

# Marketing hunting and tourism joint ventures in community areas

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## Introduction

Community conservation in southern Africa is premised upon the devolution of rights, including:

- the right to benefit;
- the authority to manage resources; and
- the right to allocate and dispose of these resources to best advantage (see article 1).

Three mechanisms have been especially important for converting devolutionary principles into practice. Revenue distribution (article 3) encapsulates the right to benefit. Quota setting (article 8) encapsulates the right to manage and allocate natural resources to best advantage. And, as outlined here, marketing encapsulates the right to make commercial partnerships. These three activities provide powerful entry points for community development. The way they are handled has profound implications for community capacity, institutions and organisation. They embody power relationships and dictate who controls money and resources. If money earned from wildlife is appropriately allocated within communities, it creates incentives for long-term conservation and can mould institutional development.

This article describes the process of empowering and training communities to select, negotiate with and contract private sector partners. Marketing is not a mere technical

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The methods described here were first developed for marketing safari hunting concessions in Zimbabwe’s CAMP-FIRE programme. They were then adopted and adapted for high-end tourism concessions by Namibia. They are the result of ideas shared between the regional professionals who facil-

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itated these developments over many years. Apart from the authors, staff members of the WWF Southern Africa Regional Programme Office (SARPO) in Zimbabwe and of the WWF office in Namibia played a leading role in developing these methodologies.

Because of its economic and political power, it is important to manage the marketing process carefully to ensure competition, transparency and learning, and to reduce the risks of elite capture, collusion and corruption.

### Background

In southern Africa, high-end hunting and tourism are sophisticated businesses often managed by long-standing white-owned companies. Negotiations encompass complicated economic, financial and racial connotations, with considerable suspicion by both communities and officials that the communities are being exploited by the private sector. The professionals who initiated the process described below had considerable practical experience in the administration, economics and management of hunting and tourism. They had longstanding partnerships with the black communities they sought to empower, as well as relationships with the outfitters with whom they brokered negotiations and contracts of sufficient integrity that the higher prices they achieved were not resented.

When CAMPFIRE was initiated, hunting was sold by the Wildlife Department on behalf of communities, with state officials setting prices. Economists in the CAMPFIRE Collaborative Group knew that this administrative pricing was undervaluing the wildlife resource, and that contracts set in a devaluing Zimbabwe Dollar were exacerbating this. Moreover, centralised marketing clashed with the devolutionary principles of CAMPFIRE. To rectify these faults, community-based marketing was initiated in Tsholotsho near the Hwange National Park in 1989. It was based on the following principles<sup>1</sup>:

- planning to maximise financial returns and positive political economic consequences;
- active community participation to ensure that their needs are met in the contract and to create capacity, knowledge and commitment about a business historically opaque;
- competition to drive up the price and reduce the possibility of unfair profiteering; and
- transparency to reduce suspicion and the potential for corruption.

### Methods used

#### Tendering

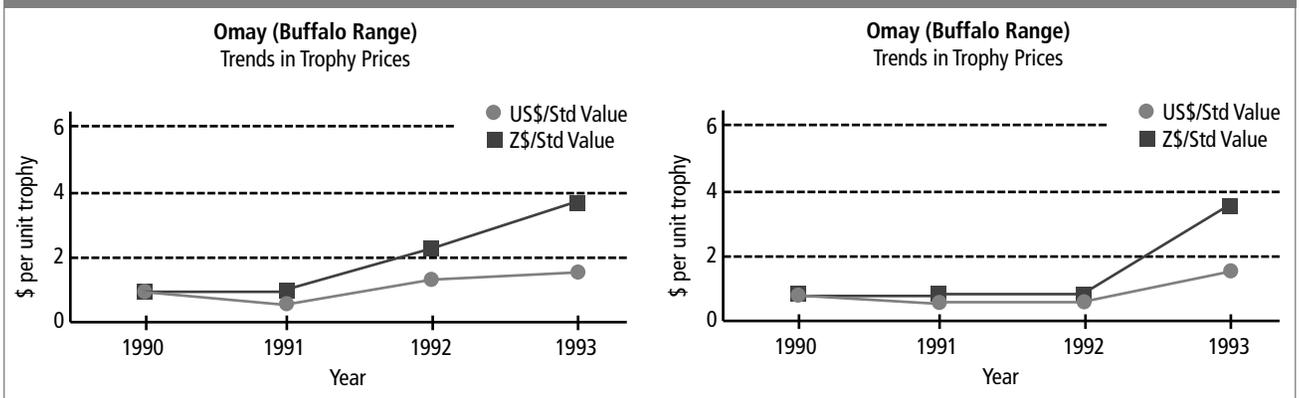
The primary innovation was very simple – the introduction of a tender system to replace the arbitrary determination of prices by government. A newspaper advert solicited twelve bids. Technical experts from the Wildlife Department and local government worked with a wildlife committee that represented the seven producer wards to agree upon selection criteria before the bids were opened. Three bids were short-listed and invited for an interview. It was also agreed that the first agreement would be for a single year because the committee did not have time to research the financial and performance background of the applicants sufficiently to be confident in a long-term agreement. Two weeks later these same technical experts and officials provided a one-day training session on the safari industry, and worked out the key questions the community needed to ask as well as what prices to expect. The following day, three outfitters were interviewed. After much heated debate, the hunting concession was split and offered to the top two bids. This process increased income for nine elephant bulls from the government-set price of Z\$108,000 in 1989 to Z\$280,000 in 1990. So successful was this initial process that other districts and countries rapidly adopted it, leading to the iterative refinement of the marketing and training process in the region.

#### Database

A database showing the prices of trophies and concessions proved invaluable in supporting the marketing of hunting. Support agencies tracked the prices of all animals in each concession (Figure 1). This database provided up-to-date information for negotiations. By demonstrating the relative prices received for hunting from each community concession, it was easy to see which communities were under-performing, and therefore to prioritise corrective action. In Namibia, similar databases are regionally disaggregated by average price per species to allow communities to decide if they are receiving a fair offer.

<sup>1</sup> See the manual developed by WWF's Southern Africa Regional Programme Office (SARPO) *Marketing Wildlife Leases*. For the full manual see: [www.policy-power-tools.org/related/docs/marketing\\_wildlife.pdf](http://www.policy-power-tools.org/related/docs/marketing_wildlife.pdf) (1585kb).

Figure 1: Example of annual performance of two concessions in Nyaminyami showing Z\$ and US\$ prices.



### Planning

High-level technical support was essential to help communities clarify exactly what to sell, how to package it, the preparation of tender forms and information, and the initial newspaper adverts (for details on this process see WWF's *Marketing Wildlife Leases*). Namibia developed a template that is easily customised for specific sales and species:

- financial offer;
- number of local people to be employed and value of employment;
- training and value of planned training; and
- conservation contributions (e.g. game translocations, wildlife water point maintenance, support to community game guards, etc.)

### Shortlisting

If tender documents are well planned, it is usually easy to shortlist applicants based on the minimum guaranteed income and/or expected income. For technical and transparency reasons, this process should be facilitated by professional staff from NGOs or government agencies. Important attributes of these staff are a sound knowledge of the economic and operational realities of the hunting sector, and an ability to facilitate community decision-making without dominating it.

### Training

It is invaluable to provide a day's concentrated training the day before the interview. The first step is to facilitate the community's elected wildlife committee to define their **selection criteria** through an interactive process that creates deep awareness of the safari hunting sector. Experience suggests that communities usually want the following:

- money;
- a respectful relationship (which, more than anything, sometimes trumps the money);
- local employment; and
- help with transport in emergencies.

**Business performance issues** such as an outfitter's track record in terms of hunting capabilities, marketing, and previous community involvements are also discussed. Finally, pricing issues are clarified, including:

- prevailing market norms (using the databases mentioned above);
- the use of minimum guaranteed prices or off-take to guard against non-performance; and
- USD equivalents to protect against devaluation.

A checklist of questions is a useful outcome of this process. Members often practice specific questions to solicit information such as price, character, employment, hunting experience and knowledge of the area in order to fill out the



Figure 2: An example of the evaluation criteria and evaluation matrix used by communities to choose safari outfitters to partner with them (from WWF SARPO manual)

SUMMARY OF NON-FINANCIAL PARTS OF TENDER						
	OPERATOR 1		OPERATOR 2		OPERATOR 3	
Payment offered	500 000	3	550,000	4	600,000	5
Guaranteed income	500 000	5	400,000	3	400,000	3
Hunting experience	Good - 12 years in CAMPFIRE	4	No experience in CAMPFIRE	2	Little experience in CAMPFIRE	2
Knowledge of area to be hunted	Not good- all experience in lowveld	2	Very little	1	Good	3
Local employment	16 full-time 50 casual	4	12 full-time 40 casual	3	20 full-time 60 casual	4
Language	Fluent Shangaan	2	Poor Shona	3	English only	1
Character-trustworthiness	Good	4	Good	4	Uncertain	2
Relationship with community	Potentially good	4	Potentially good	4	Unclear	2

agreed evaluation matrix (see Figure 2).

Once the community negotiators have this background, role-playing techniques are invaluable to:

- practice asking and evaluating the right questions;
- gain confidence with dealing with the private sector; and
- develop confidence in discussing prices and bargaining beyond the initial offers.

### Interviewing

Outfitters are interviewed individually, often for several hours. The wildlife committee sits at a large table, seating the outfitter(s) at one end. The session warms up with brief introductions. The interview proceeds like a semi-structured interview, with the conversation moving into issues that the outfitter or community want to clarify in a business arrangement. The chair



checks the list of questions to ensure all information requirements are fulfilled. If the training is done properly, the technical advisers should be able to sit quietly at the back of the meeting. This also encourages other government officials not to dominate proceedings.

### Deciding

After all outfitters have been interviewed, the technical experts facilitate the community to carefully summarise each offer in a large matrix chart according to the agreed criteria (Figure 2). Experienced facilitators with an intimate knowledge of the economics, culture and operation of the industry are invaluable. It is best if the facilitators can also 'read' into the outfitters rugged, individualist (invariably white) culture, and have personal knowledge of operator's reputations for performance and trustworthiness.

### Contracting

Once an operator is chosen, the offer is converted into a contract. In Zimbabwe, this was usually a two- to five-page document, kept deliberately clear and simple so that the selection committee could understand it and explain its provisions to anyone who asked. Lawyers and legalese were avoided in the design and preparation of these contracts, although communities and outfitters were advised to have them scrutinised by their lawyers. Namibian contracts are developed in two parts. Key contractual details such as agreement duration, payment amounts and schedule, values for each species, etc. are incorporated into a Memorandum of Agreement (MOU). The MOU is supplemented with an attachment that contains greater details around the 'Operational Conditions and Guidelines' for the hunting concession. As with the tender document, the MOU and guidelines have been developed in a template format that is adapted to new concessions.

The simplest option is to specify the price for each animal, and the number that the outfitter guaranteed to pay for. Some agreements in Zimbabwe were based on a percentage of gross income (carefully defined). Communities were strongly advised to steer away from profit sharing arrangements, because 'profit' is too difficult to define unambiguously, and also from in-kind payments which are difficult to value and verify.

### Marketing tourism joint ventures

The same basic principles of open, transparent, highly participatory marketing apply to tourism. However, this sector is much more complicated than safari hunting. It has high fixed costs in infrastructure and marketing is complex and expensive. Financial timeframes are much longer and more uncertain and business models are more varied, ranging from small to large lodges based on anything from scenery to fishing, hiking or big game. Most of the tourism business initiatives in communal land are also more exploratory and

**Figure 3: Increasing income from sport hunting due to tendering in Zimbabwe**



risky. By contrast, safari hunting is well established in communal lands, and has low fixed costs in the form of lodge infrastructure etc., and sells a well-defined product – trophy animals and wild land.

The marketing process follows similar procedures to hunting. However, greater technical judgment is necessary to analyse and evaluate bids based on 10- to 25-year cash flow projections. Initially, there was far less comparative data for a highly specialised and new sector. It was also difficult to use competition to control the process, and in some cases the offer had to be tailored to suit a single investor or the community had to maintain the pretence that several offers had been made in order to keep the investor's cash projections honest. This process worked reasonably well, aiming to extract 10% of gross income from the investor. In the best cases, informed tourism operators incorporated CBNRM principles such as revenue sharing into contracts.

In Namibia, with no established market value for lodge sites prior to 1995, NGOs had not only to assist communities to negotiate joint venture lodge agreements, but to develop the demand for these sites and overcome past practices of grossly under-priced sites. The first community lodge was facilitated jointly by an NGO, Integrated Rural Development and Nature Conservation (IRDNC) and the Ministry of Environment and Tourism (MET), assisting a community trust to negotiate the Damaraland Camp with a highly reputable operator (Wilderness Safaris). This initial negotiation played an important role in providing a benchmark for one-on-one negotiations with the lodges that already existed in communal conservancies from pre-Independence arrangements.

From 2002–2004, a formal tender process for joint venture lodges in six sites was undertaken by MET and a tourism-specific NGO, the Namibian Community-based Tourism Association (NACOBTA), with the support of WWF. The process produced mixed results, and only two joint ventures contracts were immediately developed through the tender process. However, the attention generated by the tender process increased the private sector's awareness of lodge opportunities in these new areas and by 2006, agreements had been signed for five of the six sites and lodges were fully operational in three of them.

As with Zimbabwe, Namibia's joint venture agreements are based upon a percentage of gross revenue, but with fewer taxes and marketing costs to the operator. Payments vary from 4% to 10% of gross income. Already existing lodges are able to pay more, whereas new lodges usually pay less, reflecting the effects of high investment costs, and the three to five years it takes to establish a market on cash flow and debt burdens. To cope with start-up costs, contracts are formulated to increase percentage payments as debt is repaid and successful marketing of the lodge increases beds per night occupancies. In Namibia, joint venture lodge contracts also set clear targets on the number of community staff to be employed and timeframes by which community staff must be elevated to middle management positions.

## Results

### Increased income to communities

The income from safari hunting on communal land in Zimbabwe rose very rapidly after control was passed from the state to communities and open, competitive marketing was introduced. Z\$ prices rose 4.5 fold in four years, and US\$ prices 1.5 times.

In US dollars the revenue from sport hunting has increased from US\$326,798 to US\$1.4 million over the same period.

Table 1 shows the increase in income to communities from trophy hunting concessions following the introduction of tendering.

### Increased empowerment

Empowered social relationships are as important as the income described above. With the communities and their representatives clearly in control of the sale of hunting, strong and respectful relationships developed between safari operators and the community. Many subtle value-adding

**Table 1: Growth of the financial values realised from the tendering of three new communal area hunting concessions in Botswana and Namibia, 1993–2005.**

Year	Chobe Enclave (Botswana) Concession Values	Salambala Conservancy (Namibia) Concession Values	Nyae Nyae Conservancy (Namibia) Concession Values
1993	P20,000 (\$4,000)		
1994	P60,000 (\$12,000)		
1995	P200,000 (\$40,000)		
1998/99	P365,000 (\$73,000)	US\$17,308	US\$17,850
2002		US\$28,431	US\$45,977
2005	P1,200,000 (\$240,000)	US\$96,000	US\$110,550

arrangements were formally and informally negotiated to mutual advantage. This was also invaluable for overcoming historical racial issues and forming genuine cross-racial and class business partnerships that, in some cases, have lasted fifteen years and are still in place. Evidence from other countries where government still carries out the negotiations (behind closed doors) and shares the revenue with communities, shows that far less money was paid for concessions, and communities learnt almost nothing about the hunting sector, the safari operators had little knowledge of and respect for communities, and the relationship between operators and communities were socially, environmentally and economically dysfunctional. There was less local employment, far less meat was delivered, and the many little support relationships that evolved in other programmes (such as the operator delivering or fixing machinery) simply never occurred.

In Namibia the importance of empowering communities through choice was illustrated when the government awarded a hunting concession in 2006 to the San community living in the Bwabwata National Park. Previously the government had sold the concession on public auction and the same operator had won the concession since 1994 by making the highest bid. Once awarded the concession, the community set their criteria for awarding a contract, which included factors such as employment, training, conservation contributions, and partner relationships, rather than just the highest price. The previous operator had the highest tender,

but the community opted for the second highest offer, which was considerably lower. This was because on past experience they did not think the previous operator was a suitable partner and because of the inclusion of more benefits related to employment and training in the second offer. So, the San community made a decision that was based upon empowerment and partner relations over one that would have generated significantly more cash.

### Critical analysis

Effective marketing increases income rapidly, reduces the risks of corruption, and goes a long way towards providing the foundation for sound long-term cross-cultural/business arrangements. It substantially changes the politics of control to overcome historical disempowerment. Marketing is an important vehicle for generating skills and knowledge in natural resource management and for helping people to understand the value of wildlife. If an NGO or state agency does the marketing on behalf of a community, important opportunities for increasing the financial benefit and increasing empowerment and learning are lost. However, good marketing is wasted if the money so generated is not used well, or fuels elite capture and associated problems. In the negotiation process, there is always a problem of how many people can participate because concessions usually include a number of communities (5–10,000 people) and only twenty or so people can effectively participate in the negotiations. This makes it difficult to avoid empowering the leadership more than community members (the 'follower-ship'), and great care must be taken to use parallel measures (e.g. revenue distribution, article 3, this issue) to increase transparency and participation and avoid the dangers of elite capture.

### Ways forward and conclusions

In order to assist appropriate marketing by communities, technical facilitators working in NGOs or government agencies need to understand the private sector well, be able to communicate with them technically, financially and culturally, and be able to facilitate communities to bargain hard and fair. This is particularly the case for lodge developments, which are complicated by the variability of the tourism product, fickle markets, and high investment costs. Consequently, agreements need to be negotiated as far as fifteen or more years into the future, with the accompanying uncertainty regarding projections of income, expenditure and profits.

With such support, communities are quite capable of bargaining for themselves provided:

- they have good information on prices;
- they are facilitated to understand the sector they are dealing with;
- they receive a small amount of training in cross-cultural/class negotiation; and
- they have support to draw up contracts.

Legal support is essential, but must be applied judiciously to ensure that documents are legally binding, and also to make them simple to ensure clarity and transparency.

This works extremely effectively for a highly competitive and similarly structured sector like safari hunting, or where similar lodges are added to a well-developed tourism circuit. More flexibility is required to encourage innovative private sector entrepreneurs to experiment with new kinds of tourism products or new destinations.

While good marketing is highly effective, there has often been too little invested in the ongoing monitoring and evaluation of agreements. Some operators in Zimbabwe exploited communities because Rural District Councils failed to check their agreements, and there was insufficient discipline (or support) in the application of databases, hunt return forms and other monitoring instruments.

Sustainability is also an issue. So far marketing has been supported by NGOs, as well as free technical support. The next step is to link community-based organisations (CBOs) to commercially available technical support, such as consultancies.

In conclusion, the returns on investment in effective facilitation of communities to market their own wildlife is extremely high. A few days of careful work by experienced facilitators can often double or quadruple the value of wildlife. More than this, it places community leaders at an equal level in negotiations with the private sector. This fundamentally improves cross-cultural relationships, and adds considerable value to both parties. Moreover, the partnerships that arise from well-facilitated negotiations result in personal trust and legal agreements. Where the fundamental principles of community conservation (such as revenue sharing) are tied into such agreements, they can often outlast the participants and extend beyond project cycles that are invariably too short to institutionalise such changes. In other words, well-structured agreements add considerable robustness to community conservation. Because they provide legal strength that can hold up in court, they provide an alternative or complementary mechanism to genuinely empower communities and protect principles such as revenue sharing, participation and transparency.

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