558 117
New commercial revenue sources						
Vehicle permit fees	\$132 622	\$579 749	\$591 344	\$739 890	\$801 855	\$2 845 460
Tour operator usage charges	\$382 854	\$1 682 514	\$1 841 301	\$2 318 989	\$2 388 559	\$8 614 217
Event venues concession	\$23 527	\$97 402	\$106 859	\$118 342	\$131 057	\$477 187
Accommodation concessions	\$0	\$0	\$68 912	\$155 381	\$248 408	\$472 701
Site rentals	\$33 000	\$73 500	\$99 960	\$106 957	\$114 444	\$427 861
Total	\$572 003	\$2 433 165	\$2 708 377	\$3 439 558	\$3 684 324	\$12 837 426
Total revenue (existing + new)	\$5 422 184	\$7 434 909	\$8 346 728	\$10 780 999	\$11 410 724	\$43 395 544
Funding surplus/(shortfall)						
New revenue - additional expenditure	(\$7 295 947)	(\$2 234 732)	(\$1 620 395)	(\$700 402)	(\$556 832)	(\$12 408 309)
Existing revenue - existing MET expenditure	(\$1 924 819)	(\$2 112 006)	(\$1 902 224)	(\$726 974)	(\$906 804)	(\$7 572 827)
All revenue - all expenditure	(\$9 220 766)	(\$4 346 739)	(\$3 522 619)	(\$1 427 376)	(\$1 463 636)	(\$19 981 136)
Indicators of potential for break even						
Surplus/shortfall as % of total additional expenditure		-48%	-37%	-17%	-13%	
Surplus/shortfall as % of total new revenues		-92%	-60%	-20%	-15%	





9 IMPLICATIONS FOR NACOMA'S SECOND PHASE

The preceding section has outlined the annual funding shortfall for the DNP. For the park to succeed it will be critical for donor partners to give serious consideration to the provision of part of the necessary finance and other resources in order to decrease the funding shortfall. In order to facilitate this process, the actions, items and projects that would be most appropriate to consider for funding through the second phase of the NACOMA project were identified and costed. Note that the expectation is not that NACOMA would be able to fund all of these items, but rather choose from among them. The results of this exercise are captured in Table 20 and include the following appropriate areas to consider for funding:

- Cape Cross permit office extension for souvenir shop and kiosk
- Fencing & signage
- Roads, trails & rehabilitation
- Communications programme
- Other once off set up costs such as the establishment of revenue collection systems and a trust fund, training and the investor conference
- General operation support

Table 20: Appropriate items for potential NACOMA funding

Item/Activity	2012	2013	2014	2015	2016	TOTAL
Facilities & buildings						
Cape Cross permit office extension	\$650 000	\$0	\$0	\$0	\$0	\$650 000
<i>Sub-total</i>	\$650 000	\$0	\$0	\$0	\$0	\$650 000
Fencing & signage						
Fencing	\$650 000	\$682 500	\$578 760	\$464 455	\$331 311	\$2 707 026
Signs outside road reserve	\$66 000	\$69 300	\$48 972	\$52 400	\$56 068	\$292 740
Signs inside road reserve	\$51 000	\$53 550	\$37 842	\$20 245	\$21 663	\$184 300
<i>Sub-total</i>	\$767 000	\$805 350	\$665 574	\$537 100	\$409 042	\$3 184 066
Roads, trails & rehabilitation						
Rehabilitation plan and actions	\$100 000	\$200 000	\$212 000	\$226 840	\$242 719	\$981 559
Messum area 4x4 trail	\$110 000	\$0	\$0	\$0	\$0	\$110 000
Moon Landscape area 4x4 trails	\$0	\$80 000	\$0	\$0	\$0	\$80 000
West Coast fishing access trails	\$75 000	\$0	\$0	\$0	\$0	\$75 000
Other areas trails	\$0	\$0	\$50 000	\$0	\$0	\$50 000
<i>Sub-total</i>	\$285 000	\$280 000	\$262 000	\$226 840	\$242 719	\$1 296 559
Communications programme						
Strategy formulation	\$100 000	\$0	\$25 000	\$0	\$0	\$125 000
Production of materials	\$150 000	\$100 000	\$75 000	\$50 000	\$50 000	\$425 000
Media space costs	\$100 000	\$50 000	\$50 000	\$0	\$0	\$200 000
Website set up	\$75 000	\$0	\$0	\$0	\$0	\$75 000
Programme implementation	\$250 000	\$250 000	\$150 000	\$0	\$0	\$650 000
<i>Sub-total</i>	\$675 000	\$400 000	\$300 000	\$50 000	\$50 000	\$1 475 000
Other set up costs						
Revenue collection systems set-up	\$50 000	\$0	\$0	\$0	\$0	\$50 000
General operational support	\$75 000	\$80 000	\$85 000	\$0	\$0	\$240 000
Establishment of trust	\$50 000	\$0	\$0	\$0	\$0	\$50 000
Training	\$100 000	\$105 000	\$0	\$0	\$0	\$205 000
Investor conference	\$0	\$100 000	\$0	\$0	\$0	\$100 000
<i>Sub-total</i>	\$275 000	\$285 000	\$85 000	\$0	\$0	\$645 000
TOTAL	\$2 652 000	\$1 770 350	\$1 312 574	\$813 940	\$701 761	\$7 250 625

10 INDICATORS OF SUSTAINABLE FINANCING

The need was identified to develop indicators for sustainable financing for input into the monitoring indicators network for coastal biodiversity based on the findings of this business plan and financing strategy.

Sustainable financing can be defined as the potential for a project or programme to consistently be able to generate adequate funds to achieve its goals and maintain any gains that it makes. In this case the project is the ongoing management and enhancement of the DNP. The challenge is thus essentially to measure progress towards the DNP being sustainably financed. The analysis of funding shortfalls indicates that financial sustainability will be potentially attainable with relatively minimal ongoing grant or donor funding provided adequate funding is provided for the initial establishment period of roughly three years.

In order to measure progress regarding sustainable financing, the following indicators are recommended:

- Percentage real (i.e. excluding inflation) increase in annual income (excluding donor and grant funding). This indicator can be used to monitor progress with regard to financial self sustainability – i.e. it will indicate whether there is a trend towards greater income generation or at least not a decrease?
- Progress towards meeting goals for income from donations as measured by percentage donations received relative to goals for annual income from donations.

11 KEY RECOMMENDATIONS AND TIMING OF ACTIONS

The results and process followed in the business planning and sustainable financing strategy process indicate that the DNP will require significant funding particularly at establishment. This funding will not only be necessary to put the ‘nuts and bolts’ of park management in place focused on the staff, infrastructure, equipment, etc. commonly associated with protected areas, but also to institute actions such as a communication programme that will be particularly important before fees and charges are formally introduced.

On the revenue side, the park area also presents a number of significant opportunities for income generation with relatively high probabilities of success. From an income generation perspective it will be necessary to decide on explicit priorities for the introduction of income options based primarily on ease of implementation and size of income generation potential. With this in mind, the following ordering of priorities for new income sources seems sensible:

- Event venue management concession and tourism operator user charges
- Site rentals
- Vehicle permit fees for all park users
- Accommodation concession options

Existing income sources such as filming and photography fees would also be worth tackling with the possibility of a revision in fees for all National Parks in Namibia based on the model recommended for the DNP. As income is currently flowing from this source, it is not seen as an urgent priority. With regard to new tourism entrants not already operating in the DNP, the focus should fall on fostering empowerment whilst not losing sight of the need for competition.

If potentially significant resentment of fees and charges is to be avoided (and the lower revenues that go hand in hand with this), it will be important for tourism operators and individuals to see that increased management and enforcement efforts are occurring on the ground. For most people, this will give them a sense that their money is being well spent in the DNP and not simply taking the form of a general tax. At a minimum, introduction of charges therefore needs to coincide with action on the ground. If up-front financing is available from government and/or donor sources, it would be preferable for expenditure on visible management actions to precede the introduction of charges.

In order to provide broad guidance and capture the recommendation above, Table 21 outlines the recommended timing of key actions required making the distinction between what are mostly general management actions and those more clearly focused on income generation.

Table 21: Broad timing of key business plan actions

	2012				2013				2014				2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
General management actions																				
Hiring of staff																				
Initial training of new staff																				
Purchase of equipment, vehicles, office set-up																				
Fencing and signage installation																				
4X4 trail establishment																				
Communications campaign																				
Rehabilitation /restoration planning																				
Rehabilitation/restoration actions																				
Research, monitoring and evaluation programme																				
Construction: Cape Cross souvenir shop & kiosk																				
Actions focused on income generation																				
Revenue collection system set-up																				
Establishment of trust fund																				
Introduction of tourism operator user charges																				
Event sites rental concession																				
Site rentals: Dune 7 Adventures site																				
Site rentals: Daredevils site																				
Site rentals: Airfield near China Town																				
Site rentals: Cape Cross souvenir shop & kiosk																				
Introduction of vehicle permit fees																				
Investor conference																				
Fundraising strategy formulation																				
Fundraising strategy implementation																				
Revision of filming and photography fees																				
Introduction of revised filming and photography fees																				
Concession process: camping in Moon Landscape																				
Concession process: Ugab Mouth camp/lodge																				
Concession process: lodge in Messum area, north of Omaruru																				

Q deontes quarter

With regard to the overall structuring of park finances, the DNP offers an ideal opportunity to pilot greater local autonomy and revenue retention in park management in keeping with recommendations favouring this approach in The Sustainable Financing Plan for Namibia's Protected Area System and in the Dorob MDP. This could include greater decision-making authority for park management and the DNP Consultative Forum along with the potential generation and allocation of income through a park trust fund. The DNP represents an ideal situation for the testing of these ideas in order to assist national policy development.

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13 APPENDICES

Appendix 1: Screening of funding mechanism for parks (Turpie et al., 2010)

▲ = INCREASING IN USE, ► = STEADY, ▼ = DECREASING IN USE,
+ = HIGH PRIORITY, AND - = LOW PRIORITY

Mechanism	Trend	Namibia	To explore	Comment
External Flows				
1. Government budgets	▲	Yes +	Yes +	CBA
2. Donor bi/multilateral grants	▲	Yes +	Yes +	CBA
3. Protected area trust fund	▲	No	Yes	EIF/Parks fund
4. Earmarked taxes	►	No	Yes -	
5. Environmental fines	►	No	Yes -	
6. Tax deductions for donations	►	Yes	Yes -	
7. Individual donations		No	Yes -	
8. Corporate donations		No	Yes -	
11. Loans	►	No	Yes -	
12. Debt reduction schemes	▼	No	No	
Market-Based Mechanisms				
1. Tourism revenues				
Entry fees	▲	Yes +	Yes +	
Concessions fees	▲	Yes -	Yes +	New policy
Voluntary contributions		No	Yes	
Activities fees (e.g. filming)		Yes	Yes	
Tourism taxes (e.g. bed, airport)		No	Yes -	
2. Resource extraction user fees/sales				
Wildlife/Forest		Yes	Yes +	Live game
Bio-prospecting	►	No	Yes +	New policy
Mining	►	No	Yes +	Agreements
Petroleum/Gas		No	No	
3. Ecosystem services				
Carbon	▲	No	Yes	
Watershed		No	No	
Wildlife refuge		No	No	
4. Biodiversity offsets				
		No	Yes +	Sperrgebiet, NNP
6. Cause related marketing				
		No	Yes	Elephants
7. Lotteries				
		No	Yes	
Cost-sharing Mechanisms				
1. Co-management				
		No	Yes	
2. Management concessions				
		No	Yes	Small parks
3. Volunteers and interns				
		No	Yes -	

Appendix 2: Sources of value and key beneficiaries of the DNP – preliminary screening

Sources of value, activities	Key direct beneficiaries or consumers					
	Local community	Tourists	Namibian businesses	International businesses	Government entities	International community
Accommodation (incl. Camping)		x	x			
Activities						
Recreational fishing (regulated by MFMR)	x	x	x			
4X4	x	x	x			
Quad biking	x	x	x			
Sandboarding	x	x	x			
Horse riding	x	x	x			
Mountain biking	x	x	x			
Hiking	x	x	x			
Kayaking	x	x	x			
Sailing and boating	x	x	x			
Surfing	x	x	x			
Paragliding	x	x	x			
Sky diving	x	x	x			
Outdoor functions (e.g. weddings)	x	x	x			
Wildlife viewing and aesthetic appreciation						
Birding	x	x	x			
Seal viewing		x	x			
Nature appreciation tours (e.g. dunes, lichen fields)		x	x			
Cultural appreciation tours (e.g. Topnaar community)		x	x			
Marine tours (primarily MFMR responsibility)		x	x			
Commercial filming and photography		x	x	x		
Hobby filming and photography	x	x	x			
Scenic flights		x	x			
Hot air ballooning		x	x			
Extraction and harvesting						
Fish (regulated by MFMR)	x	x	x	x		
Salt			x			
Seals (regulated by MFMR)			x			
Narra	x					
Oysters (regulated by MFMR)			x			
Guano			x			
Shells	x					
Lichens and succulents?	x	x				
Minerals?			x	x		
Other developments	x		x			
Ecosystem services						
Biodiversity conservation	x	x	x	x	x	x
Plant genetic material (bioprospecting)			x	x	x	x
Water flow regulation (eg: flood mitigation)	x				x	
Carbon sequestration (minimal)						x

Appendix 3: Income potential from sources of value in the DNP and potential income generation mechanism

Sources of value, activities	Potential to raise revenues (1-5 with 5 being the highest)	Revenue raising options								
		Entry permits or fees	Activity/user permits or fees	Concessions	Trust Funds (incl. voluntary contributions)	Biodiversity offsets	Payments for Ecosystem Services	Government funding	Donor grants	Other
Accommodation (incl. Camping)	3			x						
Activities	5									
Recreational fishing (regulated by MFMR)		x	x	x						
4X4		x	x	x						
Quad biking		x	x	x						
Sandboarding		x	x	x						
Horse riding		x	x	x						
Mountain biking		x	x	x						
Hiking		x	x	x						
Kayaking		x	x	x						
Sailing and boating		x	x	x						
Surfing		x	x	x						
Paragliding		x	x	x						
Sky diving		x	x	x						
Outdoor functions (e.g. weddings)		x	x	x						
Wildlife viewing and aesthetic appreciation	5									
Birding		x	x	x						
Seal viewing		x	x	x						
Nature appreciation tours (e.g. dunes, lichen fields)		x	x	x						
Cultural appreciation tours (e.g. Topnaar community)		x	x	x						
Marine tours (primarily MFMR responsibility)		x	x	x						
Commercial filming and photography		x	x	x						
Hobby filming and photography		x	x	x						
Scenic flights		x	x	x						
Hot air ballooning		x	x	x						
Extraction and harvesting	2									
Fish (regulated by MFMR)			x							
Salt			x	x						
Seals (regulated by MFMR)			x							
Narra			x	x						
Oysters (regulated by MFMR)			x							
Guano			x							
Shells			x	x						
Lichens and succulents?			x	x						
Minerals?			x	x			x			
Other developments			x	x			x			
Ecosystem services	3									
Biodiversity conservation					x			x	x	
Plant genetic material (bioprospecting)			x	x				x		
Water flow regulation (eg: flood mitigation)							x	x		
Carbon sequestration (minimal)							x			

Appendix 4: Main tour operators active in the DNP

Name of operator	Town where operator is based
Quad biking tours	
Outback Orange	Swakopmund
Desert Explorers	Swakopmund
Daredevils	Long Beach
Dune 7 Adventures	Dune 7
Kuiseb Delta Adventures	Walvis Bay
Photo Ventures	Walvis Bay
4X4 tours	
Eco and nature tours	
Tommy's Tours	Swakopmund
Living Desert Adventures	Swakopmund
Swakop Tour Company	Swakopmund
Charly's Desert Tours	Swakopmund
Turnstone Tours	Swakopmund
Travel Time, The Desert Tour	Swakopmund
Desert Adventure Safaris	Swakopmund
Kallisto Tours	Swakopmund
Photo Ventures	Walvis Bay
Ghost Coast Tours	Henties Bay
West & Skeleton Coast Tours	Henties Bay
Sea Ace Fishing Adventures	Henties Bay
Cape Cross Lodge	Cape Cross
Guide shore fishing	
West and Skeleton Coast Tours	Henties Bay
Sea Ace Fishing Adventures	Henties Bay
Byseewah Safaris	Henties Bay
Namib Shore Fishing Trips	Henties Bay
Excalibur Tackle Shore Fishing	Henties Bay
Aquannaut	Swakopmund
Henry's Tours	Swakopmund
Cape Cross Lodge	Cape Cross
Sandboarding	
Hata Angu	Swakopmund
Khoi San sandboarding	Swakopmund
Ultimate sandboarding	Swakopmund
Dune 7	Dune 7
Alter Action	Swakopmund
Paragliding	
Namib gliding	Swakopmund
Axel's gliding	Swakopmund
Desert Explorers	Swakopmund
Horse riding	
Okahambe Horse Trails	Swakopmund
Skydiving	
Ground Rush	Swakopmund
Hot air ballooning	
African adventure ballooning	Swakopmund

Appendix 5: National park filming and photography fees in South Africa, the United States and New Zealand

South African National Parks (SANParks):

(sourced from: <http://www.sanparks.org/groups/filming/>)

The Table below summarises the SANParks system and fees which makes distinction between primarily commercial and non-commercial shoots and the size of shoot. It also provides for charges for vehicles, staff time, damage deposits, cancellation fees and entry fees if applicable. These tariffs and fees came into effect in 2009 and SANParks has a policy of revision at three yearly intervals.

ITEM			TARIFF UNIT	TARIFF
Filming Permit fees for Commercial Business not in line with SANParks business (e.g. Commercial Films, Advertisements, etc)	Very Large	(over 30 vehicles; more than 60 people, max 50 vehicles & 100 people after which a special tariff is to be negotiated)	Per day or part thereof	R20,000.00
	Large	(16 to 30 vehicles; 31 to 60 people)		R15,000.00
	Medium	(6 to 15 vehicles; 16 to 30 people)		R9,000.00
	Small	(3 to 5 vehicles; 6 to 15 people)		R5,000.00
	Micro	(0 to 2 vehicles; 5 or less people)		R3,000.00
Photography Permits for Commercial Business not in line with SANParks business (e.g. Lifestyle publications, Advertisements, etc)	Very Large	(over 30 vehicles; more than 60 people, max 50 vehicles & 100 people after which a special tariff is to be negotiated)	Per day or part thereof	R12,000.00
	Large	(16 to 30 vehicles; 31 to 60 people)		R10,000.00
	Medium	(6 to 15 vehicles; 16 to 30 people)		R5,000.00
	Small	(3 to 5 vehicles; 6 to 15 people)		R3,500.00
	Micro	(0 to 2 vehicles; 5 or less people)		R1,500.00
Filming Permits for Commercial Business in line with SANParks business (e.g. nature/tourism documentaries, etc)	Large	(6 to 15 vehicles; 16 to 30 people)	Per day or part thereof	R5,000.00
	Medium	(3 to 5 vehicles; 6 to 15 people)		R3,500.00
	Small	(0 to 2 vehicles; 5 or less people)		R1,200.00
Photography Permits for Commercial Business in line with SANParks business (e.g. nature/tourism stories, etc)	Large	(6 to 15 vehicles; 16 to 30 people)	Per day or part thereof	R2,500.00
	Medium	(3 to 5 vehicles; 6 to 15 people)		R1,800.00
	Small	(0 to 2 vehicles; 5 or less people)		R800.00
Filming & Photography by Media	Not Applicable	To be determined by Communications Division or it's representative	Per day or part thereof	* Permit Fee Waiver
Additional to shoot tariff		Vehicle(s) off public roads into areas restricted to general public	Per vehicle per day or part thereof	R900.00
		Animals (only if permitted according to applicable legislation and policies/principles/practices)	Per animal per day or part thereof	R1,500.00
		Staff fees (Environmental Control Officers/Field Ranger)	Per person per hour or part thereof	R150.00 (Sector determination)
		Staff fees (Section Ranger or higher ranking official)	Per person per hour or part thereof	R50.00
	Area required (dedicated area for production and catering)		Per m5 per day or part thereof	R1,000.00
	Helicopter landings (only if permitted according to applicable legislation and policies/principles/practices)		Per landing	Double the applicable uses rate
	Filming on weekends and public holidays		N/A	R150.00
	Parking bay(s) where locked off for production		Per bay per day or part thereof	20%
Cancellation fees	Due to bad weather/loss of location		Per application @ full permit	R50.00
Damage deposits	Damage deposits to be handed to regulatory official/service provider prior to filming		As estimated by applicable park officials	
At certain Parks, gate/entrance fees are applicable over and above the permit fee				

United States National Parks Service (NPS)

(sourced from: <http://www.nps.gov/bcrca/parkmgmt/filmphotoguidelines.htm>)

Application processing and fees

All applications must be completed in detail and returned with a \$200.00 for the non-refundable application fee. Incomplete applications or applications returned without the application fee will not be considered. A minimum of two weeks is required to process an application and issue a permit.

The application fee covers up to three hours of administrative time involved in such things as phone calls, correspondence, application review, project consultation, scheduling park staff, issuing a filming permit (when appropriate), and providing follow-up and billing. Administrative time over three hours will be billed at a rate of \$65/hour.

Monitoring fees

National Park Service (NPS) staff are required to monitor most filming, photography and sound recording activities and are limited to working no more than 12 hours a day, including round trip travel time between a monitor's duty station and filming locations. For budgeting purposes, plan to have an NPS monitor present at all times, at a rate of \$65 an hour, each day you are shooting. Also plan to budget for staff time required for interviews, scouting locations, etc., which is billed at the same rate. Estimated staff costs will be invoiced and must be paid prior to a permit being issued.

Location fees

The National Park Service use the following location fee schedule since 2006 (this indicates that increases are imminent).

Commercial Filming	Rate	Commercial Still Photography	Rate
1 - 10 people	\$150/day	1 - 10 people	\$50/day
11 - 30 people	\$250/day	11 - 30 people	\$150/day
31 - 49 people	\$500/day	Over 30 people	\$250/day
Over 50 people	\$750/day		

Commercial videographers, cinematographers or sound recording crews of up to two people with only minimal equipment (i.e. a camera and a tripod) working in areas open to the public are required to obtain a commercial filming permit and are subject to appropriate permit terms and conditions and cost recovery charges but are not subject to location fees.

Insurance

General liability insurance must be carried by the permittee naming the United States Government, National Park Service, and Bryce Canyon National Park as an additional insured. Short-term policies must show coverage on an "occurrence" basis. Required commercial liability for video or film productions companies is not less than one million dollars (\$1,000,000), but will vary according to project scope, risk to park resources and other relevant circumstances. Additional amounts may be required for high-risk activities. All insurance certificates must be issued by an insurance company operating in the United States. The Special Park Uses

Coordinator must receive the original insurance certificate no later than one week before the scheduled activity.

Performance Bonds

All filming activities will be reviewed to determine if a performance bond will be posted by the permittee. The purpose of the bond is to insure that the resource is left in as good condition as it was prior to the filming, and to cover restoration costs (if needed). The amount of the bond will be determined according to the scope and potential for damage by the activity. At the conclusion of the permit, the bond will be returned to the permittee after final billing costs and costs of necessary clean up; repair or rehabilitation is deducted. The performance bond can be in the form of a money order or cashiers check.

New Zealand Department of Conservation (DOC)

(sourced from <http://www.doc.govt.nz/about-doc/concessions-and-permits/concessions/applying-for-a-concession/specific-activities/commercial-filming/>)

Pre-application contact with DOC

It is good practice to have as much pre-application discussion with the local DOC office as possible. In particular film crews should try to establish an early understanding of the process of application consideration, particularly relating to the timeframes and cost that potentially may be involved.

Scouting for locations does not normally require a concession. On occasions some footage may be captured for further reference, but in essence the film company is simply investigating the locations with a view to making an application.

As far as is possible, film applicants should undertake direct consultation with stakeholders and prior to lodging an application. This will reduce the time and cost required for DOC to consult in many cases.

Application processing

Filming applications will be generally be classified into one of three categories:

- One-off
- Non-notified
- Notified.

It is critical that prospective film crews discuss with DOC staff in their production planning phase which of the categories might apply to their application. Obviously the category selected could have a significant effect on the date on which filming could start.

One-off

One-off concessions are only for filming activities that meet the following criteria. The activity must:

- Have minor effects, which are well understood and managed
- Have clearly defined limits (e.g. number of trips/landings etc)
- Not require consultation
- Not require a lease or licence
- Not involve permanent structures
- Not have a duration of more than 3 months, and
- Not take place more than **once** in a 3 year period in the same location.

This category will cover most small crew short duration film shoots. Many DOC area offices have concessions staff who can process One-off permit applications. However, if an application covers multiple areas or multiple conservancies, then, for consistent decision-making, efficiency and cost effectiveness, staff may refer the applicant to conservancy staff to co-ordinate.

For One-off shoots, crews should lodge their application at least 5 working days prior to the start of filming to ensure completion of processing in time.

Non-notified

Non-notified applications are those that have little or no discernable effect including any long term effect when the activity has ceased and those that do not require notification due to either the term applied for or type of interest in the land.

When assessing the effects of an application for the purposes of deciding how it should be processed will include (among other things):

- The type of concession sought
- Whether the effects of the activity are obvious
- Whether the effects are significant and if so whether they can be avoided, remedied or mitigated so as to be insignificant
- Whether the application is for the continuation of an existing activity
- Whether the term is for a period of 5 years or less
- Whether significant public interest is likely
- Whether the activity is provided for in the Conservation Management Strategy (CMS)/Conservation Management Plan (CMP).

For film crews this category may include larger but still low impact productions, and small low impact crews operating for extended periods of time.

For Non-notified applications, the standard processing time for DOC staff is 45-65 working days depending on the complexity of the activity.

Notified

Notified applications are those that may have significant effects over the duration of the activity and possibly longer. They will also include those applications that require notification due to either the term applied for or type of interest in the land.

Again, the factors which influence whether to process applications through this mechanism include (among other things):

- The type of concession sought
- Whether the effects of the activity are obvious
- Whether the effects are significant and if so whether they can be avoided, remedied or mitigated so as to be insignificant
- Whether the application is for the continuation of an existing activity
- Whether the term is for a period of five years or less
- Whether significant public interest is likely
- Whether the activity is provided for in the Conservation Management Strategy (CMS)/Conservation Management Plan (CMP).

For film crews it is anticipated that this category will apply where the film production has significant effects over the duration of the shoot, or where permanent or semi-permanent structures are involved.

The Notified process will normally take between 65-160 working days to complete, depending on whether submissions are received and a hearing is held.

Charges

There are three main areas of costs that will apply to film crews operating on public conservation land.

1. Application processing costs
2. Location fees
3. Monitoring costs and bonds.

1. Application processing costs

The costs of processing the application will be recovered from the applicant. One-off applications will be charged at a standard fee of \$150+GST (not including location fees or monitoring cost recovery) unless special circumstances dictate that additional costs should be recovered.

For Non-notified processes a standard fee of \$1330+GST will apply, unless special circumstances dictate that additional costs should be recovered. There will be an additional cost of \$500+GST per additional conservancy.

For Notified processes a standard fee of \$1330+GST will apply, and estimates of additional processing costs will be provided to film crews at the early stages of the application process.

2. Location fees

The table below contains the DOC's location fee schedule. All figures are in New Zealand Dollars (1 US\$ = 1.2 NZ\$) and GST exclusive.

Commercials, feature films and television dramas	\$500 standard daily fee
	\$25 per person per day fee (e.g. \$1250 for 50 people)
Documentaries and sports events (commercial)	\$300 standard daily fee
	\$25 per person per day fee
Filming schools and students	\$100 standard daily fee
	nil per person per day fee
Conservation/recreation promotion	\$100 standard daily fee
	\$25 per person per day fee
Television news/current affairs	Nil standard daily fee
	Nil per person per day fee
Still photography (commercial)	\$300 standard daily fee
	\$15 per person per day fee

Location fees do not include application and processing fees and costs, or monitoring costs. Total daily location fee is calculated by multiplying the per person charge by the number of persons in the film crew (including actors and talent), and then adding the standard daily fee.

Film crews often shoot only in the evenings and mornings. To take account of this, the total daily charge can be halved for film crews who film for five hours or less on any one day.

Preparation and clean-up days to be charged at 20% of full day rate.

Members of the Screen Producers and Directors Association (SPADA) will qualify, on proof of membership, for a discount of 10% of the total location rentals. This discount does not apply to recovery of DOC staff time and costs.

3. Monitoring and other costs

Monitoring of the activities of the film crew is often a condition of the concession. Any costs incurred by DOC will be recovered from the film crew. For larger crews, a condition of the concession may require the crew to directly engage and fund an independent contractor to monitor the filming activities and the affect of the locations.

3.1 DOC staff

Where DOC staff undertake the monitoring, the costs will be recovered at the following rates:

Area staff charge-out rate \$84.00+GST per hour

3.2 Vehicles

4WD petrol vehicles \$1.47c+GST per kilometre

4WD diesel vehicles \$1.43c+GST per kilometre

2WD vehicles \$0.89c+GST per kilometre

3.3 Other

Disbursements actual and reasonable

3.4 Bonds or deposits

Whenever there is a potential for environmental damage from a filming operation, a bond should be taken against restoration of the site(s). Bonds for recent large film crews have been in the order of \$30,000 to \$50,000.

3.5 Insurance

For the "one off" crews, insurance requirements will be specified as "a policy of insurance with an insurer approved by the Grantor against any liability that may arise out of Applicant's operation of the concession. The policy must include fire suppression insurance. The policy shall be for a sum of not less than \$1,000,000."

Where the standard departmental permit is used, insurance will be specified in the contract at the rates of no less than:

- Public Liability General Indemnity Cover: NZ\$10,000,000
- Public Liability Forest & Rural Fire Extension: NZ\$1,000,000
- Statutory Liability: NZ\$100,000

Appendix 6: Conservation Trust Funds keys to success (CFA, 2008 adapted by Turpie et al., 2010)

**BOX 1. CONSERVATION TRUST FUNDS AND THE RECIPE FOR SUCCESS
(BASED ON CONSERVATION FINANCE ALLIANCE 2008)**

Conservation Trust Funds can be either revolving funds or endowment funds that are used to cover the operating and capital costs of protected area systems and other conservation-related activities.

The **objectives** of Conservation Trust Funds (CTFs) range from a strict focus on conserving biodiversity to improving the livelihoods of communities near PAs and promoting sustainable development. In developing countries governments and donors have tended to encourage a shift towards the latter to align with national development goals, as well as to indirectly support biodiversity conservation by reducing human threats. However, there is a danger that too broad a focus may dilute the direct impacts on biodiversity.

Advantages of CTFs are that they

- i. provide a relatively stable and secure source of funding for salaries, infrastructure maintenance, equipment and supplies.
- ii. serve as an exit strategy for international donors in countries where they plan to close down their projects or offices (for budgetary or other reasons) but would still like to have a lasting impact.

The single most important condition for **good governance** of CTFs is for a majority of the members of the governing board to come from outside of government. Experience has shown that this makes them more successful in attracting contributions from international donors and the private sector and more transparent and effective in achieving biodiversity conservation goals. In particular, the Chairman of the board should not be a government official; the CTF's offices should not be physically located inside a government ministry; and nongovernmental members of the board should not be chosen or appointed by a government.

The **main sources of funding** for CTFs are the GEF and bilateral aid agencies (around 75 percent), but also include corporations, other nonprofit organizations and foundations. In most cases, money raised through the latter is used to finance individual projects and programs rather than to capitalize endowments. Fundraising for CTFs relies on fundraising, marketing and strategic skills of their boards and senior management, as well as the existence of a realistic and well thought-out marketing and fundraising strategy. Conducting a system-wide PA financial gap analysis helps to raise the initial capital for a CTF, such as in the case of Madagascar.

Key factors for ensuring the success of CTFs include:

- 1) A country-wide *conservation strategy* that presents a quantified biodiversity conservation needs assessment both within and outside PAs;
- 2) *Political support* at the highest levels in a country, with limited government involvement in a CTF's day-to-day management;
- 3) Fundraising and technical *support from international organizations*;
- 4) *Consultative processes* that include all major stakeholders and reflect those inputs in a CTF's design, including support for sustainable livelihoods; and
- 5) Top-notch *human resources* that provide the breadth of skills needed to lead a CTF, both at the senior management staff level and board level.

In addition, CTFs need to ensure that interest and investment income (including capital gains) earned by investment of endowment funds is **exempt from taxation** at the source (i.e., in the country where the money is invested) or in the destination country (i.e., the country where the CTF is legally registered or operate).

Appendix 7: The NPS Donor Cultivation Pyramid

The US National Parks Service (<http://www.nps.gov/partnerships/fundraising.htm>) uses a Park Giving/Donor Cultivation Pyramid to envision the array and inter-relationship of fundraising strategies that park support organizations employ. Optimally, a comprehensive fundraising program employs strategies at each level of the pyramid to engage first time donors at entry levels and cultivate them to make successively larger gifts at the upper levels over time.

Fundraising professionals commonly refer to the Giving Pyramid. It serves as a model to envision how donors are initially attracted by entry level fundraising strategies at the base of the pyramid and cultivated over time to give larger gifts through successive engagement strategies. The pyramid reflects successive giving opportunities through which a donor is cultivated as their commitment and capacity to assist an organization, such as a park and its needs, increases over time

While fewer donors emerge at each successive level from the pool of donors at the previous level in the pyramid, the amount of their gift increases as the donor moves to the next level. There can be exceptions and a donor can surface at any level. But if you are thinking proactively and strategically, the Park Giving/Donor Cultivation Pyramid is a time-tested guide for framing your donor cultivation strategies and giving opportunities. Ideally, you and your fundraising partners will actively seek gifts and provide involvement and donor opportunities at all levels of the Park Giving/Donor Cultivation Pyramid.

The pyramid is shown below followed by descriptions of its levels



Pyramid Level 1 - On-Site Giving: At the base of your pyramid is a large pool of donor prospects. The majority of people enter as first-time donors to your need with an initial, often spontaneous, gift. The initial contact comes in many different ways. Usually a park visit and a quality park experience motivate an initial gift through an on-site giving opportunity such as: a

donation box, a lodging check-off under the Guest Donation Program, or an Adopt-a-Park Program opportunity. Most people learn about park giving opportunities through: the park newspaper they receive when entering a park; a display in a visitor center; or information in guest lodging. Another way that people may initially choose to support a park is by becoming a VIP-Volunteer in the Park. Outside a park, the initial opportunity might be through a special event or direct mail appeal. In addition, some parks and park partners are experimenting with On-Line Fundraising by featuring direct donation opportunities on their webpages.

Pyramid Level 2 - Annual Giving: As you accrue names of previous donors or likely donors, you can begin to recruit annual gifts which support mostly on-going needs. This is done through Membership Programs, direct mail appeals, e-mail appeals, and annual special events held by your park partners in connection with your park. Annual and seasonal appeals and events provide an opportunity to begin building an informed relationship between your park and these donors who choose to sign on to help meet your needs on a regular repeat basis. Like building any good relationship, these techniques require a higher investment on the fundraiser's part to enlist and regularly communicate with the donors. But the reward for building these sustained relationships is that the members and donors who continue to contribute, often increase the level of their gifts over time and become your best prospects for the next successive levels of the Pyramid -- Major Gifts and Planned Gifts.

Pyramid Level 3 - Major Gift Campaigns: These are usually directed to raising substantial amounts of funds for capital construction projects, land acquisition or an endowment fund. Capital and endowment campaigns require a pool of donor prospects from which to recruit lead and substantial gifts that will take the campaign two-thirds or three-fourths of the way to the campaign goal before turning to the final public phase to complete the campaign. Unless you have a pool of donors who have an established track record of supporting your park/program over time, your chances of successfully reaching your campaign goal are somewhere between unlikely to impossible. Most donors at this level strongly identify with and have chosen to focus on your park/program as a giving priority in their life. As they get further along with their lives and careers and have the means to make greater gifts, they will choose to do so.

Pyramid Level 4 - Planned Gifts: Donors at this level are at the pinnacle of the giving pyramid where the largest gifts are usually realized. These donors have decided that your park/program has great resonance in their life and that they want to assign a substantial share of their wealth or assets to make a difference and leave an enduring legacy. Planned gifts can include bequests and gifts of will or trust mechanisms, or Endowments that can be established immediately or co-mingled from their gift. The nature of these gifts will vary based on the intents and needs of each individual donor.

Many parks examples of unanticipated bequests are remainder of estate gifts that are announced out of the blue. But planned gifts are more numerous when they are deliberately cultivated. That cultivation starts at the first level of the Giving Pyramid and continues up through each successive level.

The art and strategy of fundraising is to motivate donors so they continue to support the park at increasingly higher levels over time and move up through the levels of commitment and investment represented in the Park Giving/Donor Cultivation Pyramid to the ultimate gift. This technique is called "cultivation", "moves management" or "relationship management." The cultivation techniques become more targeted and personal as the donor is involved up the pyramid to the top