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Best Practices for Tourism Concessions in Protected Areas: A Review of the Field

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Abstract: Despite the importance of protected areas (PAs) worldwide to protect biodiversity, reduce poverty and promote sustainable development, throughout the world governments struggle to adequately fund PAs to meet conservation goals. Tourism is seen as a viable financial option for PAs, with tourism concessions through private sector partnerships gaining momentum that allows the overarching goal of preservation and conservation to remain with the state. However, without appropriate planning or *best practices* in place, tourism concessions can lead to such problems as waste, habitat destruction and the displacement of local people and wildlife. We analyzed tourism concession agreements in government documents from 22 countries to provide an overview of what best practices for tourism concessions are being established and what practices might need to be better incorporated into agreements. The greatest weaknesses of best practices appear to be with concession qualifications, legal, and financial responsibilities, while the strengths included environmental and empowerment/social responsibilities. This initial assessment of contract components will provide a baseline to further develop best practices and assist protected area managers, local communities, and conservation practitioners working with tourism in PAs to ensure that tourism has a positive impact on protected area management.

Keywords: best practices; protected areas; tourism concessions

1. Introduction

There has been a dramatic increase in the area falling under protected status within the past 25 years with current figures indicating over 100,000 protected areas (PAs) worldwide, covering 11.5% of the world's land surface (17.1 million km²) [1]. The International Union for Conservation of Nature's (IUCN) definition of a PA is the most widely recognized, both nationally and internationally and is defined as, "...a clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long term conservation of nature with associated ecosystem services and cultural values" [2]. Despite the acknowledged importance of PAs to protect biodiversity, reduce poverty and promote sustainable development, a consensus has emerged that current spending on PAs is grossly inadequate for supporting both the costs of existing sites and ensuring the creation and effective management of PAs for the wealth of benefits they can deliver [3]. According to one widely-cited estimate, in order to secure an expanded network of PAs (covering 30% of marine ecosystems and 15% of terrestrial lands), \$45 billion per year (over 30 years) may be required [4]. A more modest estimate of \$12–13 billion annually over the next decade to manage PAs in developing countries has also been presented [5].

In 1993 and 1995 the World Conservation Monitoring Centre conducted two surveys relating to park and protected area funding in 108 countries. The results showed an average funding (for both infrastructure and services) in developed countries to be US\$ 893 per km², and in developing countries US\$ 157 per km² [6]. Many, if not most PAs face a funding crisis, both in terms of the amount of funds available and how those funds are used. There is an urgent need to expand and diversify PA financial options and to ensure that funding reaches the groups and activities essential for biodiversity conservation [7]; tourism presents a viable financial option.

The inherent conflict between protecting ecosystems and cultural heritage on one hand and providing public use programs and related infrastructure and visitor services in protected natural and cultural areas is as old as the modern conservation movement. There have been privately operated hotels, restaurants and guiding services in some US national parks since long before the US National Park Service was even created nearly a century ago in 1916. The purpose of the USNPS, as defined in its organic act of that same year (National Park Service Organic Act, 16 U.S.C.1–4.), is to "conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations". That short law even specifically mentioned the authority of the Secretary of the Interior to grant "privileges, leases, and permits for the use of land for the accommodation of visitors in the various parks, monuments, or other reservations herein provided for, but for periods not exceeding thirty years". This dual mission and openness to public-private tourism partnerships in parks has led to continual tension between those who advocate greater public access and visitor programs and facilities in parks [8] and those who advocate greater restrictions on public access and infrastructure in parks [9]. That conflict is now being played out in protected areas around the globe, as conservation agencies, most of which share the dual mandate of conservation and public use laid out in the US National Park Service Organic Act almost a century ago, struggle to conserve natural and cultural resources while facilitating public use and enjoyment of that heritage.

1.1. Tourism and Protected Areas

Tourism is now the world's largest industry, accounting for over 10% of the global economy and is the principal source of foreign exchange for 37 less-developed countries [10]. Tourism and recreation are also highly valued PA benefits. For example, nature-based tourism is a major component of export income in Australia, Botswana, Costa Rica, Kenya, Nepal, New Zealand and Tanzania [7]. PAs receive millions of visitors and for some PAs the fees charged for entry or recreational activities generate significant revenue. The South African National Parks Board finances up to 80 percent of its annual budget from tourism receipts alone [3]. A response to PA operations and maintenance funding issues in developed countries such as Canada and the United States, where the traditional tax-based government appropriations have decreased, has been to rely more on park-generated revenues, especially as tourist numbers continue to increase [11].

1.2. Tourism Concessions

In many PA's, tourism services are provided through "concessions", or agreements, that are made between the operator and the protected area agency. Concessions are one of a number of market-based mechanisms known collectively as Tourism User Fees (TUFs) that can be used to collect revenues from tourism-based activities which can be directed toward supporting PAs and other conservation efforts [12]. Examples of concessions include fees that companies ("concessionaires") pay to provide services within PAs (e.g., restaurants, hotels, eco-lodge facilities, and souvenir shops).

Although government agencies play an important role in the maintenance and management of protected areas, when it comes to tourism activities and running a for-profit operation, governments tend to lack the economic funds and business "know-how" necessary to be successful. Furthermore, state-run concessions that exist tend to be restricted in their ability to innovate and respond to changes in consumer demands [3]. Therefore, national governments are increasingly favoring private tourism concessions within PAs so that the overarching goal of preservation and conservation remains with the state. Concessions are usually undertaken within the private sector but can also involve community organizations, NGOs, and other non-for-profit enterprises; in general, these relationships will take place on a continuum, from government ownership and operation at one extreme, and private ownership and operation at the other [3].

1.3. Best Practices for Tourism Concessions

Although "privatization" and market based solutions can greatly benefit PAs, they are not always an appropriate response and without proper management and guidelines, they are associated with significant risks, such as degradation of the natural resources on which tourism depends. Therefore, tourism concessions are not only an opportunity, but also a challenge. One approach to better manage tourism concessions and to distinguish unsustainable tourism from other forms of tourism that are more socially, culturally, and environmentally sensitive is to develop, incorporate and implement a set of *best practices* for private sector involvement in protected area concessions.

The process of tourism concessions development involves three constructs: (1) legal and policy framework for concession contracting outlines best practices for how concession programs are defined

and regulated; (2) prospectus development process outlines best practices for how concession opportunities are defined, structured, priced and brought to the market and how suitable operators are selected; and (3) contract management and oversight outlines best practices for how concession contracts are managed once an operator is in place. From these constructs, five principle tourism concessionaire components are most often cited in the literature:

- (1) Concessionaire qualifications. In order to make sure the PA makes a profit to help fund management operations, private sector entities interested in developing tourism concessions within protected areas should demonstrate their ability to be profitable [3].
- (2) Legalized responsibilities. A common authority granted to protected area managers (state- or community-owned) is the authority to terminate a concession contract for the breach or non-fulfillment of that contract [3].
- (3) Financial responsibilities. A concessionaire typically pays a user fee that can involve various forms from a set annual fee, a flat fee in conjunction with a percentage of the gross revenue, to a percentage of all revenue earned [3].
- (4) Environmental responsibilities. In an effort to support environmentally-responsible tourism practices, concessionaire contracts are increasingly involving measures to minimize environmental impacts. Depending upon the concession activity, contracts may require management plans for such areas as waste disposal, infrastructure development, water use and management, and recycling efforts [3].
- (5) Empowerment responsibilities. Local people will greatly influence the future of protected areas. Communities in and around PAs may depend upon natural resources within PAs for their livelihoods (e.g., agriculture and resource extraction). Therefore, a focus of national governments could be in the development of employment and small business opportunities, which also develop positive attitudes towards these areas [13].

1.4. Objectives

Little research has analyzed the successes and failures of current tourism concession agreements. As a result, NGOs, government agencies, and local communities who have worked on tourism concession agreements have had to rely on anecdotal evidence to create and structure effective tourism concession contracts. Therefore, available options for private sector concessions need to be analyzed, along with the successes and failures of various approaches [3]. The objectives of this project were to

- (1) identify overall strengths and weaknesses of tourism concession agreements;
- (2) identify best practices themes in tourism concession agreements; and
- (3) identify key indicators used when applying best practices for tourism concessions.

2. Methods

We conducted an in-depth review of concession agreements and government documents from 22 countries. The 22 countries were selected by an initial survey using search words and phrases in an Internet search and their Spanish language equivalents, not by any random selection process. Once we found initial URLs with at least some information on concessions within a specific country or PA, we

made more specific queries using search words and phrases specific to that country or park. We also visited URLs cited in sites as references to obtain more information. These primarily covered Latin America (nine countries) with other examples from Southern Africa (five countries), Australia and New Zealand, the U.S. and Canada, and Asia. Documents from these countries were either in Spanish or English for review purposes and consisted of government documents for PA management or park-specific concessionaire agreements. For some case studies both government documents on PA concessions and actual concessionaire agreements were obtained, for other countries, only one or the other was obtained. Documents were reviewed for language addressing tourism concessions and information pertaining to these five principle tourism concessionaire components (as discussed above). Patterns or reoccurring themes and indicators under each of these components were identified. From this information we summarized strengths and weaknesses of existing best practices for tourism concessionaires by assessing which countries had representation under the five principle tourism concessionaire components (considered a “strength”) and which did not (considered a “weakness”). Some countries may have had more than one document or concessionaire agreement that was made available to us. If this was the case, the components of that country were recorded collectively.

3. Results and Discussion

Overall, documents and case studies reviewed show strengths in best practices for tourism concessions on the social and environmental responsibility components. Concessionaire qualifications, legal and financial responsibility components were found to have the weakest representation from the reviewed documents and case studies (Table 1). Identified indicators are presented under each component, along with case study examples.

3.1. Environmental Responsibilities

In an effort to support environmentally-responsible tourism practices, concessionaire contracts are increasingly involving measures to minimize environmental impacts. The five indicators identified included: (1) infrastructure development; (2) monitoring plan; (3) alternative energy; (4) waste management; and (5) risk analysis.

3.1.1. Infrastructure Development and Monitoring Plan

To ensure harmony between tourism development and environmental protection, it is essential to apply sensitive design of infrastructure, master site planning, ecologically and socially conscious site design, and landscaping [14]. Monitoring is needed to assess the fragility of the ecological and socio-cultural components [14] and should be established when a project is initiated. Baseline information will provide the early warnings of impending change that will better enable management to take action [3].

In Costa Rica, every concession service, as a minimum, must describe and implement environmentally sensitive waste management procedures for all public areas under the concessionaire’s responsibility. For example, they should plan for and use biodegradable and environmentally-friendly detergents and disinfectants; agree to manage and treat sewage using the established regulations;

3.1.2. Alternative Energy

Alternative practices involve design techniques that allow for natural ventilation, heating, lighting, and rain water catchments. Other more advanced technology allows for alternative energy sources such as solar power, wind power, low-scale hydroelectricity, geothermal power, natural gas and biomass [15].

In Mexico's Sian Ka'an Biosphere Reserve, the Ecolodge Project design includes use of solar energy (for heating water and photovoltaic generation of electricity), ecological waste treatment, water recycling, use of local building and decorative materials (timber, thatch, native grass, and 'zascab'—local limestone), and natural cross ventilation (instead of air conditioning). In Belize's Rio Bravo Conservation and Management Area, infrastructure of five cabanas includes hot water and solar electricity and composting toilets. And in China's community-managed Wenhai Ecolodge, alternative energy and waste management facilities (e.g., biogas, greenhouse, solar heating, water purification systems) have been installed.

3.1.3. Waste Management

The management of waste is a crucial conservation problem in both urban and rural areas, including natural areas. The basic premise of a tourism facility operation is minimizing waste generation, since this is one of the main causes of degradation of the surrounding environment. Biodegradation practices should be used as much as possible, a process where microorganisms break down the products of other living things and incorporate them back into the ecosystem [14].

In Australia's Great Keppel Island Resort, paper, cardboard, garden waste, sewage sludge and some food scraps are shredded, composted for several weeks, and then fed to the worms at the resort's worm farm. Within several months, the worms produce a rich product that is used in the resort's gardens instead of fertilizer [16]. In India's Taj Jungle Lodge at Thekaddi, wastewater is discharged into the root zone at a subsurface level of sturdy plants with tubular roots, the plants purifying the wastewater by feeding off the organic material [14]. Finally, in Columbia's Nevados Park the concessionaire must present a document that establishes management of hydrologic resources (consumer and residual) and describe the supervision of environmental protection (energy, solid wastes), management of solid residuals, separation and recycling (Table 1).

3.1.4. Risk Analysis

A risk analysis should not only include the natural environment and its biophysical features of the site (e.g., vegetation, wildlife, *etc.*) but should also assess socio-cultural features (local communities, archaeological sites, *etc.*), and business aspects (how suitable is this location, comparative analysis of the different possible sites, long-term economic sustainability, *etc.*) [14].

In Guatemala, concessions must have cost-benefit analyses, environmental impact assessments (EIAs) and tourism management plans implemented to minimize impacts. In New Zealand, every application for a concession must include a description of the potential effects of the proposed activity and any actions which the applicant proposes to take to avoid, remedy, or mitigate any adverse effects. In China's Sichuan Province, a feasibility report should include business plans and a biodiversity protection plan. In Botswana, guidelines for outsourcing the operation and management of public

campgrounds in various national parks and game reserves require an Environmental Impact Assessment (EIA) by the bidder, both during development and operational phases of the campground. And in South Africa, all concessions are subject to site-specific EIAs and the establishing an environmental plan (National Parks Act no. 57 of 1976). A similar policy exists with the Namibian Ministry of Environment (Table 1).

3.2. Empowerment/Social Responsibilities.

Communities near protected areas may incur considerable costs from losing access to resources in those areas [17]. One way to compensate locals is through protected area concessions. Locals often become the best wardens of the protected area's resources since their livelihood is at risk [18]. The five indicators identified included: (1) capacity building; (2) local community employment; (3) community assessment (risks and benefits); (4) community revenue sharing; and (5) local business involvement.

3.2.1. Capacity Building

Capacity building and technical training of local communities can create employment and a vested interest in community-based management of PAs [19]. In Guatemala, capacity building is encouraged to make communities more viable to run a concession. In Chile, community participation is encouraged by going outside of the borders of the protected area to present concession opportunities to communities and, when necessary, helping them to build the capacity to implement these concession projects. And in South Africa, if funding for a concession comes from a grant, the grant can stipulate certain provisions regarding training and empowerment (Table 1). In a grant from the Poverty Relief Fund, it included provisions for a training budget of R325,000 (~US \$45,000) [20].

3.2.2. Local Community Employment

Best practices can require private concessionaires to employ local communities or even hire local communities to run the concessionaire in some instances. Through its policies, governments can encourage local communities to participate in the management of protected areas. In Chile, 18% of protected areas have ties to indigenous communities through granting concessions directly to communities and through the implementation of community-run tourist activities in the areas surrounding protected areas. In China's Sichuan Province, a contract must assure community participation by employing at least 20% of staff from local communities. In South Africa, empowerment obligations are determined by the bidders with 20% of the award mechanism being based on these types of "empowerment" commitments. The winning bidder is held to these commitments, which form part of the contract. And in Namibia, all concession applications for a tourism enterprise must include details of an agreement between the applicant and local community before it can be approved by Ministry of Environment and Tourism (MET). In addition, the MET will provide financial and tax incentives for, and preference to, community-private sector partnerships and/or revenue-sharing ventures (Table 1).

3.2.3. Community Assessment and Revenue Sharing

Management plans include risks to, and involvement of, local populations. Additionally management plans can specify any revenue sharing options between local communities and private concessionaires. In Peru, management plans should describe the potential cultural impacts (positive and negative) on the local population, as well as a description of their indicators and the mitigation measures that the project will employ to minimize or avoid the negative effects. In Botswana, concession fees from park visitation go to local communities and are also applied to natural resource management. And in Yasuní National Park in Eastern Ecuador, the Napo Wildlife Center is an ecotourism partnership with the 120-person Añangu Community, which has created a private protected area within Yasuní. The community receives 49% of the net profit from the lodge, and 93% of the paid lodge staff are from the community (Table 1).

3.2.4. Local Business Involvement

Small tourism enterprises could be developed or supported within PA systems. In some concession contracts, longer contracts are granted to a concessionaire from the area surrounding a protected area. In Zambia, privatization of game lodges and hunting concessions is regulated on an international competitive bid basis, but to encourage local investors and particularly indigenous entrepreneurs, certain leases and hunting concessions have been reserved for domestic bidders. In the Seychelles, local legislation specifies that there must be local partners in any tourism business, and that licensed-out services (e.g., boats, outfitter equipment) must hire a minimum specific percentage of Seychelles citizens (Table 1).

3.3. Concessionaire Qualifications

The rationale for protected area management to outsource tourism development to the private sector stems from PA management's lack of tourism business know-how and experience, as well as the PA's main focus of conservation. But to ensure PAs make a profit that can fund PA operations and conservation goals, tourism concessionaires must demonstrate their ability to be profitable. Reviewed contracts specify a range of concessionaire qualifications (indicators) to ensure the most qualified and experienced concessionaires are chosen. The four indicators identified included: (1) financial capital; (2) tourism experience; (3) education/training level; and (4) language abilities.

In Botswana concessions are based on the following criteria: experience, financial capacity, and demonstrated knowledge of the Botswana conservation legislation (and in particular the Wildlife Conservation and National Parks Act and its subsidiary legislation). In Costa Rica, bilingual language abilities (Spanish/English) and a high school education level is required of all major staff. And in Columbia, a concessionaire must have initial capital of about US \$1000 (Table 1).

3.4. Legal Responsibilities

Various legal ramifications exist for contract breach or non-fulfillment. Graduated sanctions, depending upon the severity of the situation, were present in the majority of concession contracts, with most involving a financial penalty and a set duration of suspended activity determined on a case by

case basis. Specific language for late payment or non-payment financial penalties was more defined with specific monetary amounts. The six key indicators identified included: (1) contract length, (2) late payment of fee/non-payment of fee, (3) facility ownership after contract, (4) environmental/community damage, (5) fines, and (6) contract non-compliance.

3.4.1. Contract Length

The contract length for a concession within a PA depends, to some extent, on the grantee (private, NGO, local community) and type of concessionaire (size, activity). Although contract length varied, the majority of contracts reviewed contain options for renewal. Contract lengths between 10–20 years emerged as an overall average length (Table 1). However, preference is often given to contract proposals that involve local communities and longer contract length is given with increasing capital investments by private parties.

In Argentina, a general government document states contract lengths are ten years with additional five year renewals possible (e.g., in Pliego Panuelo Isla the contract length is 15 years) (Table 1). Other contract lengths in Argentinean PAs, however, are based on the historical relationship with the park service. For example, activities developed by local community residents receive longer contract lengths; if the only relation is one contract, concession contract is three years with option to renew; and if the concession is a compliment to a previously granted concession, the newly granted concession will last until the older concession runs out. In Peru there is a 20 year maximum contract length, with a renewal period for 20 years. And in South Africa, most concession contracts are for 20 years with investment and ten years without investment. Furthermore, where substantial capital investments are made by the private party, the PPP agreements (Public Private Partnership) tend to be longer (Table 1).

3.4.2. Facility Ownership after Concession

The amount compensated depends on the initial value of the structure, adjusted according to the increase or decrease in the Consumer Price Index and less the amount of depreciation of the structure (*i.e.*, the condition and serviceability in comparison with a new unit of the same kind). If a new concessionaire must pay a prior concessionaire for prior capital improvements made, this amount is based on the value of the structure at the time of the exchange.

In South African national parks at the end of the contract term all facilities revert to SANParks. In comparison, US National Park Service concessionaires that construct structures or other facilities (capital improvements) on park property using their own funds are compensated for their investments when concession contracts expire.

3.4.3. Fines and Fees

Various fines and fees apply to concessionaires in the event of a breach or non-fulfillment of the contract. Additionally, graduated fines based on severity are applied. These legal elements are important to protect the visiting public from receiving poor or no services and that the long-term sustainability of the PA is not threatened.

In case of a breach or non-fulfillment of the contract, the concessionaire in Peru's Tombopata PA will have to pay to INRENA (National Institute of Natural Resources) the equivalent of 20% of the value of the unpaid obligation as a penalty and there will be a two year suspension of activity by the concessionaire. In Argentina, the concessionaire agreements for Nahuel Huapi and Arrayanes National Parks have graduated fines, depending upon the severity. Other general fines include the equivalent to one year's tax and a one year suspension (Table 1).

3.4.4. Environmental/Community Damage

Poor enforcement of environmental and social practices, as well and poor management of tourism operators can lead to degradation of the natural resources on which tourism within the PA depends. In some concession contracts, third parties are compensated that could have been affected by the concession and various examples exist on the response of the state to environmental or community damage by a concession.

In Peru (Tombopata) the concessionaire provides full restitution to the state and to compensate third parties that could have been affected (e.g., damages to the protected natural area or to the native communities and local populations of the zone). In Argentina when a negative environmental impact not previously seen or detected is the result of the concession's development or project, the APN (park management) has the authority to do several things: modify the conditions of the contract, order mitigation actions, suspend the activity or project as a preventative measure until the precautionary environmental measures are adopted, or terminate the concession (Table 1).

3.4.5. Non-Payment or Lateness of Payment

A concessions contract can be viewed as a form of rent; the concessionaire is renting out the use of a PA to conduct its tourism business. As with other rental contracts, non-payment or late payment carry various types of penalties. In Chile, a late payment results in a fine of roughly \$600 USD for every late day, from the first day the concessionaire delays payment until payment is made. In Columbia, a late payment requires a daily pay equal to one month's salary (Table 1).

3.5. *Financial Responsibilities*

Aside from fees, other financial responsibilities included a demonstration of revenue earned and performance bonds (insurance) in place in the event the concessionaire cannot carry through all financial obligations. Concession fee income is also an important financial responsibility component to guarantee the PA is making a sufficient profit. Concession fee income can be structured in different ways. The major options included an annual fixed/flat fee, fees based on the number of people a concession serves during a given year, fees based on a percentage of the gross or net income of the concessionaire, or a combination of the above. The four indicators identified included (1) performance bonds; (2) concessionaire user fees; (3) income requirements; and (4) maintenance/repair reserves.

3.5.1. Performance Bonds

Performance bonds are used to cover any costs incurred by the government in carrying out work that the concessionaire has failed to carry out and that was required by the concession document, or to mitigate any adverse effects arising from, but not authorized by, the concession or not reasonably foreseen at the time the concession was granted.

New Zealand employs these performance bonds to cover any costs in carrying out work the concessionaire failed to do. In Columbia, a performance bond covering ~US \$475,000 is required. In Chile, a performance bond must be valued at 10% of the annual pay value of the concession and must be maintained until 6 months after the concession expires. And in Botswana guidelines for outsourcing the operation and management of public campgrounds in various national parks and game reserves require ~US \$2,300–3,900 at the signing of the management agreement a performance guarantee.

3.5.2. Concessionaire User Fees

One difficult area of concessions is figuring out the balance between the amount that the concessionaire will earn by exploiting the resource, and the amount that will be returned to the PA administration. A fixed or flat rate for renting a concession service is a commonly used tool and in many ways it may provide an easier way to charge a concessionaire because tracking and calculating profits, income and number of tourists can sometimes be difficult (the traditional method used in the US NPS, for example). In other situations a fixed rate is established at the beginning of a contract. The risk with this type of fee, however, is that it must be paid by the concessionaire whether a profit is made or not [21]. On the other hand, the concession may be steadily increasing its business while the annual fee remains the same. It is not unusual for concessionaires to make huge profits while site administrations receive very little in fees. Ise [21] recommends concessionaires pay a portion of their net revenues rather than a flat rate to decrease some of the risk involved for both parties.

In Belize the Protected Areas Conservation Fund (PACT) collect revenues and taxes earned from tourist activities and visitor use fees. PACT receives 20% of the revenues earned by the non-governmental organizations co-managing some of the parks. Seventy percent of the collected fees are used for the management and development of the protected areas [11]. In South Africa, an annual fee is based on the percentage of gross revenue bid by the concessionaire during the bidding process. Ecuador's Galapagos National Park charges a concession fee to each boat (an operation license) which varies with the category of ship. In 2002, concession fees generated US\$400,000, or 8% of the income generated by the park visitor entrance fees [22] (Table 1).

3.5.3. Income Requirements

Income requirements make sure the tourism concession is successful, which in turn ensures that money is coming into the PA. In some examples, concessions must demonstrate their financial success. In other situations, fees are required up front that are reimbursed to the concessionaire once target incomes are met.

In Columbia, by the ninth year of a concession contract, the concession must demonstrate that they have made an additional ~US \$1,000. And in South Africa's Kruger National Park, the Maluleke

community requires an upfront fee of US \$23,077 by the concessionaire. If the concessionaire does not meet at least 50% of the project annual payment targets for years four and five, this amount is forfeited. If the targets are met, the concessionaire is reimbursed (Table 1).

3.5.4. Maintenance/Repair Reserve

One of the most overlooked areas of concession contracting is the cost of ongoing capital maintenance of concession operation assets [23]. Many times concession operators find themselves without the necessary funds for repair and maintenance costs. This type of maintenance/repair reserve, also known as a “reserve for replacement”, represents cash paid by the operator into an account that can only be used for the ongoing capital maintenance. Considering the government or community holds title to the property, this ensures a burden of deferred maintenance is not left when the contract ends.

In the US National Park Service, concessionaires are responsible for all maintenance and repairs of facilities and lands they lease from the park [24]. In Belize, 10% of visitor entrance fees in protected areas helps meet expenses specifically related to infrastructure and security for the areas [11] (Table 1).

4. Conclusions

From the review of government documents and case studies, the greatest weaknesses of best practices appear to be with concession qualifications, legal, and financial responsibilities. Canada, New Zealand, Costa Rica, and Botswana showed higher representation of agreements with these components. These are important because they greatly impact the strength of concession contracts for obtaining qualified and experienced concessionaires and any liability concessionaires would face in the event of contract obligation non-compliance. Without greater consideration given to concession contracts in these areas, both human welfare (local communities) and biodiversity can suffer as a consequence.

The strengths of tourism concession best practices included environmental and empowerment/social responsibilities with Columbia, Costa Rica, Botswana, and South Africa having the most representation with these components. However, some of these documents (government documents on protected area management) might also be no more than symbolic statements. In other words, just because these priorities are mentioned in government documents does not guarantee that they will be enforced. Nevertheless, the fact that these countries are recognizing the importance of these best practices is a start.

Caution should be taken that while PAs can receive funds through tourism concessions, funds also flow out of PAs in several ways, such as staff costs, operational services, and even damage caused to PAs. Even when tourism is developed within PAs and revenue is made through charging tourists and businesses for access to, and use of these sites, there are also management costs involved, such as providing the necessary infrastructure, collecting fees from tourists and concessions, and managing tourism damages. Therefore, it is important to remember that funds from tourism will need to exceed management costs in order for tourism to provide the necessary financial benefit to PA management rather than have the PA essentially subsidize tourism [19].

Additionally, despite the great revenue potential for PA management from private tourism concessions, thought should also be given to situations where a concession should not be approved. A concession fee may not be a viable option for some sites, particularly if there is limited demand for the

service. In some cases, there may be demand but not the concessionaire with sufficient capital, interest and risk-taking ability [19]; the case study examples for income requirements from South Africa and Columbia address this point.

The data reviewed do not capture the volume of tourism concessions taking place within protected areas worldwide. For some of the case studies used, gaps exist with regard to specific concession contract components and, therefore, do not provide definite conclusions about a given country or region of the world. Additionally, land ownership was not recorded during the analysis of case studies. Although we understand that many PAs contain a mix of ownerships within their boundaries, this characteristic is not currently a part of concessionaire agreements; therefore, it was not part of this study. However, these reviewed government documents and case studies provide an initial overview of where best practices are being established as a priority with tourism concessions and where more development is needed. The next step is to ensure these best practices are not just promoted but also applied. This assessment of tourism concessions best practices with contract components and indicators will assist protected area managers, local communities, and conservation practitioners working with tourism in protected areas to ensure that tourism has a positive impact on protected area management.

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Conflict of Interest

The authors declare no conflict of interest.

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