

How is it done elsewhere?



Netherlands

Development

Organisation

Public private
partnership
policies and
processes:

Namibia and
South Africa



Dr Anna Spenceley, SNV

Tourism Forum on Public Private Partnerships
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Two southern African countries with different PPP systems

1. Namibia: Concession & conservancy policies & processes
2. South Africa: National parks policy & processes



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1. Namibian concession policy

6 objectives of the concession policy, approved in 2007:

1. enhance & promote conservation
2. control & monitoring commercial activities
3. increase economic value of parks
4. promote economic empowerment of formerly disadvantaged Namibians
5. use concessions to promote sustainable development, poverty alleviation & employment creation
6. support development of capacity, skills, & access to capital for Namibians

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Namibian concession policy

Implementation process

- previously little concessions capability in the country
- new policy approved in 2007
- concessions unit established in Ministry of Environment and Tourism

- 22 concessions awarded - by tender, unsolicited applications, and direct awards
- generates approx US\$330,000 per annum
- demand for new opportunities high
- potential revenue very high with hunting & tourism concessions
 - perhaps US\$2.2 million per annum in five years

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Policy on conservancies

- The Namibian conservancy programme is incentive - based and gives people in communal lands the rights to manage and benefit from natural resources.
- Registered conservancies acquire rights and responsibilities for the consumptive and non-consumptive use and management of wildlife, on behalf of the community



Damaraland Camp, Torra Conservancy
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Ashley and Barnes 2001; Jennifer Lalley

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Policy on conservancies

- For registration conservancies need:
 - a defined membership
 - a committee that is representative of community members.
 - clearly defined, undisputed boundaries
 - recently decided that there must also be a land management plan
- The government formally owns conservancy land but communities have rights of occupation.



Damaraland Camp, Torra Conservancy
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Ashley and Barnes 2001; Jennifer Lalley

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Namibia: Example of impact at Etendeka

Before:

- existing tented camp operating for 12 years
- concession held by private tourism operator
- six staff employed
- no direct income for communities
- N\$40k income for the State
- 2007 year concession awarded to local conservancies (Omatendeka & Anabeb)

After:

- 20 year concession issued
- capital raised for community ownership of:
 - A redeveloped tented camp
 - A fixed lodge
- partnership between conservancy & new investor to run the facilities
- 35 local staff employed
- N\$600k for conservancies + ownership
- N\$300k in income for the State
- 8% income from the land & 10% income for use of infrastructure



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<i>Tenure and responsibility</i>	<i>Land and wildlife estate</i>	<i>Commercial Infrastructure</i>
Ownership	State	Private sector (BOT over XX yrs)
Development	Conservancy	Private sector
Management	Conservancy	Private sector



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Lessons learned in Namibia

- very pleased at willingness of communities & operators to work together
- a little bit of government capacity can go a long way to unlocking opportunities
- get good advice – at times these can be complex arrangements
- government & communities need to understand how concession systems work, lots of learning & teaching
- Conflicts of interest, potential corruption, slow processes can all frustrate
- a few good concessions can make a big difference

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2. South Africa: Policy context

- South African National Parks (SANParks) = parastatal responsible for national park conservation
- 1998 Department of Environmental Affairs and Tourism asked South African National Parks to be:
 - less dependent on state funds
 - focus on core responsibility of conservation
- 2000 – Commercialisation Strategy developed
- Legal basis within National Treasury – Regulation 16.10 of Public Finance management Act (PFMA) which describes the tender process, and an Ecotourism PPP Toolkit

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South Africa: Institutional context

- South African National Parks (SANParks) = parastatal responsible for national park conservation (state run conservation body)
- Manage a system of National Parks:
 - 23 National Parks – Kruger & Table Mountain National Parks;
 - Over 4 million hectares of land, 6 Biomes;
- Core Functions:
 - Nature Conservation
 - Constituency Building
 - Tourism – State run tourism infrastructure – Beds (from budget to 5 Star) + 6000, Camping beds +6000
 - External – through Commercialization or Public-Private Partnerships

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South Africa: Process of negotiating PPPs - 1

- Issue of **Preliminary Information** Memorandum (May 2000).
 - Posting of information on SANParks' website.
 - Newspaper advertisements launching the concessioning process.
- Public consultation conferences in Gauteng, Nelspruit, Kruger Park and Port Elizabeth, wherein interested parties and the public engaged in dialogue with Parks management.
- **Prequalification round**, ensuring compliance with pre-announced financial and operational criteria.
- **Issuance and pre-bid negotiation** including setting out the rules of the tender, and the draft Concession Contract.
 - Two bidder consultation conferences.
 - "Empowerment Business Mixer" in Kruger Park, to facilitate business links between Bidders and the local Empowerment business community.

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Source: Spenceley, 2002
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South Africa: Process of negotiating PPPs - 2

- **Due diligence**, including site visits, guided tours, helicopter flyovers, and visits to Data Room.
- **Environmental regulations developed** - for Concessionaires operating within the Parks, including the posting of performance bonds to cover possible environmental and other damage.
- **Empowerment objectives developed** - stressing economic empowerment of communities near to the Parks, through equity ownership, employment and affirmative action, training, and business relationships with locally-based SMME's.



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Source: Spenceley, 2002

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Source: Spenceley, 2002

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South Africa: Process of negotiating PPPs - 3

What are empowerment proposals?

- **Shareholding (Equity):** % by Historically Disadvantaged Individuals or Groups (HDI)* shareholding; Date planned from bid date; Nature and location of HDI group
- **Training and promotion in employment:** Staff position; When to be filled by HDI (within 5 years); Whether to be trained internally; Nature of training
- **Business and Economic Opportunities for Local Communities:**
Empowerment Initiative (e.g. purchase of food supplies, purchase of curios, laundry services, waste disposal, game drives, transport to and from lodging, maintenance, construction contract, catering, accommodation in local villages, visits to local villages etc); Date to be put in place; Expected Annual revenue generated for HDI supplier.
- ** Historically Disadvantaged Individuals or Groups (HDI/HDG) defined by SANParks as any organisation or group where the majority ownership or membership is held by citizens of the Republic of South Africa, and individuals who are citizens of the Republic of South Africa who, according to racial classification did not have the right to vote or had restricted voting rights immediately prior to the 1994 elections.*

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Source: Spenceley, 2002
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South Africa: Process of negotiating PPPs - 4

- **A transparent bidding system**, wherein Bidders submitted pre-signed Concession Contracts, bid bonds, attestations, and business, environmental and empowerment Plans.
 - **Financial Offers** were presented separately from Technical Offers during the tender process, and the only opened in cases where the Technical Offers conformed to all of the issues laid out within the Bidding Memorandum.
- **Evaluation of bids** by evaluation committees, with weighting of 80% on financial offers and 20% for empowerment factors



Singita Lebombo,
Kruger National Park

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Source: Spenceley, 2002
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South Africa: Process of negotiating PPPs - 5

- **Public opening** of financial bid envelopes, where financial and empowerment scores were merged, and the winners publicly declared.
- Financial **closing of contracts** within two weeks of announcement of winners (December 2000).
 - Empowerment and environmental proposals became part of contracts



Kruger National Park

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Source: Spenceley, 2002
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<i>Tenure and responsibility</i>	<i>Land and wildlife estate</i>	<i>Commercial Infrastructure</i>
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South Africa: Some results

Results - Strategy 2000:

- 11 Lodge Concessions awarded – Build Operate Transfer (BOT)
- 21 Shops
- 17 Restaurants outsourced.

Strategic Benefits:

- Monetary – \$14.7 million net income
- Infrastructure – US\$36 million investment (BOT)
- Risk Transfer – construction, insolvency, market demand, operating, availability



Source: Varghese, 2008
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South Africa: Some results

Socio-economic:

- 620 additional jobs
- Guaranteed spend at SMMEs = US\$1.5 million
- Skills transfer
- Multiplier economic effects.

“As a state body, Govt led policy of **Black Economic Empowerment (BEE) / Community Equity, Job creation, skills transfer and local SMME procurement** is a key contract award criteria.”

Other Benefits:

- Environmental (better than SANParks!)
- Improved Investor Confidence/not limited to SANParks.



Source: Adapted from Varghese, 2008
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Lessons learned in South Africa

- **Over-Optimistic Demand**
 - Financial Re-Modeling – a good business case study
 - Number of sites to concession (quality & range vs flooding market)
- **Financing Constraints – Bankable bids?**
 - Need for effective centralized contract management
 - Functional level institutional capacity & buy-in
- **BEE Lessons:**
 - Difficulty to get experienced Black Economic Empowerment (BEE) operators
- **Homogenous investors:**
 - Product design
 - Desire to target only certain traditional markets
- **Contract management challenges:**
 - Political / internal pressure
 - What if empowerment/environmental obligations not met, but are better than the national norms?
 - What if all concessionaires are in difficulty?

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Source: Adapted from Varghese, 2008
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Thank you!

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