

Finance Tools for Coral Reef Conservation: A Training Guide

Concessions

Developed by the Conservation Finance Alliance and Wildlife Conservation Society for the International Coral Reef Initiative

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Concessions - Overview

- Definition: Fees charged for permission to open and operate a business in a protected area.
- Value: Generate revenue for site with efficient production and management of services through 3rd party, often private agency - a form of Public Private Partnership (or PPP, 3P).
- Economic Model: User pays
- Other names: outsourcing, Public Private Partnership

Concessions – How does it work?

- Concessions holder signs a contractual agreement with PA authority on taking over certain activities (e.g. tourism services)
- Specified time periods (usually multiple years).
- Third party provides payment (mostly) based on various metrics (# of visitors served, % of income, flat annual or monthly fee, etc.).
- Can include tourism/visitor services, lodging, food, artisanal shops, and recreational activities; may include infrastructure investment & maintenance
- Management concessions could include management objectives

Concessions – Pros & Cons

Pros

- Can provide significant and consistent year-to-year income for the MPA (multi-year agreements)
- Reduce management expenses for the MPA
- MPA employees focus on activities like enforcement.
- Concessions holder typically develops and maintains infrastructure which is owned by the park at the end of the concessions lease, and may assist with enforcement.

Cons

- MPA managers often have little experience in negotiating fees, and may offer too low of a fee.
- Can be difficult to monitor income of the concession holder.

Concessions

Economic Model:
User Pays for
recreational services

Quality and value of
products and services
offered

MPA management
and Concessions
oversight

Annual Budgets and
special projects

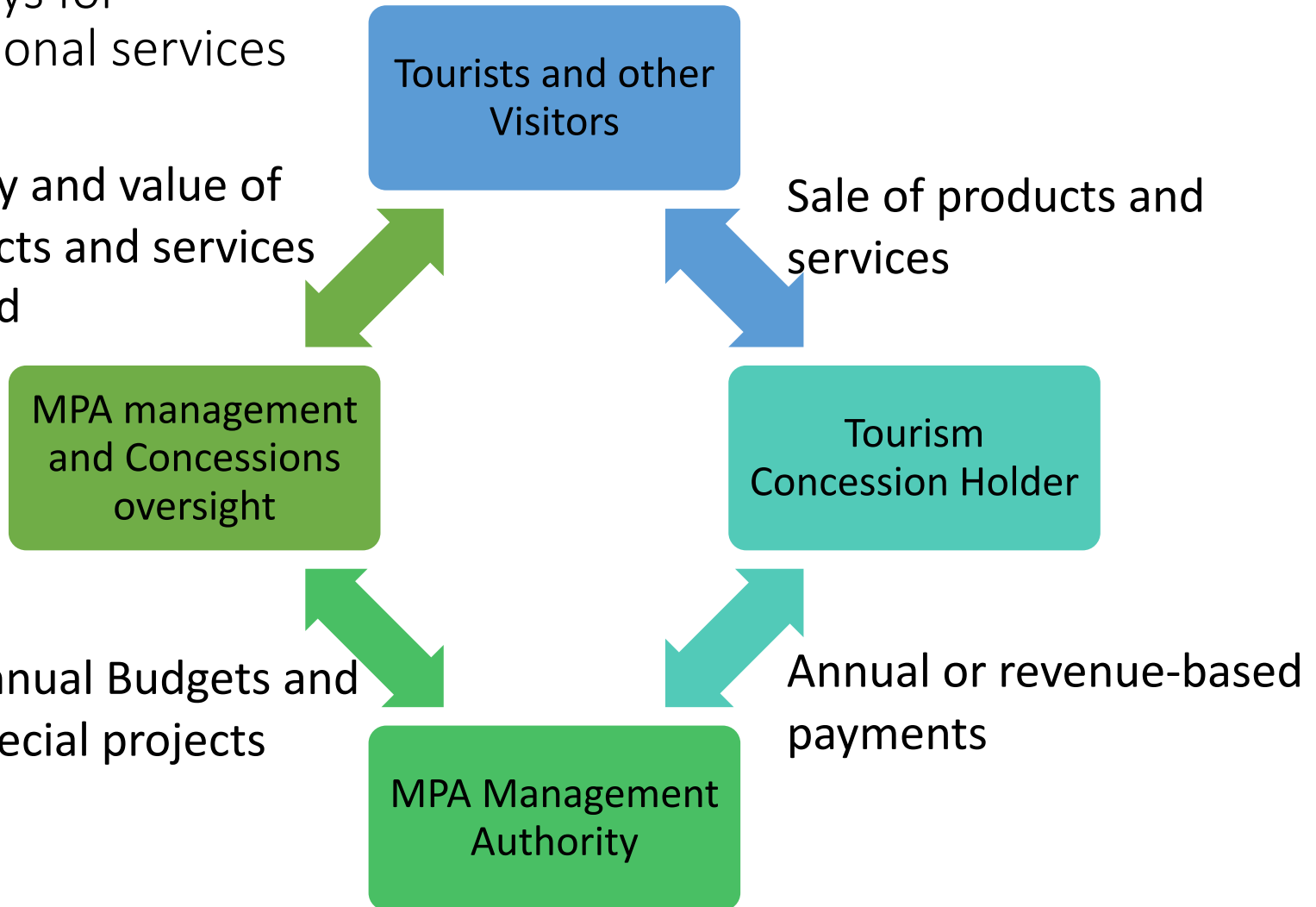
Tourists and other
Visitors

Sale of products and
services

Tourism
Concession Holder

Annual or revenue-based
payments

MPA Management
Authority



Concessions – Conservation Activity Relevance

- Can provide multi-year funds to support the creation, development, and management of MPAs.
- Operational activities and infrastructure investments undertaken by concession holders can also reduce costs and subsequently reduce PA finance needs
- Through supporting MPAs and sustainable use of marine resources, concessions are also relevant to supporting sustainable fisheries and tourism.



Concessions – Stakeholders

- Regulatory entities
- Concessioneing authority
- Concessionaire(s)
- Local communities and individuals
- Development community (incl. donor and development agencies)
- Tourists





Concessions – Feasibility Assessment

- Does the MPA have attractive features (biodiversity, landscape, cultural) that make it a competitive destination for tourism?
- Is the site accessible to tourists and have necessary infrastructure (e.g. running water)?
- Does the country have a pre-existing policy for concessions and a process for concession offerings, selection, and monitoring?
- Does the PA management have the expertise to negotiate a concessions contract and set appropriate fees to ensure adequate revenue flow?
- Does the PA management have the capacity to audit and monitor concessions activity and income?



Concessions – Revenue Potential

- “Medium to high” – variable depending on site level characteristics and surrounding market.
- 2010 survey found concessions the second most important source of site-based revenue.
- E.g. Galapagos: 7% of total revenue (>\$1million).

Concessions – Case Study

Hawaii Beach Concessions

- Concession stands on the beach (food, boat rental, other) pay a monthly fee or rent to operate there (~\$10,000/mo)
- Same operators also pay a portion of income (10%) to park service
- Income supports management and maintenance of the beach, in addition to other expenses related to conservation and the beach area.

