Namibian CBNRM Program
Case Studies Of
Tourism Enterprises in Communal Conservancies
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Brian Jones – primary consultant, co-ordinator and main editor (Damaraland Camp)
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Note: Every effort has been made to ensure that the factual information is correct and we apologise for any errors that may remain. The Case Studies also include a certain amount of “interpretation” and in particular the suggested lessons learned and recommendations remain the opinion of the editorial team.

November 2008
Introduction

Lodges

Campsites

Crafts

Other Small – Medium Enterprises
Introduction

This series of case studies on tourism enterprises located in conservancies as part of the community based natural resource management (CBNRM) program in Namibia was developed by the Business Enterprise and Livelihoods Working Group (BEL WG) of NACSO (Namibian Association of Community Based Natural Resource Management Support Organisations) and funded by WWF. They have been developed in order to identify best practices in the establishment and operation of different types of tourism business in Namibia’s communal areas. A total of 10 case studies are presented covering the following: joint venture lodges, campsites, craft markets, and community tour guiding. Case studies have been chosen that demonstrate different types of ownership and management arrangements, community relationships and mode of operation. The case studies explore the variety of CBNRM tourism enterprises operating in Namibia and capture lessons learned and identify the different issues associated with them. The case studies are aimed primarily at community members and support agencies involved in CBNRM tourism enterprise development but also at other stakeholders who are interested in what contributes to a successful CBNRM tourism enterprise.

The case studies were developed by Namibian consultants who have experience in CBNRM tourism and who have worked with a number of different communities in different regions of the country. The consultants drew on their own knowledge of the enterprises, interviewed community stakeholders, members of organisations supporting the enterprises, and personnel from the private sector companies involved as well as reviewing existing literature on the enterprises. A national workshop was held to present the case studies to stakeholders familiar with the enterprises and to receive additional input and ideas. The consultants are grateful to all those who contributed through interviews and comments.

Each case study provides a brief description of the enterprise, how it was developed, how the community benefits and what type of external support it has received. Key lessons learned are highlighted and a final section provides tips to communities and practitioners involved in or considering developing similar enterprises.

Background

Community tourism in Namibia generally refers to efforts to promote increased community participation in tourism on communal land and greater community benefit from tourism activities. Particularly prior to Namibia’s independence in 1990, tourism on communal land was run by white-led companies that provided little direct benefit to local communities apart from a few low-paid jobs. Community involvement in tourism emerged after independence as a development strategy promoted by government and NGOs to change this situation. Further, tourism has been one of the main income generating activities of Namibia’s communal area conservancies. These conservancies are established under legislation introduced in 1996 which enables local communities to gain rights over wildlife and tourism on their land.

An important aspect of the conservancy approach is the intention of government to provide incentives for communities to conserve wildlife, natural resources and maintain bio-diversity. One of the incentives used to achieve this is the income from wildlife-based tourism. The argument here is that if communities derive income from the sustainable use of wildlife through activities such as trophy hunting and tourism then they will maintain wildlife on their land. As a result, tourism enterprises in conservancies are not simply aimed at promoting increased community participation in and benefit from tourism but are linked to conservation agendas. Further, Namibia’s community-based natural resource management (CBNRM) or conservancy programme is supported by a number of different NGOs, some of which have conservation as their main aim and others which aim to promote rural development. These
different agendas have often shaped the type of support that has been given to communities becoming involved in tourism.

**Key themes explored by the case studies**
A key issue to emerge from many of the case studies is the extent to which the enterprises have been established as development projects or as sustainable businesses. In some cases NGOs have supported enterprises not simply as a business but with other motivations. For example the **Nambwa Campsite** in the Bwabwata National Park was supported by the NGO Integrated Rural Development and Nature Conservation (IRDNC) not only for the community to generate income but also in order to gain conservancy support for an important conservation area. IRDNC also argue that if poaching is low and the wildlife base can be improved then income can be derived from lodges and hunting which can be far greater than from a campsite, so the campsite is a stepping stone for the community to larger tourism enterprises. In some cases (e.g. **Daureb Crafts** and **Mashi Crafts**), little attention was given in the early development of the enterprises to sound business principles and business planning, suggesting that a “development” approach rather than a “business” approach was being taken by support agencies. However, over time more attention has been given to developing better business management. Whatever the different motives for developing a specific enterprise the experience from the case studies suggests that it is wise to initiate sound business planning, appropriate marketing and good management from the beginning.

**Community ownership, management and empowerment?**
Some stakeholders involved in Community tourism promote community/conservancy management and/or ownership of enterprises as important mechanisms for achieving community empowerment. The case studies on joint venture lodges, illustrate different aspects of community ownership and empowerment. **Grootberg** represents an example of where a donor (government) has built the lodge and the infrastructure is owned by the community which has an agreement with a private company for the lodge management. **Doro Inawas** is an example of where donor funding has been used to purchase community equity in the lodge, while at **Namushasha Lodge** and **Damaraland Camp** the infrastructure and the business are owned by the companies involved which pay various fees to the community. Interestingly though, at **Damaraland Camp** there is a strong sense of community ownership and partnership with the private sector which comes out strongly in the case study.

**Can communities manage businesses?**
The craft market cases, the **Kasika/Impalila Guides** case and Nambwa and Granietkop community-run campsites all reveal different experiences of groups of people trying to run a business. The more successful businesses have developed management systems to ensure that managers are accountable to the community for operating the enterprise, rather than expecting a committee to run the business.

**External support and sustainability**
All of the enterprises considered have received some form of external support. Key questions include how much support should be provided, over what period of time, should NGOs subsidise the enterprises (e.g. transporting crafts to the market or funding renovations), and will community enterprises be able to run completely on their own? The lessons from the cases studies suggest that the answers to these questions can depend on the objectives of the support agencies involved and the circumstances of the particular enterprise. For example it can be argued that the empowerment and economic benefits to poor female headed households in Caprivi justifies ongoing support from NGOs or conservancies to **Mashi Crafts** even if this does not make perfect business sense. At the same time though, the implications of external support being suddenly withdrawn because of a lack of funding need to be considered. These issues all need to be addressed as part of the business planning for the enterprise and the strategic planning of the support agencies.
Conservancy Background

Tsiseb Conservancy is in the Erongo Region and was gazetted in January 2001. It covers 8,083km² with an estimated population of 2,000 people. The conservancy is home to a variety of wildlife species including: Elephant, Black Rhino, Leopard and Cheetah. Other features include the Brandberg Mountain, known for its pre-historic rock art paintings (in particular the White Lady), the Ugab River, Messum Crater and the Welwitschia Mirabilis. The conservancy income comes mainly from the joint venture lodge and trophy hunting and income from rent (Conservancy Tourism Centre in Uis).

Timeline

2000 - Conservancy established and gazetted
2002 - Conservancy Tourism Option Plan completed and JV lodge sites tendered
2003 - Conservancy entered into a lease agreement with a JV partner, Brandberg White Lady Lodge cc (BWLL). BWLL also took over operations of the Ugab Wilderness Campsite from the conservancy as part of the JV agreement
2003 - Construction of the lodge started
2005 - Conservancy received its first income from the Lodge
2005 - Trophy hunting agreement signed with Classic Safari
2005 - Tourism Centre in Uis completed and handed over to conservancy
2006 - New Conservancy chairperson appointed resulting in improved relations with White Lady Lodge manager. BWLL paid off arrears
2007 - Conservancy manager dismissed due to alleged irregularities
2007 - New Conservancy management team appointed.
2008 - Conservancy General Meeting held (interim committee to run the conservancy appointed)
The Brandberg White Lady Lodge is situated on a prime site and in terms of the agreement, the JV partner provided 100% of the capital and all operational management decisions are vested with them. The conservancy was not in a position to contribute any funds of their own. The agreement provides for shareholding of 10% by the conservancy in the BWLL cc. and is valid for 10 years with an option to extend for a further 10 years providing there are no breaches of the agreement.

<table>
<thead>
<tr>
<th>Lodge Components</th>
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<td>Conservancy</td>
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<tr>
<td>Fixed Assets</td>
<td>JV Partner - BWLL</td>
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<tr>
<td>Movable Assets</td>
<td>JV Partner - BWLL</td>
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<tr>
<td>Operations</td>
<td>JV Partner - BWLL</td>
</tr>
<tr>
<td>Labour</td>
<td>Conservancy (excluding 2 management positions)</td>
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**Initiation of the Lodge**

**Lessons**
During the tender process it is important to assess the ability of the potential JV partner. It is particularly important that they can:
- demonstrate strong tourism experience
- can access the necessary capital to implement the proposed business
- can meet their contractual requirements to the conservancy

Working with JV partners who lack previous tourism experience may lead to slower business growth and potentially, deviations from the payment schedule.

Where a conservancy is offering a prime or high value tourism site (such as Brandberg), they should consider re-tendering or waiting for an improved offer rather than accepting an offer just because it is the only one.

The site where the lodge is built was identified through the North-West Tourism Option Plan. NACOBTA had already supported the conservancy to develop a tented camp on an adjacent site, previously managed by an external manager. On behalf of the conservancy and building on the tourism option plan, NACOBTA issued a tender for the development of a lodge on the Brandberg site in 2002. BWLL cc was the only bidder, but they did not have a strong tourism background and on this basis the conservancy were advised to re-tender. However, the conservancy decided to go ahead with BWLL cc.

Negotiations took 12 months, and the JV partner decided to start building the lodge without a signed agreement. Initially, due to insufficient capital to invest, the lodge performed poorly and as a result, the operator was unable to make the payments required by the agreement.

These arrears were subsequently paid off in the third year of operation, and the JV partner is now back on track with required payments according to the agreement.
The Agreement
The agreement between the JV partner and the conservancy was based on the following:

- 10 year agreement renewable for a further 10 years provided no breach has occurred
- Payment to the conservancy at 5% of nett turnover in year 1; 7.5% in year 2; 10% years 3-10; 12.5% years 10-20 and 15% years 20-30 Or if greater, a minimum guaranteed payment of N$150,000 pa for the lodge and N$100,000 pa for the campsite
- Conservancy to get 10% shareholding in BWLL cc
- JV partner to cover all operational costs
- JV partner has sole development rights within a specified ‘exclusive development zone’ of the conservancy for the duration of the agreement
- New development beyond the agreed ‘permission to occupy’ (PTO / leasehold) area must be agreed with conservancy
- JV partner to assume full management responsibility
- Employment of local people
- Training and promotion of local staff into management positions
- Employees to be given staff accommodation
- Conservancy to acquire/inherit the Lodge and fixed assets at expiry of agreement.

Operation of the Lodge
The Lodge construction took an unexpectedly long time due to insufficient initial capital from the JV partner, impacting occupancy and therefore business growth in the early years. However, the situation improved steadily and it has now achieved reasonable occupancy levels. Marketing and bookings are done primarily through the Lodge itself, but also by a marketing and booking partner.

The current manager, who took over the management of the lodge 2 years ago is experienced in hotel management and the personal contacts he has managed to establish within the tourism industry boosted the image of the Lodge and have added to increased occupancy over time, as shown in the graph below.

![Brandberg White Lady Lodge Occupancy Rates 2006-(Jan - April 2008)](image)

- Chalets
- Tents
- Camping

Where an inexperienced JV partner is contracted, the conservancy should expect growth to be slow and be prepared to review the terms of the agreement if necessary. In particular, this may lead to a large deviation from the original payment schedule.

Lesson
Conservancies need significant “post-signing” training and support in managing the agreement and the business relationship with the JV partner. Every effort should be made to assist conservancies in understanding the obligations imposed by agreements. The cost of this support needs to be budgeted for by NGOs, GRN or even by the conservancy themselves who could contract a private business service provider to perform this function.
White Lady Lodge Rack Rates – 2007

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Rate</th>
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<tbody>
<tr>
<td>Triple room DBB</td>
<td>N$1,450</td>
</tr>
<tr>
<td>Double room DBB</td>
<td>N$1,100</td>
</tr>
<tr>
<td>Single room DBB</td>
<td>N$640</td>
</tr>
<tr>
<td>Camping for ZA/Nam res</td>
<td>N$65</td>
</tr>
</tbody>
</table>

The conservancy and the Lodge management meet periodically through a Joint Management Committee to discuss business performance and other pertinent issues. However, the conservancy has until now not exercised its rights under the agreement to access critical information, e.g. financial records, actual booking and occupancy rate and calculations used in the determination of turnover.

The graph shows the increase in lodge income over time and reflects the increased occupancy of the lodge.

Conservancy Income and Benefits

The conservancy has received financial and non-financial benefits from the lodge since 2005 (income prior to 2005 relates to site construction). Employment of local workers now stands at 27 employees and the operator supports the local farming community by pumping water to their homesteads from the common borehole. Local people are also assisted with transport to nearby towns e.g. Omaruru. The JV partner does not have a strong training programme for workers; hence, none received formal training. However, workers are gaining experience and those working in the Bar have been promoted to senior positions.
Lesson

Despite considerable benefits to the conservancy such as wages, conservancy income and other non-financial benefits, skills and knowledge transfer are still not occurring as envisaged.

The conservancy needs to actively manage all elements of the agreement and engage the operator in discussions regarding these issues. In order to do this effectively an NGO or GRN needs to provide support for at least a year or 3 joint management committee meetings to establish a consistent agenda and approach.

The lodge has experienced high staff turnover for a number of reasons including moving to workplaces where conditions are better and more training is provided.

Lessons

Incentives such as increased salaries and training helps to attract and retain good staff.

The agreement requires that BWLL enrol its staff in training programmes provided by the industry or through the CBNRM programme.

The conservancy needs to better enforce this aspect of the contract.

Recommendations for getting the best out of a joint venture lodge such as Brandberg White Lady

- Joint Venture agreements are long term commitments - conservancies should not rush into agreements and must be made aware of their obligations to manage the agreement and the relationship with JV partners
- Transparency on both sides is a key success factor in day to day dealings. This should include the provision of basic financial and business information by the JV to the conservancy. If not provided the conservancy must insist on accessing it.
- Joint Venture agreements should provide for periodic review and adjustments where necessary.
- Where an agreement includes the handing over of fixed assets at expiry to the conservancy it should specify the modality of such transfer. An additional clause that addresses this issue should be added.
- Conservancies need significant training in dealing with negotiations, contracts and private partners to ensure the conservancy gets the most from its assets.
- The conservancy needs to ensure that training and skills transfer included in the agreement takes place as this represents a significant benefit to the community in terms of capacity building and increased potential for employment.
Conservancy Background
Doro INawas Conservancy, in the Kunene Region, was gazetted in December 1999. The conservancy covers 4,073km² with an approximate population of 1,500.
There is a wide range of wildlife in the area with a landscape of rugged, folded hills, plains and wooded river valleys. Particular attractions include the Petrified Forest and abundant Welwitschia.
The majority of conservancy income is generated from game related activities and the joint venture lodge.
The lodge is a joint venture between the conservancy and Wilderness Safaris, the first lodge in Namibia where the conservancy has equity in the lodge company. The lodge is mid-market with game-viewing and visits to Twyfelfontein rock art.

Timeline
2002 - Doro INawas identified as a viable tourism site
2002 - NACOBTA seek private investor for Doro INawas
2003 - Wilderness tender and win the contract
2003/4 - Down turn in tourism in Namibia leads to delays in the initiation of the lodge building by Wilderness
2004 - Wilderness raises funds for community equity in the lodge from Business Linkages Challenge Fund (DfID)
2005 – Construction begins
3/2005 - Interim contract agreed between parties
8/2005 - Lodge opened
2007 - Revised agreement signed for conservancy fee
2008 - Agreement regarding shareholding and dividend payments still to be resolved

Lessons
Wilderness won the tender in early 2003 but the contract was not finalised until 2005, delaying the income earning opportunity for the conservancy. The contract should be finalised within an agreed period after it has been awarded.
The interim contract was signed without full transparency, which led to suspicion from the NGO sector and some of the community.
The lodge was built and operational before final negotiations had been completed in terms of fees, shareholding and dividends. Full agreement should be reached before operationalisation.
Accommodation
Nawas Lodge has 16 units which can accommodate 34 guests.

When the Joint Venture Lodge opened in August 2005, the fixed assets were jointly owned by the community (through a Business Linkages Challenge Fund contribution) and Wilderness. However, the exact ratio of shareholding ownership is still being negotiated.

Additionally, the composition of the shareholders in the Wilderness stake in the lodge were not fully disclosed when asked for by the community. This led to a level of mistrust by the community which still exists.

The conservancy were slow to make some decisions as they realised they lacked capacity and were therefore over careful at some stage of the negotiations. Some training was provided by NACOBTA, but it was not sufficient.

<table>
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<tr>
<td>Concession Rights</td>
<td>Conservancy</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>Wilderness 50-60%, Conservancy 40-50% (still to be finalised)</td>
</tr>
<tr>
<td>Movable Assets</td>
<td>Wilderness</td>
</tr>
<tr>
<td>Operations</td>
<td>Wilderness</td>
</tr>
<tr>
<td>Labour</td>
<td>Conservancy (excluding 2 management positions)</td>
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</table>

Lesson
The proportions of ownership should be finalised before operationalisation as this has led to some mistrust between the conservancy and Wilderness, and reduces the conservancies bargaining power.

To ensure trust between the two parties transparency is essential regarding funding, shareholding, business objectives and fees/dividends.

Initiation of the Lodge
The potential for a lodge in Doro Nawas Conservancy was originally identified in the Tourism Development Plans for the North West developed by NACOBTA in 2002/3. NACOBTA put out a request to tender to the private sector to develop the lodge and Wilderness responded. The tender was awarded in 2003. However in 2003 and 2004 a down-turn in tourism was experienced and consequently the lodge contract was not finalised until 2005.
The Initial Agreement
The agreement between the Conservancy and the Operator was based on:

- 10 year renewable contract to maximum of 15 further yrs
- Fee: yrs 1-4 = 6% of nett turnover (nt), yrs 5-8 = 7% of nt, yrs 9-12 = 8% of nt, yrs 13-16 = 9% of nt, yrs 17-20 = 10% of nt, subject to a minimum annual payment of N$150,000.
- Signing bonus of N$30,000 for the conservancy
- Management agreement with Namib Lodge Company (Pty) Limited to manage the lodge for 12.5% of nett turnover
- Sales and marketing agreement with Namib Travel Shop (Pty) Limited for 5% of nett turnover
- Management team to be appointed from the community where possible
- All employees to receive training and staff accommodation to be provided
- The contract does not cover the value of the annual dividend that the conservancy should receive as a share holder in the asset of the lodge – the shareholding agreement is still under discussion.

Lessons

A large operator has the ability to provide a minimum guaranteed payment as it can cross-subsidise between different parts of its business.

A minimum annual fee is ideal for the conservancy.

The fees paid to the conservancy should be split between a payment for the use of the conservancy site and a payment for the use of the jointly owned asset.

Conservancies need considerable joint venture, tourism and contract/ negotiation training and support so they can make informed decisions and deal with contract issues. Training may also need to be repeated when conservancy staff changes after elections etc.

Operation of the Lodge

Marketing and Occupancy:
The lodge opened in August 2005 and as part of the Wilderness group was occupied at a rate of 40% immediately. Occupancy has steadily grown since as can be seen from the graph.

The extract below comes from the Wilderness marketing literature for their lodges in North-West Namibia and shows how pro-actively the joint venture nature of the lodge is used as a selling point.

Doro Nawas Lodge Occupancy Jul 05 - Feb 08

### Doro Nawas Lodge Occupancy Jul 05 - Feb 08

<table>
<thead>
<tr>
<th>Month</th>
<th>Occupancy</th>
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<tbody>
<tr>
<td>Jul 05 - Feb 06</td>
<td>10%</td>
</tr>
<tr>
<td>Mar 06 - Feb 07</td>
<td>20%</td>
</tr>
<tr>
<td>Mar 07 - Feb 08</td>
<td>30%</td>
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</tbody>
</table>

Lesson

Large operators can pre-market new lodges alongside their existing packages and have the cash flow to invest in websites, brochures etc. before generating income from the enterprise.

The nature of the lodge as a joint venture with the community was well marketed and used as a selling point.

Doro Nawas Camp

Damaraland

Doro Nawas is situated in the ruggedly beautiful Damaraland area, on a small, rocky outcrop within the floodplain of a small tributary of the Huab River. This exciting destination is a joint venture between Namibian Investors, the local Doro Nawas community and Wilderness Safaris. The unique lodge design allows for an unspoilt panoramic view of this diverse and dramatic landscape, which varies from tabletop outcrops, small canyons and dry riverbeds to savannah and grassland vistas. The magnificent terrain holds all the possibility for a sighting of the rare desert-adapted elephant while enjoying a nature drive, or relaxing at camp viewing the stars from the rooftop of the main area or from your private unit veranda.

- 3 -
Conservancy Income and Benefits
The fees and benefits the conservancy has received from the lodge to date are shown in the graph below. The conservancy income/fees for 2005 were low as the lodge only opened in August 2005 and the household income/jobs was high in 2005 as local people were employed in the construction of the lodge.

In addition to the increasing income made from fees to the conservancy (which will rise even further after the 4th year of operation) a significant amount of income has come into the conservancy through job creation (in 2007 there were 23 full-time and 3 part-time employees) and the provision of other benefits such as food for staff. Additionally through training and experience some of the initial staff have risen to more senior positions in the lodge and now have valuable skill which would enable them to get a job elsewhere.

One of the lodge’s longest-standing employees is Hermine Hoaes. She has worked at the lodge since it opened in August 2005. Initially she started as a waitress and received in-service training at the Kulala Wilderness Camp in the South of Namibia, since then she has also received environmental training. Prior to starting at the lodge she has only done voluntary work at the conservancy office.

Since starting she has been promoted to Head Waiter and is earning more. This allows her to better support her parents and two children. She aspires to be a guide and already knows a lot about the animals and trees, but needs training in the English translations, she believes through Wilderness she will reach her goal.

Lesson
Wilderness has a strong training programme, which is well known in the industry and attractive and motivating for staff.

Joint Management Committee/Communication
The joint venture agreement states that Joint Management Committee meetings should take place as often as necessary, but not less than twice/year.

These meeting do take place regularly and are reported to be open and effective in most matters. The only area of outstanding tension is in relation to the shareholding of the lodge and dividend payments.
Recommendations for getting the best out of a community equity joint venture lodge such as Doro Nawas

✓ Ideally once the tender is awarded the contract should be finalised within a specified period of time, so that benefit to the conservancy is not delayed
✓ Transparency is needed from the conservancy and private investor/operator throughout the negotiation and signing processes to avoid suspicion and issues of mistrust later on
✓ The additional requirements of working in a conservancy, particularly in relation to transparency and communication should be explicitly communicated to the private sector during the initial negotiation stages
✓ No matter how protracted the contracting and negotiating stages for an enterprise may be, due process should be followed and all agreements completed before building starts, particularly in relation to fees and ownership issues
✓ Where a conservancy feels it lacks capacity to cope with the technical details or decisions associated with an enterprise they should seek training and advice from MET and NGOs
✓ Conservancies need to be trained in tourism operations to help understanding and communication with private investors and operators. This should be ongoing and repeated if new conservancy staff are elected or employed
✓ Ideally for the conservancy a minimum annual fee should be set as then they are not dependent on the ability of the operator to market and attract business, particularly at the initial opening stages
✓ Larger operators have greater capacity to provide minimum guaranteed fees and cover pre-opening marketing and related costs before the lodge generates its own income
✓ Fee structures should separate the payment for use of the site and payment for the use or shared ownership of the asset
✓ The nature of the lodge as a joint venture or community owned should form a prominent part of the lodge marketing
✓ Offering recognized training is attractive and motivating for staff
Enterprise: Damaraland Camp
Conservancy: Torra

Conservancy Background
Torra Conservancy, in the Kunene Region, was gazetted in June 1998. The conservancy covers 3,522km² with an approximate population of 1,200. Key wildlife species include lion, desert-dwelling elephant and black rhino. The rugged desert scenery is spectacular. Conservancy income comes from trophy hunting, live sale of game, own use hunting and the Damaraland Camp joint venture lodge with Wilderness Safaris Namibia (WSN). The lodge was the first tourism joint venture between a Namibian community and the private sector. The lodge is up-market with game-viewing, walks and visits to Twyelfontein rock art. One of its main selling points is the relationship with the conservancy and local community.

Timeline
1994/95 - Negotiations with Wilderness Safaris
1995 - Formation of Residents’ Trust as legal body to sign contract
1996 - Construction completed
1997 - 2nd place in British Travel Writers’ Guild Award for Ecotourism destinations worldwide
1998 - Conservancy registered to replace Trust
2005 - Tourism for Tomorrow Award for conservation
2006 - Invvelo Award for energy use and management
2008 - Camp renovated with improved eco-friendly facilities
2008 - Contract with conservancy being renegotiated

Torra Conservancy Total Benefits 2007

Source of Benefit

Accommodation
Damaraland Camp can accommodate up to 22 guests in chalets constructed of eco-sandbags, canvass, poles, thatch and reeds.
Lessons
Negotiation required facilitation from NGO (IRDNC) and a Ministry of Environment & Tourism (MET) economist to help community understand value of its assets & help Wilderness understand community fears & needs.

Negotiation period time-consuming and costly for Wilderness (about N$200,000) before construction could begin & involved considerable time and transport costs for support organisations.

The contract was negotiated: i.e. both parties made compromises & could claim real commitment to the agreement.

Although the conservancy does not have a share of equity in the lodge, it nevertheless has a strong sense of ownership and pride in the lodge. This is partly because the company agreed that the original permission to occupy the site should be in the name of the conservancy. It is also because conservancy members have been trained to management level and are still working at the lodge since starting in junior positions. The spirit in which the company operates the lodge also contributes to a sense of partnership rather than a simple landlord-tenant relationship.

Over the years, a combination of factors has led to the development of a good partnership including the individuals involved, a good negotiated agreement, commitment from both parties, and structured communication and problem solving through a Joint Management Committee.

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<td>Wilderness, with option to transfer to conservancy</td>
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<tr>
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<tr>
<td>Labour</td>
<td>Conservancy (currently excluding 3 management positions)</td>
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</tbody>
</table>

Initiation of the Lodge
The idea for the lodge came from Wilderness when it was transitioning from a mobile operator to accommodation. Wilderness gained access to a prime site on communal land at a time when other sites were unavailable or the foundation was not there for developing a deal with a community. At the time, the company philosophy embraced community participation and the company has more recently developed an even stronger conservation agenda. The lodge is a key part of the circuit of lodges offered to Wilderness tourists, and the community link adds something different to the other lodges.

Lessons
The company is able to get on with the day-to-day running of the lodge while progress & problems can be discussed & resolved through the joint management committee.

Training of staff to management level helps to increase community confidence, pride & sense of ownership.
Lesson
Shared agendas of conservation, community development & profit help to make the partnership work. However, conflicts can arise when community members want to destroy predators that threaten livestock, but the company wants to maintain predators for tourists to see. Such potential conflicts need managing & need to be dealt with sensitively by lodge management.

The Initial Agreement
The agreement between the Conservancy and the Operator was based on:
- 15 year contract. Years 11-15 20% of camp ownership could be transferred per year to community. This transfer of shareholding would be accompanied by a subsequent matching 20% reduction in the lease fee payments
- 10% of nett daily rate on each bed night to be paid to conservancy
- Annual flat fee rental of N3,000 rising with inflation
- Recruitment of local staff and training to management level
- Wilderness to present its books for the camp every quarter for inspection
- Option for conservancy to take over assets of the lodge with Wilderness committing to still bring tourists
- Provision for certain services such as laundry washing to be procured locally
- Establishment of a Joint Management Committee to provide structured communication and problem solving
- Management team to be appointed from the community where possible
- Community provides Wilderness with exclusive use of the lodge area (i.e. no livestock or settlement in immediate vicinity) & guarantee not to engage in a similar venture with another company within a defined area around the lodge
- Community commits to environmental management, respect for security and safety of clients and the business needs of the lodge
- Clauses on dispute resolution and termination – any changes to contract to be agreed by both parties.

Key points
This was a relatively simple agreement with clear & understandable benefits to the community.

Agreement spelt out clear roles & responsibilities & made specific provision for the Joint Management Committee to be established.

Agreement provided for training to management level & for the management to come from the community where possible.

Operation of the Lodge
Marketing and Occupancy:
The lodge opened with occupancy of 40% in its first year and has run at between 37% and 49% since 2003. Wilderness markets the lodge and tourists often visit as part of a circuit of wilderness lodges in Namibia. Visitors are mostly from overseas. The community link is used as part of marketing. Information about conservancies in general and Torra Conservancy is provided in the rooms for guests. An optional activity is a visit to a nearby homestead.
Conservancy Income and Benefits
The fees and benefits (including wages) the conservancy has received from the lodge to date are shown in the graph below. In addition 300 people from Torra Conservancy were employed temporarily in the recent renovations of the lodge.

<table>
<thead>
<tr>
<th>Year</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits (N$)</td>
<td>200,000</td>
<td>300,000</td>
<td>400,000</td>
<td>500,000</td>
<td>600,000</td>
<td>700,000</td>
<td>800,000</td>
<td>900,000</td>
<td>1,000,000</td>
<td>1,100,000</td>
</tr>
</tbody>
</table>

There were 24 people employed at the lodge in May 2008 of which 21 were from the local community, and 17 were women. Of the total staff members, 17 are on duty at one time. The staff work six weeks on and two weeks off. There is currently a lodge management couple from outside the area, one assistant manager is from the community and one is from outside. The Wilderness Area Manager for Damaraland Camp and neighbouring Doro Nawas lodge is from the Torra Conservancy. Wilderness provides additional training to community members, which helps if the lodge needs staff in an emergency and helps community members get work elsewhere. 40 community members work elsewhere for Wilderness.

Negotiating a New Agreement
Wilderness are proposing a new agreement that would not lead to a full take over of the assets and management of the lodge by the conservancy as proposed in the current agreement. The new arrangement may include Wilderness buying back a percentage of the fixed asset value of the lodge (N$2.28 million) to become a long-term joint-venture partner.

In this scenario both Wilderness and the Conservancy would be shareholders in the lodge. Under these conditions, the current fee to the conservancy of 10% of net income would be unchanged, but in addition there would be a profit sharing of earnings based on the proportion of shares held by each party. Alternatively, the conservancy could decide to remain in a landlord-tenant partnership, which

Damaraland Rack Rates – 2008

| Fully Inclusive of DBB | N$2,775-N$3,595 and activities |
| Dinner, Bed and Breakfast | N$1,445-N$2,070 |

Lesson
If there are good relationships with the community & problems are ironed out in a structured way so that guests are not negatively impacted, community involvement can be a powerful marketing tool. Positive interactions with staff and local people can reinforce the value of the community link.

Mr Jan Rhyn, above, lives at the closest settlement to the lodge and his family benefit from the lodge in different ways. However, he sometimes has to shoot predators to protect livestock even though he knows tourists like to see the big cats.
would maximize their return of the once-off asset buy-out and allow them to focus on their core business of wildlife management and community upliftment. Wilderness CEO, Bruce Simpson, suggests it would be useful to have an independent evaluation of the empowerment aspects of the proposed partnership and for the conservancy to obtain mentorship from a neutral private sector entity to assist in managing the business aspects of any new partnership.

Lena Florry has worked her way up from being a goat herder to junior staff member, then Manager of the lodge and now Area Manager for Damaraland Camp and Doro Inawas Camp. She received training through Wilderness at a Hotel Management School in the US. One of her roles is liaison with the conservancies and she helps ensure the smooth running of the Joint Management Committee for Damaraland Camp. Lena says she does not know what else she would be doing if she had not been employed at the lodge. “It has changed my life”, she says.

Joint Management Committee/Communication
The Joint Management Committee is an important platform for communication and problem solving. The JMC works to a formal agenda on which both the lodge management and the conservancy can place issues for discussion. The meetings are used for exchanges of information regarding progress and for identifying problems and trying to solve them. The committee members also make informal visits to the lodge to check on progress. According to conservancy chair, Bennie Roman, it is important not to let issues build up for too long without being discussed and resolved. Wilderness CFO Bruce Simpson says the JMC works well because of a structured approach that assigns responsibilities to the parties and there is commitment to carrying these out.

Community takeover of lodge assets and management
Both Lena Florry and Bennie Roman feel the community is not yet ready to take over the running of the lodge as was envisaged in the contract. Bennie suggests this is partly because not enough local residents have been trained to management level and some trained staff has been moved elsewhere in the company.

Lessons

Trust and working in good faith were built up between Wilderness and the conservancy during the negotiations to start the lodge. The JMC plays an important role in maintaining this atmosphere of partnership. Both parties remain committed to finding ways to solve any problems that occur.

It takes more than just a commitment to training to ensure the conservancy can take over the lodge. A training plan that considers how staff can be kept in the area and some specific goals and timelines are also required.
Recommendations for getting the best out of a joint venture lodge such as Damaraland Camp

The agreement

✓ A truly negotiated agreement that involves compromise by both parties promotes ownership, commitment and mutual trust
✓ Ensure there is sufficient financial, tourism business and legal support to help the community understand company offers and proposed contracts
✓ Try to keep the agreement simple, but make sure it covers some key issues:
  - Clearly spelt out financial benefits for the community/conservancy
  - Commitment by company to train locals to management level with some specific goals, timelines and mechanisms
  - Provision for a Joint Management Committee and clear description of its functions
  - Clear definition of roles and responsibilities regarding conservation management, in the area and lodge/tourist management
  - Responsibility of residents to respect security and safety of tourists and to keep livestock away from the lodge area
  - Responsibility of company/lodge management to respect privacy of local residents and their livelihood activities
✓ Open any negotiations for a new agreement well before the expiry of the existing contract so there is no lapse in operations and income because a new contract is not in place in time.

Communications and information

✓ Conservancy should keep residents fully informed about lodge activities, benefits from the lodge, requirements for successful tourism at the lodge, etc.
✓ Company should ensure that its management staff, if from outside, are fully aware of the nature of the partnership with the conservancy, and in particular the terms of the agreement
✓ Make a record of any verbal agreements that supplement the main contract, so that they are available for future managers/conservancy committee members
✓ Ensure that JMC meetings are held regularly according to schedule and don’t let issues build up without an attempt to resolve them
✓ Place potential issues that can cause conflict on the table for discussion e.g. keeping photographic and hunting tourists separate, human-wildlife conflict (agree on some procedures for maintaining a balance between keeping predators for tourists to see and dealing with “problem” predators that kill livestock”).

Making the partnership work

All parties need to adapt to the ways in which their new partners do things:
✓ For the company: adapting to the conservancy pace of decision-making which is based on the need to give feedback to residents; adapting to community negotiating methods, and ways of communicating; helping the community understand the tourism industry better so that it can help the company provide a good product
✓ For the community: adapting to the needs of the private sector and the tourism industry; adapting to a structured working day based on set schedules.
Enterprise: Grootberg Lodge
Conservancy: #Khoadi //Hoas

Conservancy Background
#Khoadi //Hoas Conservancy, in the Kunene Region, was gazetted in June 1998. The conservancy covers 3,366km² with an approximate population of 3,200. There is a wide range of wildlife and habitat in an area covering the Klip River, Grootberg Mountains, hills and plains.

The majority of conservancy income and benefits come from the lodge and game related activities. Other sources of benefit include a community campsite and meat distribution (from trophy hunting). The lodge is mid-market and the fixed assets are 100% community owned but operated by a private management company (first of its kind in Namibia). The view and game viewing are major attractions.

Timeline
2000 - Grootberg identified as a potential tourism site
2001 - NACOBTA seek private investor for Grootberg
2001 - No tenders received from the private sector
2003 - Namibia Tourism Development Programme (NTDP) identifies Grootberg as a
03/2004 - Launch request for expressions of interest
04/2004 - 5 formal expressions of interest received
06/2004 - Preferred operator selected
08/2004 - Preferred operator withdrew during negotiation process
08/2004 - EcoLogistix only operator still interested in tendering after being approached directly.
09/2004 - EcoLogistix submitted proposal
11/2004 - Tender awarded and building started
06/2005 - Lodge completed
07/2005 - Lodge opened

Lessons
Initially the Conservancy wanted to own and operate the lodge, but after understanding the risks and issues, they decided to identify a private operator to operate the lodge – the conservancy needs to understand their own capacity and the nature of their commitment to any business partnership.

The withdrawal of the operator who was originally selected and an EU donor deadline meant that there was pressure to identify an alternative operator and finalise an agreement.

The "slow" start was compounded by the operator who was unable to initially focus on the Grootberg Lodge due to commitments elsewhere.
Accommodation
Grootberg has 12 units which can accommodate 24 guests.

<table>
<thead>
<tr>
<th>Components</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>State</td>
</tr>
<tr>
<td>Concession Rights</td>
<td>Conservancy</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>Conservancy</td>
</tr>
<tr>
<td>Movable Assets</td>
<td>Conservancy/EcoLogistix</td>
</tr>
<tr>
<td>Operations</td>
<td>EcoLogistix</td>
</tr>
<tr>
<td>Labour</td>
<td>Conservancy (excl. 2 mgt staff)</td>
</tr>
</tbody>
</table>

When the Joint Venture Lodge opened in July 2005, the fixed assets and some equipment was owned by the conservancy (funded through a N$4.5million Ministry of Environment & Tourism (MET)/8th EU Development Fund grant) and the remaining equipment owned and the lodge operated privately by EcoLogistix as shown in the table above.

Initiation of the Lodge
The potential for a lodge in #Khoadi //Hoas Conservancy was originally identified in the Tourism Development Plans for the North West developed by NACOBTA in 2000. The selection of the Grootberg Plateau location was based on the spectacular views, the proximity of the Klip River and high potential for game viewing and other nature-based activities. NACOBTA ran a tender for the private sector to invest in a lodge at this site, but no private operator was willing to invest in the area at that time. Often, tendering lodge opportunities is all about timing and they need to fit closely with the business growth plans of potential investors and operators.

Despite no tender bids at the time, private sector interest was identified. As a result, the NTDP identified Grootberg Lodge - #Khoadi //Hoas Conservancy as the first beneficiary of the MET/8th EU Development Fund to receive a N$4.5 million grant to build a lodge entirely owned by the conservancy.

The private sector was approached to operate the lodge and a tendering process for management was initiated in 2004. Five formal expressions of interest were received and negotiations started with the preferred operator. However, the preferred operator withdrew from the process during the negotiations. As none of the other operators who formally expressed interest wanted to enter into the tender process and with time running out to spend the EU grant, NTDP approached EcoLogistix. EcoLogistix had initially expressed verbal interest and were willing to develop a proposal. The tender submitted by EcoLogistix met the requirements of NTDP and they were awarded the lodge management contract.
Members of EcoLodgistix were also immediately employed as supervisor to the architect, to write specifications for the moveable assets tender and as site supervisor to ensure that the lodge met their requirements and engendered a sense of ownership in them.

The Initial Agreement
The agreement between the Conservancy and the Operator was based on:

- 5 year renewable contract
- The Operator to provide 1 year notice if wanting to terminate the agreement after 5 years
- The Conservancy is entitled to terminate agreement at the end of 5 years, if occupancy rates from year 2 are less than 20%, or non payments of fees as agreed
- Fee: 15% of Nett Turnover to be paid quarterly to the Conservancy
- Conservancy (through MET/EU grant) to construct and equip a lodge and other Improvements
- Operator to provide swimming pool, communication equipment and 3 vehicles (2 game viewers and 1 utility)
- All responsibility for maintenance and repair to improvements and structures to be the responsibility of the operator
- Operator to employ 21 staff (local where possible)
- The operator is required to take out insurance for the fixed and movable assets
- Conservancy responsible for fixed asset improvements

Lessons
A small operator has less working capital than a large operator to cover initial start up costs, periods of low occupancy, cost fluctuations etc, so expecting payment to the conservancy at such a high % initially proved unrealistic.

A minimum guaranteed annual fee is ideal for a conservancy as it is predictable and encourages operator performance. The fee structure should separate fees for use of a site and fees for the use of an asset if owned partly or wholly by the conservancy.

The operator based their financial projections on previous experience in a different area, not accounting for the remoteness of the Grootberg Lodge and rising fuel costs.

The conservancy/MET/EU had responsibility for snagging/chasing contractors to complete/repair work during the first year of operation following the completion of the build, but this task was not taken up by any of the three parties. As a result there was some dispute regarding responsibility for correcting faulty construction work.

Building of the Lodge

Lesson
It is important to align donor funding cycles and availability of technical and supervisory staff with the construction and development of a tourism lodge. Suitable follow up support must be available after the opening of the lodge.

This has led to some problems later with the thatched roof of the main building and the sewage system, part of which had to be replaced. The EU grant finished on completion of the lodge and the operator is not responsible for major maintenance. MET and the conservancy are responsible, but the conservancy has received very little income with which to pay for major maintenance, Resolving the dispute over responsibility for fixing faulty construction has been time consuming over the first 2 years.

Operation of the Lodge

Occupancy
The lodge opened in July 2005. However, little pre-marketing took place and initial occupancy rates were very low. This was also frustrated by teething problems with reservation and invoicing systems. In 2007 occupancy significantly improved as seen in the graph opposite. The operator has proved highly effective in developing the product and achieving extremely good growth in such a short period of time.
The lodge is now poised to start returning significant income to the conservancy from 2008 onwards.

**Literature in guest rooms**

_Grootberg Lodge_ is a landmark in Namibia for the tourism industry as it is the first wildlife reserve establishment in the country that is 100% owned by the conservancy. The European Union funded the project through the Ministry of Environment and Tourism’s Development Programme with a donation of 754,575 Euro to develop the 10-room Lodge. At the same time, the private sector has been called in to supply the training and management skills and the community becomes self-sustainable.

The purpose of the Grootberg Lodge is not only to offer professional services, great surroundings, excellent good food, well-trained guides and exceptionally good local management but, at the same time, to benefit the local community through the revenues generated by the Lodge.

**Lessons**

Pre-marketing of at least 6 months to a year is required to ensure good opening occupancy figures.

The nature of a conservancy joint venture lodge can be used as a selling point in marketing literature and information about the lodge.

Efficient booking and invoicing systems are essential for high occupancy and cash flow.

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**Conservancy income and benefits**

No fee payments were made to the conservancy until May 2007 and then only on the basis of what was available once other loans and costs had been covered. The 15% of Nett Turnover agreed in the original contract has proved to be unachievable by the operator in the first 3 years. However, substantial investment has been made in to the product to ensure future growth. The partners have agreed to renegotiate the contract to allow for a phased growth from 10-15% over the next 5 years.

Despite the lack of fees received, a significant amount of income has come into the conservancy through job creation (in 2007 there were 24 full-time and 4 part-time local employees) and the provision of other benefits such as food allowances for staff. Additionally through training and experience some of the initial staff have risen to more senior positions in the lodge and now have valuable skill which would enable them to ultimately manage the lodge or get a job elsewhere.

One of the longest standing local employees of the lodge is Otniel Aresab, who started working as a builder in 2005. Prior to starting at the lodge he helped out at a bottle store and farmed, but life was very tough.

After helping with the building he was recruited as a barman and sent to The Desert Homestead Lodge for 6 weeks of in-service training. Since then he has worked hard, helped with the paper work and proven his capability and is now the Assistant Manager. This year he is going to Windhoek for computer training.

Otniel has a partner and 5 children that depend on him. He can now comfortably afford school fees, regularly sends food and funds home and can still save some money.
Joint Management Committee/Communication

"Joint Management Committee" meetings were meant to take place quarterly according to the original contract. However, despite being set up these were poorly attended and the structure of the meetings and communication was not felt to be productive due to:

- the conservancy focusing on the lack of income being received and not fully understanding the financial position of the lodge.
- the operator focusing on issues relating to the lodge and staffing which the conservancy did not feel responsible for.
- This situation improved on the election of a new conservancy Chairman who has taken time to understand the lodge position and improved communication through establishing and attending quarterly management meetings.

Lessons

A template/agenda was developed for the Joint Management Committee meetings but was not used - this would have enabled a systematic review of key issues quarterly.

MET or an NGO needed to help facilitate the initial meetings to ensure effective communication took place between the conservancy and operator and the key indicators were consistently monitored.

Significant training and capacity building is required for conservancy staff to ensure understanding of the contract and roles and responsibilities and enable effective communication with the community.

Rack Rates & Turnover

**Grootberg Lodge Rack Rates – April 2008**

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Rate (N$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Single Room</td>
<td>1,050</td>
</tr>
<tr>
<td>Per Double Room</td>
<td>1,650</td>
</tr>
<tr>
<td>Children under 12 sharing</td>
<td>400</td>
</tr>
<tr>
<td>Children under 4 sharing</td>
<td>Free</td>
</tr>
<tr>
<td>Pilot/guide rate</td>
<td>350</td>
</tr>
<tr>
<td>Scenic Drives (am)</td>
<td>350</td>
</tr>
<tr>
<td>Scenic Drives (pm)</td>
<td>250</td>
</tr>
<tr>
<td>Himba trip (1/2 day)</td>
<td>600</td>
</tr>
<tr>
<td>Rhino Tracking (3/4 day)</td>
<td>900</td>
</tr>
</tbody>
</table>

Lessons

Conservancy staff should be trained in the operations of a lodge and tourism industry to help transparency, mutual understanding of Turnover and Profit and aid communication with the community. Retraining may also be required after elections of new staff or Board members etc.

The rack rates charged by lodges do not represent income to the lodge. It is standard within the industry to pay 15-25% of the rack rate to a booking agency. Additionally, discounts are given to tour operators who bring their tours to the lodge and VAT of 15%, and NTB levy of 1-2% must be paid. The lodge may only receive approximately 65% of the advertised rack rate before covering costs.
Recommendations for getting the best out of a community owned, privately operated lodge such as Grootberg

✓ Conservancies need to be fully aware of the risks and opportunities associated with an enterprise, so that they can make informed decisions
✓ Where a conservancy feels it lacks capacity to cope with the technical details or decisions associated with an enterprise they should seek training and advice from MET and NGOs
✓ Conservancies need to be trained in tourism operations to help understanding and communication with private investors and operators. This should be ongoing and repeated if new conservancy staff are elected or employed
✓ Full conservancy involvement is needed throughout the process, including the design and construction stages as this helps ownership and understanding of the value of the asset
✓ Ideally, no matter how protracted the contracting and negotiating stages for an enterprise may be, due process should be followed and all agreements completed before building starts
✓ The contract entered into by the conservancy and private operator or investor should be realistic, particularly in relation to payments and levies otherwise expectations are raised amongst the conservancy and the operator needs to ensure sufficient working capital to meet the agreement and other unforeseen costs
✓ Ideally for the conservancy, a minimum annual fee should be set as then they are not dependent on the ability of the operator to market and attract business, particularly at the initial opening stages
✓ Fee structures should separate the fee for use of the site and fee for the use or shared ownership of the asset
✓ Operators need to make sure that their agreements with conservancies take into account unforeseen costs and occurrences such as significant rises in fuel prices
✓ Pre-marketing of at least a year is required to ensure that good occupancy figures are achieved in the opening year. This relates to the timing between contract signing and lodge opening and capacity of the operator to market the lodge
✓ The nature of the lodge as a joint venture or community owned should form a prominent part of the lodge marketing
✓ It is essential that the operator has efficient booking and invoicing systems to maximize occupancy and cash flow and ultimately maximize income to the conservancy
✓ Joint Management Committee meetings should have a set agenda covering all performance and communication issues and ideally a third party such as MET or an NGO should support the initial meetings
✓ Each party including MET and NGOs need to be fully aware of their roles and responsibilities for all aspects of the development and ongoing operations of the venture and ensure that there are sufficient resources, both personnel and financial to meet the agreed roles and responsibilities
✓ Where a conservancy is the owner of a tourism fixed asset, clear guidelines must be included in the contract to determine responsibility for future improvements and major renovation costs.
Enterprise: Namushasha Lodge
Conservancy: Mashi

Conservancy Background
Mashi Conservancy in the Caprivi Region was gazetted in March 2003. The Conservancy covers 297 km² with an approximate population of 4000. The main geographical features include the Kwando River floodplain and woodland on the higher ground inland. The majority of conservancy income and benefits come from trophy hunting and a benefit sharing agreement or Joint Venture (JV) with Namushasha Lodge. This mid-market lodge is located on a prime site on the Kwando River and has easy access to Bwabwata National Park, where wildlife includes Elephant, Buffalo, Lechwe, Reedbuck, Crocodile, Hippopotamus, Bushbuck, Kudu, Steenbok, Duiker, Lion and Leopard. It is one of two Lodges in the Conservancy and the first one to sign a formal benefit sharing agreement.

Timeline
1990s - Namushasha paid Traditional Authority (TA) & gave local assistance on a demand basis with no formal agreement
1998 - Namibia Country Lodges (NCL) bought Namushasha with existing PTO certificate
2003 - Lodge did not return any income to Conservancy (IRDNC & WWF focused assistance commences)
2003 - Survey of lodges by consultant for JV potential & model for negotiation process developed
4/2005 - Reference Group established to undertake negotiations
6/2005 - Lodge paid first ever payment of N$20,000 to Conservancy as goodwill gesture
7/2005 - Conservancy and Mashi TA signed a written commitment to work jointly
8/2005 - Mandate from main TA at Chinchimane for conservancy to proceed with JV
8/2005 - Stakeholder workshop held with all investors in Mashi Conservancy
2006 - Individual negotiations with Namushasha Lodge started with follow up meetings
4/2006 - 1st draft of contract drafted
8/2006 - Training in negotiations given to conservancy
2006 - Contract finalized, including demarcation of exclusive area for Namushasha Lodge
9/2007 - Joint Venture signed by Namushasha Lodge (effective date Jan 2007)
2007 - Conservancy supported Leasehold application for Namushasha Lodge.
Background to Namushasha Lodge and objective of JV agreement

When Namibia Country Lodges purchased Namushasha Lodge in 1998, they inherited a complex legacy of a pre-independence 99 year lease site and a localized, existing system of benefit flows and employment opportunities. A fee was paid by the Lodge to the Traditional Authorities. The main objective of the JV negotiations was to formalize the benefit sharing agreement between the lodge and the broader community so the Conservancy would be the recipient of benefits that would provide incentives for conservation. Another reason was to develop a constructive relationship between the Lodge and local communities. Mashi Conservancy played a key role in negotiations which led to a successful JV being signed, whereby the Conservancy is now the recipient of regular payments from the Lodge.

Lesson
Existing lodges in conservancies can have a history of localized benefit sharing. When negotiating new JV agreements it is important to be aware of this. An appropriate plan should be developed for sharing lodge-related benefits that takes into account where people live in relation to the lodge, how they are affected by the lodge (e.g. human-wildlife conflict) in different ways and based on this, what would be an equitable or fair way of sharing benefits.

Initiation of the benefit sharing agreement or JV

As a precursor to JVs in Caprivi, a background survey of existing lodges, including Namushasha Lodge was funded by WWF, facilitated by IRDNC and executed by consultants. The report was used to establish a model process to facilitate negotiations and provided an overview of key issues. One issue was that the conservancy legislation does not give conservancies the sole right to negotiate and benefit from JVs. As a result, the Traditional Authorities and the Village Development Committee (VDC) were included as stakeholders in the process.

The background report also gave a detailed activity/output schedule for the Mashi negotiations which led to the following process:

- Establishment of a Reference Group representing those stakeholders that had legitimate rights or interests with regard to the lodge and any potential benefits that might come from a JV agreement. This included the conservancy, local community, VDCs and TA
- Awareness building in tourism, business & JVs for the Reference Group carried out by IRDNC
- A Stakeholder workshop with the Reference Group and all investors in Mashi Conservancy to establish common principles of partnership & engagement

Lesson
In Caprivi, there were many existing lodges in conservancy areas that had no formal agreement with the conservancies. A survey of this existing situation was useful at the start of the JV process to assess the status and highlight challenges and priorities. The survey in Caprivi recommended the different steps to the JV negotiation process that ensured negotiations were structured and robust. When new lodges are developed in existing conservancies there is no need for a survey of this nature.
• Sending the Conservancy’s offer and management plans to the Lodge ("The Dossier")
• Individual negotiations between the Reference Group and Namushasha Lodge
• Finalising and signing JV contract.

The JV Negotiation Process
Reference Group establishment
The Lodge is located in one of the four TA areas or “sub-kutas” in Mashi Conservancy. In order to include the broader Conservancy members in negotiations and benefit sharing with the Lodge, a Reference Group was formed out of representatives of recognized groups who had a legitimate stake in the JV.

The agreement to extend benefit sharing from the local area to the whole conservancy required careful discussion as some local people (around the lodge) felt that they might loose out. However, eventually an official “Letter of Commitment” was signed by members of all four TAs, the VDC and the Conservancy, formalizing the mandate of the Reference Group. Furthermore the Senior Traditional Authority at Chinchimane provided written endorsement of the mandate of the Group.

Building capacity of Reference Group
IRDNC held three workshops in July 2005 to build the capacity of the Reference Group. Workshop topics for discussion included: Lodge fee payments, contract period, leasehold, zonation, employment, empowerment and a Joint Management Committee for monitoring the JV agreement. A Stakeholders Workshop was held in August 2005 to assist in building trust between the Reference Group and investors in the Conservancy, followed by a training course held on negotiations. The demarcation process for the Lodge’s Exclusive Use and Traversing Area was done with full participation of the Reference Group, the operator - NCL and local people who walked the area on foot.

Lesson
Negotiations were easier because NCL had the benefit of previous experience with other JVs in Namibia. In addition they demonstrated a keen interest in local level partnership and socio-economic development. According to an NGO member, NCL staff proved that they “understood the CBNRM context and had the necessary flexibility, innovation and sense of social responsibility to address local concerns”.

Kwando River Boat Trip

Negotiations with Namushasha Lodge
With the assistance of IRDNC and WWF, a contract was finalized with NCL during 2006 and signed on the 3rd September 2007. The Managing Director of NCL played a key role in negotiations and had the benefit of experience of other JV processes with conservancies in Namibia. In addition, IRDNC and WWF played a “big role” in facilitating the process. Because they are operating in a communal area, NCL is concerned about security of tenure and has therefore applied to the Land Board for the Right of Leasehold over the Lodge site to be issued in their name.
The Agreement
The details of the benefit sharing agreement were:
- The Conservancy makes available to the Operator the Lodge Site, Exclusive Area and other Traversing Areas for a 15 year period
- The operating fee shall be the greater of a fixed annual fee increasing from N$6,000 per month in year 1 to N$14,500 in year 8 Or 6% of nett turnover in year 1 growing to 10% by year 8
- The Conservancy undertakes to provide an exclusive tourism area to the operator free from any new settlement, agriculture and in which hunting is prohibited
- The operator undertakes to operate the lodge to the best of their ability in order to maximize financial returns to the conservancy, generate wage income and develop skills and capacity in the lodge staff
- The formation of a Joint Management Committee (JMC) responsible for implementing the JV, resolving conflict and nominating candidates for employment (should meet at least once a quarter).

Performance of the benefit sharing agreement
By 2007, NCL was making regular payments to Mashi Conservancy. However, the Joint Management Committee is not meeting regularly as stipulated in the JV contract. In June 2008, the Conservancy Treasurer had a record of Lodge payments for 2007, but was not clear what the payments had been made for. The Lodge Manager also expressed concern that he was not aware of how the benefit sharing process in Mashi Conservancy was working. Transparency in all matters concerning financial transactions is necessary in order to build trust between partners.

Dining Room at Namushasha Lodge

Lesson
In terms of the level of financial risk, the investor and the conservancy have an unbalanced relationship. The investor takes all of the financial risk but in return the conservancy cannot guarantee secure tenure. This represents a major constraint to tourism investment in conservancies. In order to attract private sector investors to conservancies it is important to make their investments as secure as possible. Thus in this case NCL has applied to transfer their existing Permission to Occupy (PTO) certificate into a Right of Leasehold certificate in their own name. NCL have insisted on having the Leasehold in it’s own name and not in the name of the conservancy because it provides a measure of land tenure security, which assists to overcome fears that the banks or shareholders may have with regards to lending the business capital funding (money to build and operate the lodge).

Signing a JV contract is the start of a formalized relationship between the Conservancy and the investor. The JMC is the main vehicle used to maintain this relationship however, regular meetings have not been taking place as scheduled. These need to take place in order to monitor performance of both parties and to build up a relationship of trust between partners.
Recommendations for getting the best from a Joint Venture with a pre-existing lodge such as Namushasha

✓ Ensure both existing and new stakeholders are represented in the negotiating process
✓ Provide adequate training and awareness raising to the conservancy and broader community in tourism, business and JV partnerships
✓ Assist operator to better understand the conservancy objectives and community dynamics
✓ Hold a “Stakeholders Workshop”, which allows all parties to highlight issues that are important to them
✓ Ensure that the conservancy is pro-active in leading the process & thereby demonstrating to the operator that they are organised, efficient and serious about the partnership and that they have something important to offer the operator
✓ Explore alternative “models” and different options in terms of the way the JV partnership is structured. Find the best model to suit the particular circumstances of each partnership. (For example, in order to address the imbalance in investment risk, an alternative model being tried elsewhere in Namibia involves the creation of a JV company with the Conservancy and private sector as partners using donor funds as equity for the conservancy. The investor and the conservancy share the investment risk and are joint venture partners in the true business sense)
✓ Be proactive and hold regular Joint Management Committee meetings. Regular meetings between the conservancy management and the lodge operator are part of the contractual obligations of the JV contract and these meetings could be used to share information and pre-empt conflict. There is a need for capacity building with both partners in this regard to get into the habit of regular contact to maintain the agreement
✓ There needs to be transparency regarding payments from the private partner and what each payment is for so that the agreement can be managed effectively
✓ Provide information about the conservancy's use of JV funds back to the lodge operator so they understand the priorities of the conservancy, especially in terms of benefit distribution
✓ The linkage between JV agreements (and the benefits that come from them) and sustainable natural resource management should be emphasized and clearly understood by both parties. More time should be spent developing awareness with all stakeholders of the principles of CBNRM as a means to encourage local incentives for conservation stewardship.
Enterprise: Graniertkop Campsite
Conservancy: Doro !Nawas

Conservancy Background
Doro !Nawas Conservancy, in the Kunene Region, was gazetted in December 1999. The conservancy covers 4,073km² with an approximate population of 1,500. There is a wide range of wildlife in the area with a landscape of rugged, folded hills, plains and wooded river valleys. Particular attractions include the Petrified Forest and abundant Welwitschia. The majority of conservancy income is generated from game related activities and the joint venture lodge. The campsite is located on the main tourism route, 30-40 minutes from the key regional tourism attraction of Twyfelfontein. The campsite offers employment to locals and generates a modest income, some of which may produce payments to the conservancy in the future.

Timeline
2002 - Doro !Nawas tourism potential identified in North West Tourism Option Plan
2002 - Graniertkop Campsite area identified as one of the tourism options.
2004 - Campsite design completed
  • Neighbouring farming community agreed to share water with campsite
  • New archaeological discovery of pre-historic art at sites 1 and 2
  • Heritage Council and Conservancy agreed on utilization and preservation of the rock art
  • Campsite construction commenced and completed
2005 - Campsite officially opened
  • Campsite staff employed
  • Lease agreement negotiations with African Eagle Safaris (Tour Operator) started
2006 - Lease agreement with African Eagle Safaris signed
Lesson
This campsite was identified as an option during North West tourism planning. However, although the physical setting is spectacular, the location in relation to local attractions is not ideal. The campsite is 30-40 minutes away from the main tourism attraction of Twyfelfontein Rock Art and in between the traditional attractions and stopping off points of Brandberg and Twyfelfontein. Location and site both need to be given careful consideration in the business planning process. Where sites are not close to the main attractions it is likely that, the growth of the business may be slower and more challenging.

Initiation of the Campsite
The idea for a campsite was identified through the North West Tourism Option Plan conducted in 2002 and adopted by the conservancy after a consultative process undertaken by NACOBTA. NACOBTA (on behalf of the conservancy) obtained funding of N$350,000 from the Austrian government to build Granietkop campsite. A professional designer/builder was contracted and in 2004, the campsite was built and completed. During the early stages of development the conservancy was approached by an operator (African Eagle Safaris) who wanted to negotiate the exclusive use of two sites. Following negotiations facilitated by NACOBTA, an agreement was signed.

<table>
<thead>
<tr>
<th>Camp Site Components</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>State</td>
</tr>
<tr>
<td>Concession Rights</td>
<td>Conservancy</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>Conservancy</td>
</tr>
<tr>
<td>Movable Assets</td>
<td>Conservancy (Except African Eagle sites)</td>
</tr>
<tr>
<td>Operations</td>
<td>Conservancy</td>
</tr>
<tr>
<td>Labour</td>
<td>Conservancy</td>
</tr>
</tbody>
</table>

The Agreement
The agreement between the Conservancy and the Operator was based on:
- A 5 years exclusive rights lease agreement
- Guaranteed bed levy payment for the first 3 years
• Payment of a monthly site rental fee of N$600.00 subject to an increase of 10% each year
• Payment of the salaries of the camp manager and camp assistant of N$1,200 per month with an automatic increase of 10% each year
• Operator to assist conservancy with water provision by giving a 200lt tank
• A bed levy equal to the greater of N$20.00 per person increased yearly by 10% or an amount that should not be less than 30% of the Operator’s camping rate per person per night
• The conservancy will continue to utilise the other three camping sites under normal conditions
• In addition, the agreement requires the operator to assist in skills and capacity development of campsite staff and undertake some marketing and promotion
• The rate for the leased camps is determined by the operator, whilst, the conservancy determines what it charges for its other sites.

Lesson
It is important to note that NGO support and donor funding were important for the initial period of 2 years in identifying, constructing and making the campsite operational.

Lesson
The lease agreement signed with African Eagle Safaris is a win – win arrangement. The operator brings in tourists, pays a regular lease fee for the exclusive use of 2 sites, pays bed levies according to the number of tourists and a contribution to the manager’s salary. The conservancy on the other hand avail part of their camp to the Operator for their use only and receive a level of financial security.
In particular, this kind of agreement creates a commercial partnership which is expected to transfer some of the technical support activities from NGOs to the private sector in the future.

Operation of the Campsite
The management of the campsite is vested with the Doro Naiwases Conservancy Enterprise Committee. They have the primary responsibility of managing the site according to accepted business principles, to ensure adequate security and do general maintenance of infrastructure. The Operator, meanwhile, undertakes regular checks of the campsite and monitors staff performance in accordance with a ‘performance check list ‘agreed with the conservancy. The conservancy is responsible for all other costs associated with running the campsite except those costs agreed upon in the lease agreement.

African Eagle Safaris has produced a brochure and is promoting the campsite through its European tour operators. NACOBTA also includes Granietkop campsite in its brochure and website and is taking bookings for the campsite. African Eagle Safari kept to its commitments and brought 300 tourists to the campsite in 2007. This figure is expected to grow to 350 visitors by the end of 2008.

Conservancy Income and Benefits
The campsite achieved reasonable occupancy following it’s opening. Income figures for 2007 showed income of N$42,345 with a net profit of N$6,545. The conservancy has received financial and non-financial benefits from the African Eagle Safaris company since the signing of the lease agreement.
Other benefits include skills development through provision of hands on training in tourism management, bookkeeping and tour guiding. Campsite staff also gets advice and ideas from visiting guests.

**Lesson**
The conservancy can learn from African Eagle’s experience and provide quality service after the expiry of the lease agreement. African Eagle Safaris has good knowledge of tourism and are very much aware of what international tourists hope to get from the Namibian tourism products. The conservancy has a lot to gain from this.

**Conservancy Enterprise Committee**
The lease agreement made provision for the establishment of a committee known as the Conservancy Enterprise Committee. This committee has been established and it is now the focal point for meetings between the conservancy management and the Operator. This committee has had meetings during 2007 and this has helped in monitoring the performance of the campsite and the lease agreement.

**Lesson**
Progress has been constrained by weak campsite financial management systems and an unwillingness on the part of the conservancy to provide information. In order for effective support to be provided by external agencies (NGOs and GRN etc.) it is important to develop a relationship of transparency and trust.

**Recommendations for the development of a community owned and operated campsite with a JV partner such as Granietkop**

- The Operator should be encouraged to continue to monitor the performance of campsite staff and provide regular feedback (this is in any case a deliverable of the agreement)
- The conservancy should be assisted to improve financial record keeping and reporting, in particular in relation to the campsite
- Every effort should be made to avoid internal (conservancy / campsite) disagreements that might compromise potential benefits from the agreement
- The conservancy should ensure that skills development and transfer from operator staff to local staff takes place, so that local tourism skills are developed
- The location of an enterprise needs to be strategically placed, ensuring tourist attraction and long-term viability.
Enterprise: Nambwa Campsite  
Conservancy: Mayuni

Conservancy Background
Mayuni Conservancy in the Caprivi Region was gazetted in December 1999, covers 151 km² with an approximate population of 2500. Average rainfall is 600mm. The main geographical features include the swamp vegetation and grassland of the Kwando River floodplain, with woodland on higher ground to the east. Most income and benefits come from a shared trophy hunting concession with two other conservancies (Kwandu and Mashi) and joint venture agreements with two lodges (Mazambala Island Lodge and Susuwe Island Lodge). Wildlife includes Elephant, Buffalo, Lechwe, Reedbuck, Crocodile, Hippopotamus, Bushbuck, Kudu, Steenbok, Duiker, Lion and Leopard.

Timeline of development of Nambwa Campsite
Pre-1940s - People resided at Nambwa
1940 - 1990s - People used resources (plants, fishing) at Nambwa but no longer resided there
1996 - MET agreed that community could benefit from tourism at Nambwa
1999 - Cabinet endorses the Bwabwata National Park (BNP) Vision Document
1999 - Mayuni Conservancy gazetted
2002 - MET signed MOU and funding secured from IRDNC and WWF LIFE (USAID)
2003 - Campsite built, staff recruited and trained, opened in July
2004 - Business Plan developed: 80% of profits to conservancy, 20% to be reinvested into business
2005 - Enterprise Committee established and Campsite management systems developed
2007 - Improved financial accounting procedures instituted for campsite

Nambwa Campsite
The Campsite is 10km (4x4 access) south of the TransCaprivi Highway (B8) between Rundu and Katima Mulilo along the banks of the Kwando River. It comprises six open campsites (with fire places and tap stands) that are set in mature riverine forest overlooking the floodplains. The facility is built from local materials: river reeds, thatch and wood that blend in well with the environment. Hot
water (solar) is provided in two communal ablution blocks that have four showers and toilets and three zinc basins for washing. Prices are N$70 per person and $10 for firewood.

As part of their innovative Parks and Neighbours Policy, the Namibian Government entered into an MOU with Mayuni Conservancy to develop and run Nambwa Campsite in BNP.

**Objectives of the development of Nambwa Campsite**

Together with Bum Hill and N//goabaca, Nambwa Campsite has a special status in Namibia. It is a conservancy owned and managed campsite on a prime site in a state protected area, the Bwabwata National Park. Nambwa Campsite was developed on the west bank of the Kwando River in Bwabwata as part of a MET plan to allow Mayuni Conservancy to benefit from tourism development.

Historically, people lived in the Park and the name, “Nambwa” apparently came from a local woman who was killed by a crocodile while harvesting water lilies. Early conservancy boundary discussions raised the issue of including the site in the Conservancy. MET agreed in 1996 that the Conservancy should benefit from tourism development, but the west bank of the River remained within the Park. Conservancies along the east bank of the Kwando River were offered the option to have one joint lodge or individual campsites. Conservancies chose the latter as an easier tourist facility to manage.

Nambwa was already a popular informal camping location prior to the development of the campsite.

Nambwa Campsite is currently in its fourth year of successful operation and the objective for its establishment has been achieved. Although the enterprise is an example of how conservancy staff can run a business, it is still subsidized with training and marketing from NGOs and there is little planning for campsite renovations or new product development.

**Lesson**

Campsites located at well known sites do not have to rely so heavily on marketing. Nambwa was a well known and popular tourist destination before the campsite development took place. This and its strategic location on a main tourist route means the business has performed well. However, more active marketing could increase occupancy and additional income could also be made by developing activities such as boat rides and guided walks.

Long term viability of Nambwa Campsite will require significant renovations to infrastructure (that is, replacing thatching and reed walls). The Business Plan states that 20% of the annual profit should be retained to finance these renovations. However in practice this saving system is not in place and still needs to be implemented.

**Initiation of the Campsite**

The development of conservancy tourist facilities in the Park took some time due to the need for legal authorization from MET, accessing donor funding for campsite construction and unrest in the region as a result of the spill over of the Angolan war. It took 8 years from MET’s decision to allow the campsite in the Park to Nambwa Campsite opening for business. A South African private sector developer had shown interest in the site, but no formal agreement was reached as the Conservancy did not think that the benefit sharing option proposed by this investor was adequate.

In 2002, an MOU was signed between MET and Mayuni Conservancy to establish the campsite and to conduct guided walks. MET determined the site for the campsite and the limits to camp site infrastructure and operating regulations, such as no local collection of firewood and no dumping of
waste. Mayuni Conservancy was interested in funding their own campsite but could not raise adequate funding, so donor funds were used for construction. During construction, conflict arose between the Conservancy and the builder, partly due to a lack of conservancy awareness of tourist preferences and inappropriate staff recruitment for initial construction and running of the campsite.

Mayuni Conservancy opened the campsite in 2003. IRDNC and WWF LIFE facilitated the establishment of the campsite and have continued to give assistance through to 2008. Assistance has included training in tourism awareness, financial management, exchange trips to other tourism facilities, campsite management systems and planning and guiding. This included a business plan in 2004, assisted by WWF LIFE, which although drafted post-construction is believed by the Conservancy to be useful and is guiding camp site operations.

Operation of Nambwa Campsite
After overcoming the initial staffing issue, staff recruitment and performance at Nambwa Campsite has been sound. One of the early Campsite Managers had the benefit of work experience at an earlier conservancy campsite that opened in March 1999.

For the first four and a half years (between July 2003 and December 2007), Nambwa earned a total of N$762,474.00. Although this is considered a good performance, income could have been higher, particularly with the development of new products at the campsite, such as boat rides and guided walks. NACOBTA and an NGO called, “Open Africa” help with marketing through their web sites and IRDNC/WWF LIFE ran a marketing trip for campsite staff to other tourism businesses in neighbouring countries.

The campsite develops an annual budget that covers all operating costs including maintenance and salaries. Once all expenses are covered, any profit is to be divided 80% to the Conservancy, to cover their operating costs and to pay out benefits, and 20% for reinvestment into larger maintenance jobs and product development. In 2005, campsite management systems were developed by the campsite staff and the Conservancy Enterprise Committee with facilitation from WWF and IRDNC. The systems separate the operation of the campsite business from the Conservancy, yet allow the conservancy to track campsite operations and financial performance.

Initially the systems were not adequately implemented by the campsite staff and the Conservancy, leading to a lack of separation of the business from the Conservancy and confusion over profits. According to conservancy members, the system now “works well, we generate a profit. We would not realize if we were making a profit or a loss without these systems”.

Lesson
After initial staffing problems at the campsite, Mayuni Conservancy has developed the skills and capacity to take on suitable campsite staff and manage their performance to ensure the maintenance of a high quality tourism product. One of the first Nambwa Campsite Managers had previous experience at the Conservancy’s first campsite (Kubanyana) and has currently been promoted to Conservancy Enterprise Officer, responsible for all tourism enterprises in the Conservancy, including Nambwa Campsite.

Although capable the staff is rarely innovative & may struggle to grow the business further.

Nambwa Campsite
Income and Profit 2003-2007

Note: Profit is low because payments to the conservancy are often made but captured under campsite "expenses"
In addition, the five camp site jobs (Manager, Treasurer, Guide, Maintenance person and Gardener) are based on yearly renewable contracts that depend on annual performance. The Campsite Manager reports to the Conservancy Enterprise Officer who is also responsible for trophy hunting and benefit sharing agreements with local lodges. In turn, the Enterprise Officer reports to the Enterprise Committee, which is a sub-committee of the much larger Conservancy Management Committee. Important decisions such as recruitment of campsite staff are made by the Conservancy Management Committee.

The initial finance system set up to manage campsite revenues was not implemented, which led to unaccounted funds. With IRDNC assistance, a better system was introduced in 2007, with stronger checks and balances on use of campsite revenue and the unaccounted funds were written off. This was part of a larger initiative to reconstitute the conservancy management committee that had been in place for eight years and recruit a new treasurer. However, there are still concerns over “leakage” of campsite revenues at the source.

Lessons

Differing reasons for establishing a campsite may affect the choice of management options. The right management option needs to be chosen to best meet campsite objectives. This means that there needs to be clarity amongst all stakeholders on the objectives of the camp site operation before campsite construction.

If the objective is to optimise profits to the conservancy, engaging the services of an appropriate private-sector partner may be the best management option. This will probably only succeed if potential turnover is well in excess of N$300,000 otherwise the additional cost of a partner will exceed profit growth. If the objective is for a community to exercise direct use rights to a particular piece of land, as in the case of Nambwa, then it may be more appropriate for the conservancy to manage the campsite. Whatever the objective, management systems need to ensure basic standards are maintained.

The implementation of a structured campsite management system has helped Nambwa Campsite succeed. These were developed and implemented incrementally once the campsite was open to address performance management and to separate the campsite business from the running of the conservancy. In addition, the management systems serve to institutionalize management of the campsite within conservancy enterprise management, having positive implications for long term viability.
Campsite Management Systems
Nambwa Campsite is implementing an integrated management system to ensure that the conservancy campsite functions efficiently. The system covers day-to-day administration, operation and maintenance of the campsite as well as quarterly and annual reviews of staff and business performance. As a conservancy campsite is a “collective business”, a decision-making matrix is used to manage the relationship between campsite staff, the Conservancy Enterprise Officer and the Conservancy Enterprise Committee to reduce any confusion over decision-making. Performance is monitored by the Conservancy Enterprise Committee using checklists that are scored and monitoring graphs as tools to record and illustrate campsite performance.
Checklists are used to monitor customer satisfaction (the campsite Visitors Book is a main source of information) as well as finance and administration; cleanliness and appearance and buildings and equipment. The Enterprise Officer reports back to the Enterprise and Management Committees as well as to conservancy membership at AGMs. Once a year, a business review takes place to collect and assess data from the last year and plan for the coming year.

Recommendations to get the best from a community owned & operated camp site such as Nambwa
✓ Be proactive with MET for authorization to develop in national parks - give MET a written proposal early on for desired conservancy tourism development in a national park. In the case of Nambwa Campsite, MET made the proposal and determined the site and restrictions. The negotiation process with MET also took eight years to finalise the legal authorizations (1996 to 2002).
✓ Choose the right management approach early on. Despite having early, active private sector interest, the formal decision for the management approach at Nambwa took place very late in the campsite development. Mayuni Conservancy opted for a conservancy owned and managed campsite. With NGO assistance and high occupancies, this model has been a success. It may not always be the best option and needs careful investigation early on in the conceptualization of campsites. Some of the potential advantages of a successful partnership with a private-sector partner could include a better system for marketing and bookings. The conservancy management option relies on NGO assistance. In the absence of an NGO exit strategy, the long term sustainability of the campsite without NGO assistance is questionable.
✓ Ensure appropriate checks and balances with campsite financial system. The process in place with the conservancy now ensures that the Conservancy Treasurers signature is required on all withdrawals from campsite revenues. Alternatively structured payments could be made to the conservancy from campsite revenues at agreed times during the year. This would ensure the campsite did not suffer cash flow difficulties and that only the agreed % is withdrawn from revenues (80% of profits once operating costs have been met).
✓ Plan an exit strategy for NGO support early on, otherwise dependency and ongoing subsidization of community operated enterprises persists. Early on in the development of the community enterprise, NGOs need to draft an exit strategy that has the long term goal of allowing the conservancy to run the business on their own.
Conservancy Background
Tsiseb Conservancy is in the Erongo Region and was gazetted in January 2001. It covers 8083km² with an estimated population of 2000 people. The conservancy is home to a variety of wildlife species including; Elephant, Black Rhino, Leopard and Cheetah. Other features include the Brandberg Mountain, known for its pre-historic rock art paintings (in particular the White Lady), the Ugab River, Messum Crater and Welwitchia Mirabilis. The conservancy income comes mainly from the joint venture lodge, trophy hunting, and income from rent (Tourism Information Centre in Uis).

Timeline
1996 - Establishment of Dâureb Crafts Craft outlet in old part of town with 26 women and men
2004 - Move of craft shop from old part of town to newly constructed Conservancy Building (Uis Information Centre). Only 4 crafters left.
2005 - Last product development and training
2006 - Support from Rössing Foundation (RF) came to an end
2008 - 4 crafters producing only for Mud Hut Trading (MHT) and craft shop

Initiation of Daureb Crafts
Daureb Craft was initiated in 1996, by 20 women and 6 men. They received NGO support from RF/MHT. The types of crafts initially being produced included:
- papier-mâché mirrors and picture frames decorated with sand
- carved makalani nut key holders
- papier-mâché fridge magnets
- slate with rock art fridge magnets
- mobiles
- lino paper prints
- ostrich egg shell candles
- sand-decorated ostrich eggs

The main markets for the crafts were through the craft shop in the old part of town & MHT.

No business plan was developed at the inception of Dâureb Crafts, but an agreement and Terms of Reference was signed with RF/MHT.

Between 1996-2000, income reached over N$1,000 per month per crafter as they were producing good products which were received favourably by the tourist market. Products were sold to MHT and drive-by tourists. Local natural materials were used with the remaining craft materials being procured from as far away as South Africa.

Product design was undertaken by RF/MHT and prototypes were designed, developed and the crafters trained. Quality control was carried out on a regular basis and was consistently good.

**Operations**
The initial set-up of crafters worked well, as the income generated after only three months of product development was sufficient to pay salaries, contribute to the salary of a craft-shop manager and also pay for the workshop and craft shop in the old part of town. Crafters produce items at home or in the workshop and take them to the shop.

However, operations were limited by the following:
- Crafters were paid a salary and not according to quantity or quality of production
- Orders from Mud Hut Trading have not been fully met in the last 2-3 years resulting in MHT losing a lucrative agreement with Air Namibia as Dâureb crafters could not supply consistently
- Loans were made to staff which resulted in a serious cash flow problem and eventually bankruptcy
- No marketing plan was drafted or crafters trained in marketing

Lessons
- A business plan needs to be produced to ensure viability of the business and ultimately long-term sustainability without dependence on NGOs or materials that are difficult to access.
- The enterprise worked best when it generated enough funds to pay a small salary to a craft shop manager.
- Craft products can become outdated and need to meet the needs of the changing tastes of the tourists who are the main buyers.

- Ostrich egg-shell became scarce and a high profit range based on this material had to be discontinued
- Ordering of materials required considerable planning and budgeting which unfortunately was not managed well by the crafters and influenced production negatively
- Product range outdated with some items not selling
• Prices paid by MHT for some items were too low to encourage production
• The number of crafters fell to 4 due to:
  o False impression of input required
  o Too much work for too little money
  o Group dynamics
  o Finding more lucrative work elsewhere
  o Conflict between crafters
• The relationship between the crafters and the conservancy was not clarified.
• Craft shop moved from old part of town to the conservancy office/Us Information Centre in 2004. The rental cost to the crafters is a minimal N$200 pm paid to the conservancy, but they are struggling to pay.
• After receiving continuous support for ten years the assistance to the crafters was considerably reduced when the RF funding for Dâureb Crafts stopped in 2006.

Skills and capacity
• Craft product development training and basic business and administrative training was provided by support organisations
• Training was not provided in how to match payment with production, stock taking, basic tourism, marketing and managing production costs

Dâureb Craft Income and Benefits
For the first three months in 1996, the crafters only took N$50 per month to allow Dâureb Crafts to build up some financial reserves. After that, salaries exceeded N$1,000 per person per month. Profits made contributed to the salaries of the crafters, but were not shared with the conservancy. Dâureb crafts is based in Usis and not within the conservancy and at present all crafters reside in Usis. The conservancy becomes involved when the crafters source natural materials from the area.

Total Expenditure – capital and support costs
The records for expenditure, capital and support costs are not available however at least one RF staff member supported Dâureb Crafts over a period of 10 years. What is available however, are the payments made to Dâureb Crafts as compared to the actual order placed with them.

<table>
<thead>
<tr>
<th>Year</th>
<th>MHT Purchases</th>
<th>MHT Orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>N$ 0</td>
<td>N$ 48,000</td>
</tr>
<tr>
<td>2003</td>
<td>N$ 0</td>
<td>N$ 43,000</td>
</tr>
<tr>
<td>2005</td>
<td>N$ 27,000</td>
<td>N$ 43,000</td>
</tr>
<tr>
<td>2006</td>
<td>N$ 37,000</td>
<td>N$ 43,000</td>
</tr>
<tr>
<td>2007</td>
<td>N$ 21,000</td>
<td>N$ 43,000</td>
</tr>
</tbody>
</table>

Sales at the craft shop in 2007-08 varied between N$100.00 and N$1000.00 per month. The overall turnover of Dâureb Crafts in 2007 was approximately N$28,000 (MHT and sales to drive-by tourists).
Support Organisations past and present, role and responsibilities

<table>
<thead>
<tr>
<th>Support Organisation</th>
<th>Roles and Responsibility</th>
<th>Time frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rössing Foundation</td>
<td>Initially funded Mud Hut Trading Technical support prior to 2002</td>
<td>1996 - 2006</td>
</tr>
<tr>
<td>Mud Hut Trading</td>
<td>Product development and training Monitoring and support Marketing Quality control Submit annual orders</td>
<td>Since 2002</td>
</tr>
<tr>
<td>NACOBTA</td>
<td>Registration of enterprise Transport of crafts and raw materials</td>
<td>Since 2003</td>
</tr>
</tbody>
</table>

Sustainability

- The popular products made with papier-mâché, glue and paint as well as the fridge magnets are sustainable as long as the crafters manage funds well to procure these materials and the supply chain has been set up by the crafters themselves.
- Ordering and paying for polystyrene balls, paint and magnets causes problems. MHT orders these items for the crafters once they have run out and the crafters do not pay for these. These items are ordered as far away as South Africa which causes delays and increases costs.
- Production is neither reliable nor constant as the crafters have lost the passion to produce the same items over and over for the same amount they received over two years ago.

Success factors – key factors that contributed to success

- Product development and training was very successful
- High quality products were consistently produced
- During the period of NGO support and mentorship production was acceptable and the crafters earned a fair monthly salary.

Constraints

- The crafters were functioning best when supported by an organisation
- Once support ceased, production dwindled
- Conflict between crafters resulted in some crafters leaving the group
Recommendations for the development of a craft enterprise such as Dâureb Crafts

✓ The enterprise worked best when it generated enough funds to pay a small salary to a craft shop manager. This manager managed the books and also played a major role in quality control of products.

✓ Craft products can become outdated and need to meet the needs of the changing tastes of tourists who are the main buyers

✓ Salaries should be in line with output and quality. Paying the same to all crafters irrespective of quantity and quality of work was not successful.

✓ There is no justification for a payment to the conservancy as it does not generate enough profit to share with the conservancy nor is it using an important local natural resource

✓ With the withdrawal of NGO support and monitoring (due to lack of funding), the production and sales dropped considerably. In this case, ten years of support were not enough to develop entrepreneurial skills of the crafters or link with local businesses which could provide support

✓ Crafters need to be trained to access markets and how best to market their products to more than one exclusive retailer

✓ Costing of articles (single and bulk) is an ongoing process and prices cannot remain static for years. This demoralises crafters and the prices of raw materials are not always adapted to the retail price of articles

✓ Materials to produce crafts should be sourced locally to reduce cost and also reduce delays in ordering from South Africa

✓ Intervention is needed to strengthen the entire value chain in crafts and crafters need to be demand rather than supply driven.
Mashi Craft Market Profile

Business: Selling locally made Namibian crafts and crafts from Zambia and Zimbabwe at a roadside stall and at the Namibia Craft Centre (Windhoek)

Location: Road junction at Kongola, on main tourism route through Caprivi Region

Inception date: Preparation work 1995, Craft Market opened 1996

Main support: Integrated Rural Development and Nature Conservation (IRDNC), Omba Arts Trust

Participants: Average annual membership of 250, mostly women from across Caprivi

Conservancies covered: Mayuni, Mashi, Kwando, Wuparo, Salambala, Sobbe, Balyerwa

Other areas: Malengaleng, Mulisi, Sikunga, Zimbabwe, Zambia

Natural resources used: Palm, bark, grass, wood, shrubs, seeds, reeds

Operation: Independent of conservancies

Development of the Craft Market

• Craft makers were discontent with the way existing outlets ran and wanted to try on their own. The Chief of the area requested a craft programme

• 8 Founding members worked in pairs on a voluntary basis transferring crafts out of the store to sell under a roof on a daily basis, or when time allowed

• The craft makers elected to charge a 40% commission on sales in order to employ a sales lady whilst they stayed home to produce crafts

• The Mashi Craft Management Committee (MCMC) was elected from the members of the eleven craft groups that support this market. Of eight members, seven were women. A constitution was adopted

• IRDNC gave MC N$2000 start-up funding to buy stationery and start paying the salary of two revolving sales assistants

• The sales assistant’s salaries, N$250/mth, were subsequently paid from the commissions charged on the sale of crafts. Savings were accrued for repairs and maintenance

• A craft market manager appointed and paid by IRDNC ran the craft market

Time line:
03/1996 - Building of Craft Market began
11/1996 - Market formally opened
10/1998 - Market enclosed as lockable building
1998 - 1st annual Craft Festival & basket competition
2006 - Entire committee re-elected
2006 - New IRDNC field officer as temporary manager
2007 - Own local manager appointed and paid for with own funds

Vision
1. Social — to help local people, especially women and men not able to enter the job market, to develop their creative skills and establish a viable collectively owned business that would earn income for the craft makers providing financial stability and empowerment.
2. Economic — to break the model of local people getting very low prices and business people elsewhere making the real profits.
3. Environmental — to ensure that natural resources are sustainably harvested as the market for NR-based products increases.
Management
The MCMC has 10 members from five different conservancies, with a chairperson, treasurer and secretary and 7 additional members. The MCMC oversees the manager & gives feedback to conservancies although the market operates independently of them. The MCMC re-elects its members every two years. Members pay a membership fee of N$5 for conservancy members and N$20 for non-conservancy members. The management system is open and transparent. Craft producers and management committee are free to check the records and accounts.

Management Structure
- Representatives from 5 different conservancies
- Mashl Crafts Management Committee (10)
- Craft Shop Manager
- Sales Assistant
- Sales Assistant
- Rossing/Omba NACOBTA
- IRDNC Technical Assistance Head of Project and Field Officers
- CRM assistance through using event books

Lessons
- Choose dedicated members of the community who have the time to commit
- Management committee must provide guidance and drive or the enterprise will suffer
- Use performance ratings to provide incentives and augment pay of staff
- The wrong manager can make or break a business
- Act before crisis point is reached and institute change before it is too late
- Allocate one day a month to register new stock and pay for crafts
- Record keeping on a day-to-day basis is a key to success and accountability

Funding & technical support
Funded by WWF LIFE, IRDNC covered construction costs of N$20,000 including the furniture and display fittings. IRDNC provided technical support funded initially by WWF LIFE and since 2000 by WWF UK. IRDNC paid for a consultant who set up the business, did the training, business and product development, and marketing. They also paid for female community resource monitors who supported local craft groups, for the initial manager and for meetings. Now IRDNC pays for three locally employed technical assistants who work part-time with Mashl Crafts.

They also assist with transport to the bank and to the natural resource base. Technical support was also provided by Rössing Foundation, which gave advice on product feasibility, quality and development. The role of the Foundation has been taken over by Omba Arts Trust although on a smaller scale.

Support inputs

<table>
<thead>
<tr>
<th>Year</th>
<th>IRDNC Paid for</th>
<th>2000</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2 x Field Staff working part time on Mashl</td>
<td>1 x Field staff working 15% and 2 x 50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Full-time Manager of Mashi Crafts Centre</td>
<td>(Manager employed by Mashi Crafts)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8 CRM's part time working on craft related issues</td>
<td>(CRM's employed by Conservancies)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Part-time VSO Volunteer</td>
<td>——</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30% Technical assistance on finances and operations</td>
<td>10% Technical assistance operations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Workshops &amp; training 4 x year</td>
<td>Workshops &amp; training 2 x year</td>
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</table>
Business Planning
Prices and popular products were based on experience at an existing Market in Katima Mulilo and various surveys provided information on craft potential, but no formal business plan, or marketing and branding strategy exist. Despite advice on what products would sell the best, particularly in Windhoek, the products on sale consist of whatever is presented to the market irrespective of quality and saleability and no sales targets or forecasts are prepared. However, stock turns over regularly and almost all products are sold within 1 to 3 months of being on the shelves.

Ownership
The initial idea was to have a community run craft business. After a period of poor management and sales, private ownership, decentralising or new management were discussed. The first two options were unanimously rejected in favour of retaining hands on involvement and management of their own initiative/enterprise and a new more committed, active and organised management committee was elected. Real ownership by the participants began to be felt when a new committee was elected in 2006 and started to take definitive action.

Finances came under control due to appointment of an efficient and effective manager from the community who could work with figures and keep accurate financial records and who is paid from the turnover of the craft market. These actions resulted in a turn around in sales and a sense of community empowerment and an ability to control the destiny of their own business.

Skills training and social development
Many product development workshops, skills training sessions, and exchange trips have been held. New skills include financial and organisational management, environmental monitoring, and capacity building, from understanding how a business works to developing the confidence to take risks and become involved. Women were also employed by IRDNC as Community Resource Monitors (CRMs) to monitor the impact of craft production on the natural resources, ensure resources were harvested sustainably, to raise awareness of the potential of crafts and to assist with getting crafts to the market and payment to the producers. Conservancies now pay for the CRMs.

Beneficiaries
MC employs three staff; one full-time and two part-time. 227 craft women have been economically empowered from craft sales in 2008, contributing to direct household income. Mashi Crafts represents crafters from eleven different conservancies and emerging conservancies, the majority of whom are women and many of whom are the sole income earners. Lifestyles have improved. Female-headed households are able to support many dependents from crafts and CRM salaries.
Sales
Sales peaked in the past in October/November every year because of the Omba Gallery basket competition. A drop in quality meant that East Caprivi baskets are no longer bought for exhibitions. The development of basket making and designs has not kept pace with those elsewhere. Production is at it’s lowest during the rainy season, when women and men are busy in their fields. Stock is held on a consignment system i.e. payment is received once they are sold. Competition from another local craft business forced Mashi to make payment upfront for West Caprivi crafts. Off the road sales are very good, but Mashi has been unreliable in meeting bulk orders from Mud Hut Trading, leading to reluctance to place new orders. Increased performance and attention to sales and records have increased turnover in the past 18 months.

Lessons
- Upfront payment could be used to procure and build up a stock of good quality crafts, but the consignment system is less capital intensive and safer for a system not strictly adhering to quality guidelines.
- Sales could be increased through:
  - Marketing, using a strategy designed to target customers
  - Improving performance through setting criteria for payment such as meeting set goals & sales targets
  - Ensuring that orders are supplied to the specifications and on time.
- Design and development of products is crucial to growth and success
- Build up stock levels if there is a seasonal fluctuation in production to tide over sales in times of low productivity. Provide customers with feedback regarding production.
- Teach sales staff to be pro-active

<table>
<thead>
<tr>
<th>Mashi Craft Turnover</th>
<th>Individual Craft Maker Earnings Per Annum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Income</td>
<td>N$98,642</td>
</tr>
<tr>
<td>Expenses</td>
<td>N$78,158</td>
</tr>
<tr>
<td>Surplus</td>
<td>N$20,484</td>
</tr>
</tbody>
</table>

Sales analysis
- Record sheets have been developed to summarise and plot sales, to compare sales by area, to track income and payments to craft makers and expenses
- Each craft producer has their own stock record sheet which details stock, which is taken on consignment, and sales
- A price list determines the price of each product, with a grading system for baskets, which encourages quality through higher payments for better grades
Quality guidelines are in place but are not currently adhered to. The feeling is that since tourists are not as discerning as those involved in the craft field, quality is not as important. However, this has led to a loss of interest by external buyers and a lack of representation at exhibitions.

**Lesson**
The old tenet quality not quantity should be adhered to. Income from fewer high standard crafts can be as good as more crafts sold of a lower standard. It is less work for a craft maker to make one good quality basket instead of two mediocre, and more importantly, it is less of a drain on the natural resources. Poor quality crafts should be actively discouraged and should not be bought/stocked.

**Environmental Issues**
CRMs monitor harvesting of resources through the event book system that has been developed for monitoring natural resources in conservancies. The system enables tracking of use, awareness, crafts training and meetings. CRMs help to ensure that harvesting is done sustainably. Some people have suggested that craft makers should be paying for natural resources used in production but others believe these are common resources available to everyone. It would be difficult and contentious to put a value on the different resources used. Further, the bulk of the resources, palm, in particular, are not collected from within a conservancy.

**Sustainability**
The craft market produces a surplus which is unused. One option is for the market to pay for certain services from NGOs, conservancies or the private sector. This could include book keeping and some training. Such a step is important in promoting business sustainability without dependence on external subsidies. The craft market is likely to require ongoing external technical support in product development and market analysis in order for craft makers to stay up to date with what is in demand and to compete with other craft makers in other parts of Caprivi, elsewhere in Namibia and neighbouring countries.

**Key success factors and constraints**

<table>
<thead>
<tr>
<th>Successes</th>
<th>Constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits the most marginalised rural communities.</td>
<td>Loans that were difficult to manage and constrained the growth and health of the business</td>
</tr>
<tr>
<td>Women’s empowerment, self reliance, self esteem, confidence, recognition, status and social bonds</td>
<td></td>
</tr>
<tr>
<td>Sustainable - covering running costs and operating almost independently of day-to-day assistance</td>
<td>A lack of active marketing means a restricted consumer base and limited sales</td>
</tr>
<tr>
<td>Support of all conservancies but not dominance by one and co-operation between all areas/conservancies</td>
<td>Productivity is not geared to sales - it’s supply rather than demand driven</td>
</tr>
<tr>
<td>Long-term sustained input and support from NGO, gradually decreasing over time as management take on more responsibilities. Relationship built on trust</td>
<td>Lack of participation in competitions to force up and surpass the currently declining quality. Regular grading reviews are needed.</td>
</tr>
<tr>
<td>Location at a well used junction on main tourism route</td>
<td>Unreliable payments to producers in some areas</td>
</tr>
<tr>
<td>Strengthens traditions and encouraged revival of ancient skills. Keeping cultures alive. Revived style of Khoi basket in West Caprivi that had died out.</td>
<td>No recognition of potentially high value products. Lack of knowledge of products and supply. Insufficient exposure to other markets and networking with buyers.</td>
</tr>
<tr>
<td>CRMs ensured that resources were monitored/managed and as the women eventually became employees of their conservancies the environmental link was made</td>
<td>The consignment system led to a loss of potential stock when faced with competition for the same products. Producers prefer cash up front.</td>
</tr>
</tbody>
</table>

**Recommendations for getting the best out of a community operated craft market such as Mashi Crafts**

- Establish an appropriate management system that enables the craft makers to provide overall direction as a group, but enables a manager to carry out day-to-day operations.
- Employ an efficient and effective manager.
- Identify and deal with problems early.
- Retain the market’s independence from conservancies except where conservancies can provide a specific service and pay for such services if appropriate.
- Develop and implement a business plan. Include infrastructure, transport, power and water needs and make provision for outsourcing of activities such as book keeping and product development in the business plan.
- Define product range, upgrade quality and increase quantity of value adding crafts on an ongoing basis.
- Consider whether the market can be part of the provision of other services such as tourist information and showcasing cultural traditions.
- Develop and implement a marketing plan: Diversify markets where possible – don’t just rely on passing trade but find specialist buyers; pro-actively seek sales and orders, advertise, promote, work on sales techniques, and produce a catalogue and price list.
- Retain bulk or specialist buyers by meeting orders in terms of quantity and quality and in time.
- Use workshops with master weavers and exposure visits to other craft makers to encourage better quality products.
- Use craft competitions and festivals to improve motivation and enthusiasm.
- Use event books or similar ways to track production in villages and payments through third parties.
- Cement the sale into the floor.
- Build management capacity early – plan for a gradual withdrawal of technical support, but identify those areas which will need ongoing support and plan for the provision of these.
- Implement a performance-based system to determine pay on top of a basic salary and increase effectiveness of sales.
- Link production with availability of natural resources and diversify products using new materials where access or supplies are limited.
Conservancy Background
Kasika and Impalilla Conservancies in Caprivi were founded in 1997 and 1998 respectively and were both gazetted in 2005. Kasika Conservancy covers 400 km² kms and Impalilla 210 km² with approximate populations of 800 and 1,000. They are located on the Zambezi-Chobe Floodplains, opposite the Chobe National Park and Kasane/Kazungula in Botswana, and Zambia and the Zambezi River.

Kasika Conservancy receives most of its benefits from trophy hunting/joint venture agreements with lodges and has resident buffalo and migratory elephant herds.

Impalilla is renowned for its unique global location where four countries meet and for birding and fishing. Impalilla gets most of its benefits from Impalilla Island Lodge, but most of it’s present income from grant funds through IRDNC. The conservancy has been awarded a hunting quota for 2008.

Timeline of tour guiding business development
2002 - Tourism plan for Chobe Floodplain identified tour guiding as a potential business opportunity
2003/4 - Job creation through guiding identified as need for both conservancies
12/2004 - Livingstone/Vic Falls tourism study trip for both conservancies
2005 - Business development (guide training, purchase of equipment etc.)
2005 - Tender process for 1st Business Partner - Janala Tours
09/2005 - Opened for business
2006 - Financial systems implemented and business plan written
2006 - 2nd Business Partner, African Odyssey required public liability insurance
2006 - Guidelines for small-scale tour guided activities written
2006 - CI tried to exit but enterprise needed more direct NGO assistance
2007 - Conservancy pays own book keeper and business partner takes on administration of insurance. Impalilla makes a profit
2008 - End of NGO assistance
Objectives of the tour guiding business
The tour guiding business was set up with the multiple objectives of income generation, job training/creation and developing a conservancy sense of pride and ownership. The last two objectives were achieved in both conservancies. Kasika Conservancy has elected to pay guide salaries instead of guide commission and is currently running the tour guiding at a loss which is underwritten by trophy hunting revenues. Impalla Conservancy is making a profit in the third year of operation (N$26,000 or US$3,250).

Initiation of the tour guiding business
As part of their commitment to the Kavango-Zambezi Transfrontier Conservation Area, the business was developed as a pilot project by a foreign NGO, Conservation International in close partnership with the local supporting NGO, IRDNC.

The original idea came from conservancy residents and found support in an earlier Integrated Tourism Development Plan for the Eastern Chobe Floodplain. A formal Market Demand Study of tourism operators in Kasane established demand. A precursor to the tour guiding development was conservancy member’s exposure to community tour guided activities in Victoria Falls and Livingstone that had a private sector partner for booking, marketing and transfers.

Lessons
This tour guiding business was pioneering. It was deemed useful to capture the development procedure in a step by step guideline for other NGOs/CBOs to develop similar activities in a more cost effective and efficient way. This guideline has been added to the NACSO enterprise development material.

It makes sense to start a new tourism venture at the beginning of the tourism season. The business started in September, which is towards the end of the tourist season and was one of the reasons for low uptake in the first year of operation. This proved de-motivating for the newly trained tour guides.

CBO members developing a tour guiding business can benefit from a study tour to successful guiding activities of a similar nature. CI and IRDNC took 25 members of Kasika and Impalla Conservancies to visit cultural villages serviced by a Business Partner in Zambia and Zimbabwe (Mukuni Village serviced by Bushtracks and Mpisiss Homestead by Safari Par excellence, respectively).

The Agreement with the Private Sector Partner and the Conservancy
The conservancies lacked capacity to do bookings, marketing and client vehicle and boat transfers, so developed the business as a “public-private partnership” between the conservancies and a Business Partner in Kasane, Botswana.

The agreement with the Conservancies and the Business Partner was based on:
- A yearly renewable contract (with three months notice)
- Exclusivity for the Partner within Botswana
- Conservancy to take out at their cost a public liability insurance policy
- A rates agreement that can be revised at any time with agreement of the two parties (Conservancy received P90 (about N$100) for each client)

Lesson
Tour guiding should only be developed where there is a sufficiently large market to make the business viable. Kasika and Impalla Conservancies in Namibia have the advantage of being very close to the major tourism town of Kasane in Botswana.

It is always necessary to do a formal market survey of private sector interest to determine the level of interest in the tour guided activities.
- A financial procedure to regulate the payment to conservancies  
- Monthly meetings between the Partner and the Conservancies  
- Details of the Conservancy’s implementation of guided activities and the Partner’s role in the sales, marketing and transfers.

The agreement with the first business partner included some community empowerment activities such as training for a tourism boat driver and for booking clerks, but were never realized.

Lessons
The conservancies were wise to contract a business partner to do activities they could not (i.e. sales, marketing and boat/vehicle transfers). However, ineffective monitoring of contractual obligations meant that empowerment opportunities were lost and marketing was inadequate. Conservancy Managers were meant to meet monthly with the business partners to review progress, but this was not done on a systematic basis.

The start of the tour guiding business was too ambitious. NGO and Conservancy enthusiasm lead to the development of many activities. The more activities developed, the more complicated the management system becomes, even if tour guides are skilled in carrying out the different activities.

It would have been better to focus on one or two activities to get them firmly entrenched as tourism products before diversifying. The tour guiding business was also developed at a time when the two conservancies were still getting established and the trans-boundary context added its unique layer of complexity (multicurrency payments and cross border crossings).

Guides’ booklet
The tour guiding business
A strong participatory approach was adopted and donor money funded development that was estimated at N$700,000 or US$100,000. Main development activities took place over an 18 month period (Nov 2004 - April 2006) with the enterprise opening in Sept 2005. Tour activities included visits to a local village (sometime including a dance group), mokoro trips (traditional canoe), bicycle rides, birding walks, game boat cruises and fishing expeditions.

In 2005, the first tender process for the Business Partner met with interest from three operators. The first partner did not renew after one year and the second partner was the only tender in 2006. Relationships between both partners and the Conservancies have been cordial, although regular meetings were not held.
A formal recruitment process succeeded in recruiting 14 quality guides in 2005. Training was sourced from Wilderness Safaris, Birdlife International and the Red Cross, as well as on-the-job training for new guides by more experience guides. A small, pictorial guide booklet was developed and emphasis placed on safety issues. A wide range of equipment was purchased and guides in both conservancies started on a commission basis.

Lesson

If a conservancy guiding business has a sound guide recruitment and training system, expect to have a high staff turn over as there is a demand for high quality, local guides in the tourism industry. Of the 19 guides trained, five remain in the business, with 10 leaving to join lodges and four leaving for personal reasons. This is a positive overall development impact but is problematic for the conservancy guiding business.

Operations of the tour guiding

Tourist uptake was very modest during 2005 and 2006 and both conservancies recorded higher operating costs than income generation. In the third year of operation (2007), Impalila Conservancy recorded a N$26,000 profit from the tour guiding business. Kasika Conservancy’s switch from a commission basis to paying monthly guide salaries meant their operating costs skyrocketed and they made a loss of N$8,000. There was no active marketing by the first business partner or during the first year of the second business partner. Flooding also decreased visitor uptake levels in Kasika Conservancy in 2007.

Performance of conservancy guides has been consistently good. The first Partner reported that the conservancy guides performed well compared with her guides in Botswana and there has never been any serious complaint about conservancy guide performance. Low uptake of the tour guiding and the sound recruitment and guide training meant that many of the conservancy guides left to take up jobs with neighbouring lodges.

Benefits of the tour guiding operation

- Training and jobs have been provided, creating income and increased employment opportunities.
- The exposure to tourism and the development of the tour guiding helped people in the conservancies to recognize the value of wildlife.
- The tour guiding helped strengthen the conservancy and build morale. For example, the conservancy logos were developed as part of the branding for the business.
Exit strategy for NGOs and performance management
Initially there was no formal NGO exit strategy and inadequate attention was paid to management systems. CI made an unsuccessful attempt to exit and additional donor funds were secured for a further two years. During 2007 and 2008, successful elements of the exit strategy have included ensuring the conservancies pay for a book keeping service and handing over administration for renewal of public liability insurance to the Partner.

However, the tour guiding business has not been institutionalised into the general enterprise performance management of the Conservancy. No-one in the Conservancy Management has the responsibility for managing the performance of the business. Coupled with the end of direct donor funding, this gap in leadership together with a lack of entrepreneurship is seen as the main issue affecting long term sustainability of the business.

Recommendations for the development of a Tour Guiding enterprise such as Kasika -Impalila

✓ If job creation is the main goal of the conservancy tour guiding business, consider a different approach based on tour guide training and recruitment by lodges instead of setting up a new business. The NGO and community transaction costs for setting up a sustainable business are onerous and there may be easier, more effective and cheaper ways to provide training and job creation.

✓ Consider the possibility of outsourcing the entire business function to a private sector partner – at least until the product has been well established in the market. It is crucial that a new tourism product develops a good reputation right from the start.

✓ Where a conservancy feels it lacks capacity to cope with the technical details or decisions associated with an enterprise they should seek training and advice from MET and NGOs.

✓ Keep it simple at the start of the tour guiding enterprise. Start with one or two activities. Depending on the success of the early tour guiding product, this can be diversified in later years once the business is established.

✓ Ensure that the enterprise starts at the start of the tourism season and market it before the season starts if possible

✓ If the objective is to develop a sustainable tourism business, pay equal attention to the business and institutional side, as to the development of the tourism product. Aspects to deal with early on include: an exit strategy for NGO assistance; institutionalizing the business within the conservancy enterprise management; drafting and use of a business plan; introduction of finance systems and performance monitoring at the start of business; and monitoring of contract obligations with the Partner.

✓ Ensure effective monitoring of the contractual obligations of the private sector partner and the conservancies in order not to lose out on empowerment and other opportunities in the contract and to minimize the escalation of conflict.