

Tourism and Biodiversity Conservation

Financing opportunities for tour operators to voluntarily
contribute to protected areas in developing countries

Executive Summary

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The objective of this thesis was to examine and to identify promising instruments particularly suitable for tour operators to voluntarily contribute to long-term funding of protected areas for biodiversity conservation as well as to determine the motivation and the necessary conditions upon which tour operators are willing to mobilize their support and raise such funds. The study therewith details what can be realistically expected from tour operators in terms of financial support for nature conservation in developing countries.

Protected areas are important elements of the tourism products offered by tour operators and are increasingly attractive to tourists.¹ Because they protect species and ecosystems in their natural state, they are an essential way to pursue biodiversity conservation. Unfortunately most of the protected areas, especially in developing countries, are still under-funded² and therefore cannot meet their conservation objectives, many of these areas indeed only exist on paper, which also affects their usability as tourist destinations.

Therefore there is an urgent need to raise and allocate alternative funds to fill these financial gaps and to support the maintenance of protected areas. Different sources of funding have to be identified to achieve financial sustainability of protected areas. There is much scope for the involvement of the private sector in biodiversity conservation, especially the tourism industry is considered to be a promising source of income for protected areas.

Tourism may obtain an important role in biodiversity conservation, because more than other industries tourism and biodiversity are fundamentally linked: Firstly biodiversity is of major significance for the tourism industry as they heavily rely on intact nature and beautiful landscapes as an attraction and critical asset. Secondly tourism greatly impacts on biodiversity, positively as well as negatively, depending on how the tourism development is managed. Thirdly, tourism is also affected by negative impacts on biological diversity caused by itself but also by negative impacts on the environment caused by other industries, e.g. mining or logging. Therefore it may be expected that the tourism industry is not only interested in the conservation of protected areas but, furthermore, will take responsibility and actively contribute to their financing.

Especially tour operators play an important role within the tourism industry. They function as intermediates between tourists and service suppliers in different countries and therefore act as

¹ Ceballos-Lascuráin (1996)

² Emmerton *et al.* (2006)

key players, whose decisions will ultimately affect the tourism development in the destination they visit.³ Hence, they also have a major stake in ensuring that valuable natural and cultural sites are protected long-term.

At the moment revenues from tourism are generated primarily in the form of mandatory charges to a certain extent finances are provided via donations by tourism companies and tourist.⁴ But although the tourism industry is already contributing, the input from tourism-related revenues is still far from significant. It seems that the potentials have not been fully tapped yet and that the positive links between tourism and protected areas can be optimised well beyond their current state creating benefits for both sides.

A number of financing instruments have been developed, which may be used by tour operators to channel money to the management of protected areas. Some of them are successful others have only limited success. The financing opportunities include mandatory charges, e.g. entrance or user fees, concessions, licenses, as well as voluntary contributions, such as corporate donations and sponsorship but also mechanism like public private partnerships and membership programmes. Within the scope of this study the focus is set on voluntary financing mechanisms of tour operators to contribute to protected-area management.

To reveal information about the attitude, thoughts and views of tour operators and to estimate the potential of voluntary contributions for a long-term financing of protected areas a qualitative survey was conducted with a selected sample of outbound tour operators.

The results show that the majority of the tour operators interviewed are aware of the fact that pristine environments are a critical asset of their business and therefore feel responsible to contribute to the maintenance of protected areas in developing countries, according to “the user pays” principle. Despite, they expect the governments to take care of their natural resources, because tourism is an important factor of their economy. They especially see it as an obligation of governments to support the basic management and organization of the areas, whilst the tour operators themselves pay contributions going along with tourism services. Of course, for the protected area management a mixed financing is desirable, not relying on only one or a few contributors. But looking at the empty treasuries, it is also not realistic, that these states can afford to provide the whole management and infrastructure of the areas. Also,

³ Freyer (2001)

⁴ Font *et al.* (2004)

respecting the user-pays-principle, it is questionable if the tour-operators actually pay for what they consume, because the park needs to be established in the first place and constantly kept in a “consumable” state, which also demands a good management of the park.

Regarding the way how tour operators would like to provide finances to support protected areas, the results indicate that all of them show a great acceptance to contribute by paying mandatory charges in form of entrance or user fees, because, as stated above, they see a responsibility to pay for what they actually use. They also regard mandatory charges as a good way to ensure a long-term financial sustainability for the protected areas. This result is surprising, because normally companies do not favour mandatory charges, as they rather like to decide for themselves what to support to what extend, than being obliged by someone else. On the other hand, mandatory charges are characterized by the fact that they have to be paid by everyone, regardless of their concern for environmental problems. This ensures for the companies, that they do not fall behind in competitiveness concerning their prices, just because they care about the environment.

In addition to paying mandatory charges most of the companies (85%) are also willing and motivated to voluntarily contribute to the financing of protected areas. About two-third of the companies are in one or another way already providing voluntary contribution to support nature conservation activities, mostly some kind of nature conservation project. This is commendable but not surprising as all of the companies are committed to a sustainable or responsible tourism policy and therefore providing voluntary financial support for nature conservation is often already an integral component of their principles and certainly a good way to underline their commitment.

The motives for the voluntary corporate support seem to be primarily based on ecological (promotion of sustainable tourism, contribution to biodiversity conservation) and social purposes, (supporting the development of local communities associated with the park), whilst economical factors (increase the level of recognition for the company) seem to be of minor importance. This corresponds on the one side with the tour operators’ alignment to a sustainable policy reflecting their environmental responsibility, on the other side it also helps them to succeed economically, since voluntary contributions can help strengthen their environmental performance and therewith their market position. Therefore it may be assumed that tour operators who focus on “green consumers” are more likely to provide voluntary contributions for protected areas, because they will benefit from having an environmentally friendly reputation.

Furthermore, the willingness of tour operators to provide extra funds highly depends on specific requirements. These requirements are not of equal importance. On the contrary, transparency of the money flow and a reliable local management that ensures that the money funded is used target-orientated for specific conservation purposes is by far the most desired requirement. This even exceeds fundamental conditions concerning the quality of the parks such as attractiveness of the area, site accessibility, the existence of an appropriate tourism infrastructure or safety issues. Economic requirements such as a sufficient demand and sales of the tours and the cost-effectiveness of the products play a comparatively minor part in respect to a decision for financial support. These requirements are especially important for protected areas, when considering co-operating with tour operators on funding. If park agencies take an approach to deal with these problems they probably can hope for more investment.

The tour operators' assessment of different financing instruments showed that three-fourth of the financing instruments are considered to be suitable, although to a different extend. Among the instruments regarded as suitable, there is a clear tendency to prefer the ones which are more concrete, project-orientated and clearly linked with special purposes, e.g. visits to nature conservation projects, donations or sponsorship activities. Instruments, which create new business relations with intermediates, like public-private-partnerships, memberships or adopt-a-park schemes are rated second to the ones, where only the tour-operator decides for himself, like donations or sponsorship.

Out of all the instruments mentioned in the questionnaire, three were regarded as not suitable: land-purchase for nature conservation, debt-for-nature swaps and merchandising/branding. They have in common, that they are mechanisms, which are rather complex to set up and to administer requiring elaborate legal and institutional structures. This especially applies for debt-for-nature swaps, where multi-stakeholders are involved. It also seems that debt-for-nature swaps and the purchase of land for nature conservation are mechanisms difficult to understand and perceived as instruments, which demand a rather large amount of money to be provided. Some of the tour operators find them "too abstract". They are also regarded as too time-consuming and as instruments that involve a long-time-commitment. Merchandising on the park site is "too far away" from the tour operator's core business, also the tour operators want to leave it to be done by the local people on and around site.

The review of the different financing instruments showed that the assessment of the financing mechanisms, which are considered to be suitable, are mostly based on some experience of the

tour operators. Surprisingly the most popular instrument has only been used by 13 out of 23 companies. A similar gap can be noticed for public-private partnerships and marketing initiatives. It was also striking to see that adopt-a-park schemes seem to have a high acceptance although they have only been tried out by two of the companies and that out of the three interviewees, who regard debt-for-nature-swaps as suitable, none has yet tried them out. Thus, more complex or rather new instruments might simply need a wider acceptance and recognition for tour operators to consider testing them.

As the survey shows, there is potential for voluntary contributions made by tour operators to be provided for protected areas, but this potential has not been fully tapped yet. It can be expected that the tour operators would provide more funds, if certain requirements were met. Apart from meeting these requirements, further means could possibly be generated through better information and promotion of the instruments, which tour operators regard as suitable, but have not used so frequently yet, for example visits to nature conservation projects as the most preferred instrument or adopt-a-park schemes. Also general business trends like the discussion about Corporate Social Responsibility (CSR) might have an influence in a way that tour operators might become inclined to voluntarily contribute to nature conservation.

But although there is still potential to mobilize contributions to be provided for parks in raising money from tour operators, the effects for a long-term support are rather limited, as they provide only a small portion of what would actually be needed to maintain protected areas and to achieve a financial sustainability for them. The preference of most tour operators for target-orientation and the direct support of projects they directly relate to hamper a flexible allocation of the finances in the area to where, from a local and nature conservation point of view, the money is most needed.

Even if voluntary contributions could cover the costs, it should be considered, that the existence of a protected area would be linked with the economic success of a company. Regarding that especially in the tourism branch, trends can be short-dated, the risks of the company changing the destination regardless of the project development should be taken into consideration. Corporate voluntary contributions tend to be unpredictable, as the providers might shift their support among various worthy causes possibly depending on policy changes or personal interests of a staff member. Nevertheless, voluntary financial contributions certainly provide an opportunity to expand and diversify the financial base of protected areas.