

Tourism User Fees

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1 UNDERSTANDING THE MECHANISM – HOW DOES IT WORK ?

1.1 Overview

Worldwide, tourism is the largest and fastest growing industry, with **ecotourism** as one of the fastest growing segments of the market. Every year, millions of tourists around the world visit protected areas (PAs) or travel to destinations for nature-based recreation. While PAs often supply the most important part of such recreational experiences, they typically capture very little of the total economic benefits derived from ecotourism.

A number of relatively simple, market-based mechanisms – known collectively as **tourism user fees (TUFs)** -- can capture significant revenues from tourism-based activities, which can then be directed toward supporting PAs and other conservation efforts (see [Table 1](#) and [Figure 1](#)). The fees partially reflect the cost for supplying recreational services, the demand for natural resources, and the value that visitors place on their experience at the site. The direct link between conservation and income from user fees makes conservation a strong economic motivation.

Most TUFs are *site-level* mechanisms (i.e., specific fees for specific activities are enacted at PA sites). These site-based finance mechanisms are broadly referred to as **visitor use fees**. A few other types of fees are *national-level* mechanisms. This chapter focuses primarily on site-level fees.

TUFs can be structured around many activities. For example:

- **Entrance fees.** Visitors can be charged to enter PAs.
- **Concession fees.** Companies (“**concessionaires**”) providing services within PAs -- such as lodging and food -- can be charged fees to operate such business concessions.
- **Licenses and permits.** Private firms operating within or outside PAs (e.g., tour operators, guides, cruise ships) and individuals participating in specific recreational activities (e.g., diving, fishing, camping) can be charged for licenses or permits.
- **Tourism-based taxes.** Taxes can be levied at hotels, airports and other collection points, and channeled into conservation.

With ecotourism growing so rapidly, and with the wide range of fees available, TUFs provide a conservation finance mechanism with perhaps the broadest application and highest overall revenue potential worldwide. Under

Glossary of Terms

Collection mechanism: Logistical arrangement for collecting user fees (e.g., personnel issuing entrance passes, voluntary “drop boxes” at entrance gate).

Concessionaire: Company or individual granted the right to undertake and profit from a specified activity on the site, such as a restaurant or eco-lodge.

Concession fee: Fee charged to a business providing a service (e.g., lodging) within a protected area (PA).

Day use: Recreational outing where the visitor arrives and departs the same day.

Ecotourism: Environmentally responsible travel and visitation to natural areas that promotes conservation, has a low visitor impact and provides for active socio-economic involvement of local peoples.

Entrance fee: Fee to enter a park or PA, typically higher for foreign tourists.

Facilities: Man-made structures and improvements at PAs that help support public usage of the areas.

Fee areas: Areas where a fee is charged upon entering and reliable counts of visitation can be made.

Fee differential: Scale of different fees charged, based upon residential and other criteria; designed to promote equity between disparate visitor income levels.

Licenses/ permits. Certificates that are sold, allowing users to participate in a specific activity (e.g., scuba diving).

Overnight use. An outing that involves an overnight stay as a sanctioned part of the recreational experience.

Proprietary income: Income from user fees that is legally restricted for use at the area of collection, rather than joining the government’s general

certain conditions, TUFs have the potential to generate significant revenues for conservation, particularly in countries and specific PAs developed as *ecotourism destinations*.

In such areas, the right combination of user fees often can provide a significant portion of operating costs – but still typically not the total cost of protecting the resource. In particular, entrance fees -- the most common type of TUF – have the potential to generate a large portion of the operating costs of a PA in locations where tourism volume is high and entry fees are also relatively high.

1.2 Key Actors and Key Motivations

Visitor use fees involve four particularly relevant stakeholder groups. General motivations for each of these groups are outlined below.

1.2.1 Protected area managers

PA managers are typically governmental staff but can be NGOs or community-based organizations / members. These managers are primarily motivated by conservation objectives, although in many countries / settings, corruption and profit motives can be motivating factors. Managers generally seek to maximize **proprietary income** from user fees that can directly support the operating costs of PA management. Managers need to ensure that user fee mechanisms and associated services, such as lodging accommodations within a PA, are consistent with and supportive of the overall conservation objectives of the PA.

1.2.2 Tourism-related businesses

This includes many different kinds of businesses, covering such industries as: food services; hotel and lodging; airlines; sport fishing, snorkeling, scuba diving and other water-based recreation; souvenirs and other retail sales. Generally, these businesses seek to maximize their profit and minimize the amount of user fees they are required to pay.

1.2.3 Local communities and local governments

Local communities and governments seek income benefits from TUFs. Local community members provide significant labor for tourism-related businesses, and can benefit at least indirectly when these businesses maximize their profits. On the other hand, *large-scale* businesses, in particular, can have harmful impacts on local community cultural values and traditions. Therefore, many local community members will seek to ensure that any business concession or permit schemes around PAs require that businesses be sensitive to and supportive of such cultural values and traditions. Local governments are often the primary authority responsible for PA management, and therefore are also, as with category #1, motivated to maximize **proprietary income** from user

treasury.

Tourism user fees (TUFs): Fees on tourism-based activities designed to generate revenues to support conservation.

[Eco]tourism development/ management plan. Strategy to attract appropriate volume and type of tourists, and manage tourism impacts and visitor use fees.

Visitor use fees. Generic term covering a range of TUFs charged to visitors to PAs.

Willingness to pay. Amount users are willing to pay for benefits derived from a site, relative to other competing uses of their income.

Milestone payments are attached to various stages of drug discovery (e.g. screening, identification of active compounds) and development

Promise of Future Supply: a two-way benefit by which the company is guaranteed that the source material will continue to be available in the event that successful research results occur. This condition can be linked to the economic benefits and involve up-front or milestone payments, or both.

Purchaser: Company that pays for the collection of natural resources to extract genetic information and develop commercially-valuable derivatives

Royalties: Payment for the right to use intellectual property or natural resources; can be a fixed sum, a percentage of the profits from the developed product, or both

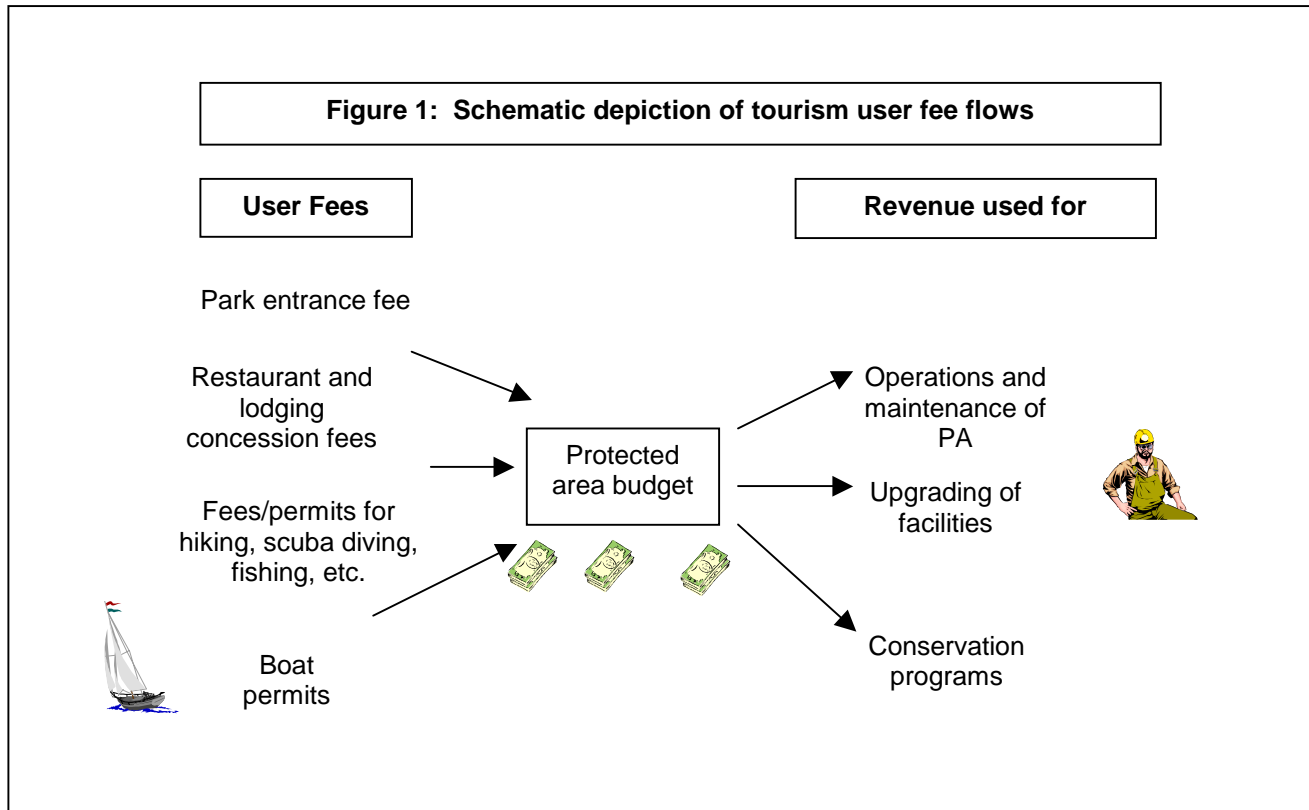
Source country: Country from which natural resources are collected, often in the developing world

Up-front payment a) Contract Fee: It is not necessarily tied to anything in particular, but can be included in a contract as a payment to move the project forward. Typically, companies are not eager to pay such fees.

b) Research Budget: it is possible to request payments in advance for necessary items, e.g., new equipment, materials, training, travel, and so forth. Companies are likely to agree to such dedicated fees more readily than to non-specific up-front fees.

Value-added: Processing or refining a plant or other sample to increase its value when it is sold by the supplier

fees that can directly support the operating costs of PA management. In addition, some local government officials are resistant to any taxes that would be earmarked for conservation, diverting potential tax revenues from other priorities.



1.2.4 Tourists

Tourists generally fall into two categories: foreign and domestic. In developing countries, there are generally large income disparities between these two groups. Fee differentials are required such that foreign tourists pay significantly higher user fee rates. Both categories of tourists are motivated to pay at least modest user fees if they are earmarked toward maintaining the PA attributes that have encouraged their visit. Many higher income tourists are motivated (willing) to pay significantly more than existing TUF rates.

1.3 Types of Tourism User Fees

While there are many ways to divide TUFs. Several broad categories are delineated below.

1.3.1 Entrance Fees

This is a fee charged to visitors in order to enter a PA or other ecotourism site. There are a number of ways entrance fees can be collected – e.g., at the entrance to the site or previously at another administrative center. They can be charged directly to the visitor or, alternatively, tour operator companies may purchase tickets in advance so that visitors on organized tours have the fee included in the total cost of their tour package. Differential fees are common. In particular, in developing countries, domestic citizens are typically charged considerably less than foreign visitors. This is widely viewed as essential for the following reasons:

- Residents of a destination country are already paying, through taxes, for PA conservation;
- Environmental education and recreation objectives of PAs will normally seek to encourage visitation by local people, which would be discouraged with higher user fee rates; and
- Foreign tourists from developed countries are generally willing and able to pay more for access to PAs.

Table 1. Types of Tourism User Fees in Protected Areas (PAs)		
Fee type	Description	Examples
Entrance fees	Charge for entering a PA.	Fees collected at entry gates.
Concession fees	Charges or shares of revenue paid by businesses operating within PAs, providing services to visitors.	Fees to operate restaurants, hotels, eco-lodge facilities and souvenir shops.
General user fees	Fees paid by visitors to use facilities within the PA.	Fees to use parking lots, campsites, visitor centers, boats, shelters.
Royalties and sales revenue	Monies from sales of consumer goods.	Fees on recreational equipment, souvenirs.
Licenses and permits	Instruments required for private firms (or individuals) to conduct activities on PA property.	Permits for tour operators and guides for scuba/snorkel, kayaking, sport fishing; mountain climbing/hiking permits; licenses for cruise ship visits.
Taxes	Targeted taxes on relevant points on the market chain related to the tourism industry, that are earmarked for conservation.	Taxes on hotel rooms, airport use (entry or departure tax).

Some examples of differentiated entrance fee structures are provided below. Table 2 shows how privately managed PAs in Belize differentiate their entrance fees between local citizens and foreigners. Table 3 shows the differentiated entrance fees in effect in Galapagos National Park in Ecuador. In this case, fees are differentiated into a greater number of categories to offer lower prices to neighboring countries. Table 4 shows entrance fees charged by the Kenya Wildlife Service. These are not only differentiated by visitor type but also by levels of visitation. Parks with similar visitation levels are grouped together, and the most heavily visited sites charge the highest entrance fees. A further differential may be made for students who are usually charged an even lower fee, as is done at Galapagos.

Table 2. Visitor entrance fees to protected areas managed by the Belize Audubon Society			
Protected area	Hectares	Entrance fees (US\$)	
		Belizean Citizens	Foreigners
Guanacaste National Park	20	0.50	2.55
Blue Hole National Park	232	1.00	4.00
Crooked Tree Wildlife Sanctuary	6,475	1.00	4.00
Cockscomb Basin Wildlife Sanctuary	41,278	1.25	5.00
Half Moon Caye National Monument	3,925	1.25	5.00
Tapir Mountain Nature Reserve	2,728	no access	no access
Shipstern Nature Reserve	8,903	1.00	5.00

Table 3. Visitor entrance fees for the Galapagos National Park, Ecuador

Category	Amount in US\$
Foreign tourist (non-resident)	100
Foreign tourist under 12 years	50
Foreign tourist of a member country of the Andean Community or Mercosur	50
Foreign tourist of a member country of the Andean Community or Mercosur under 12 years	25
Citizen or resident of Ecuador	6
Citizen or resident of Ecuador under 12 years	3
Foreign tourist non-resident attending a national academic institution	25
National or foreign children under 2 years	No fee
source: Government of Ecuador, 1998	

Table 4. Visitor Entrance Fees for Kenya's National Parks

Categories	Non Residents (US\$ per day)	Kenya Residents (Kshs per day) **	Kenya Citizens (Kshs per day)**
<u>CATEGORY A</u> (very high use)			
Aberdares, Amboseli, & Lake Nakuru			
Adults	27	500	100
Children (from 3 to 18 years)	10	50	50
Student and organized groups*	10	50	50
<u>CATEGORY B</u> (high use)			
Tsavo East & Tsavo West			
Adults	23	200	100
Children (from 3 to 18 years)	8	50	50
Student and organized groups*	10	50	50
<u>CATEGORY C</u> (moderate use)			
Nairobi, Shimba Hills & Meru			
Adults	20	150	100
Children (from 3 to 18 years)	5	50	50
Student and organized groups*	10	50	50
<u>CATEGORY D</u> (low use)			
All other parks			
Adults	15	100	100
Children (from 3 to 18 years)	5	50	50
Student and organized groups	5	50	50

* Includes students over 18 years and adults from educational, conservation and civic institutions

** 70 Ksh = US\$1

source: Kenya Wildlife Service, 2001

The price of entrance fees to PAs in developing countries varies widely. The Galapagos charges foreign visitors a US \$100 entry fee, while national parks in Kenya, Tanzania, Uganda and Botswana charge foreign tourists US \$20 – 30. Such relatively high fees are typically only found at internationally well-known parks, or at sites that have large numbers of “charismatic” terrestrial wildlife species, such as lions, elephants and primates. A few marine protected areas that have outstanding and accessible coral reef and other marine life attractions are also able to charge relatively high fees. Traditionally, entrance fees provide the greatest revenue contributions to ecotourism sites, primarily because it is the easiest fee to collect.

Entrance fee are primarily designed to increase funding available for the area’s conservation activities. However, the pricing of entrance fees can also be a mechanism for facilitating or limiting *visitor access*. If managers of a PA identify the need to limit visitation because of adverse visitor impacts, raising the entrance fee is one tool to achieve this objective. There is a need to communicate changes in fees in advance to tour operators, guide book authors, etc. in order avoid surprises by foreign visitors at the gate. Such changes require a thorough knowledge of the demand for a site’s attractions before the effect of changing the amount of an entrance fee can be reasonably predicted.

1.3.2 Concession fees

These fees are typically collected from companies (“**concessionaires**”) that are granted “concessions” for providing a service to visitors within an ecotourism site. Concession contracts between the concessionaire and appropriate legal authority include specific provisions specifying the pricing of the fee, the collection mechanism and other logistical, financial and legal details. Depending on the legal framework of the country, any function -- including the management of the entire PA or operation of specific facilities – can potentially be contracted to a concessionaire. The most common services provided through concession contracts include: lodging, food and beverage services, horse rentals, recreational equipment rentals, guided tours and boat transportation, and gift / souvenir shops. At some ecotourism sites, the PA administration may choose to carry out all of these services in-house without involving outside concessionaires. On the other hand, most ecotourism site managers find that they either do not have the expertise or the investment capital needed to provide these services in a professional manner. This is typically a decision made by the management on a site-by-site basis.

Selection of concessionaires is usually done through a competitive bidding process in which the site’s administration develops the terms of reference and interested companies apply, indicating the services they are offering and the amount they are willing to pay for the opportunity to provide these services. In the case of government-managed PAs, this process can be long and involved. Concessions can be an excellent way to involve local people in PAs -- as either sole or co-owners of the concessionaire, or employees of the concessionaire. This can help build local community support for the PA.

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 entrepreneurs with sufficient capital, interest and risk-taking ability. A concession should not be undertaken unless a marketing study and business are prepared (in Resources Section below, see Volume 4 of *Ecotourism Development: A Manual Series for Conservation Planners and Managers*).

One particularly difficult aspect of concessions is arriving at a balance between the amount that the concessionaire will earn by exploiting the resource, and the amount that will be returned to the PA

administration. (To take one example, in the US, this figure is about 2 to 3 percent of concessionaire earnings). Concession fee income can be structured in different ways. The major options include:

- 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;
- an annual *fixed fee*; or
- a combination of the above.

In many situations, it can be difficult for the concessionaire to track and calculate profits, income and number of people served. A fixed annual fee provides a simpler way to charge a concessionaire, but lacks flexibility: 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. It is important to be creative in setting concession fees at appropriate levels for all parties and using fee income methods that are easily calculated.

It is particularly important for the site administration to retain control over the concessionaire's operations to assure that resources are not over-exploited or damaged, and that protection and management functions are not neglected in favor of profit-making functions. As such, along with fee rates, the contract for concession operations should also require adherence to *best practices* pertaining to ecotourism infrastructure development and management. The ecotourism site's manager is ultimately responsible for ensuring that all standards and contract conditions are monitored periodically and complied with. Such responsibilities entail costs, which should be factored into user fee systems.

1.3.3 Licenses or Permits

These are typically fees charged to allow the individual visitor or a company to carry out a specific activity that requires special supervision / management because (i) it is infrequently participated in; (ii) demand for this activity must be managed; and, (iii) controlling the activities is necessary to minimize resource damage. Examples of activities include: backcountry camping, sport fishing, rock climbing, boat launching, anchoring of boats, hiking, and cruise ship visits. It is common for some of these types of activities to be rationed in order to reduce human impact and/or provide for a particular visitor experience such as a high level of solitude. It is a useful mechanism for monitoring how many visitors actually carry out certain activities. Guides and tour operators may also need special permits to work within the site, for which a fee is usually charged. Trophy hunting licenses can be another source of income for conservation, as is the case in a number of African countries.

1.3.4 Other tourism-related fees and taxes

A wide range of other tourism related fees and taxes exist, such as:

Taxes on consumer items sold within the PA. In many cases, third parties may sell souvenirs, food and other products to visitors within the site. A fixed or percentage-based tax on such sales presents another potential source of income for conservation. However, third parties must make a profit before the site's administration receives a percentage.

Airport departure tax. National-level airport departure taxes are in place in many countries. A portion of these funds can be earmarked for environmental protection. For example, Belize (Central America) has a law that requires all foreign tourists to pay a US \$3.75 "conservation fee" at the airport, in addition to the normal US \$11.25 airport departure tax. Tourists are given an explanatory brochure and a separate receipt when paying the conservation fee. Revenues go directly to the "Protected Area Conservation Trust" (PACT), that is independent of government. A number of other countries are now considering proposals to charge airport fees earmarked for parks and conservation. For example, in 1999 the Republic of the Seychelles proposed charging all foreign tourists a US \$100 fee on arrival at the airport,

for the world's first "environmental tourism visa", called the Seychelles Gold Card. This would grant free lifetime admission to all state-run PAs, including two World Heritage Sites. Depending on tax code regulations, it may also be possible to institute such departure taxes at specific airports only, or for specific provinces.

Road Tolls. Road tolls can be put in place for special scenic drives located in or near PAs. For example, Florida charges a US \$3 toll to all motorists on a highway called "Alligator Alley", just north of the Everglades National Park, where it is often possible to see alligators from the road. This toll raises US \$60 million annually, all of which is earmarked for conservation of the greater Everglades ecosystem.

Cruise Ship Passenger Fees. Fees on cruise ship visits to PAs or nearby gateways can generate significant income in high tourist visitation areas, such as Komodo National Park near Bali, Indonesia and in the Caribbean. In 1998, six small countries in the Eastern Caribbean (Antigua, Dominica, Grenada, St. Kitts, St. Lucia and St. Vincent) jointly decided to charge a US \$1.50 per passenger "cruise ship waste disposal fee" to finance environmental clean-up and conservation. The Belize "conservation fee" described above is also collected from all cruise ship passengers, and goes to support the country's PAs. With fees such as the Eastern Caribbean example above, it is important to recognize the need for requiring the private sector to take responsibility for best management practices -- to reduce and manage its own waste.

Scuba Diving Fees. Scuba diving typically involves high-spending tourists and has the potential to generate significant income. The two Caribbean islands of Bonaire and Saba in the Netherlands Antilles use revenue from diving fees to finance 100% of the operating costs of their marine PAs. Divers are charged a flat fee of US \$10 in Bonaire, and an average of US \$30 in Saba, based on the number of dives they make. The Pacific island Republic of Palau charges a US \$15 per person diving fee to the 60,000 to 80,000 divers who go there each year. Diving fees now generate about US \$1,000,000 per year, which is used for maintaining Palau's PAs. Tubbataha Reefs National Park (a World Heritage site) in the Philippines just began charging divers a US \$50 per person "reef conservation fee", after surveys showed that divers would be willing to pay such fees if the money would only be used for protecting Tubbataha's coral reefs, instead of going into the general treasury.

Hotel Room Taxes. Surcharges on hotel rooms have been used in various places around the world as a way of raising funds for conservation. For example, in the U.S., 10% of the money raised by the state of Delaware's 8% tax on hotel rooms is earmarked (by law) to finance the state's "Beach Preservation Program." In the Turks and Caicos Island (in the eastern Caribbean), hotel room taxes were increased from 8% to 9%, and the additional 1% goes directly into a PA conservation trust fund that is modeled on the one in Belize. In other places, a small, voluntary "nature conservation surcharge" of one or two dollars is added to all visitors' hotel bills, with an explanation on the bill stating that the hotel will delete the conservation surcharge, if a guest so requests (which very few guests will do).

Taxes on Hunting, Fishing and Other Recreational Equipment. Taxes on hunting and fishing equipment can be used to help conserve and manage habitat for species of game and sports fish, and for other conservation purposes. For example, the U.S. federal government imposes an 11% excise tax on all sales of hunting weapons and ammunition, which now generates more than US \$300 million each year. Half of this amount is used to finance the U.S. Wildlife Restoration Fund. There is a similar 10% U.S. federal excise tax on sales of sport fishing equipment and motorboat fuel, which is used to finance the U.S. Aquatic Resources Trust Fund. National and sub-national governments could impose a similar tax on sales of camping and hiking equipment, and earmark the resulting revenues to finance conservation.

Other Fees. Fee can also be charged for the use of other services or particular opportunities offered by the site that incurs a cost higher than that covered by the entrance fee. Examples include: parking fees, fees for visitor center use or for camping in organized camping or primitive areas, and admission fees for the use of a facility or special activity such as a nature museum or educational exhibit. Some PAs obtain

revenues by charging “publicity fees” to corporations using the PA as a location or backdrop for advertising, films, and posters. Some charge for installation / use of such facilities as transmission towers, marine platforms, or research stations.

Strengths and Weaknesses of Tourism User Fees

Strengths

- **Equitable “user pays” system:** Consumers of the recreation who highly value a site pay for its conservation and the cost of their activities.
Financial self sufficiency. If fee-based income is proprietary (i.e. earmarked for conservation activities at the site of collection), it could offset a portion of operational costs of a PA, making it more self-sufficient and independent from the politics of a national budget allocation.
- **Public appreciation.** The public has greater appreciation for services it pays for.
- **Congestion control.** Fees allow increased management and control of park access by users, helping to address overcrowding and directing activities to appropriate areas. Visitors will pay more for a less-crowded experience.
- **Tragedy of the commons.** Pricing of a good below its market cost encourages exploitative use by its users. PAs tend to be over-used to the point where their value is eliminated; fees would limit such exploitative use.
- **Information exchange.** Fee collection provides an opportunity for information exchange between visitors and park personnel.
- **Service and innovation incentives.** Greater PA self-sufficiency from fee revenues gives managers incentives to provide attractive services to the public and maintain PAs and their natural resources in good condition. Also, fees encourage managers to be entrepreneurial, since their budgets may be dependent on fee revenues.
- **Economic value.** Fee (pricing) mechanisms can give economic value to various ecosystem services provided by PAs.
- **Motivate expansion of PA system.** High income from TUFs may motivate a government to protect more areas.
- **Public perception and external funding.** Self-generation of income enhances public perception of a site’s value and its administration’s competence, which can be used as political leverage and to attract national, international, and private donors to invest in larger conservation projects.
- **Commercial professionalism.** Privatization of concession services can increase commercial professionalism and reduces the site manager’s business responsibilities and the associated operating costs.
- **Engaging stakeholders.** Concession rights include the private sector and their local staff, and sometimes NGOs, as service providers and site

Weaknesses

- **Unstable revenue.** Visitation rates, and thus income from fees, can be subject to seasonal fluctuation; revenues can therefore be unstable.
- **Alienating constituents.** Can alienate constituents, especially local communities who have traditionally enjoyed free access.
- **Exclude poor.** Can exclude the very poor domestic visitors from enjoying the site if priced prohibitively high.
- **Visitor experience changes.** Some dimensions of the visitor experience can be changed adversely (e.g., more structured and commercialized).
- **Commercialization risks.** Inherent risk of commercialization of sites when concession agreements are put in place. A parks agency that places its emphasis on user-fee revenues can lose sight of some of its objectives, and tend toward facilities designed to produce income rather than protect natural resources. It is particularly important to retain control over the concessionaire’s operations to assure that resources are not over-exploited or damaged.
- **Personnel diversion.** Initial diversion of personnel resources to fee collection instead of site protection and conservation. (However, additional fee-based revenues should soon be able to support hiring of additional staff.)
- **Lack of marketing expertise.** Obtaining adequate marketing expertise can be a challenge for PAs in developing countries.
- **Liabilities.** With more tourists, increased exposure to legal liabilities for on-site accidents.
- **Double taxation** may be experienced since local residents must pay a user fee as well as local taxes that support the PA system.

partners, helping to engage them more actively in PA management and to increase local support for the site.

- **Employment.** TUFs can create additional local employment as collectors, guards and concessionaire staff.

1.4 Success Factors

A variety of factors will influence the likelihood of success, including:

- **Tourist volume.** Sufficient numbers of tourists to generate revenue levels that offset a significant portion of operating costs of a PA.
- **Fair pricing of fees.** Placing a fair value on uses and services of a site through fee pricing, while still generating acceptable net returns.
- **Fee adjustment.** Flexible approach by site administration to adjusting fees as needed.
- **Political acceptability of charging fees.** Acceptance by local stakeholders and domestic tourists of the advantages of and need for TUFs.
- **Proprietary use of income for conservation.** Income generated by TUFs is channeled to support *conservation at the site of collection*, rather than channeled into national or provincial general treasuries.
- **Accounting and audit systems.** Well-organized accounting systems to help in tracking and analyzing financial data. Periodic, independent audits.
- **Marketing experience.** Adequate marketing expertise to develop marketing campaigns that can attract sufficient tourism volume if it does not already exist.
- **Well-trained staff for entrance fee program.** Well-trained staff who can effectively collect fees (including differential rates for various tourist profiles) at reasonable administrative costs and provide sufficient information at the entrance gate to help enhance the tourist experience.
- **Professional concessionaire operations drawing upon local employee pool.** Professional commercial operation for delivering services and collecting revenues. Local community members hired to staff concession operations.

1.5 Step-By-Step Methodology

This methodology outlines general steps for implementing a comprehensive Tourism User Fee Program. In this illustrative methodology, two specific categories of TUFs -- entrance and concession fees -- are initiated in the first phase, with other user fees brought on stream in later phases of the Program. (Detailed methodologies for these other TUFs will be developed for future versions of this Guide.) It is important to note that precise sequencing and implementation of these steps will vary considerably, depending on many circumstances specific to the locality. It is also important to note that the steps outlined below (e.g., conducting an in-depth feasibility study) should be integrated into a broader tourism management plan.

Step 1: Site administration (i.e., management authority), in consultation with other stakeholders, determines the general need for and purpose of a tourism user fee program.

- Conduct brainstorming sessions and draft papers on what types of user fees might be charged, how such revenues might be allocated, ways to evaluate the success of the user fee program, etc.

IF INTEREST IN PURSUING USER FEE PROGRAM EXISTS:

Step 2: Site administration conducts feasibility assessment (see Assessment Section below for detailed TOR).

- Profile current tourists (through existing data and tourist surveys): important elements of their visit, motivations for current and future trips, average expenditures and expenditure willingness, average duration of stay, tourist segmentation (e.g., mass tourism versus high-end tourism), etc.
- In conjunction with local tour operators, estimate current visitation rate and project future trends.
- Estimate the impact capacity of site (i.e., “limits of acceptable change”).
- Assess existing ecotourism management plans and marketing plans, and identify elements for improving such plans.
- Assess feasibility (e.g., revenue potential, consistency with PA objectives, implementation feasibility, etc.) of a range of TUFs, starting with entrance and concession fees.
- Assess implementation issues, such as funds management and distribution, participation in oversight bodies, etc.

IF TUF PROGRAM DETERMINED FEASIBLE:

Step 3: Site administration meets with government officials, legal counsel and key stakeholder groups to agree on the framework for a TUF Program.

- Issues to be discussed include: types of user fees to be employed, along with prioritization and sequencing of such fees and fee differentials; the need for any changes to the existing legal/regulatory framework; principles for implementing the TUF program; allocation of income, etc.

Step 4: Site administration creates a detailed TUF Action Plan, consistent with Ecotourism Management Plan.

- *Identify key areas of action:* major services to be provided; allowed activities; fee rates and collection methods; necessary equipment, supplies, personnel, and installation efforts; administration policies; control systems; and evaluation methods.
- Identify specific steps to develop / implement an *ecotourism marketing campaign* to attract more visitors, if consistent with limits of acceptable change.
- Building on any existing zonation, identify specific steps to develop / implement a *visitor zone designation scheme*, with varying levels of visitation and other use restrictions.
- Identify specific steps (e.g., consultations with marketing experts and managers of similar PAs) to ascertain appropriate *fee prices*.
- Develop steps that addresses the site's *liability responsibilities* towards visitors.
- Prepare a *revenue allocation plan*, designating the use of revenues from TUFs for various conservation projects or to cover more general costs.

Step 5: Initiate the TUF Action Plan.

- **Concession fees:** Develop concessionaire application form. Advertise for concessionaires, requesting bids outlining acceptable fee rates, and requesting information about their operations, such as: energy sources used, waste management systems, environmental interpretation programs, number of visitors to be serviced, use of local labor, supplies, natural resources, etc.
- **Entrance fees:** Redistribute existing or hire new personnel for fee collection. Purchase any necessary equipment and supplies. If needed, construct / install any new facilities needed for entrance fee collection, such as turnstiles and booths. (Locate collection facilities, special attractions, and infrastructure to minimize impact on natural resources.)
- Establish an accounting system to track and analyze fees being collected.
- Hire an independent firm to audit the site's accounts periodically.
- Led by appropriate tourism agencies, if appropriate, begin or expand ecotourism marketing campaign, in coordination with private sector.

Step 6: Private sector bids for concession rights and concession agreement is negotiated.

- Concessionaires submit applications to site administration, covering the information requested.
- Site administration reviews applications and selects concessionaire based on merits of application.
- Site administration and concessionaire negotiate concession agreement, including specific terms of current / future fee payments, specific provisions restricting concessionaire activity, etc.

Step 7: Site administrators conducts a controlled and small-scale implementation (e.g., 3–6 months) of the entrance and concession fee to test the market.

- Begin controlling access points to PA: start collecting fees and data on visitation. The test could involve collection at just one or two sites, and simple fee differential scales (e.g., only 2 rates).
- For concession fees, a limited service could be tested.
- Evaluate the visitors' willingness to pay the fees and their reactions to the fee mechanisms.
- Evaluate effectiveness of collection systems and performance of concessionaire / entrance fee staff.
- Recommend and put in place any required changes based on this evaluation.

Step 8: Assuming success of small-scale test, implement full-scale entrance and concession fees.

- For entrance fees, this could entail, for example, opening multiple collection points and charging several rates for different visitor profiles.
- For concession fees, this could entail, for example, an expansion of concessionaire services.
- Begin allocation of revenues to agreed conservation activities.

Step 9: Site managers monitor and evaluate TUF system.

- Monitor visitor numbers through park entrance information cards, concessionaire receipts, etc.
- Monitor performance of concessionaire and entrance fee staff through management performance evaluations, independent evaluations, visitor surveys, etc.
- Monitor revenue flows through annual audits, and conduct further visitor willingness-to-pay studies to determine if higher fees can be charged.
- Monitor and assess tourists' overall experiences of the site, including the concession business(es).
- Assess the ecological condition of and changes to sites that have been made newly accessible by the fee system.
- Evaluate data from the above monitoring activities.
- Implement needed changes based on evaluations. Consider: (i) increasing or decreasing the fees according to visitor responses / patterns and willingness to pay studies, concession business profits, etc.; (ii) improving materials provided at entrance fee collection points and concession businesses; (iii) taking measures to prevent visitor congestion that will harm the environment and detract from visitors' experience; and (iv) taking measures to improve financial accounting systems.

As appropriate, implement other elements of a TUF system (e.g., scuba diving permits, hotel room taxes, etc.).

2 FEASIBILITY ASSESSMENT PHASE

2.1 Overview of feasibility assessment

A feasibility study can be designed to cover anywhere from one specific TUF (e.g., entrance fee) to a comprehensive system of TUFs. In the case of site-based TUFs, typically the site will commission an expert in ecotourism to conduct an in-depth feasibility study, which often takes several months to complete, and can cost in the \$25,000 range. More rapid, less expensive feasibility assessments can be conducted using the tools provided below, the resources listed in this Guide, and limited technical assistance. Below are generic terms of reference covering a comprehensive feasibility study of TUF options, along with 5 worksheet tools (TUF1-5) for summarizing and analyzing data collected during the feasibility study. Depending on the level of detail of the feasibility study, some of these tools may be more appropriate for use in an Implementation Phase. These tools emphasize entrance and concession fees, given their recognition as the most broadly applicable TUFs.

As indicated in the Stepwise Methodology Section above, before proceeding with a feasibility study, the planning process should begin by defining the purposes of the user-fee program. The basic orientation may be to adequately finance environmental protection; to provide installations that promote user enjoyment or economic development; to limit use while increasing revenues; or some combination of these and other factors.

Feasibility studies can then analyze key factors that may affect the success of the program and the specific fee options to be used. Feasibility assessments need to either be carried out as part of larger efforts to develop ecotourism management plans, or need to incorporate key elements of existing plans.

2.2 Generic Terms of Reference (TOR) for feasibility assessment

2.2.1 OVERVIEW OF TOR

“Fictitious” National Park (FNP) is 100,000 ha. in size and located in [FILL IN PROVINCE] of [FILL IN COUNTRY]. It has extensive attributes which make it attractive as an ecotourism destination, including [FILL IN ATTRIBUTES]. In order to effectively protect and manage the biodiversity and other natural resources of the park, a long-term, sustainable financing system is required. Initial planning discussions have identified tourism-based user fees (TUFs) as an important potential element in such a system. Already, modest revenues are being generated through park entrance fees. Opportunities seem to exist for raising entrance fees and putting in place a variety of other user fees. To examine these opportunities in-depth [NAME OF CONTRACTING ENTITY] is commissioning a feasibility study of a range of TUF options for financing conservation of FNP.

The study will collect extensive information and evaluate key issues and conditions influencing the feasibility of TUFs in FNP. Through on-site interviews, collection of existing data and other activities, the consultant will conduct an overall analysis of the current status of ecotourism in the area. Through extensive interviews with tourism operators and other local businesses, park staff, tourists, local community leaders and other stakeholders, the consultant will collect and analyze relevant information and recommend specific options for viable TUFs. In addition, the consultant will interview relevant governmental officials to assess opportunities for the generation of *proprietary* income that is channeled directly into conservation activities at FNP.

2.3 Generic terms of reference (TOR) for feasibility assessment

2.3.1 TERMS OF REFERENCE

Objectives:

To assess the feasibility of a tourism user fee program designed to generate long-term funding to conservation of FNP. More specifically, the objectives are to:

- Assess the current status of ecotourism and identify actions required to improve the ecotourism experience and visitor flows in support of a TUF program;
- Assess specific issues regarding the feasibility of entrance fee and concession fee programs, and recommend next steps; and,
- Assess opportunities for implementing other types of TUFs.

Tasks:

1. General assessment of ecotourism conditions and issues
 - Describe the major ecotourism attractions (assets) and related recreational activities;
 - Document current visitation volume and recent visitor flow trends; provide detailed visitor demographic data as available (e.g., % and total number of high end tourists, backpackers, other categories; % and total number of foreign and domestic tourists; age group breakdowns; % and total numbers of visitors participating in key recreational activities such as diving / snorkeling, hiking, birdwatching, etc.)
 - Document acceptable limits of change from visitor impacts, and assess major environmental impact issues (e.g., identify major threats posed by ecotourism, and options for mitigating such threats);
 - Summarize tourism infrastructure issues, including reliability of and access by various modes of transport, communications, accommodations, etc.
 - Describe the quality and breadth of existing visitor services, and recommend measures for upgrading such services;
 - Identify major obstacles to expanding visitation, and recommend measures for addressing such obstacles as appropriate (e.g., more trained guides, expansion of accommodations);
 - Describe any existing TUF mechanisms, and summarize the success of such mechanisms.

2. Assessment of general conditions for a TUF Program

Describe and analyze key conditions required to put in place an effective TUF Program, including:

- Political conditions: Support for TUF Program of key national government ministries and local government agencies, local communities, domestic tourists, and other important stakeholder groups; support for proprietary income; support for needed infrastructure improvements.
- Economic conditions: Potential to generate significant revenues; strong willingness of foreign and domestic tourists to pay TUFs; existence or likelihood of funding for start-up of TUF Program and needed infrastructure improvements; accounting systems to track and monitor fee collection.
- Legal: Legal regime exists or could be put in place to support TUF Program (including specific fees such as entrance and concession fees) and to support proprietary allocation of income.
- Other: Organizational capacity of government to execute TUF Program, business expertise to operate concessions, ecotourism marketing expertise, overall potential for sustainable tourism to be developed, trained staff.

3. Assess in-depth feasibility of an entrance fee program

- If an existing entrance fee is charged, summarize how the program is structured and document the revenue generation trends; assess the success of the program.
- Assess visitor demographic issues correlated with revenue projections and analyze visitor marketing strategies (e.g., raising visitor flow versus attracting higher portions of high-end tourists).
- Assess the optimal number and location of entrance fee collection points, staffing resources and equipment required, and other practical issues to consider in establishing an entrance fee program.

- Evaluate the applicability and revenue potential over a 10-year period of various pricing schemes for determining entrance charges (e.g., peak load pricing, comparable pricing, marginal cost pricing, multi-tiered pricing and differential pricing). Document key assumptions.
 - Recommend an entrance fee pricing scheme and rates, and project 10-year revenue flows. Draw on willingness to pay survey results and vary key parameters (e.g., visitation flows, prices, on-site income retention rates, etc. Document key assumptions.
4. Assess in-depth feasibility of a concession fee program
 - If a concession fee program exists, summarize how the program is structured and document the revenue generation trends; assess the success of the program.
 - Assess current business services being provided to visitors (e.g., food, accommodations, equipment rental equipment, etc.); determine which services would be most appropriate for inclusion in a concession fee program.
 - Evaluate applicability and revenue potential over a 10-year period of various concession fee structures and prices (e.g. auction/bidding for licenses, flat fee, percent of gross receipts, percent of net income).
 - Recommend a concession fee pricing scheme and rate(s), and project 10-year revenue flows. Draw on comparable systems in operation at other protected areas and vary key parameters.
 5. Assess feasibility of other TUFs
 - Conduct a coarse assessment of the feasibility of other TUFs (e.g., licenses, permits, recreational fees) and recommend which, if any, deserve further in-depth assessment
 6. Financial projections and related issues
 - Conduct a “willingness-to-pay” survey of visitors to help calculate optimal fee pricing.
 - Based on the above, develop 10-year revenue projections drawing from all fee mechanisms determined to be viable or particularly promising.

7. Next steps

Recommend specific next steps for establishing an entrance fee program.

- Recommend specific next steps for establishing a concession fee program.
- Recommend other specific next steps for implementing a TUF program, including sequencing of steps.

Deliverables:

1. Feasibility report. A preliminary report capturing all of the task points outlined above will be submitted to a “Review Team” for comments and discussion prior to the finalization of the report for submission to the contractor. A final report will be submitted in written and electronic form.
2. Contact list. List of key contacts (name, title, address, email, phone number) will be attached to final report.
3. Briefings. Concluding briefings will be provided in [LIST CITIES] to summarize preliminary results for contractor and other interested stakeholders.

Staffing and timetable:

The project will be implemented during the period [FILL IN]. A preliminary report will be due on [FILL IN DATE] and a final report will be due on [FILL IN DATE]. The level of effort will require a total of [FILL IN #] consultant days. [IF A TEAM OF CONSULTANTS:] The consulting team will consist of: [FILL IN NAMES, BREAKDOWN OF DAYS AND ROLES]

2.4 Worksheet tools for carrying out feasibility assessment

Five worksheets have been developed to assist the feasibility stage. Instructions for how to use these tools, followed by the worksheets themselves, are provided below. These worksheets are intended as generic tools to help summarize and analyze relevant information gathered during the feasibility stage. They will need to be customized to some degree for every site.

Instructions for TUF1: Summary of analysis of key conditions for successful TUF Program

TUF1 is designed to help analyze the key conditions needed for a successful TUF Program.

- (i) Review the general structure of the worksheet, including data input categories (columns and rows) provided as defaults; modify as needed.
- (ii) Column 1 lists a variety of conditions under the general headings: political, economic, legal and other. For each condition, assign a relative ranking score (1 – 5 scale, with 5 being the highest) in the appropriate column to the right.

In analyzing these conditions for success, the following key analysis questions should be answered:

Are there some conditions which are particularly important in this local setting? What are their scores? How could these conditions be improved if necessary?

Are there a sufficient number of medium (3) or higher scores, suggesting a good likelihood of success?

Instructions for TUF2: Worksheet for calculating revenues from a TUF Program

TUF2 is designed to help calculate potential revenues from a comprehensive TUF Program.

- (i) Review the data input categories (rows) provided as defaults; modify as needed.
- (ii) In the first two rows, input the estimated number of foreign and domestic visitors for each of the next ten years, based on key assumptions from feasibility research/analysis (e.g., ecotourism marketing, improvements in infrastructure and visitor services, etc.)
- (iii) Based on feasibility study research and pricing recommendations, input revenue estimates covering Years 1 – 10 for those user fees that could be included in a TUF Program: e.g., entrance fees, concession fees, permits/licenses and other fees. Leave the “total” rows blank for now. Formulas are embedded in the worksheet to automatically calculate total revenues from the various fee mechanisms (e.g., total entrance fees). Also, formulas are embedded to automatically calculate the % of total revenues generated by individual income rows. Document key assumptions on page 2 of the worksheet.

In analyzing this information, key questions to consider include:

- Which mechanisms offer the greatest revenue potential over time?
- Which mechanisms offer the greatest revenue potential in the near-term?
- What portion of total protected area funding needs could be met through a TUF Program?

Instructions for TUF3: Worksheet for supporting concession fee pricing and structure decisions

TUF3 is designed to help calculate potential revenues from a concession fee program (comparing 4 pricing schemes) and to help decide on the most appropriate scheme.

- (i) Review the general schemes and data input categories (rows) under each scheme provided as defaults; modify as needed.
- (ii) Under the auction / bidding scheme, input the estimated winning bid for the concession and enter that figure in Year 1 in the corresponding row. An embedded formula will automatically calculate 3% annual increases in this fee for each of the next 9 years to account for inflation. You can change this

calculation as needed. For example, you may want to build in higher fees for license renewal in future years.

(iii) Under the flat fee scheme, input the three fee rates in the Year 1 column (low, medium and high rate). An embedded formula will automatically calculate 3% annual increases in this fee for each of the next 9 years to account for inflation. You can change this calculation as needed. For example, you may want to build in much higher flat fees in future years.

(iv) Under the percent of gross receipts scheme, input the estimated total gross income in the appropriate row. Embedded formulas will automatically calculate 3% annual increases in gross receipts for each of the next 9 years, and will automatically calculate revenues based on 2%, 5% and 7% of gross in the three rows below this. If you decide to change these percentages, make corresponding changes in the formulas built into each cells for these rows.

(v) Under the percent of net income scheme, input the estimated total gross income and operational costs in the appropriate row under Year 1. Embedded formulas will automatically calculate total net income, and 3% annual increases for each of the next 9 years. Also, formulas will automatically calculate revenues based on 2%, 5% and 7% of net in the three rows below this. If you decide to change these percentages, make corresponding changes built into each cells for these rows.

(vi) Document key assumptions behind your data.

In analyzing this information, key questions to consider include:

- Which pricing schemes offer the greatest revenue potential over time?
- Which schemes offer the greatest revenue potential in the near-term?
- How might revenues fluctuate as concessionaires grow their businesses?

Instructions for TUF4: Worksheet for supporting entrance fee pricing schemes

TUF4 is designed to help calculate potential revenues from an entrance fee program (comparing 5 pricing schemes) and to help decide on the most appropriate scheme.

(i) Review the general schemes and data input categories (rows) under each scheme provided as defaults; modify as needed.

(ii) Under the peak load pricing scheme, input the starting peak rate fee and non-peak rate fee in the appropriate rows under the column marked price.

(iii) Under the comparable pricing scheme, input the fixed fee rates for the three protected areas most analogous to the site under consideration. If one or more of these PAs have *variable* pricing schemes, the various fee rates could be shown under the other schemes in this worksheet for comparison purposes.

(iv) Under the marginal cost pricing scheme, input **[TO BE COMPLETED]**.

(v) Under the multi-tiered pricing scheme, input the various rates for the different visitor groups.

(vi) Under the differential pricing scheme, input the various rates for the different levels of service, and specify the services upon park entry.

Under the column marked # of visitors, input the estimated visitors for Year 1 of the program.

(viii) Embedded formulas will automatically calculate the total revenues based on the price multiplied by the # of visitors.

In analyzing this information, key questions to consider include:

- Which pricing schemes offer the greatest revenue potential in Year 1 and over a longer time period?
- Which schemes offer the greatest revenue potential in the near-term?
- How would entrance fees impact tourism flows and what might be the optimal fee for achieving visitor flow targets?
- In addition to pure revenue comparisons, what other key issues should be factored into such entrance fee decisions? Which pricing schemes would be most acceptable to foreign and domestic tourists, based on visitor surveys and other information?

Instructions for TUF5: Worksheet for supporting entrance fee pricing decisions

TUF5 is designed to help calculate and analyze potential revenues from an entrance fee program (varying 3 key parameters: visitor flows, pricing options and retention rates), and help decide on the most appropriate fee rates.

- (i) Review the general schemes and data input categories (rows) provided as defaults; modify as needed.
- (ii) Based on willingness to pay surveys, input the range and average entrance fees for foreign and domestic tourists under the Year 1 column.
- (iii) In the Scenario 1 (low visitation) row, input a starting visitor flow number in the Year 1 column. Embedded formulas will automatically calculate visitor flows for Years 2 – 10, based on an average 3% annual increase. If you decide to change this rate of visitor flow growth, you will need to make corresponding changes in the formulas built into each cells of the row. As a next step, under Scenario 1, in the Year 1 column, enter values for Pricing Options #1, #2 and #3. These values can be based on willingness to pay survey data. Embedded formulas will automatically calculate the pricing values for Years 2 – 10, based on an annual 3% increase. You may want to change this 3% growth rate. Embedded formulas will automatically calculate the total annual income retained for on-site conservation programs based on the 4 retention rates: 25%, 50%, 75% and 100%.
- (iv) Repeat step 3 for Scenarios #2 and #3.
- (v) Analyze the data for the three scenarios; enter the optimal entrance fee price in the row so marked.

In analyzing this information, key questions and principals to consider include:

There are three principal factors to consider in determining entrance fee levels:

- Willingness to pay for access to a managed area by the visitor. This is determined by surveying visitors to the site. If an entrance fee is currently being charged that is not based on willingness to pay, visitors can be asked if it is the right amount and what the maximum is that they would pay. The survey format might provide a range of entrance fee options to choose from.
- A comparison of fees charged at other similar sites in similar circumstances. Remember to allow for differences in natural / cultural attractions, infrastructure development, etc.
- The need to cover costs associated with provision and maintenance of recreational opportunities. A minimum level of revenue to be generated from entrance fees and other user fees should be at least enough to properly finance costs incurred by area management in providing ecotourism opportunities.

Questions to consider include:

- How significant are the differentials in revenue generation between Scenarios # 1, #2, and #3.
- Under the different visitation scenarios, in order to meet revenue targets, how should pricing and retention rates be adjusted, including over time, to take into account visitor flows?
- How will the optimal entrance fee change over time?

[Click here to link to TUF Worksheets](#)

WORKSHEET TUF1: SUMMARY OF ANALYSIS OF KEY CONDITIONS FOR SUCCESSFUL TUF PROGRAM					
	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
CONDITIONS	[1]	[2]	[3]	[4]	[5]
Political Conditions					
Support for TUF Program within Finance Ministry					
Support for TUF Program within Tourism Ministry					
Support for TUF Program within Sectoral Ministry (specify)					
Support for TUF Program of local communities					
Support for TUF Program within local government agencies					
Support for TUF Program of domestic tourists					
Support within government for proprietary treatment of income					
Political support exists (or can be secured) for needed infrastructure improvements					
Political stability (to support ecotourism)					
Other					
Economic Conditions					
Existing or potential tourism demand can generate significant revenues					
Viable options exist for capturing more of the net economic benefits of ecotourism					
Foreign tourists indicate strong willingness to pay new or higher TUFs					
Funding exists (or can be secured) for start-up of TUF Program					
Funding exists (or can be secured) for needed infrastructure improvements					
Accounting systems exist or could be put in place to track and monitor fee collection					
Other					
Legal Conditions					
Legal regime exists, or could be put in place quickly, to support entrance fee program					
Legal regime exists, or could be put in place quickly, to support concession fee program					
Legal regime exists, or could be put in place quickly, to support proprietary treatment of income					
Other					
Other conditions					
Organizational capacity of government to execute entrance fee program					
Organizational capacity of government to execute concession fee program					
Business expertise exists for operating concessions					
Ecotourism marketing expertise can be accessed					
Well-trained staff exist or could be developed quickly					
Sustainable tourism can be developed (based on carrying capacity, best management practices, etc.)					

WORKSHEET TUF2: WORKSHEET FOR CALCULATING REVENUES FROM A TOURISM USER FEE PROGRAM										
YEAR	1	2	5	6	7	8	9	10	10-year totals	Notes / Comments
Total visitors										
Foreign visitors										
Domestic visitors										
Total revenues										
Total entrance fees										
Domestic tourists										
Foreign tourists										
Total concession fees										
Concession 1 (Lodging)										
Concession 2 (Restaurant)										
Concession 3 (Gift shop)										
Total permits and licenses										
License 1 (Sports fishing)										
License 2 (Hiking)										
License 3 (Camping)										
Other fees										
Scuba diving fees										
Local airport fee										
As % of total revenues										
Entrance fees										
Domestic tourists										
Foreign tourists										
Concession fees										
Concession 1 (Lodging)										
Concession 2 (Restaurant)										
Concession 3 (Gift shop)										
Permits and licenses										
License 1 (Sports fishing)										
License 2 (Hiking)										
License 3 (Camping)										
Other fees										
Scuba diving fees										
Local airport fee										

WORKSHEET TUF3: WORKSHEET FOR SUPPORTING CONCESSION FEE PRICING AND STRUCTURE DECISIONS											
					YEARS						
PRICING SCHEMES	1	2	3	4	5	6	7	8	9	10	10-year totals
Auction/bidding for licenses											
(Competitive, open bidding for permits)											
Expected range of winning bid											
Flat fee											
(Fixed annual fee, derived from gross receipts, operational costs, etc.)											
Fixed fee 1											
Fixed fee 2											
Fixed fee 3											
Percent of gross receipts											
(Share of gross income)											
Total gross income											
2% of gross											
5% of gross											
7% of gross											
Percent of net income											
(Share of total receipts less operational costs)											
Total gross income											
Total operational costs											
Total net income											
2% of net											
5% of net											
7% of net											
Optimal pricing scheme: _____											

WORKSHEET TUF4: WORKSHEET FOR SUPPORTING ENTRANCE FEE PRICING SCHEMES			
PRICING SCHEMES	PRICE	# OF VISITORS	TOTAL REVENUES
Peak load pricing			
(Different prices for different times, depending on demand)			
Peak rate fee (December - March)			
Non-peak rate (April - November)			
Comparable pricing			
Entrance fees at Protected Area 1 [FILL IN]			
Entrance fees at Protected Area 1 [FILL IN]			
Entrance fees at Protected Area 1 [FILL IN]			
Marginal cost pricing			
(Intersection of marginal costs and marginal benefit curve)			
Net profits (if supply less than demand)			
Subsidy needed (if supply greater than demand)			
Multi-tiered pricing			
(Different prices based on residency, age, location, etc.)			
Foreign tourists (non-resident)			
Foreign tourists under 12			
Resident			
Resident under 12			
Child under 5			
Other tier			
Other tier			
Differential pricing			
Level of service 1 (specify)			
Level of service 2 (specify)			
Level of service 3 (specify)			

WORKSHEET TUF5: WORKSHEET FOR SUPPORTING ENTRANCE FEE PRICING DECISIONS																				
					YEAR															
PRICING VARIABLES	1	2	3	4	5	6	7	8	9	10	10-year totals									Notes / C
Willingness to pay																				
Foreign tourists																				
Range																				
Average																				
Domestic tourists																				
Range																				
Average																				
Visitation scenarios, pricing options and retention rates																				
Scenario 1: low visitation																				
Pricing Option 1 = \$ _____																				
Retention (25%, 50%, 75%, 100%)																				
Pricing Option 2 = \$ _____																				
Retention (25%, 50%, 75%, 100%)																				
Pricing Option 3 = \$ _____																				
Retention (25%, 50%, 75%, 100%)																				
Scenario 2: medium visitation																				
Pricing Option 1 = \$ _____																				
Retention (25%, 50%, 75%, 100%)																				
Pricing Option 2 = \$ _____																				
Retention (25%, 50%, 75%, 100%)																				
Pricing Option 3 = \$ _____																				
Retention (25%, 50%, 75%, 100%)																				
Scenario 3: high visitation																				
Pricing Option 1 = \$ _____																				
Retention (25%, 50%, 75%, 100%)																				
Pricing Option 2 = \$ _____																				
Retention (25%, 50%, 75%, 100%)																				
Pricing Option 3 = \$ _____																				
Retention (25%, 50%, 75%, 100%)																				
Optimal entrance fee pricing																				

3 IMPLEMENTATION

If the feasibility assessment concludes that TUFs are indeed viable, then the major actors enter into an implementation phase, which can take several months to complete. The key implementation steps are outlined in the Stepwise Methodology (Steps 4 – 9) above. Worksheets TUF3-5 provide some practical tools for pricing and structural decisions for entrance and concessions fees. TUF6 below provides a practical tool for organizing the major steps in a TUF Program.

Instructions for TUF6: Worksheet for organizing TUF Action Plan

TUF6 is designed to assist a methodical approach to implementing a TUF Action Plan, organized around key actions, assignments, deadlines, status and other information.

- (i) Review the general data input categories (rows and columns) provided as defaults; modify as needed.
- (ii) Under each action (row) for entrance and concession fees, fill in information for the deadline, the lead person/entity assigned to the action, the current status and any other relevant notes.
- (iii) Update the information on a regular basis and use the worksheet as an agenda for planning meetings.
- (iv) Insert relevant actions (rows) for any other user fees being brought on stream, and follow similar steps as those described above.

WORKSHEET TUF6: WORKSHEET FOR ORGANIZING TUF ACTION PLAN				
<i>Mobilizing Funding For Biodiversity Conservation: A User-Friendly Training Guide</i>				
ACTIONS	Deadline	Assignment	Status	Notes
Entrance fees				
Determine pricing scheme and fee rates				
Establish accounting system to track/analyze financial flows				
Establish auditing procedure, hire independent firm				
Decide on fee collection sites				
Develop personnel plan (specify hiring of new staff vs. redeploying existing staff)				
Construct/install new facilities and special attractions (specify)				
Purchase necessary equipment/supplies				
Hold meetings with tourism agency; develop marketing plan				
Implement and oversee 6 month, small-scale test				
Roll out full implementation of entrance fee program				
Develop monitoring and evaluation program, and start implementing				
Concession Fees				
Determine pricing scheme and fee rates				
Establish accounting system to track/analyze financial flows				
Establish auditing procedure, hire independent firm				
Develop concessionaire application				
Advertise for concession bids				
Review concessionaire proposals and select concessionaire				
Draft concession agreement and negotiate final language				
Construct/install new facilities and special attractions (specify)				
Implement and oversee 6 month, small-scale test				
Roll out full implementation of concession fee program				
Develop monitoring and evaluation program, and start implementing				
Other fees				
Insert similar steps as appropriate				

3.1 Bibliographic references

To open a document via the internet, click on the URLs showing download locations. In addition some hyperlinked document names point to files available on this CD.

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[This is a deliberately short list of key resources, but suggestions are welcome.]

3.2 Web sites

Ecotourism CC- the Ecotourism Portal <http://www.ecotourism.cc/>

Comprehensive search engine and links for ecotourism information.

The International Ecotourism Society <http://www.ecotourism.org/>

Information for prospective ecotourists and professionals in the field, with information for the latter categorized according to research, conservation, and business.

The Inter-Sectoral Unit for Tourism, Organisation of American States
<http://www.oas.org/TOURISM/home.htm>

Information in Spanish on tourism issues in the Americas.

The Nature Conservancy <http://nature.org/international/specialinitiatives/ecotourism/>

Information about The Nature Conservancy's ecotourism program, including publications on visitor use fees.

Planeta.com: Eco-travels in Latin America <http://www2.planeta.com/mader/ecotravel/ecotravel.html>

Clearinghouse for practical ecotourism, with scholarly reports, online forums, and conferences.

Kenya Wildlife Service. 2001. www.kws.org/fees.htm

Information about Kenya's system of park entrance and other tourism user fees. Contacts

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3.3 Case Study references

11 African Countries – Comparison of pricing and entrance fee policies in [Krug \(2000\)](#). Comparison of organised safaris in [Inamdar/Merode \(1999: 12\)](#).

Malaysia – See [Stecker \(1996\)](#)

Belize/Mexico – See detailed analysis of tourism management case studies in several protected areas and recommendations in [Strasdas \(2000\)](#).

Costa Rica – Price elasticity for international visitors demonstrated for several parks in [Lindberg 2001](#), Table 1.

Perú – Pricing and other issues in Machu Pichu in [Andrade 2000](#).

Australia - A recent (2000) review of entrance, camping, and other fees conducted as part of the Nature Tourism National Review project is summarised in [Lindberg \(2001, Annex 3\)](#).

New Zealand - National system of concession fees, facility & service charges: [\(IUCN-WCPA 2000: 49-51\)](#)

U.S., Canada, Costa Rica, Belize - A study of visitor fee experience in these countries: Brown (2001).

Canada - Thorough analysis of user fee policy issues in [Eagles 1999](#)).

South Africa - The Natal Parks Board system of income generation from visitor accommodations; <http://www.wildnetafrika.co.za/kwazulunatalparks/profile/contrust.html> , see also Eagles (1999)

3.4 Case study summaries

Nepal – entrance fees: Sagarmatha National Park (which contains Mt. Everest and is a World Heritage site) has set up a system whereby 30% of the money collected by the park from mountaineering expeditions into the Everest is re-invested into the protection of the park. Since the mountaineering fees can be substantial (it costs about \$50,000 per expedition, with a total of about 5 expeditions per year) this system has helped generate some US \$400-500,000 per year for activities to conserve the park. Annapurna Conservation Area has obtained agreement from the Nepal government (by means of a special law to this effect) that the money collected from entry fees to the Conservation Area will be channeled directly to the conservation of the area via a local NGO, the King Mahendra Conservation Trust. Every visitor to the Annapurna Conservation Area pays an entry fee of US \$12 which, in 1996, generated some \$400,000 for the conservation of the Annapurna, more than enough to cover the costs of maintaining the site. As a result of these experiences, the Nepal government is re-evaluating how it uses the entry fees collected at other parks (Mountain Institute, 1997; For more information: **[FILL IN]**).

Ecuador: Entry fees and donations in Galapagos National Park. The Galapagos Islands in Ecuador are one of the most visited and recognized World Heritage sites in the world. Because of the islands' popularity as a tourist destination, the Galapagos National Park finds it relatively easy to finance a large part of its operations by charging a high entry fee and obtaining donations from visitors to the islands. The Galapagos Islands attract around 200,000 foreign tourists per year, each of whom pays a US \$100 park

entry fee, thereby generating about US \$20 million per year. In addition, tourists spend around US \$700 to fly to the Galapagos from mainland Ecuador, and a minimum of US \$1,000 for a typical 5-day boat trip to visit the islands. There are very few hotels on the islands where tourists can stay, so most are forced to stay on a cruise ship or rent live-aboard boats. In addition, each of the two main tour boat operators now **guarantees** a minimum of US \$100,000 in tourist donations per year from their passengers to support Galapagos conservation projects. If the tourists do not make the donations themselves, tour companies pay the difference. In the Galapagos, the law which raised park entry fees also required that all revenue from this fee be used to pay for costs associated with operating the park. The law is very specific on the use of the funds; "it requires that 40% of the revenues collected from entry fees must be used to pay for salaries and other direct expenses of operating the park; 30% must go to local government authorities for construction of sewage treatment facilities; 10% must go to a Galapagos scientific research institute; 5% to the port authority for operating an inspection and quarantine system; 5% to the armed forces for patrolling the park; 5% for establishing a new Galapagos marine reserve; and 5% to the national parks agency for expenses of managing the national park system as a whole." (For more information: **[FILL IN]**).

Bonaire: Marine park scuba diving fee. The economic mainstay for Bonaire in the Caribbean is tourism, particularly scuba diving. The island welcomes some 50,000 tourists per year, half of them scuba divers. Bonaire Marine Park was created in 1979 to protect the national resources upon which tourism depends. The main attraction is coral formations and their rich marine flora and fauna. In the early 1990s, scuba diving activity was estimated at 200,000 dives per year. Research indicates that the maximum sustainable level of diving might be twice that number. When the park was established, administration was contracted by the Government of Bonaire to the National Parks Foundation of the Netherlands Antilles, an NGO. This arrangement worked for a few years, but the NGO eventually ran out of funding and was unable to continue managing the area. In 1991, bilateral assistance from the Dutch Government reactivated park management, covering the budget for two years and establishing conditions that Bonaire develop appropriate legal instruments to implement a fee system, and make the park self-financing. The fee system established a US \$10 annual fee for divers, collected by the marine park through the dive operators. Operators are required to participate in annual courses. The park is now considering other fees, for guided snorkeling, windsurfing, and yacht visits, as well as a US \$350 fee for private moorings. Fees may be used only for management of the park – general administrative expense, maintenance of buoys and other installations, surveillance, education and information, research and follow-up, and generation of revenue. (For more information: **[FILL IN]**).