

Improving protected area finance through tourism

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10. Improving protected area finance through tourism

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Parks are a major tourism asset, particularly for developing countries. Tourism can contribute significantly more than it does today to provide the funding needed to implement the Convention on Biological Diversity's Programme of Work on Protected Areas. Although most parks charge little or no entrance or user fees, tourism revenues are becoming an essential component of both developing and developed country parks' agency budgets. Globally, the trend is for governments to demand that parks earn an increasing proportion of their budget from tourism sources. Economic measurement tools for calculating the contribution of protected areas to tourism are often inexistent or incomplete, and those that do exist may strongly underestimate indirect contributions and costs. Public and private executives allocating funds to protected areas often seriously underestimate the economic significance of the tourism assets they should protect. This can lead to low levels of investment in park maintenance and in visitor infrastructure, thus jeopardizing the very asset upon which many destinations rely to attract investment, and generate business opportunities and employment. Decision makers need to be provided with more accurate data – using methodologies that are already available. By building the institutional capacity of park management agencies, CBD Parties can significantly enhance the ability of these agencies to capture higher volumes of tourism revenues for parks. The experiences, technologies and mechanisms for improving park financing are known and available. Innovative forms of management, such as parastatals, non-profit corporations and partnerships with for-profit corporations, allow park agencies to capture tourism revenues with greater efficiency. The recovery of park operating costs from tourism is linked more to the efficiency of the park agency's management in capturing tourism revenues than to the actual volume of tourism. Benefits from tourism to protected areas, and vice-versa, can also be increased by incorporating parks in the planning and design of regional tourism destinations, and by considering market-based payback and incentive mechanisms planned with the private sector.

10.1 Growth of protected areas, financial needs and the potential contribution of tourism

Tourism can be an effective tool in the conservation and management of protected areas (PA). It can provide financial and political support to conservation, and lead to a greater understanding of the value of parks – which in turn can lead to more areas being protected. The increasing interest of travelers in natural areas, and the steady growth forecast in this industry also indicate that these contributions are

likely to increase. The feasibility of tourism as a conservation tool depends on an understanding of the expectations of tourists, the appropriateness of tourism in a specific area, and the capacity of park managers to provide a high quality experience while minimizing the potential negative impacts of visitation¹.

Today, according to the IUCN’s World Commission on Protected Areas and the Database on Protected Areas (WDPA)², there are over 110,000 protected areas, covering approximately 11.6% of the global land surface and 1% of the sea surface. The total area covered by parks has grown significantly over the last decades, from 2 million km² in 1960, to 8 million km² in 1980, and to over 15.5 million km² (of which 13.6 million km² are terrestrial ecosystems and 1.9 million km² are marine areas) in 2006.

Funding for the establishment and management of these protected areas is usually insufficient. Data collected for the CBD indicates that between 1.1 and 2.5 billion USD/year is required for the maintenance of a network of protected areas. However, the amount of funding that is made available is estimated to be between 350-800 million USD. Therefore, the deficit/shortfall has been evaluated as between 1 and 1.7 billion USD/year (Figure 1)³.

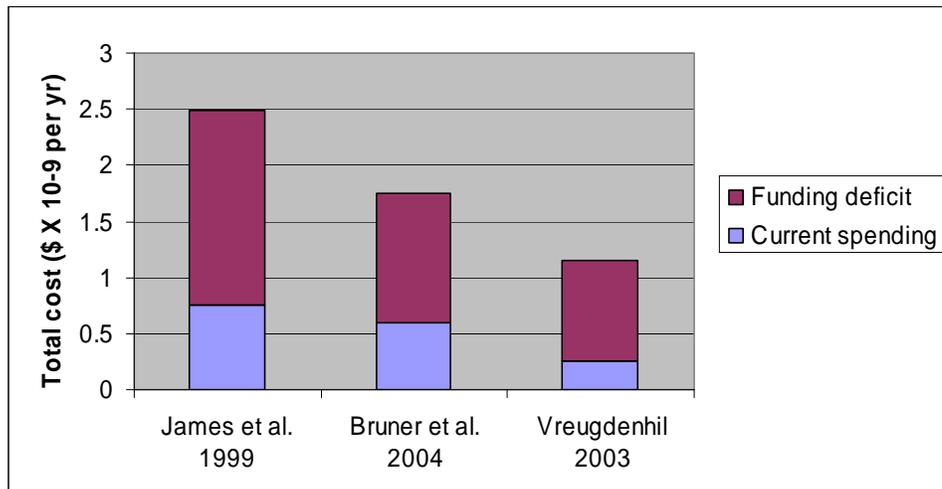


Figure 1. Funding deficits for the maintenance of a network of protected areas.

¹ Priskin, J., McCool, S., in IUCN PARKS Vol 16, n. 2, The Visitor Experience Challenge, 2006

² <http://www.unep-wcmc.org/wdpa/index.htm>

³ Bruner, A. How Much will Effective Protected Area Systems Cost?, CAB/Conservation International, 2004, at http://www.conservationfinance.org/Documents/CF_related_papers/PA_costs2.pdf.

On the other hand, global international tourism revenues, according to United Nations World Tourism Organization (UNWTO), reached USD 735 billion in 2006⁴ Based on the conservative assumption that domestic tourism volumes are up to 7 times higher in visitors, with 50% smaller expenditure per head and a resulting 3.5 multiplier⁵, it can be argued that global tourism revenues are in the order of 2,400 billion USD/year. Further assuming that tourism as a business reaches an approximate profitability of 5%, and (again conservatively) that only 15% of global tourism goes to destinations with protected areas, the PA shortfall of 1.7 billion dollars can be estimated to be less than 10% of tourism income generated in destinations benefiting from protected areas as key assets. Therefore, tourism financial flows have the potential to be a much larger contributor to the management of the world's conservation estate. It has become clear that tourism revenues should not constitute the sole or the most important source of funding for parks (as revenue volume is known to fluctuate with market trends, and as payment for tourism and visitor services is often not linked to biodiversity strategies), but there is a clear growth trend in the contribution of tourism to the funding of protected areas.

10.2 Should parks charge entrance fees?

Most of the world's protected areas either do not charge any tourism fees, due to customary rights and "freedom of access" legislation, or charge low entry and user fees. A global study of biosphere reserves found that only 32 of 78 responding sites charged admission fees to visitors⁶.

Protected areas, in principle, are a public good and should serve all citizens. Taxes paid by citizens can cover the cost of maintaining the protected areas for the common good. However, three arguments can be used to counter this view. First, actual visitors to parks (as against the general, non-visiting public) benefit in an exclusive way (through their leisure experience, and their enjoyment of the environment). This is particularly true if their experience is enhanced by infrastructure and interpretation investments. In park recreation and leisure, only the direct users – a segment of the population – benefit, and they can pay for this additional service. Second, nature is free, but management is costly. Tourists can cause negative environmental impacts that require additional investments in technology and processes to minimize

⁴ UNWTO World Tourism Barometer volume 5, n. 2, June 2007, at http://www.world-tourism.org/facts/eng/pdf/barometer/unwto_barom07_2_en.pdf.

⁵ In Canada, for instance, the total economic contribution of domestic tourism is 3.5 times larger than foreign arrivals (see note 26 for references), whereas in Brazil total domestic arrivals are 7.75 more than international arrivals (Anuario Estadístico EMBRATUR 2007, http://200.189.169.141/site/br/dados_fatos/conteudo/desembarque_int.php?in_secao=396).

⁶ Tye, H. and Gordon, D. 1995. *Financial and Human Investments in Biosphere Investment*. World Conservation Monitoring Centre: Cambridge, UK.

damage. Lastly, international and non-local visitors do not contribute to the tax-based public budgets maintaining the park. In these cases, it can be argued that charging fees would be justified.

In some countries the financial situation of government is such that there are few funds available for park management, other than those derived directly from tourism fees and charges.

With increased tourism revenues, better financed parks are also likely to be better managed (particularly in developing countries); thereby attracting more tourists and thus creating a risk of increased human impacts. Parks with more tourists also often get higher political visibility. With this political strength, the site managers can argue for greater budget allocations from governments. Finally, charging entrance fees often leads to improved tracking of visitor numbers, profiles and ultimately to enhanced economic measurement tools.

10.3 Protected areas contribute to tourism more than we know and less than they can.

Current trends indicate a continued reduction in the proportion of state/public budgets allocated to protected areas, while revenues from tourism are increasing. A reduction in park funding in the 1990s was documented for Canada and the USA⁷, as was the development of new forms of park administration and new pricing policies. In the United States, the state of Texas reduced its per capita expenditure on parks from 5.16 US dollars in 1990 to 3.44 US dollars in 2004. During this same period, park revenues in the state increased from 14 million to 31 million⁸. In developing countries, which harbour the most significant part of global biodiversity, the low level of state investment in PAs is not often linked to a corresponding volume of tourism or other revenues. Concurrently, most of the direct revenue from tourism to protected areas, may not flow back to the actual protected area, but accrue to a centrally managed government account, which in turn is eventually allocated to the budgets to the parks agency, and ultimately to the park. For example in their studies of parks in India, Indonesia, and Zimbabwe, Goodwin et al.⁹ found no direct relationship between park budgets and park tourism revenues. In these three countries, all the money collected locally was submitted to the central government. This creates a major problem in that tourism is then seen as a major cause of environmental degradation as there is a

⁷ Eagles, P. International Trends in Park Tourism: The Emerging Role of Finance. The George Wright Forum, vol. 20, number 1, 2003.

⁸ Crompton, J.L., Culpepper, J. Trends in Texas' Expenditures for State Park and Recreation Services, Department of Recreation, Park and Tourism Sciences, Texas A&M University, November 2006.

⁹ Goodwin, H., Kent, I.J., Parker, K.T., & Walpole, M.J., Tourism, Conservation and Sustainable Development, final report for DFID, 1997, <http://www.haroldgoodwin.info/>.

lack of resources with which to apply visitor management technologies to minimize the negative impacts of increased visitation.

A further difficulty is that direct park revenue from visitation is not often linked to the actual expenditures from tourists to local communities, i.e. parks make more money from visitors who contribute less to the local economies, thereby sending the wrong message to decision makers at the destination level. For example in Algonquin Provincial Park in Canada¹⁰ tourism expenditures per person per day in 2000 varied dramatically. Lodge visitors contributed up to CDN \$230 to the local economy, day visitors spent CDN \$150 while car campers spent CDN \$37. However, park management earned the most income from the group that contributed the least per day to the local economy (the campers). Conversely, park management earned the least from the people who spent the most in the local economy, (day visitors and lodge visitors). This example shows a typical situation, where tourism expenditure flows are not well understood and are therefore not properly incorporated into park income financial planning.

Visitation and tourism are at the core of one of the most widely used economic valuation tools for biodiversity, the “travel cost method”, and can be a component of estimation methods such as contingent valuation¹¹. Some of the limitations of these valuation methods have recently been addressed, and new economic measurement tools have shown surprising results. Consider, for example, the case of Australia where tourism is the largest foreign exchange earner. A study of Western Australia¹² shows that tourism provided a total of AU \$207 million to the Southern Forest and Gascoyne Coast Region. Of the total going to the Southern Forest Region, 88% (or 62 million) was associated with national parks. Of the total amount going to the Gascoyne Coast Region, 92% (or 127 million) was associated with national parks. Consumer spending *associated with* a protected area (i.e. which is spent in or around a park, by people visiting a park) is quite different from expenditure which is *dependent on* a protected area (for example, if a person primarily stays in an all-inclusive resort in Cancun for a traditional beach vacation, but then spends an additional 3 days visiting parks in the Riviera and Costa Maya, the aggregated economic impact to those areas should be credited exclusively to the parks). To estimate the exclusive “dependent” contribution of park tourism, an economic valuation tool called substitution factor was used, and results

¹⁰ Bowman, M.E., Eagles, P. F. G., Tourism Spending in Algonquin Provincial Park, 5th International SAMPAA Conference, 2003, www.sampaa.org.

¹¹ CBD Technical Series 28, “An Exploration of Tools and Methodologies for Valuation of Biodiversity and Biodiversity Resources and Functions”, 2007

¹² Carlsen, J., Wood, D. Assessment of economic value of Recreation and Tourism in Western Australia’s National Parks, Marine Parks and Forests, 2006, CRC Sustainable Tourism, www.crctourism.com.au

indicated that AUD 5.7 million for the Southern Region and AUD 23.5 million for the Gascoyne region would be lost if there were no parks.

A further example of the contribution of protected areas to tourism is New Zealand, where tourism is the largest foreign exchange generator, and contributes NZ\$17.2 billion (or almost 10% of its GDP) to the country's economy. Conservation is big business in New Zealand, with one-third of the country set aside as national parks and other conservation areas. At least 65% of tourists in NZ visit at least one park, 10% said that their stay would be shorter if no park was visited, and another 12% said they came exclusively to visit parks. The total budget for New Zealand's Department of Conservation (DOC) in the 2006/2007 financial year was NZD 277.2 million. Approximately 42% of this amount was spent on managing recreation, and 47% on managing natural heritage¹³. Careful economic impact analysis of DOC investments and returns in four regions and parks (West Coast, where up to 84% of the area is protected, Abel Tasman National Park, Queen Charlotte Track, and Fiordland National Park), where DOC invested approximately 22.4 million dollars per year from 2003 to 2005 shows that the money generated:

- Almost 4 thousand jobs or up to 15% of the total jobs on the West Coast. This represents a ratio of 5,600 dollars per job generated, a figure well below other commercial and industrial activities.
- 130 million dollars in household income (a multiplying factor of 6), 260 million dollars in value-added (house income plus profits and interest, a multiplying factor of 12) and a total output of 560 million dollars (value-added plus commercial transactions, i.e. total economic movement, a factor of 26)¹⁴.

The disproportion between the revenues generated by park tourism, park budgets and tourism/visitor fees is clearly shown in an Australian example from five World Heritage Areas (Great Barrier Reef, Wet Tropics, Uluru National Park, Kakadu National Park, and Tasmanian Wilderness)¹⁵. The five areas studied generated tourism expenditures of AUD \$1,372,000,000 (the authors indicate that this is probably an underestimated) in 1991–1992. By comparison the total public management budgets for the five sites was AUD \$48,700,000 while the user-fee income to the management agencies was AUD \$4,160,000. Therefore, the management budgets were only 3.5% of the tourist expenditure created by the

¹³ The value of conservation: what does conservation contribute to the economy? NZ Department of Conservation, October 2006.

¹⁴ Consolidation of the data presented in the study for different regions cannot be justified from an economic science basis (as it compares results from different years and geographic scales), but it points to an average situation well reflected in individual results.

¹⁵ Driml, Sally and Mick Common. 1995. Economic and Financial Benefits of Tourism in Major Protected Areas. *Australian Journal of Environmental Management* 2, no. 2: 19-39.

World Heritage Areas. On the other hand, public revenues raised through user fees represented only 8.5% of the government's expenditures, and park agencies only collected 3% of the total tourism revenue accrued to the destination. This example reveals a vast under-investment in park management. It may also suggest that the low level of public expenditure for management may not be sufficient to stop long-term degradation of the resource on which the tourism depends.

P. Tremblay¹⁶, based solely on the parks' worth as a tourism asset, evaluated the economic value of Kakadu National Park, in Australia's Northern Territory. He concluded that of the AUD \$58.1 million in tourism revenue collected in 2004 (for the regions of Top End and Northern Territory), \$51.1 million (or 88%) was directly attributable to the Park, and that up to AUD \$15 million was directly dependent on the existence of the Park. Authorities would be justified, therefore, in investing similar amounts to maintain the Park as a tourism asset. However, in 2006, Parks Australia only invested AUD \$4 million in the park. According to Parks Australia, the total operating cost of Kakadu National Park in 2005 was \$17 million – for all salaries, maintenance, and management costs, while capital investment was \$1.5 million, one-tenth of the exclusive revenue produced by the park itself¹⁷. More simply, parks that constitute tourist attractions often produce benefits well beyond the actual public investment in their sustainable management. This lack of investment is a major cause of the negative impacts of tourism in park areas. It is not tourism that is the problem, but rather the financial and management system which do not price and apportion income appropriately.

10.4 How to optimize the contribution of tourism

10.4.1 Building Institutional Capacity

Some park agencies have developed more autonomous management models that allow them to make better use of tourism revenue by partnering with local stakeholders and tourism enterprises. Responsible commercialization through public-private partnerships provides a viable alternative management arrangement¹⁸. Possible fees to be charged include recreation and hunting fees, green safaris, endowment funds, for-profit investments, tradable development rights, natural resource extraction rights, commercial

¹⁶ Tremblay, P. Economic Contribution of Kakadu National Park to Tourism in the Northern Territory, 2007, Sustainable Tourism Cooperative Research Centre, at www.crctourism.com.au.

¹⁷ <http://www.environment.gov.au/parks/publications/annual/>

¹⁸ Saporiti, N. Managing National Parks – How Public-Private Partnerships can aid Conservation, World Bank, 2006.

operations in protected areas, airport and hotel fees, wetland and carbon banking, revenues from the sale and trade of wildlife, and voluntary contributions.

An excellent example of building capacity for capturing tourism revenues to parks is Parks Canada¹⁹. In the 1990's, this agency was given permission to (a) to retain and reinvest all revenues; (b) plan and operate on a multi-year, non-lapsing basis; (c) increase non-tax revenues from products and services; (d) borrow against future revenue; (e) link revenues to costs; and (f) depreciate assets. The new approach moved this government agency into the management style of a government-owned corporation, or a parastatal. New national parks legislation was passed by the Canadian Parliament in 1998. By fiscal year 2000–2001 Parks Canada had a gross revenues of CDN \$84.7 million, an 111% increase since 1994–1995. Three sources of income were prominent revenue generators: entry fees (\$30.1 million in revenues) rentals and concessions (\$14.3 million) and camping fees (\$10.9 million).

Table 1. Parks Canada revenue sources, 2000–2001 (figures in CDN\$).

Park entry fees	\$30,100,000
Rentals and concessions	\$14,300,000
Camping fees	\$10,900,000
Other revenue	\$6,100,000
Recreation fees	\$4,500,000
Staff housing	\$2,300,000
Interest and land sales	\$1,700,000

The total annual visitor management budget of Parks Canada in 2005/2006 was CND \$180 million, with a 51% return due to visitor and concession revenues²⁰. A phase-out of subsidies was planned by transferring parts of the operation to the non-profit voluntary or private sectors, and services were to be stabilized on a full cost recovery basis.

Other examples from Canada suggest that similar changes are occurring at the provincial level. In 1997, the recovery of management costs from tourist charges varied from only 1% in British Columbia to slightly more than 50% in Saskatchewan. This variation was found to be largely due to government policies that dictate the financial structure of the agencies and not due to the volume of tourists or the size

¹⁹ Eagles, P. International Trends in Park Tourism: The Emerging Role of Finance. The George Wright Forum, vol. 20, number 1, 2003

²⁰ Parks Canada website, 2007, http://www.pc.gc.ca/docs/pc/plans/plan2005-2006/sec5/page2_e.asp

of the area being managed²¹. Those Provinces with the lowest levels of cost recovery had very weak tourism expertise within their park agencies and as a result most tourism income was earned by the private sector. Those with the highest level of cost recovery had revenue retention within the agency, and some form of corporate operations.

In 1996 Ontario Parks, Canada's largest and oldest provincial park management agency, was re-organized using a business operating model. Key components of this model included: revenue retention within the agency and multi-year retention of funds, a flattened organizational structure, increased flexibility in pricing policy, increased ability to enter into business partnerships with private corporations and public non-governmental organizations, the ability to receive gifts, and a governing board of directors. This new structure enabled cost recovery to increase from 56% in 1996 to 82% in 2001²². It has since stabilized at approximately 80%. Associated with an increase in user fees was also an increase in tourism volume. The new fees were more closely linked to the provision of suitable services, something the visitors were pleased to pay for.

Tourism is the largest contributor to South Africa's GDP and employment. At least 27% of the 8.4 million international yearly visitors to South Africa declared that they came to the country to enjoy its natural attractions and wildlife. This percentage increased to 60% when only leisure tourists were considered and 81% of these expressed full satisfaction with their wildlife experience. For 16% of all visitors, wildlife viewing and safaris was the highlight of the South African experience²³. Significantly, a single ministry covers both the environment and tourism portfolios. Further, a business-oriented state corporation, with an independent board led by the Minister of Environmental Affairs and Tourism (the South African National Parks (SANParks)), was set up to manage 21 National Parks. In 2006 the system recovered 75% of its costs through tourism revenues²⁴. SANParks concessions include 12 lodges, 19 shops, 17 restaurants, and 4 picnic sites for private partners. 20-year concessions include environmental and social obligations and penalties for non-compliance. Concession fees are calculated as a percentage of business turnover, and amounted to USD 42.5 million in 2004, a spectacular achievement even for developed countries. Thanks to the opportunities generated and owing to recognition by stakeholders, SANParks has increased its managed protected areas by 10% (360,000 ha) over the past 10 years. An

²¹ Van Sickle, Kerry and Paul F. J. Eagles. 1998. User Fees and Pricing Policies in Canadian Senior Park Agencies. *Tourism Management* 19(3): 225-235.

²² Moos, R. Ontario Parks – A successful business operating model. *Parks* 21:1, 2002.

²³ South African Tourism Strategic Resource Unit, 2006 Annual Tourism Report, 2007.

²⁴ SANParks official website, <http://www.sanparks.org/about/history.php> in 2008.

indirect spin-off of SANParks, African Parks, is a foundation which developed concession partnerships in the Democratic Republic of Congo, Ethiopia, Malawi, Sudan and Zambia. Revenue from its park in Zambia increased from USD \$100 to \$42,000 in the three years since 2002, generating an additional US\$ 9,000 for local communities. Further it has mobilized over USD \$23 million in private and public funds for the parks it manages²⁵.

10.4.2 Improving and disseminating economic measurements

Eagles and others²⁶ note that in 1996, parks and protected areas in Canada and the US generated 2.6 billion visitor/days of recreation activity and between 236 and 370 billion US dollars in economic impact including both foreign and domestic tourism. They also noted that due to methodological limits these values were certainly underestimated. These amounts can be roughly compared with the 518 billion USD total contribution of international tourism to the USA economy in 1999²⁷ and Canada's 44 billion CND in 1997²⁸. Although these park tourism figures reflect all kinds of economic contributions made by domestic park visitors and tourists (including non-tourism related ones), and the national tourism statistics only consider strictly tourism-related expenditures (mostly transportation, accommodation and foodservice), the comparison shows the order of magnitude and significance of park tourism. Direct measurements of the contribution of tourism to the economies of destinations (aggregated revenues from tourism businesses, direct taxes collected from tourism businesses, direct jobs, etc) fail to recognize what is called the "capillarity" of tourism (tourists also spend in non-tourism businesses), or its multiplying effect (money spent in tourism circulates repeatedly to all other sectors of the local economy, and tourism creates jobs serving the industry indirectly) – statistics and more detailed economic measurements indicate that for every dollar spent in a hotel, at least another one is spent indirectly, and that for every 10 tourism jobs, at least three others are created indirectly. When evaluating the economic contributions of park tourism to destinations as a tool for decision-making in budget allocations to protect these key tourism attractors, these additional capillary flows should be considered.

²⁵ Saporiti, N. *Managing National Parks – How Public-Private Partnerships can aid Conservation*, World Bank, 2006.

²⁶ Eagles, P, McLean, D., Stabler, M. *Estimating the Tourism Volume and Value in Protected Areas in Canada and the USA*, 2000, George Wright Forum

²⁷ US Office of the Travel and Tourism Industries, at <http://tinet.ita.doc.gov/analysis/keyfacts2000.html>

²⁸ Delisle, J., Venne, S., *Tourism in Canada and its various economic facets*, Statistics Canada's Digest, 87-403, 2002

Even considering economic leakages (money transferred out from a destination to pay for goods and services not available locally, or profits redirected elsewhere), the net contribution of tourism is often several times more significant to the local economy than direct tourism revenues would indicate. For example, out of the 280 million national park recreation visits in the United States in 2001 park visitors spent USD \$10.6 billion in the local regions around national parks while only a mere 10% was spent on admissions and fees. The other 90% of their spending is distributed between lodging (28%), restaurants (25%), gas and oil (12% and 10%), groceries (9%) and other retail purchases (16%)²⁹. These figures show how small user fees are when compared to the overall trip expenditures that occur when visiting a park.

In order to correct some of the distortions between direct and indirect tourism revenues at the level of national accounts, and to apply the existing data at the global scale, the UN World Tourism Organization and the World Travel & Tourism Council developed an economic measurement methodology called Tourism Satellite Accounting (TSA). This methodology, which can be applied for national accounts, is now widely used for the collection of economic data. Researchers could consider applying the same methodological principles at the scale of protected areas and park tourism. A Park Satellite Accounting procedure would be a useful tool for assessing the full impact of park tourism revenue.

Research has shown³⁰ that direct revenues from tourism in parks (through entrance and user fees, for instance) and public investments in park maintenance and management are often significantly lower than the economic benefits to the local communities derived from park visitation and tourism. Public and private decision makers often allocate funds for park management that are several orders of magnitude lower than their actual capacity to invest, leading to a situation of neglect and underinvestment which is often unsustainable. The direct economic impact from park tourism should be extended to include generation of employment and direct investment in tourism – all of which benefit the tourism destination indirectly, and depend, at least partially, on the parks.

²⁹ Stynes, Daniel J. “Economic Significance of Recreational Uses of National Parks and Other Public Lands”, Vol.5.no.1 Winter 2005, Michigan State University, p.19.

³⁰ Eagles, P. – “Economic Significance of Park Tourism: the emerging role of finance”, George Wright Society Bulletin, volume 20, number 1, 2003.

10.4.3. Incorporating parks into mainstream tourism development

In many tourist destinations (existing and potential) with significant biodiversity resources, a number of partnerships have been established over the past years between tourism developers, park authorities, NGOs, local communities and other stakeholders. This has resulted in the establishment of new and additional protected areas. These areas, public or private, can exist by themselves or can act as corridors or buffer zones.

By establishing or supporting protected areas, tourism developers, entrepreneurs and investors win because parks are major attractions for their tourists, and will ultimately secure the economic value of their real estate investment (always a major element the decisions involving resort facilities) by securing key landscape assets, by avoiding urban sprawl and by avoiding competing developments in the immediate surroundings of the park. Often, stricter land-use regulations require developers to set aside minimum areas for conservation. Turning this potential economic liability into an asset then becomes a significant motivation and governments can help developers and landowners through the hurdles of establishing private reserves, and provide additional support through tax shelters and other incentives. Moreover, tourism enterprises, while seeking long term profitability, are increasingly concerned about their corporate image, their relationship with their staff, and their impact on the global environment and that immediately around them³¹.

Citizens from local communities benefit from the ecosystem services rendered by parks (soil fertility, pollution control, freshwater, replenishment of biodiversity needed for livelihood in buffer zones, etc). In addition, local communities are able to enjoy recreation in natural areas, and can benefit from business opportunities and jobs in formal and informal economic activities around increased visitor interest in the parks. As such, and particularly in developing countries, the economic impacts of park tourism can contribute to poverty alleviation (and in attaining the Millennium Development Goals), employment creation, stimulate investment and support local services, even in quite remote communities. Moreover, sustainable tourism can bring tangible economic value to natural and cultural resources and even, in zones of conflict, act as a force for inter-cultural understanding and peace. This can result in direct income from visitor spending for their conservation, and an increase in support for conservation from local communities.

³¹ *Making Tourism More Sustainable: a Guide for Policy Makers*, UNEP and WTO: <http://www.unep.org/pc/tourism/documents/Making%20Tourism%20More%20Sustainable-A%20Guide%20for%20Policy%20Makers/making%20tourism%20more%20sustainable%20part1.pdf>

Market responses to sustainability principles and the role of the business community in protecting the environment are clear. For example 61% of US tourists are looking for travel experiences involving well preserved natural, historical or cultural sites. About 83% of British package holidaymakers say that a dirty beach or a polluted sea matter a great deal to them when choosing a destination. Three-quarters of US travellers feel that it is important that their visits not damage the environment. An impressive 65% of British tourists feel that the reputation of the holiday company on environmental issues is important. About 69% of Danish tourists staying in eco-labelled hotels are willing to pay more for such hotels owing to their environmental designation³².

It is much easier to set up effective and lasting financial and stewardship links between tourism businesses, communities and protected areas during the conception and planning phase of resorts rather than once they have already been established than later on, when resorts are established. Examples of this include:

- On the Brazilian North-eastern coast (State of Bahia), a set of tourism investment projects (PRODETUR I and II) financed by the Inter-American development Bank between 1994 and 2006 (and pressured by local and international NGOs), ultimately led to the design and establishment of the Conduru State Park. This park was as an add-on to the critical Una Biological Reserve, and part of a system of other of protected areas linked through a corridor.
- In the Egyptian resort town on Sharm el-Sheikh, the Egyptian government identified the tourism value of parks soon after the Sinai Peninsula was transferred from Israel in 1982. In 1983, Ras Muhammad National Park was established to protect the coral reefs and unique species of marine life that constitute the towns' major diving and snorkeling attractions. In addition several comprehensive park development programs financed by the United Kingdom, USAID and the European Union have made the park and its associated protected areas an essential feature of the economic development in South Sinai.
- In the Mexican Caribbean, the explosion of tourism in Cancun has transformed this once sleepy fishing village into the largest resort destination in Mexico. Development has spread southward along the Quintana Roo coast, and now affects the Sian Ka'an UNESCO Biosphere Reserve

³² Ibidem

which was created in 1987 (many years after the resort was planned). Negotiations (not always peaceful) between the government, NGOs and the tourism industry, the legal protection of over 800,000 ha on the Caribbean coast was achieved, including the Arrecifes de Sian Ka'an, a coral reef system with an area of over 34,800 ha. In spite of the serious negative impacts of tourism development on the park, visibility achieved through its status as a main tourism attraction allowed for the consolidation of the park's staff and infrastructure, and attracted research, monitoring and environmental education programs. The Mesoamerican Reef Tourism Initiative led by Conservation International and Amigos de Sian Ka'an, a local NGO, focuses on additional partnerships with hotel developers, the cruise ship industry and marine recreation service providers in order to develop additional protected areas, reduced footprints and formulate payback mechanisms.

- The USD \$17-million Sustainable Environmental Management Plan for Northern Palawan, Philippines, funded through a loan from the Japan Bank for International Cooperation (which included a tourism master plan for 5 municipalities) used the Environmentally Critical Areas Network (ECAN) methodology. Ultimately, however, the design and establishment of 2 Municipal Marine Parks in Coron and Busuanga was largely led by local stakeholders and wasn't integrated into the project design.
- In the case of the "Escalera Nautica" (Nautical Steps) megaproject in Western Mexico, the Mexican state fund for tourism development (FONATUR) proposed to invest USD \$1.7 billion into the construction of 27 marinas, over 10,000 hotel rooms and 80,000 new jobs in order to handle the estimated one million tourists who would come each year. Over 40% of the area is nature reserves or parks, with 900 untouched islands, and a coastline longer than that of the Italian peninsula. FONATUR has already set up agreements with five state governments (Baja California Norte, Baja California Sur, Sonora, Sinaloa and Nayarit), 18 municipalities, as well as with the Ministries of Tourism, Agriculture, Communications and Transportation, Economy, and the environmental agency Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT). If fully developed, the project would affect three national parks and 15 protected areas. Initial versions of the project did not engage the broader conservation community, focusing solely on economic issues and attracting possible investors. After local, national and international players became aware of the serious negative impacts of the initial development plan (also based on the enormous footprint of FONATUR's previous Cancun and Riviera Maya developments); strong

resistance from NGOs and local communities has largely stopped the plan. In 2002, a coalition of environmental NGOs and academia proposed a more sustainable version of the project, with more realistic market forecasts and increased opportunities for conservation. Recent statements from the current Mexican government indicate that the project (part of which has now been renamed “Sea of Cortez” given the negative connotations of the old name) is still considered a priority by some key players.

10.4.4 Partnering with private sector

In several cases, individual resort and ecolodge investments have set aside protected areas. The private nature reserve and ecolodge systems are both adding to the protected area estate and are becoming major competitors to parks in the ecotourism market. Well known “best practice” cases include the Dominican Republic’s Punta Cana (where a 350-room resort complex was created which supports a 607 ha reserve and two environmental and social Foundations), the Cayman Ecological Refuge adjacent to Brazil’s Pantanal region (linked to a private reserve constituting the main attraction of the hotel), and the El Nido Resorts in Palawan, the Philippines (whose establishment led to the creation of the 90,000 ha El Nido-Taytay Managed Resource Protected Area, and that also maintains the El Nido Foundation implementing environmental and social projects in the area). In Costa Rica, a network of over 110 Private Reserves totalling more than 60,000 ha is largely financed through tourism. In the Brazilian Southwestern Amazon, the success of the award-winning Cristalino Jungle Lodge and its scientific program ultimately led to the establishment of the 186,000 ha Cristalino State Park.

10.5 The road ahead

To optimize the contributions from tourism to the CBD Programme of Work on Protected Areas, a number of activities can be outlined. A program to carefully measure economic impact from tourism in and around a diverse set of protected areas, particularly in developing countries, would be desirable in order to better allocate investments, income and funding, and to increase the links between tourism expenditures and park tourism income.

However, experience shows that even with the adequate data, park agencies have limited capacity to optimize potential benefits from tourism, and to manage visitation adequately. Three lines of work can address these barriers:

- Building the capacity of park managers in tourism and business planning and financials, such as proposed by the innovative online training program on Business Planning for Protected Areas, organized by UNESCO-World Heritage Centre, The Nature Conservancy, and Washington State University, in collaboration with members of the Conservation Finance Alliance³³, or by the User's Manual "Managing Tourism and Biodiversity" developed to support the CBD Guidelines on Biodiversity and Tourism Development³⁴.
- Developing new and more flexible institutional arrangements and management models for park agencies, supported by adequate legislative and policy tools that allow them to capture an increasing part of tourism revenue flows and manage visitation impacts accordingly.
- Disseminating these new technologies, expertise and tools through a program (documents, training, consulting) to park agencies, governments, civil society and NGOs, to facilitate greater contributions from tourism fees and charges to park budgets and enable a much more cost efficient and effective approach to park tourism finance.

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³³ <http://capps.wsu.edu/sustainablefinance/courses.asp>

³⁴ <http://tourism.cbd.int/manual.shtml>