REVENUE SHARING IN THE GREAT LIMPOPO TRANSFRONTIER PARK

PREPARED FOR THE JOINT MANAGEMENT BOARD, GREAT LIMPOPO TRANSFRONTIER PARK

DR. JOY E. HECHT
CONSULTANT TO DEVELOPMENT ALTERNATIVES, INC.
THROUGH ABT ASSOCIATES, BETHESDA, MARYLAND, USA

GREAT LIMPOPO TRANSBORDER
NATURAL RESOURCES MANAGEMENT INITIATIVE

DEVELOPMENT ALTERNATIVES, INC.
NELSPRUIT, MPAMALANGA, SA
BETHESDA, MARYLAND, USA

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Dr. Joy E. Hecht
Arlington, Virginia USA
1-202-494-1162
jhecht@alum.mit.edu

For additional copies of this document, or to provide comments, please contact Jorge Ferrão, Regional Coordinator of the Great Limpopo Transfrontier Park, at ljferrao@tvcabo.co.mz or 258-1-30-23-62.

EXECUTIVE SUMMARY AND RECOMMENDATIONS

This study reviews the options for entry fees and revenue sharing among the three parks that make up the Great Limpopo Transfrontier Park (GLTP). Part 1 presents background information on the current situations of the three parks with respect to revenues, operating costs, entry gates, entry fee structures and rates, and investments required to get the parks up and running. Part 2 considers a range of possibilities for how the entry fees could be structured, while Part 3 considers possibilities for how the revenues could be shared among the three countries. These two issues are related, although they are initially discussed separately. Part 4 recommends what seems to be the best strategy, and discusses a number of practical issues that it poses.

The entry fee options, revenue sharing options, and recommendations are summarized below.

Possible Entry Fee Structures

One GLTP fee. Visitors pay a single entry fee to go into the transfrontier park, within which movement among the three countries is free. The fee would be the same irrespective of where they enter the park. This approach is consistent with a philosophical view of the transfrontier park as a single entity. Such a fee structure would have to be accompanied by a clearly defined system for allocating funds among the three countries.

Wholly separate fees. Each park charges its own entry fee for each visitor. Visitors moving from their first park of entry to another park pay the full entry fee for the second park. Each country could set the level and structure of its charges based on its own revenue needs or other political priorities. This is probably the easiest strategy to adopt both in terms of acceptability to the three countries and in terms of implementation.

Primary fee only. In this system, visitors pay one entry fee to their park of entry, and movement into other parks is free. It differs form the "one GLTP fee" strategy in that each country may set its own entry fees in accordance with internal priorities. This approach raises many questions. Some Mozambicans are afraid that South Africans visiting Kruger will spend a day in Limpopo, bringing in picnic lunches, and impose costs on the park without spending anything in the country. It is also conceivable that the three countries could use the level of park entry fees in a form of competition among themselves to secure visitors. Both of these risks would be avoided if all revenues collected in this way were pooled for subsequent reallocation among the three parks.

Dual fee: national or transfrontier. In this system visitors could either pay separately for each park as they go (wholly separate fees), or they could buy a single combined ticket to the entire GLTP, which would allow them to move freely among the parks. The price of the combined ticket would be the sum of the individual tickets, discounted by perhaps 20% or 25%. The revenue from the combined tickets would be distributed among the three parks proportionally to their individual entry fees, so each park would be receive its entry fee less the amount of the discount. The dual fee system combines the advantages of the single GLTP and wholly separate fee systems. It is easy to manage, because it is clear what each park is to receive. However it also makes it possible to market the GLTP as a single park to which visitors can buy a single entry ticket and travel where they like.

Discounted separate fees. In this approach, visitors pay the full fee for their primary entry and can buy discounted tickets to the other two parks at their gates by showing their primary ticket. This system has the advantage of encouraging visitors who won't buy a GLTP-wide ticket to nevertheless expand their travels beyond a single park. It also eliminates the need to transfer funds among the parks and simplifies the effects of foreign exchange fluctuations. However, it could dilute the image of the GLTP as a single entity to be visited as a whole, which is unfortunate from an international marketing perspective.

Revenue Allocation Strategies

Keep what you collect. Each park would keep the revenue it collects to cover its own costs. This approach makes sense if the GLTP adopts the wholly separate or dual fee structures, wherein each park can set fees so as to meet its needs without regard to the others. The advantage of this system is that it is easy to manage. It also gives each park an incentive to make its offerings as attractive as possible to tourists, in order to maximize its revenue. The disadvantage is that it does nothing to help ensure that the revenues will be available to get Limpopo up and running or to improve Gonarezhou.

Share the funds equally. At face value, this may seem to be an equitable arrangement. However in practice is it not feasible. Kruger provides most of SANParks' revenues, and supports the entire rest of the system. Equal sharing of GLTP revenues would wipe out the rest of the South African park system. Moreover, while many of the stakeholders in Zimbabwe or Mozambique hope that South Africa will provide them some support, no one felt that this model was appropriate.

Formula for reallocation. This approach treats the GLTP revenues as a single fund to be allocated among the three parks according to criteria established by the JMB. This would be necessary with a single GLTP entry fee. Many criteria have been suggested for inclusion in such a formula, such as park area, quality of wildlife, "quality" of the visitor's experience, number of entry gates, kilometers of roads, number of staff, operating cost, visitor days, and so on. Arriving at consensus on the formula would be very difficult; moreover, any formula chosen could create incentives for the parks to tailor their park design so as to maximize their share of the revenue rather than to attract visitors.

Reallocation based on need and ability to pay. Specific expenditures that will benefit the park as a whole are identified, and each park would contribute the same share of its revenues to a fund from which those expenditures will be made. This approach is designed to ensure that key expenditures on which the overall increase in the tourist pool depends are not blocked by the inability of Mozambique and Zimbabwe to fund them. It also encourages all three countries to realize that they have responsibility for the GLTP as a whole. It might also be possible to obtain matching funds from donors to increase the amount of money in the fund. This approach could effectively be combined with the wholly separate or dual fee structures.

Recommendations

Based on an assessment of each of these options, the report recommends the dual fee structure, with each country keeping its own revenues. Reallocation would be based on need and ability to pay, with the creation of a joint fund to which each park contributes a share of its entry fees. Insofar as possible the fund would be matched by donor assistance. In the next five years the fund would be used for training, design of monitoring systems, translocation of animals, marketing the GLTP, and possibly for other joint activities considered essential to get the transfrontier park underway.

Several arguments have led to this recommendation:

- The dual fee structure will be easy to manage.
- It offers a unified ticket that shows that this is a single park.
- Establishing a formula for reallocating funds would be extremely difficult and should therefore be avoided.
- If reallocated funds are targeted for expenditures from which all countries benefit, South Africa will have an incentive to share its revenues.
- A joint fund for the GLTP may attract donor resources for park investments that could not be attracted bilaterally.

There are many additional details to consider in this proposal, including annual park memberships (wildcards), daily fees vs. entry fees, tiered entry fee structures (nationals, SADC residents, and foreigners), foreign exchange issues, and how the joint fund would work. These issues and others are addressed in the full report.

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LIST OF ACRONYMS

FX	foreign exchange
GLTP	Great Limpopo Transfrontier Park
GNP	Gonarezhou National Park
JMB	Joint Management Board (for the GLTP)
KNP	Kruger National Park
MTs	meticais
paygo	"pay as you go" approach to park entry fees
PWMA	Parks and Wildlife Management Authority (Zimbabwe)
R	rand
SA	South Africa
SADC	Southern African Development Community
SANParks	South African National Parks
SOW	scope of work
TFCA	Transfrontier Conservation Area
XR	exchange rate
Z $	Zimbabwe dollars
$	US dollar

INTRODUCTION

This study analyzes the options for revenue sharing among the three national parks that make up the Great Limpopo Transfrontier Park (GLTP): Kruger National Park (KNP) in South Africa; Limpopo National Park (LNP) in Mozambique; Gonarezhou National Park (GNP), Manjinji Pan, and the Malipati Safari Area in Zimbabwe. It has been prepared for the GLTP Joint Management Board (JMB), to provide guidance in determining how entry fees to the GLTP should be structured and how the resulting revenues should be allocated among the three parks.

This issue has several distinct components that must be considered separately; how entry fees are structured, how revenues are allocated among the three countries, and mechanisms for reallocating funds if they are to be shared. This report identifies five plausible entry fee structures and four plausible revenue sharing systems. These include the ones mentioned in the Scope of Work (SOW) for this assignment (Appendix 4), although they are not presented exactly as in the SOW.

Although the decisions about entry fees and revenue sharing are related, it is useful to consider them separately in order to identify the principles underlying each of them. This study therefore considers the strengths and weaknesses of each of the options identified, as well as how they relate to each other. Only after considering them separately does it recommend what appears to be the best system for entry fees and revenue sharing. The more detailed discussion of the recommended strategies then considers a number of technical details concerning how they might actually work, including how to reconcile entry fees with daily use charges, how to handle exchange rate fluctuations, and how the revenue sharing mechanism might work.

Many other issues are related to the consideration of entry fees and how they are allocated. This report addresses some of them as appropriate, but does not address them fully as they would be covered in a report devoted specifically to those issues. Among such topics are:

- Revenue sources other than entry fees.
- Allocation of the benefits of park development to adjacent communities.
- Which activities should be funded jointly and which should be funded (and managed) by the three countries separately.
- Marketing the transfrontier park.
- Full assessment of current and potential revenue sources for the transfrontier park or the three component national parks.
- Full scoping of legal, financial, and institutional implications of different mechanisms for sharing funds among the countries (e.g. tax implications of where the joint bank account is held and what kind of legal institution holds it).

The first part of this report provides background information that will be useful in understanding the revenue-sharing issue. This includes financial data on park revenues and visitors, data on current entry fee structures, information on park entry gates, the current fiscal position of the park systems, and the investments required for Limpopo and Gonarezhou to become fully functional components of the GLTP. Part 2 considers strategies for structuring entry fees, while Part 3 considers strategies for revenue sharing. Part 4 identifies the recommended strategy and considers further details on its implementation.

PART 1. BACKGROUND INFORMATION

A. Revenue Streams to the Components of the GLTP

Table 1 provides data on the most recent revenue streams for Kruger and Gonarezhou. Limpopo has not yet begun operating as a park, and is not yet bringing in any revenues.

Table 1. Current GLTP Operating Revenue

	Entry Fees	Total Revenue
Mozambique	Not Applicable	
Limpopo National Park		
South Africa 2002-2003		
Kruger National Park	R 45,791,344[a] (US$ 6,359,909)[b]	R 226,206,000[c] (US$31,417,500)[b]
Zimbabwe 2003		
Gonarezhou National Park	Z $1,764,970[d] (US $3,510)[e]	Z $22,872,576[d] (US $28,591)[e]
Malipati Safari Area	$0	Other revenues (trophy fees and leases) included with Gonarezhou revenue.
Manjinji Pan Sanctuary	$0	
Community areas	$0	

[a] Estimated based on data in SANParks Annual Report on SANParks revenue, SANParks entry fees, and Kruger revenue. [b] Assuming US$ 1 = R 7.2. [c] From SANParks Annual Report. [d] Data provided by Zimbabwe Parks and Wildlife Management Authority. [e] Assuming US$ 1 = Z$ 800.

As the table shows, entry fees constitute only a small portion of the total revenue of the parks. In the SANParks system, accommodation is the single largest source of revenue, while retail sales, tourist trips, and concessions provide significant income as well. These activities also generate costs, of course; these are not profit figures. The available data do not make it possible to distinguish net revenue for each type of activity, since human resources data are not disaggregated. Aside from its operating revenues, Kruger also received South African government grants of some R 60 million in the 2002-2003 fiscal year for special projects, including empowerment of traditionally disadvantaged peoples and construction of the border post at Giriyondo.

In 2002-2003, Kruger provided 71% of SANParks operating revenue. The SANParks system has some twenty parks, few of which cover their costs with their own revenues. Kruger is therefore essential to the operation of the whole SANParks system. This must be borne in mind in considering any strategies to share revenues within the GLTP.

Entry fees constitute a small proportion of revenue for Gonarezhou as well. Malipati, Manjinji Pan, and the community areas, which are expected to be part of the GLTP or the GLTFCA, do not charge entry fees. Malipati is a safari area, which pays hunting lease fees to Gonarezhou in return for being able to keep hunting trophies; these accounted for more than half of Gonarezhou revenue in 2003. Accommodation within the park and fishing licenses also accounted for significant shares of the revenue. Gonarezhou tourism has dropped off considerably in the past few years, along with all tourism in Zimbabwe, because of the current political situation in the country; however even when tourism was stronger the park was unable to cover its operating costs with its own revenues.

B. Number of Visitors

Table 2 provides data on visits to Kruger and Gonarezhou in the past year. Not surprisingly, Kruger visitor numbers are orders of magnitude above the Gonarezhou figures. About half of the Kruger visitors come for the day and half stay overnight. About 75% of Kruger visitors are South African.

Table 2. Visitors to the GLTP Parks

	National	International	Total
Mozambique			
Limpopo National Park	Not Applicable		
South Africa (2002-2003)			
Kruger National Park	778,516	280,606	1,059,122
Zimbabwe (2003)			
Gonarezhou National Park	2,400	201	2,601
Malipati Safari Area	Not Available		
Manjinji Pan Sanctuary	Not Available		
Community areas	Not Available		

As described below, SANParks introduced a new entry fee structure effective June 2, 2003. This has led to significant increases in the number of visitors to their parks, Kruger included. The data above do not reflect those changes, since full data for the 2003-2004 fiscal year are not yet available.

C. Gate fee structures

Each country has a distinct entry fee structure, as described below.

Mozambique:

Decree number 27/2003, issued on June 17, 2003 by the Mozambique Council of Ministers, set default entry rates for national parks. Theirs is a two-tier system, and the fee is paid each time one enters the park:

National 100,000 meticais
International 200,000 meticais

In addition Mozambican senior citizens may enter for free, all children under twelve years old enter for free, and all children between twelve and twenty enter for half of the appropriate adult rate. However the decree also specifies that the Ministry of Tourism, in collaboration with the Ministry of Plan and Finance, may change these fees for specific parks if they deem it necessary, so they are really free to set whatever fees they like for Limpopo.

South Africa:

SANParks introduced a new entry fee structure on June 2, 2003. Prior to that date, all visitors paid the same entry fee for Kruger, without regard to their country of origin. The new system completely changed the structure. SANParks went from an entry fee to what they call a conservation fee, and instead of being paid once to enter the park, it is paid once for each day (or overnight) spent in the park. It is a three-tiered system, with different rates for South African nationals or residents, SADC nationals, and international visitors. For Kruger, the charges are as follows:

National, resident, or national of GLTP country R30/day
SADC national (other than GLTP country) R60/day
International R120/day

To reduce the impact of the daily charge on those who visit the park a lot, SANParks at the same time offered South African residents the option of purchasing an annual entry to the park, and SADC residents the option of a semi-annual entry. This option is called a wildcard. International visitors staying more than a few days can purchase a discounted card good for up to a ten-day stay. That option is not termed a wildcard and it is not managed by Infinity, the private company that has developed the cards in South Africa; however it is appropriate to consider it along with other extended-stay discounts.

Table 3. SANParks Wildcard Prices

Origin	Individual	Couple[a]	Family[b]
South African national or resident, national of Mozambique or Zimbabwe (as GLTP countries)	R 95 per year	R 175 per year	R 195 per year
SADC national (not resident)	R 95 per six months	R 175 per six months	R 195 per six months
International	R 600 per ten days	R 1000 per ten days	(rate not available)

[a] Defined as any two people of any gender, legal relationship, or biological relationship
[b] Defined as two adults and their dependent school-going children.

Different rates apply to other parks; most are less expensive than Kruger. Moreover, wildcards may be purchased either for a single park or for the whole SANParks system. These are the single park rates; tickets for the whole SANParks system run about 30% more in each category.

Demand for wildcards has been very high. As of January 2004, SANParks had sold close to 73,000 of them; data were not available on how many of these were Kruger-only cards. Visits to the national parks had also risen dramatically. Although full data were not yet available, statistics provided by Kruger staff showed that in the first seven months of the fiscal year (April to October, 2003), the number of visitors was already more than 77% of the total for the entire previous fiscal year. Kruger staff reported that the park was very crowded every weekend, with parking lots and accommodations full; this had not been the case before the wildcards were introduced. They also reported a dramatic increase in people stopping into the park for visits of a few hours, to have a meal or a drink, and so on. They do not know yet whether the revenue or cost impacts of the wildcards will be positive or negative. They are open to the possibility that they may have under priced the South African and SADC wildcards, however. In contrast, international visitors are quite disturbed by the increase in prices, which they feel totally excessive. This is particularly the case for foreigners resident in Mozambique, who cannot buy wildcards and therefore find it quite expensive to visit Kruger for the weekend as they had in the past.[1] Once the system has been in place for longer, SANParks is likely to assess its impacts more carefully and consider whether the daily fees and wildcards have been priced appropriately.

Zimbabwe:

Because of the country's high inflation, the Zimbabwe Park and Wildlife Management Authority (PWMA) resets its entry fees every year. Their fee entitles the visitor to spend up to seven days in the park. The 2002 fee structure was two-tiered, but in 2003 they introduced a three-tiered system, with SADC visitors paying half of the international rate. Rates differ depending on the park; Gonarezhou rates are in the lowest rate category (IV out of IV) in 2002; in 2003 it was moved up to category III.

In the past, Gonarezhou had an annual entry fee option as well (1998-2002 Management Plan, Annex 10, p. 3), but this appears not to be an option at present. Rates are set by the PWMA, which has the authority to change them as needed.

[1] Apparently diplomats in Mozambique are allowed to purchase wildcards at the South African rates. In discussion with visitors at one of the camps in Kruger, who worked for a foreign NGO in Maputo, they reported that they had declared themselves to be diplomats in order to buy a couple wildcard, and so far had gotten away with it. Since diplomats could probably afford the high daily fees, but NGO employees cannot, they had no qualms about this maneuver.

Table 4. Gonarezhou Entry Fees

	2002			2003		
	Entry fee	Vehicle charge		Entry fee	Vehicle charge	
		Car	Larger vehicles		Car	Larger vehicles
National	Z $20.00	Free	Z $200.00	Z$ 500.00	Z $500.00	Z $1,000.00
SADC	US $5.00	Free		US$ 5.00	US $2.50	US $5.00
International	US $5.00	Free	US $6.00	US$ 10.00	US $5.00	US $10.00

D. List of entrance facilities

The number and location of park entry gates, and their hours and level of staffing, has been suggested as a criterion for allocating revenues among the parks. Table 5 summarizes this information for the three parks. As it shows, Kruger has more entry gates than the other parks. The level of gate staffing and hours of operation are comparable across the parks. Gate staffing does not reflect the staffing of the parks as a whole; Kruger has over 2100 employees, while Limpopo has about 100 and Gonarezhou less than that.

Table 5. Entry Gates

	Entry Point	**Staff**	**Hours of operation**
Mozambique			
Limpopo National Park	No gates yet; planned for Massingir, Mapai, Giriyondo, and Pafuri		
South Africa			
Kruger National Park	Crocodile Bridge Malelane Numbi Phabeni Kruger Orpen Phalaborwa Punda Maria Pafuri	2 per gate except 4 at Kruger	Summer: 4:30 am to 6:30 pm Winter: 6:00 am to 6:00 pm
Zimbabwe			
Gonarezhou National Park	Chipinda Pools (north) Mabalauta (south) Tambahata (north)	2 per gate	6:00 am to 6:00 pm
Malipati Safari Area	No gates		
Manjinji Pan Sanctuary	No gates		
Community areas	No gates		

E. Fiscal Position of the Parks

The fiscal status of the parks systems has implications for how they use their revenues and thus whether revenue sharing makes sense. If the parks can keep their own revenue rather than turning it over to the treasury, they will have a much greater incentive to maximize that revenue by improving the tourist experience. Moreover, if their own resources come from such funding, they may have more control over their operations and finances than if they receive their funds from the national budget.

On the other hand, most parks can not, and probably should not, cover all of their costs from their operating revenues. We do not create parks because they are profitable – after all, if they were then the private sector would provide them. Rather, we feel the society as a whole is interested in their existence, because of the biodiversity they conserve, the recreational opportunities they offer, the opportunity they provide to appreciate the country's biological heritage, and so on. Insofar as the costs of doing this can be captured by sustainable tourism, so much the better, but direct park revenues from tourism are not the primary or initial reason for creating the parks.

SANParks and the Zimbabwe PWMA are both parastatals expected to cover their own costs. SANParks does not cover its costs, and receives a subsidy each year from the national budget to make up the gap; in 2003 it was about R72 million for an operating budget of about R427 million. Kruger generates most of the revenue for the SANPark system, however, and helps cover the costs of the rest of the system.

PWMA has covered its operating costs over the past few years, but has received allocations from the national budget to cover investments (including a recent one of Z $900,000,000 – US $1,125,000 at the official exchange rate - for investments in Gonarezhou related to the GLTP). It has been able to cover its operating costs because staff salaries have not kept up with inflation. There have been a number of hurdles and errors in the process of transforming from a department to a self-sufficient authority. Legally the staff had not been converted to employees of an independent authority, so PWMA could not set their salaries. However, due to the errors, the national authorities responsible for setting salaries thought that PWMA staff were no longer under their jurisdiction, and therefore did not raise their salaries when other civil servants received raises. Consequently PWMA staff are now underpaid, as a result of which some of them are interested in leaving the Authority. The legal status of the staff has recently been rectified; once their salaries rise, however, PWMA will no longer be able to cover its operating costs.

At present the Mozambican national parks are part of the Ministry of Tourism, and do not have fiscal autonomy. The Mozambican administrative code allows state agencies that generate their own revenues to be granted fiscal autonomy so that they become responsible for themselves, keep their own revenue, and fund their own operations. In order to quality for this classification, the organizations must demonstrate a reasonable prospect of being able to bring in at least two thirds of their operating costs from their own revenues, so that the government does not find itself bailing them out down the road. The Mozambican park system hopes to obtain that status. However, it will be some time before they can hope to earn any significant revenue, much less two thirds of their operating costs, so this may not be realistic in the short run.

F. Requirements to Get the Park Started

Both Limpopo and Gonarezhou require significant institutional development and capital investment before they can be active components of the GLTP.

Mozambique:

Limpopo National Park was created as a legal entity in November 2001. Managed as a private hunting concession prior to that date, it has none of the basic infrastructure required for it to operate as a park. The draft Tourism Development Plan for the park describes in some detail the public investments that will be required for roads, border post, staff facilities, and other basic infrastructure in order to attract the private sector investors who it is hoped will develop tourism facilities. Over five to ten years, this is expected to cost some € 6,9 million - US $8.5 million - in three phases of investment.

Limpopo also does not have much wildlife, the country's mammals having been largely wiped out during the recent wars. The country plans extensive translocation of animals into Limpopo and other national parks, which will be very costly. The financial estimates in the Tourism Development Plan do not include these costs, nor do they include the costs of resettling people who now live within the park. The total costs of establishing the park will therefore be considerably higher than the investments in the draft Tourism Development Plan.

Zimbabwe:

Two issues arise in linking Gonarezhou to the GLTP. First, the park is physically separated from Kruger and Limpopo. The hope is to link the parks with a corridor of some sort; how exactly it will operate and whether it will serve to allow passage of animals, humans, or both, is not yet clear. Establishing this corridor will require careful negotiation with the communities living in the immediate region and the two Rural District Councils responsible for land use in the larger area around it. Establishment of the link between the parks will also require construction of a bridge across the Limpopo; the location of such a bridge is still under consideration, and funds are not available to build it. Resolution of these issues will require additional work with the local communities, which will not require much money but will require time and considerable effort. Siting the bridge will also require time and effort; building it will require a major investment.

In addition, Gonarezhou needs significant physical upgrading before it can be an operational component of the GLTP. It has very little infrastructure; its roads are in poor condition; water is not available. Private investors have expressed interest in developing tourism ventures in the park, but not until these problems have been resolved. The Gonarezhou Management Plan for 1998-2002 mapped out the investments that were then needed to get the park up and running. This predates the GLTP, but since none of those investments have been made, it may give us an idea of what is needed now. The report, which was published in 1997, calls for investing about Z $25 million per year over six years, in roads, official buildings, vehicles, office equipment, staff relocation, and animal control programs. (From Proforma Balance Sheet, Park Employment of Capital, A. New Asset Develop/Acquisition.) A table elsewhere in the report (Annex 18) provides some cost estimates in both Zimbabwe dollars and US dollars, using an exchange rate of Z $8 = US $1, on which basis the total investment required would be about US $18.25 million over six years. Of course these do not reflect park needs based on the GLTP; in particular they do not include the bridge over the Limpopo River that will be needed to connect Kruger and Gonarezhou. However they do make it clear that significant capital improvements are needed in Gonarezhou.

PART 2. ENTRY FEE STRUCTURES

A number of different fee structures for the GLTP have been identified in the course of discussions in the three countries. The outlines sketched here do not address the complications of differential rates for nationals and foreigners, daily use charges vs. entry fees, and annual memberships (wildcards). Those will be addressed later in considering more details of the recommended system.

A. One GLTP fee

In this strategy, visitors pay a single entry fee for the entire GLTP, which permits unrestricted movement among the three parks. The fee would be the same irrespective of where they enter the park. This approach is consistent with a philosophical view of the transfrontier park as a single entity. At the extreme, a "single entity" park might be managed by a trilateral organization, with a single tourism strategy, a unified wildlife management plan, and park staff all employed by the trilateral organization. All revenues from gate fees, concessions, and other activities would go to the trilateral organization for the management of the park. The fee level would be set in a single currency – presumably US dollars, euros, or rand – with each country collecting it either in local currency or in the international currency in which it is set.

While this vision may have provided some of the initial impetus for creating the park, it is not embodied in the treaty creating the park, which states that "The sovereign rights of each Party shall be respected, and no Party shall impose decisions on another." (Article 5, Para. 1) Moreover, the Joint Management Plan is explicit that each park will have its own zoning systems, wildlife management strategies, and so on. Collaboration is called for on specific issues, and in border areas, but it is clear that the GLTP is envisioned as three separate park systems collaborating fully so as to benefit from each other, rather than as a single park with one management, staff, and so on.

This does not mean that a single park entry fee is out of the question. However, such a fee structure would have to be accompanied by a clearly defined system for allocating funds among the three countries, since expenditures will not be made by a single entity for the whole park. Willingness on the part of the three countries to adopt this kind of fee structure would depend on how the revenues were to be allocated among them. The development of a formula for allocating such joint revenue is discussed in Part 3 of this report.

B. Wholly separate fees

In this approach, each park charges its own entry fee for each visitor. Visitors moving from their first park of entry to another park pay the full entry fee for the second park. This may be viewed as the opposite extreme from the preceding strategy, making the three parks wholly independent in establishing and collecting entry fees.

This is probably the easiest strategy to adopt both in terms of acceptability to the three countries and in terms of implementation. Each country could set the level and structure of its charges based on its own revenue needs or other political priorities. (Level of charges refers to the amount; structure refers to whether different rates are paid by people of different nationalities, ages, etc.) Exchange rates would not be an issue, since there would be no need to coordinate among the fee structures or levels of the three countries.

However, this strategy raises the question of what it means for this to be a transfrontier park rather than three separate parks. The answer from the perspective of this strategy is that the transfrontier nature of the parks comes from the visitors' ability to cross borders within the park rather than having to leave through the first country, travel around the park, and re-enter it from another country to see the other side. It also comes from the opportunity for wildlife to move among the parks. This may be a more limited view of a transfrontier park than that held by many involved with the GLTP.

C. Primary fee only

In this system, visitors pay one entry fee to their park of entry, and movement into other parks is free. It differs from the "one GLTP fee" strategy in that each country may set its own entry fees in accordance with internal priorities.

This strategy raises the question of whether, as tourism begins to develop, a differential in gate fees among the three countries will influence either visitors' decisions about where to enter or tour operators' decisions about where to propose trips. It is at least possible that the three countries could use the level of park entry fees in a form of competition among themselves to secure visitors.

Whether this will actually happen is open to question. A few points seem likely in this regard:

- South Africans now pay less to enter Kruger than they would to enter Gonarezhou or Limpopo. They are therefore not likely to have any incentive to travel to Mozambique or Zimbabwe to enter the park, so their behavior would be unaffected by such a fee strategy.
- Visitors from Mozambique or Zimbabwe would pay national rates in their own countries, and therefore are not likely to travel elsewhere to enter the park.
- International visitors traveling independently throughout the region might arrange their plans so as to enter the park from a low-fee country, if they already planned to visit that country anyway. They may be quite few in number, however, relative to international visitors on package tours.
- Visitors on package tours generally do not pay entry fees directly themselves, so they are not aware of how much is being paid for them. While the overall cost of their package will be affected by different fee levels, the marginal impact is likely to be small, considering all of the other costs involved and the other factors that enter into a decision such as whether to visit Mozambique or South Africa.
- Organizers of package tours might be influenced in the type of packages that they offer. Some tourism experts have suggested that the competition among destinations seeking package tours is tight enough that operators could redesign their tours in response to a modest change in price per customer, such as that generated by a differential in gate fees from different sides of the park. If this is so, it is likely to work to the advantage of Mozambique and Zimbabwe, at least based on current international entry fees in the three countries.

It would be difficult for the three parks to establish their entry fees under this strategy. If each country kept the revenue it collected, then they would have to estimate what share of their visitors would enter through their gates and therefore actually contribute to their revenues. From there they would estimate operating costs based on anticipated total number of visitors, and set a fee level that would ensure that those entering through their gates would pay enough to cover the total operating cost. There are obviously a lot of uncertainties in this process. The Mozambicans, in particular, are concerned that many South Africans will visit Limpopo on one-day excursions out of Kruger, bringing their lunches with them. They would pay nothing to go to Limpopo and spend no money while in Mozambique, but would impose costs that the Mozambicans fear could be significant. Although the Zimbabweans did not express the same concern, a similar pattern may be likely in Gonarezhou.

If all revenues were pooled and reallocated among the three parks, then the ability of each park to function would depend on how the revenue pool was reallocated. In the short to medium term, Gonarezhou and Limpopo would have little incentive to set their fees at realistic levels, since they do not expect to be able to cover their costs with their own revenues, and would be counting on reallocations from South Africa anyway.

D. Dual fee: national or transfrontier

In this system visitors would have a choice. They could either pay separately for each park as they go (wholly separate fees), or they could buy a single combined ticket to the entire GLTP, which would allow them to move freely among the parks. The price of the combined ticket would be the sum of the individual tickets, discounted by perhaps 20%. The revenue from the combined tickets would be distributed among the three parks proportionally to their individual entry fees, so each park would be receive its entry fee less the amount of the discount.

The dual fee system combines the advantages of the single GLTP and wholly separate fee systems. It is easy to manage, because it is clear what each park is to receive. However it also makes it possible to market the GLTP as a single park to which visitors can buy a single entry ticket and travel where they like. The primary disadvantage of this strategy is that it may become complicated to manage in the case of exchange rate fluctuations. This issue is discussed in Part 4 and presented in detail in Appendix 1.

Whether the parks are better or worse off than with wholly separate fees depends on how they assess the potential behavior of tourists:

- Some tourists would have already made plans to visit all three parks, and would happily have paid all three entry fees to do so. Everyone is worse off with regard to these tourists, who are getting a discount on something they would have paid full price for.
- For other tourists, the discount might provide enough incentive to visit parks they would not have visited otherwise; with respect to them, everyone is better off, as they otherwise might only have visited a single park.
- The ability to market the park as a whole entity may be enhanced by the sale of a park wide ticket. If so, then it may increase the total number of visitors to the park and perhaps the region as a whole, which will benefit everyone.

E. Discounted separate fees

In this approach, visitors pay the full fee for their primary entry and can buy discounted tickets to the other two parks when they arrive at their gates and present their primary park ticket. If each park keeps its own revenues, then a given park will be better off if more additional visitors are enticed by the discount than would gladly have paid full fare to see additional parks.

This system has the advantage of encouraging visitors to expand their travels beyond a single park without requiring them to decide from the start whether they wish to do so. It eliminates the exchange rate problems posed by the dual fee structure, since all tickets could be priced and purchased in local currency, and each country could change its entry fees as it wishes in response to exchange rate fluctuations. However, it would dilute the image of the GLTP as a single entity to be visited as a whole, making it more difficult to market the transfrontier park internationally.

PART 3. ALLOCATION OF REVENUES

A. General Issues

Everyone agrees that revenue should be allocated in a fair manner among the parks that comprise the GLTP. However views on what is fair vary widely. In order to discuss this issue and come to a decision that everyone consider appropriate, it is important to understand why perceptions of a fair system vary. It is also helpful if everyone involved in the discussion tries to get past the instinctive focus on the entitlements of one's own park, and focuses instead on what will benefit the system as a whole – and thus all of its components.

At the extremes, the views on revenue reallocation and who is contributing how much to the transfrontier park might be characterized by this hypothetical exchange:

> *Mozambique:* Kruger National Park has too many elephants. SANParks needs the space in Limpopo to provide elephant habitat, or their own resources will be destroyed by those animals. They should pay us for providing homes for their elephants, that's only fair!
>
> *South Africa:* The transfrontier park is providing Mozambique with a splendid opportunity to tap into the huge South African tourist market; the million people a year who come to visit Kruger. We're providing them something great there, but it's only fair that they pay us for our elephants. Those animals are a wonderful opportunity to invest in a superior tourist attraction, and we should be compensated for them!

While no one has actually gone so far as to suggest either that Mozambique pay South Africa to rent elephants or that South Africa pay Mozambique for elephant room and board, there is a tendency for everyone to focus on how much they bring to the table or how great their needs are, rather than looking for a solution that will benefit everyone at least in the medium and long term, if not in the short term. Equity is definitely in the eyes of the beholder here, and is not sufficient as a principle for deciding how to use the funds collected.

Being realistic, it is clear that reallocation of revenues in the GLTP really means transferring revenues from South Africa to the other two countries. With its million visitors annually, Kruger brings in huge sums of money, whereas at present Limpopo brings in none and Gonarezhou very little. Moreover all of the major investments needed to get the GLTP up and running are in Mozambique and Zimbabwe. The question, then, is whether – and why – South Africa may be willing to help support the other two countries in this park.

There are two answers to this question. One is philosophical, that South Africa should regard its signature on the GLTP treaty as a commitment to make it work, recognizing that this means they will have to use some of the Kruger revenues to help their partners in Limpopo and Gonarezhou. In joining the GLTP, South Africa is recognizing a responsibility for the whole transfrontier park, not just the portion of it that resides within their boundaries.

The second answer is self-interest. Beyond the general commitment to regional cooperation expressed in the treaty, there are several reasons why this park may be of interest to the three partners. One is that both Kruger and Gonarezhou parks are suffering degradation from the presence of too many elephants. The opportunity to transfer some of them to Limpopo is preferable to culling, which attracts unfavorable attention in the international media. For Mozambique, the opportunity to take some of Kruger's wildlife offers an opportunity to create a new potentially profitable tourist attraction.

Beyond this is the conviction underlying the creation of transfrontier parks is that the whole will be greater than the sum of its parts. That is, the existence of a transfrontier park will increase the total tourist pool to include people who would not have visited any of the three parks individually. If this is so, then all three parks will benefit from success of the park as a whole, and have a vested interest in seeing it succeed, since the additional visitors will not come unless all three parts of the park are operating effectively and there actually is a transfrontier park to draw them.

It is, therefore, in South Africa's interest to help the other two countries at least to the extent that they can do so without placing too much burden on the other parks in the SANParks system. Many of the people interviewed in SANParks and at Kruger agreed with this perspective, moreover, which is encouraging. Of course their assistance is likely to be contingent on the contributions of the recipient countries, in human capital and seriousness of effort if not in cash. As one person in the SANParks system expressed it, it would be fine to help Gonarezhou and Limpopo as long as the product they offer is up to Kruger's standards of performance – not in providing the *same* product, but in providing one that delivers its services as well as Kruger does. Or more bluntly – the toilets in the other parks had better be as clean as those in Kruger if they want to be affiliated with their prestigious neighbor.

The discussion below focuses on reallocation of park entry fees (or conservation fees, as they are called in South Africa) rather than on the full range of park revenue sources. A number of other sources could also have been incorporated in this discussion. These include concession rents (for lodges, restaurants, hunting, shops, etc.), trophy fees collected directly by the park, revenues from the sale of culled animals, park use charges such as vehicle fees or filming fees, lodging and other hospitality charges, revenue from park drives or walks, and so on.

The arguments discussed below for the allocation of entry fees could apply to the allocation of other revenue sources as well. However, a few points are worth noting in this respect:

- Where the activities generating the revenue entail the sale of services with significant input costs, such as accommodation or retail sales managed by the park system itself (rather than through a concession), we should consider net rather than gross revenue. Kruger's gross revenue includes massive expenditures on accommodation that the other two parks do not have, which should not be reallocated. The available financial data do not allow us to identify the net revenue from accommodations; indeed, it is possible that they run at a loss. It is, however, easy to identify entry fees.

- Concession revenues are profit, and might be included in the revenues for reallocation. Some Mozambican officials have expressed reluctance to do this, however. They argued that the basis for awarding concessions might differ from country to country; where they may be awarded on a least cost basis in South Africa, political considerations may play a role in the other countries. For this reason, they preferred to consider only the reallocation of entry fees.

- The total amount of money to be reallocated may be more important to the three parks than which revenue source it comes from. All park revenues contribute to the total operating budget of the park systems, and the important question is the impact of reallocation on the total budget. This report is not the place to identify additional potential revenue sources for the parks or how to increase the total revenue pool; our major concern is how much might be reallocated from South Africa to the other countries, irrespective of where it came from.

- At present SANParks and the PWMA are parastatals expected to cover their operating costs out of their own revenues. While Mozambique hopes to create such a parastatal, at present it is still a government department operating out of budget allocations. This undoubtedly prohibits it from sharing revenue with other countries, and might limit its ability to receive funds. It is plausible that any funds allocated from South Africa to Limpopo might simply be deducted from the parks allocation in the national budget, so revenue reallocation might not lead to a net increase in resources to Limpopo.

Another issue arises with respect to revenue allocation; this is the allocation of the benefits of the transfrontier park to the communities adjoining it. This is a key objective of the GLTP and more particularly of the transfrontier conservation area (TFCA) that adjoins it. In Zimbabwe, in particular, resolution of this issue is a prerequisite to establishment of the Sengwe corridor, without which Gonarezhou will not be connected to the rest of the GLTP.

Although at first glance it may appear to be related, this issue is separable from the question of fee structures and international revenue allocation. If within each country a decision is made to allocate a portion of the park revenues to local communities – whether by giving them a direct share of the revenues, paying them concession fees for use of communal land, or using other park revenues for local development projects – those allocations of funds should be reflected in the entry fees set for the park, since they will be part of the cost of running the park. If the GLTP has a single entry fee, it will reflect the costs of each of its three components, including these transfers to local communities. If each country sets its own entry fees, those fees should include the cost of the transfers. Either way, the question of fee structure and revenue sharing can be made independently of the mechanisms for ensuring that local communities share in the economic benefits created by the GLTP.

As with the entry fee structures, it is useful to identify a number of options for how revenues might be shared (or not):

B. Keep What You Collect

In this approach, each park would keep the revenues it collects and use them to cover its own costs. This approach makes sense if the GLTP adopts the wholly separate or dual fee structures, wherein each park can set its fees so as to meet its needs without regard to the others. The advantage of this system is that it is easy. It raises no questions about how to reallocate money, or how much to reallocate. Each park would have an incentive to make its offerings as attractive as possible to tourists, in order to maximize its revenue, and there could be no fear of Mozambique or Zimbabwe trying to free-ride on South Africa's revenue from Kruger.

The disadvantage of this system is that it does nothing to help ensure that the revenues will be available to get Limpopo up and running or to improve Gonarezhou. While Mozambique may be able to attract donor assistance for Limpopo, in the current political climate Zimbabwe will not be able to obtain similar funds for Gonarezhou and it will not be a viable partner in the GLTP.

C. Share the Funds Equally

This strategy has been used in the Kgalagadi Transfrontier Park spanning Botswana and South Africa, and therefore is on the table here as well. At face value, it seems an equitable arrangement. However in practice is it not feasible. Kruger provides about 71% of SANPark's revenues, and supports the entire rest of the system, most of the other parks being unable to cover their costs. Sharing the GLTP revenues equally among the three countries would wipe out the rest of the South African park system. Moreover, while many of the stakeholders in Zimbabwe and Mozambique hope that South Africa will provide some support to help the other to components of the GLTP, no one had any expectation that this model would be adopted. Indeed, some individuals in both Mozambique and Zimbabwe explicitly said that they saw no reason why South Africa should support them at all, and anticipated that they would have to build their own parks over time just as South Africa had built Kruger.

D. Formula for Reallocation

This approach would treat the GLTP revenues as a single fund to be allocated to the three parks according to criteria established by the JMB. This probably only makes sense with a single GLTP entry fee, which would be set based on the needs of the transfrontier park– or possibly on based on the broader needs of the three park systems, since at present SANParks uses Kruger revenue to cover most of its operating costs.

The criteria suggested for revenue allocation were of two types. The first type were intended to reflect the contribution that each country made to the park, so the revenue share was in the nature of a fair return on each country's investment. The second type of criteria reflects the cost of operating each of the three parks. In practice, these sometimes mean including the same items in the formula, but the philosophy behind the revenue sharing is different.

The items suggested for inclusion in a revenue-sharing formula include:

- Park area – the amount of land taken away from other (possibly more lucrative) uses to include in the park. Kruger is the largest of the parks, while with 1,948,528 hectares. Limpopo is next with 1,123.316 hectares, and Gonarezhou the smallest with 505,300 hectares. A case could also be made to use the area of the park plus associated transfrontier conservation areas (TFCAs). This could create an incentive for each country to increase the land it considers to be TFCA, however.

- The quantity of wildlife that the each park offers its visitors. At present Kruger and Gonarezhou both have large wildlife populations, while Limpopo has very little. Estimating an appropriate financial return to wildlife would be difficult, since they do not have a market value.

- The "quality" of the visitor experience, not in terms of luxury, but in terms of management, efficiency, and delivery of services provided. This is an expression of the smoothly running, though not luxurious, operation of Kruger, not matched by the other two countries.

- Number of visitors in each of the three parks. At present Kruger has far more visitors than the other two parks. While visits to the the other two parks are expected to rise, they are not expected to catch up to Kruger.

- Number of visitor-days in each of the three parks. This would require tracking departures from the parks as well as entries.

- Number of gates at each park. This was suggested initially as a proxy for the level of investment and operating costs of the parks, but it does not serve that purpose well.

- Kilometers of roads in each park, and quality of those roads. Neither Limpopo nor Gonarezhou wants paved roads, so they could object to a measure that gave more for paved roads; however since paved roads cost more to maintain, especially in case of floods, providing more for them might be appropriate.

- Number of staff. At present Kruger has over 2000 staff, Limpopo has about 100, and Gonarezhou about 80. While staffing of the latter two parks is likely to rise, it will not approach the level of Kruger. In part this is because Zimbabwe and Mozambique expect to contract out more services than Kruger does (accommodations, in particular), and therefore will not have all of the hospitality staff that Kruger does. Again, this might be a basis for arguing that Kruger should receive more of the entry fees; however Mozambique and Zimbabwe might argue that those staff costs should be covered by accommodation charges.

- Total salaries. If number of staff is a proxy for cost, then perhaps the formula should simply be based on salary costs. However South Africans get paid considerably more than employees in the other two countries. This would immediately suggest to PWMA and a future Mozambican parks parastatal that they should raise their GLTP salaries to match those of South Africa, since under this kind of allocation formula they would receive the revenues to cover such a move.

- Total operating cost, including cost of capital. If the parks use their operating costs to determine their own entry fees, then using total operating cost to reallocate park revenues would actually amount to the same thing as having wholly separate fee structures. However SANParks sets Kruger fees to cover non-Kruger costs, so this would not in practice work this way; it would reallocate a great deal of Kruger money to the other two parks.

As this list suggests, agreeing on a revenue-sharing formula acceptable to all three countries could be very difficult. Moreover, many of the possible criteria might create incentives within the parks to tailor their operations in order to increase their share of the revenue, rather than tailoring them to attract as many visitors as possible. These are both arguments against allocating revenue based on a formula, irrespective of how it is designed.

E. Reallocation Based on Need and Ability to Pay

In this approach, specific expenditures that will benefit the park as a whole are identified. Each of the component parks would contribute a portion of its revenues to a fund from which those expenditures will be made. Since each country would contribute the same share of its annual revenues or entry fees, in principle the burden would be distributed equitably among the three parks. In practice, of course, Kruger would be contributing almost all of the money, since at present Limpopo has no revenue and Gonarezhou's revenue is less than one tenth of one percent of Kruger's. At present, the percent established would in fact be based on how much SANParks can contribute to such a fund without undue impact on the many other activities which it funds out of Kruger revenue. This could be expressed as a percent levied against each park's revenues or simply as an amount contributed from each park.

The philosophy behind this approach is to ensure that key expenditures on which the overall increase in the tourist pool depends will not be blocked by the inability of Mozambique and Zimbabwe to fund them. This approach also encourages all three countries to realize that, while they are still responsible for operating and attracting visitors to their own parks, they also have some responsibility for the GLTP as a whole. In this approach, it might also be possible to obtain matching funds from donors to increase the amount of money in the fund; if it were managed well, donors who are not willing to provide bilateral aid to Zimbabwe might be willing to contribute to a fund for a transfrontier park.

This approach could effectively be combined with the wholly separate or dual fee structures. Each country would keep its own revenues except for the share (or amount) to be put in the fund, which would have to be low enough not to distort the individual parks' operations. It would not create the distortions inherent in an allocation formula, nor would it distort the incentive for each park to make itself as attractive as possible to tourists.

The risk of this approach is that, because there will not be an *a priori* fixed sum or share of revenues to be reallocated from Kruger to the other two parks, in practice it will turn out to be difficult to obtain any resources for activities that benefit the park as a whole. For the near future this approach gives SANParks almost total control over revenue sharing, because the amount to be shared will be negotiated annually and they currently control almost all of the funds. If part of the purpose of a revenue-sharing system is to provide a guaranteed revenue stream to Limpopo and Gonarezhou, this will not achieve that goal.

PART 4. RECOMMENDATIONS

A. Basic Recommendations

Based on an assessment of each of these options and extensive discussion with stakeholders in the three countries, the dual fee structure, with each country keeping its own revenues or the prorated share of the GLTP ticket, offers the simplest approach to entry fee design. This would be combined with some reallocation of park revenues based on what is needed to make the transfrontier park a reality and the ability of SANParks to share Kruger revenue without harming the rest of its system. Resources for reallocation would be transferred into a fund managed by the Joint Management Board. Donors would be encouraged to contribute to that fund as well, to generate additional funds with which to make the GLTP a reality.

Several arguments have led to this recommendation:

- The dual fee structure will be easy to manage.
- It offers a unified ticket which can be marketed internationally, showing that the GLTP is a single park offering a more interesting visitor experience than the three parks separately.
- It avoids the daunting process of agreeing on a formula for reallocating funds.
- If reallocated funds are used for expenditures from which all countries benefit, South Africa will have an incentive to share its revenues.
- A joint fund for the GLTP may attract donor resources for park investments that could not be attracted bilaterally.

There are many additional details to consider in this proposal, including annual park memberships (wildcards), daily fees vs. entry fees, tiered entry fee structures (nationals, SADC residents, and foreigners), operation of the joint fund, and so on. These issues are discussed below.

B. Wildcards and Daily User Charges vs. Entry Fees

The South African entry fee system – both the daily conservation fees and the wildcards - creates some complications for the implementation of the single GLTP ticket. Both SANParks and Infinity, the South African company that has developed the wildcards, hope that Mozambique and Zimbabwe will join the wildcard system. If they do, then visitors could have a choice between purchasing a wildcard for a single GLTP park and buying a GLTP-wide wildcard, just as they would have a choice between purchasing tickets for the individual parks and purchasing a GLTP-wide ticket. As with the GLTP-wide ticket, there could be a discount for the GLTP wildcard relative to the prices of the three individual wildcards.

SANParks also hopes that its partners will switch from entry fees for their parks to daily use fees. The daily use charges create a much greater incentive for visitors to purchase wildcards; with entry fees that allow the user to stay as long as she likes, or as in the case of Zimbabwe to stay for seven days, the financial interest of a wildcard is not that great. However so far neither Zimbabwe nor Mozambique seems interested in going to a daily use charge.

The table below summarizes the fee implications of all of the possible permutations of use charges and wildcards. Across the top of the columns are the four possibilities for wildcards and entry fees. The first option is that Mozambique and Zimbabwe continue their current fee structures, entry fees and no wildcards. (If one of the two countries changes but the other does not, the situation will be more complex, but will play out similarly to the options in this table.) The second option is that the two countries choose wildcards but continue to charge entry fees rather than daily use charges. In the third they go to daily use charges but do not offer wildcards, and in the fourth they follow South Africa's lead in charging for use per day and offering wildcards.

The row headers present the ticket options for visitors. The first two rows show the choices for visitors who do not hold Kruger wildcards; either they pay for each park as they go ("paygo," first row) or they purchase a GLTP-wide ticket (second row). The last row shows the choices for visitors who do hold Kruger wildcards.

Table 6. Implications of Wildcards and Daily User Charges

	M/Z continue entry fees with no wildcards	**M/Z offer wildcards but continue entry fees**	**M/Z go to daily use charges but do not offer wildcards**	**M/Z switch to daily use fees and offer wildcards**
Non wildcard paygo	Paygo, no problem.	Paygo, no problem.	Paygo, no problem.	Paygo, no problem.
Non wildcard GLTP	GLTP ticket pays for your first night in Kruger and entitles you to the same discount for each additional night that you stay in Kruger. It also gives you the discounted entry fee for the other two countries.	GLTP ticket pays for your first night in Kruger and entitles you to the same discount for each additional night that you stay in Kruger. It also gives you the discounted entry fee for the other two countries. If you plan to return often to M/Z you would opt for the wildcard.	Purchase of a GLTP ticket covers the daily charge for one night in each park, and entitles you to a discount on all subsequent daily use charges for the duration of your stay. Even if you only plan to visit one park, the discounted daily charges may make it worth your while to purchase the GLTP ticket if you stay long enough.	Purchase of a GLTP ticket covers the daily charge for one night in each park, and entitles you to a discount on all subsequent daily use charges for the duration of your stay. If you plan to stay for a long time in M/Z you would opt for the wildcard instead of the GLTP ticket.
Kruger wildcard holders	Holders of Kruger wildcards would opt for paygo in M/Z, since it would be cheaper than buying a GLTP ticket	Holders of wildcards would choose whether to also purchase M/Z wildcards, based on how often they expect to visit. Since M/Z charge entry fees, the incentive to buy a wildcard is less than in South Africa.	Holders of wildcards would pay by day in M/Z. If they expect to stay long enough in M/Z that the discount from a GLTP ticket is more than the discounted price of one day in Kruger (which they don't need to pay for, since they have a wildcard), they will buy the GLTP ticket and pay as they go in M/Z at the discounted rate.	Holders of Kruger wildcards would choose whether to also purchase M/Z wildcards, based on how long they plan to stay. If M/Z wildcards are priced more or less as SANParks ones are (i.e. for four nights or more a wildcard is cheaper) and the GLTP ticket discount is 25% or less, then they will have no incentive to purchase a GLTP ticket under any circumstances.

While this pattern appears complex, in practice it should work smoothly. Visitors will decide whether the GLTP ticket or the paygo system works best for them, and will decide whether to purchase any available wildcards. The key element is that those purchasing a GLTP ticket will pay for at least a one-day visit to each of the three parks, and will also receive the GLTP-wide discount for all daily use charges they incur throughout their stay. If those two elements are part of the GLTP-wide ticket, then it can work whether Mozambique and Zimbabwe stay with entry fees or go to daily use charges.

C. Tiered Rate Structures

At present Kruger and Gonarezhou have a three-tiered rate structure, while the default Mozambique structure has two tiers. Managing entry fees will be somewhat simpler if Limpopo goes to a three-tier structure as well, rather than requiring SADC residents to pay international rates. Limpopo will have to deal with the three tiers when selling GLTP-wide tickets anyway, since the Kruger and Gonarezhou components of those tickets will have three tickets, so they could do the same for their paygo fees as well. On the other hand, since a large share of their visitors are likely to come from South Africa, they may be reluctant to lose the revenue that they would get by requiring them to pay international rates.

The same applies to another rate structure discrepancy. SANParks lets Mozambique and Zimbabwe nationals enter Kruger at the South African rate; they hope that Mozambique and Zimbabwe will return the favor for their components of the GLTP. However, South Africa stands to lose relatively little from this move, since Mozambique and Zimbabwe nationals make up a very small share of their visitors. (As discussed above, expats living in Maputo, a larger share of whom might be expected to visit Kruger, are not offered this courtesy unless they are diplomats.) By contrast, Mozambique and Zimbabwe could lose a lot from extending the same preference to South Africans, who are likely to make up the bulk of their visitors. It may be more difficult for them to make this offer, therefore, than it is for South Africa.

D. Incidental charges

In addition to charging individual park entry fees, Mozambique and Zimbabwe charge for each vehicle entering the park. This may cause come confusion with GLTP-wide tickets or wildcards, if they choose to offer them. The simplest solution might be to eliminate the vehicle fees for ordinary passenger vehicles, perhaps increasing entry fees if necessary to make up the difference. Alternatively, they could waive the vehicle fees for holders of GLTP tickets or wildcards. Otherwise, visitors who think they have already paid for admission may find themselves being called upon to pay for their cars once they are already moving with the GLTP, which would not be good for visitor relations.

E. Visas

Mozambique now requires visas for all visitors who enter the country, including South Africans and Zimbabweans. Zimbabwe also requires visas of visitors from many countries. This may cause considerable trouble for visitors who do not realize it and come to the park only to find that they cannot cross into Limpopo or Gonarezhou from Kruger even if they have already bought a ticket. Mozambique and Zimbabwe count on visa fees as a source of government revenue and foreign exchange, so neither country is likely to waive this requirement. However they might consider offering the option of purchasing visas at the GLTP border posts, so that visitors are not frustrated in their efforts to visit the park. Such visas would have to be good for the entire country (as opposed to GLTP-only), since there will not be any controls on exiting the GLTP into the rest of Mozambique or Zimbabwe. In addition, all marketing materials for the GLTP must mention that visas are required to enter Mozambique and Zimbabwe, and strongly encourage visitors to obtain them before leaving their own countries in order to simplify movement through the border within the park.

F. Currency Fluctuations

Two issues arise with respect to foreign exchange. One is fluctuation in the value of the three currencies relative to each other and to international currencies. The other is the non-convertibility of the Zimbabwe dollar outside of that country and the uncertain situation with its pricing at present (possibly the currency auctions initiated in January 2004 will lead to greater stability soon).

To deal with non-convertibility of the Zimbabwe dollar, any entry fees that are shared with the other two countries – i.e. GLTP-wide tickets or wildcards - would have to be priced and paid for in a foreign currency. The US dollar is already used to price international tickets to the Zimbabwe parks, and is a standard when fixing prices in international currency. We have therefore assumed that the dollar will be used as the common unit in foreign currency exchanges among the three countries.

Foreign visitors could pay for GLTP tickets in any convertible currency that the host country is willing to take, but transfers among the three countries would occur in dollars.

Table 7 shows how the GLTP ticket prices are calculated, using the example of the fee paid by nationals of one of the three GLTP countries. GLTP ticket prices are assumed to be based on paygo ticket prices. The price of the paygo tickets is converted to dollars using the prevailing exchange rate. The paygo prices are then summed, and the sum is discounted by a standard percent, which we have assumed to be 20%. This gives us the GLTP ticket price.

Table 7. Calculation of GLTP Ticket Price

	Paygo price	**Exchange Rate (per US $)**	**Dollar Equivalent**
Mozambique	MTs 100,000	24,000	$4.17
South Africa	R 30	7.2	$4.17
Zimbabwe	Z $500	800	$0.63
Total in Dollars			$8.97
Less Discount		20% of $8.97 =	($1.80)
GLTP Ticket Price			$7.17

The impact of exchange rate fluctuations on ticket prices depends on which of three elements of the table above is allowed to move with the exchange rates. The countries could decide to let the dollar price of the GLTP ticket move with exchange rates, keeping the paygo prices in local currencies and the discount fixed. They could let the discount rate move, keeping GLTP price and paygo prices fixed. Or they could let paygo prices move with exchange rates – essentially fixing local entry fees in dollars – and keep the GLTP price and the discount rate constant.

In the short run, keeping ticket prices constant is probably the best strategy from a public relations perspective. This means that the amount of discount provided by the GLTP ticket will be allowed to change, hopefully not enough to distort visitors' ticket-buying behavior. In the longer run, if exchange rates fluctuate significantly it will be necessary to let the GLTP price change. Whether countries wish to adjust their paygo prices for exchange rates fluctuations as well will be up to them.

The calculations underlying these options are shown in detail in Appendix 1.

G. Implementing GLTP-wide Tickets

Tracking sales of GLTP-wide tickets and transferring the revenues they generate among the three countries will present some challenges. If possible, the JMB should commission the development of a single financial management information system that will be used in all of the GLTP entry gates in the three countries. The system, presumably run in a cash register, would record all entry tickets sold by type – e.g. national GLTP ticket, SADC paygo ticket, etc – and the date of the sale. The data would be stored on a computer system to which everyone is networked, including the appropriate ministries in Pretoria, Maputo, and Harare. On a daily basis the system would compile all of the information from the three parks, download current exchange rates from a source to which all three countries agree, and calculate the transfers to be made among the countries from the sales of GLTP tickets.

This is an ambitious jump from the management information systems now in place at most of the GLTP entry gates. It will only work well if the computer networks are reliable. A less ambitious system could involve use of uniform software in the three countries with out a networked system. The computers at the entry gates would store the same data about each transaction as in the networked system. The data could be transferred to a central computer as often as feasible – perhaps as often as the cash collected was taken to the bank – and the accounts would be reconciled then.

H. Revenue Sharing Mechanism

The dual fee structure with each country keeping its own revenues will only work if resources are available to fund key activities on which the success of the park as a whole depends. Kruger generates enough revenue to cover investments in the park, but neither Limpopo nor Gonarezhou can be expected to do the same for some time, if ever. Moreover, the basic capital investments in Kruger were made by the government at a time when no one expected parks to be self-supporting. The fee structure cannot, therefore, be accepted without also introducing a mechanism for sharing funds among the three countries, and without a concerted effort by all three countries to ensure that the resources are available to get the park up and running.

Use of joint funds

The core of this funding should be generated by each park contributing a share of its entry fees into a joint fund. The fund revenues would be used to pay for a range of activities that benefit the system as a whole and require collaboration among the component parks. While working out the details of how these funds would be spent is beyond the scope of this study, a few likely items can be identified now:

1. Joint staff training. In many respects it will desirable for the staff of the three parks to follow the same practices; for example, in fire management, some aspects of wildlife management, customer relations, property maintenance, hospitality, and other areas. By going through joint training, and through time spent on work exchanges in the other parks, the staff of the three parks can learn to work in similar ways and get to know each other. In customer relations and other jobs related to tourism, Kruger officials are particularly interested in joint training. They are concerned to ensure that the other two parks will uphold Kruger's standards in areas such as cleanliness, maintenance, and attitudes towards visitors, lest the other two parks bring down Kruger's image in the eyes of the public. Joint training could begin quite soon, before Limpopo and Gonarezhou are fully assimilated into the GLTP, with changes in emphasis as the parks begin to come on line and training needs evolve.

2. Monitoring of people, wildlife, and possibly finances. While each park will probably implement its own data collection systems, it will be important for the data structures employed in the three systems be the same, so that data gathered by the three countries will be fully compatible. The sooner a single information system structure and data collection techniques are agreed on, the sooner the three systems can begin to harmonize their information, and the more useful it will be over time.

3. Translocation of animals. The movement of animals from Kruger to Limpopo, whether through natural migration or through human intervention, is essential for both parks. These costs are being incurred already; contributions to the fund to help cover them could begin immediately

4. Design and implementation of mechanisms to transfer the funds from sale of GLTP-wide tickets to the countries that should receive them. This may involve implementation of standardized financial record keeping at all entry gates or standardized automated systems for tracking revenues and calculating how much should be reallocated to whom.

5. Once Limpopo or Gonarezhou is close to beginning operations as a component of the GLTP, the three countries should design and implement a joint marketing and branding program for the transfrontier park. A single marketing program is essential if the three countries are to realize the increase in total tourist flows that is their hope in creating the GLTP; the transfrontier park must have a clear international identity above and beyond the identities of any of its components.

6. Once the GLTP is operational, the question will arise as to whether the joint fund should be used for routine operating expenses of the less profitable parks. Most national parks cannot cover their operating costs from their revenues. Moreover, in most national park systems the few parks that are the biggest attractions – Kruger in South Africa, Victoria Falls and Hwange in Zimbabwe – bring in enough revenue to help cover the operating costs of other less profitable parks that are considered desirable for social or ecological reasons even though they are unprofitable. This raises the question of whether we expect the GLTP as a whole to cover its operating costs, and if so whether Kruger revenues should be used to cover operating deficits of its GLTP partners. Since Limpopo and Gonarezhou are also parts of other park systems that might be able to subsidize their operations if needed, Kruger should not be expected to fully make up their deficits. However it can be argued that they should make some contribution. To the extent that this is done, it only should be by using the fund to cover activities on which the whole system depends; for example, the fund might pay for monitoring throughout the GLTP, rather than only supporting information systems design and leaving data collection to the respective national parks. When fund revenues are used, they should always be for such clearly identified purposes, and not simply as a contribution to general revenue. This principle should help guide the allocation of fund revenues, although it is not clear-cut enough to avoid all ambiguity or debate.

Use of joint funds for capital investments

Another possible use for the fund resources considered in the course of this study is to leverage donor contributions for the capital investments needed in Limpopo and Gonarezhou. Since the transfrontier park will not operate as a viable entity until those investments are made, a clear case can be made that it is in South Africa's interest to provide some help in raising the requisite capital. In this vision of the fund, donor agencies interested in supporting the GLTP would put their resources into the fund rather than into bilateral assistance. One reason for considering this option is that it might enable the GLTP to get around current donor restrictions on providing resources to the government of Zimbabwe, since their resources would go to a GLTP trust fund instead.

After discussions with several donors in Maputo (World Bank, USAID, and KfW), it seems unlikely that this would work. All three agencies have strict prohibitions on spending money in Zimbabwe, which could not be bypassed by contributions to the fund. Moreover, all three donors expressed some doubts about the feasibility of providing resources to a trilateral fund to be spent in three countries. Their funding systems are generally bilateral, and institutionally it could be difficult to contribute in any other way.

This suggests that the major capital investments in Limpopo and Gonarezhou will have to be funded out of bilateral assistance rather than through the fund. In practice, that means that Limpopo is likely to get up and running more quickly than Gonarezhou, both because it needs less capital and because donors are already interested in providing the needed capital in the near future. Unfortunately, full integration of Gonarezhou into the GLTP may have to wait until the political situation has changed in that country and donors are willing to resume their support.

Country contributions to the joint fund

A key question is how much the three countries should contribute to the fund. This should be based on assessments of how much the activities to be paid for are likely to cost (need) and how much the park systems can afford to contribute (ability to pay). The contributions will be calculated as a share of entry fee revenue, so for the foreseeable future Kruger will be putting in almost all of the money. SANParks' ability to share Kruger revenue within the GLTP will therefore be a crucial factor in setting the share for the present.

Table 8 shows how the contributions could be calculated, based on a hypothetical initial budget for joint activities of US $500,000 per year. Based on 2003 entry revenues for the three parks, the table shows that an annual contribution of 8% of entry fees would generate almost all of the $500,000 needed for joint activities. This level of contribution represents some 0.6% of Gonarezhou's total revenue for that year and 1.5% of Kruger's total revenue. This is, of course, just an example. The Joint Management Board would actually have to map out the activities to be undertaken jointly each year, estimate their costs, and then calculate the contribution of each country accordingly.

Table 8. Contributions to Joint Fund for the GLTP

	Limpopo	Gonarezhou	Kruger	Total
Desired Annual joint activities				$500,000
Annual Entry Fee Revenue	0	2,206	6,541,621	6,543,827
Percent Contribution	8%			
Contribution	0	165	490,622	490,787
Annual Park Revenue	0	28,591	32,315,143	
Share of Annual Park Revenue		0.6%	1.5%	

The fund will also provide a way to accept other kinds of contributions to the GLTP as they become available. These might come from NGOs, private foundations, or regional programs of donor agencies that are not now interested in this area but could develop an interest in the future. Under some circumstances bilateral donors might also choose to make contributions through the fund rather than through a government agency. This could provide a more direct route to provide funds to the component parks, and might reduce the administrative burden on government agencies that could otherwise simply serve as a pass-through for the money.

Fund management

The fund would, of course, have to be managed with all appropriate financial controls, management, and reporting systems in place. It would have its own board, with representation from the three countries, the JMB, any outside donors contributing money to it, and perhaps others. Unlike the international coordination of the GLTP, day-to-day accounting for the fund would stay in a single country to ensure, continuity, accountability, and financial security. It is beyond the scope of this study to consider the full legal, institutional, and financial details of the management of the fund. However, given that South Africa is likely to be the largest contributor for the foreseeable future, it may make sense for the bank accounts and the financial management staff to be based in that country.

APPENDIX 1. IMPACT OF CURRENCY FLUCTUATIONS ON TICKET PRICES

The tables on the following two pages work through the implications of two types of currency fluctuation on the prices of paygo and GLTP-wide tickets. We assume that ticket prices are converted to US dollars in order to reallocate revenues from GLTP-wide tickets. The first page of the table shows the implications of an increase in the value of the US dollar, with no change in the three GLTP currencies relative to each other. The second page shows the implications of an increase in the rand relative to the US dollar and to the other GLTP currencies.

The starting point is the same in both examples. For simplicity we have not dealt with SADC entry fees, considering only local and international charges. For the same reason we also have not incorporated daily user charges or wildcards. We assume initial exchange rates of US $1 = R 7.2 = MTs 24,000 = Z $800. Assuming a 20% discount for the GLTP-wide ticket, this gives us a GLTP ticket price of $7.17 for nationals and $28.00 for international visitors.

If US dollar goes up, the countries could relax one of three variables in their entry fee structures:

- The GLTP price could be allowed to fluctuate in US dollars, with no change in local currency prices (termed "dollar goes up 25%, paygo prices unchanged, GLTP floats"). All three countries would receive less in dollars, but the same amount as before in local currency, for national GLTP tickets. Mozambique and South Africa would receive less dollars but the same in local currency for international GLTP tickets, while Zimbabwe receives the same amount in dollars and more in local currency for international GLTP tickets.
- The GLTP price could be fixed in US dollars and paygo prices fixed in local currency. In this case the discount is reduced on GLTP tickets for all except Zimbabwe international tickets. Whether the discount is reduced enough to make paygo tickets cheaper than GLTP ones depends on the amount of the discount and the amount of the currency fluctuation. In this example they exactly cancel each other out, so the tickets cost the same (except for Zimbabwe international); however this need not be the case.
- The GLTP price could be fixed and the discount fixed, while paygo prices are allowed to fluctuate in local currency. In this case all three countries would have new higher entry fees for nationals, and Mozambique and South Africa would have higher entry fees for international visitors as well. Visitors would face the same prices as before in dollars.

If the rand goes up, the impacts of relaxing each the three variables are slightly different. The change in the rand has no implications for Mozambique or Zimbabwe. If the GLTP floats, then its total price rises, and South Africa receives more dollars but the same amount of rand. If the discount rate is allowed to vary but GLTP and paygo prices are fixed, then South Africa will receive less rand for each GLTP ticket, so it will offer a greater discount for GLTP tickets. If paygo prices are allowed to float while the other two variables are fixed, they will drop, and South Africa will receive less for all tickets.

If there are major currency fluctuations, it will be necessary to allow the GLTP ticket prices to shift in response, the first option. In the shorter term, however, it is probably desirable from a public relations standpoint to hold all ticket prices constant and let the GLTP discount fluctuate with marginal changes in exchange rates.

Appendix 1-Table 1. Impact of Increase in Value of Dollar on Ticket Prices

Starting Point:	**Paygo in Local Currency**			**Starting situation**				**Dollar goes up 25%, paygo prices unchanged, GLTP floats**			
	Moz in MTs	SA in rand	Zim in Z$ (a)	Moz In dollars	SA in dollar	Zim in US $	GLTP Ticket in $	Moz In dollars	SA in dollars	Zim in US $	GLTP Ticket in $
National fee	100,000	R 30.00	Z$ 500	$ 4.17	$ 4.17	$ 0.63	$ 7.17	$ 3.33	$ 3.33	$ 0.50	$ 5.73
International fee	200,000	R 120.00	$ 10.00	$ 8.33	$ 16.67	$ 10.00	$ 28.00	$ 6.67	$ 13.33	$ 10.00	$ 24.00
XRs (amt for 1 rand)	24,000	R 7.20	Z$ 800					30,000	R 9	Z$ 1,000	
GLTP returned in local currency – natl.				80,000	R 24	Z$ 400		80,000.0	R 24	Z$ 400	
GLTP returned in local currency – intl.				160,000	R 96	$ 8.00		160,000.0	R 96	$ 8.00	
GLTP share/ natl. fee				80%	80%	80%		80%	80%	80%	
GLTP Share/ intl. fee				80%	80%	80%		80%	80%	80%	
Notes:	(a) Zimbabwe fixes international entry fees in US $, so we assume they do not change if the dollar goes up. We do assume that the US$:Z$ exchange rate will adjust if the US $ rises. When Zimbabwe $ are not specified, $ means US $.							Countries receive less in dollars but the same amount in local currency for local GLTP tickets. Mozambique and South Africa receive less in dollars and the same amount in local currency for international GLTP tickets; Zimbabwe receives the same amount in dollars and more in local currency.			

Dollar goes up 25%, paygo prices unchanged, GLTP fixed in $				**Dollar goes up 25%, paygo prices float, GLTP fixed in $**				**New paygo prices**		
Moz In dollars	SA in dollars	Zim in US $	GLTP Ticket in $	Moz In dollars	SA in dollars	Zim in US $	GLTP Ticket in $	Moz	SA	Zim
$ 4.17	$ 4.17	$ 0.63	$ 7.17	$ 4.17	$ 4.17	$ 0.63	$ 7.17	125,000	R 38	Z$ 625
$ 8.33	$ 16.67	$ 10.00	$ 28.00	$ 8.33	$ 16.67	$ 10.00	$ 28.00	250,000	R 150	$ 10.00
30,000	R 9	Z$ 1,000		30,000	R 9	Z$1,000		increased	increased	local incr.
100,000	R 30	Z$ 500		100,000	R 30	Z$500				
200,000	R 120	$ 8.00		200,000	R 120	$8.00				
100%	100%	100%		80%	80%	80%				
100%	100%	80%		80%	80%	80%				
Visitors receive no discount for GLTP tickets except on Zimbabwe international tickets. All three countries receive the same amount in dollars for their GLTP tickets and more in local currency.				Local prices change in ways that may bother locals, but there continues to be a discount if visitors purchase GLTP tickets. All three countries receive the same amount in dollars for their GLTP tickets and more in local currency.						

Appendix 1-Table 2. Impact of Increase in Value of Rand on Ticket Prices

	Paygo in Local Currency			Starting situation				Rand goes up 25%, paygo prices unchanged, GLTP floats			
	Moz in MTs	SA in rand	Zim in Z $ (a)	Moz In dollars	SA in dollar	Zim in US $	GLTP Ticket in $	Moz In dollars	SA in Dollars	Zim in US $	GLTP Ticket in $
National fee	100,000	R 30.00	Z$ 500	$ 4.17	$ 4.17	$ 0.63	$ 7.17	$ 4.17	$ 5.21	$ 0.63	$ 8.00
International fee	200,000	R 120.00	$ 10.00	$ 8.33	$ 16.67	$ 10.00	$ 28.00	$ 8.33	$ 20.83	$ 10.00	$ 31.33
XRs (amt for 1 rand)	24,000	R 7.20	Z$ 800					24,000	R 5.76	Z$ 800	
GLTP returned in local currency – natl.				80,000	R 24	Z$ 400		80000	R 24	Z$ 400	
GLTP returned in local currency – intl.				160,000	R 96	$ 8.00		160000	R 96	$8.00	
GLTP share/ natl. fee				80%	80%	80%		80%	80%	80%	
GLTP Share/ intl. fee				80%	80%	80%		80%	80%	80%	
Notes	(a) Zimbabwe fixes international entry fees in US $, so we assume they do not change if the dollar goes up. We do assume that the US$:Z$ exchange rate will adjust if the US $ rises. When Zimbabwe $ are not specified, $ means US $.							SA receives more in dollars but the same amount in local currency for GLTP tickets. The other two countries are unaffected.			

	Rand goes up 25%, paygo prices unchanged, GLTP fixed in $				Rand goes up 25%, paygo prices float, GLTP fixed in $				New paygo prices		
	Moz In dollars	SA in Dollars	Zim in US $	GLTP Ticket in $	Moz In dollars	SA in dollars	Zim in US $	GLTP Ticket in $	Moz	SA	Zim
National fee	$ 4.17	$ 4.17	$ 0.63	$ 7.17	$ 4.17	$ 4.17	$ 0.63	$ 7.17	100,000	R 24	Z$ 500
International fee	$ 8.33	$ 16.67	$ 10.00	$ 28.00	$ 8.33	$ 16.67	$ 10.00	$ 28.00	200,000	R 96	$ 10.00
XRs (amt for 1 rand)	24,000	R 5.76	Z$ 800		24,000	R 5.76	Z$ 800		unchanged	Lower	unchanged
GLTP returned in local currency – natl.	80000	R 19.2	Z$ 400		80,000	R 19.2	Z$ 400				
GLTP returned in local currency – intl.	160000	R 76.8	$8.00		160,000	R 76.8	$ 8.00				
GLTP share/ natl. fee	80%	64%	80%		80%	80%	80%				
GLTP Share/ intl. fee	80%	64%	80%		80%	80%	80%				
Notes	South Africa receives the same amount in dollars but less in rand for GLTP tickets, so the GLTP discount for Kruger tickets rises. The other two countries are unaffected.				Kruger paygo prices drop in local currency and they receive less in local currency for GLTP tickets. Their discount on GLTP tickets remains constant. The other two countries are unaffected.						

APPENDIX 2. DOCUMENTS CONSULTED

General:

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"Promoting Tourism Investment Into the Gonarezhou and Environs." 2003. Brochure developed by Zimbabwe Tourism Authority.

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APPENDIX 3. INDIVIDUALS INTERVIEWED

General

Mr. Todd Johnson, Chief of Party, Great Limpopo TBNRM Initiative and Senior CBNRM Specialist, DAI
Mr. Michael Godfrey, Environment and Natural Resources Group, DAI
Mr. Daniel Rothberg, Policy Analyst, Environment and Natural Resources Group, DAI
Mr. Michael Webster, Environment, Rural, and Social Development Unit, Africa Region, World Bank

Mozambique:

Mr. Jorge Chicué, Chief Legal Advisor, Transfrontier Areas Coordination Unit, Ministry of Tourism
Dr. Jorge Ferrão, Regional Coordinator, Great Limpopo Transfrontier Park, Ministry of Tourism
Mr. Steve Johnson, Team Leader and Project Facilitator, Mozambique Trans-frontier Conservation Areas and Tourism Development Project, Transfrontier Conservation Area Unit, Ministry of Tourism
Ms. Isabel Macie, Deputy National Director for Conservation Areas, Ministry of Tourism
Mr. Afonso Madope, National Director for Conservation Areas, Ministry of Tourism
Mr. Lota Melamari, Director, Naturescope (T) Ltd., Arusha, Tanzania, and Consultant to the Transfrontier Conservation Area Unit, Ministry of Tourism
Mr. Tomé Mulhuana, Finance Office, Ministry of Tourism
Mr. Carsten Sandhop, Director, KfW Office, Maputo
Mr. Bartholomeu Soto, Director, TFCA Coordinating Unit, Ministry of Tourism
Mr. Herminio Sueia, Customs Commissioner, Deputy Director – Director for Management and Organization, Ministry of Finance. Also Chair, GLTP Legislation, Finance, and Management Committee
Ms. Donna Stauffer, Deputy Mission Director, USAID, Maputo
Mr. David L. Stephens, Mission Environmental Office, USAID, Maputo
Dr. Chaibo Sulemane, Head of Budget Department, Ministry Finance
Eng. Gilberto Vicente, Project Implementation Unit, Limpopo National Park, Ministry of Tourism
Mr. Rod De Vletter, Manager, SEATIP Program, World Bank

South Africa

Mr. Peter Fernhead, Commercial Development, SANParks
Ms. Marina van Graan, Manager of Legal Services, SANParks
Mr. Absen Laka, Finance and Administration Manager, Southern Region, Kruger National Park
Mr. Ernest Mokganedi, Manager of Transfrontier Conservation Areas, Department of Environmental Affairs and Tourism
Ms. Lucy Nhlapo, Head of Tourism and Marketing, Kruger National Park
Colonel David Peddle, Chief of Joint Operations, SSO Borderline Control, SA National Defence Force
Mr. Glenn Phillips, Director of Tourism, SANParks
Lieutenant Colonel David Sanders, Department of Defence
Mr. Blake Schraader, Head of Technical Services, Kruger National Park
Mr. Aniel K. Soma, Director of Corporate Services, SANParks
Mr. Ronnie Steinbrucker, Head of Finance, Kruger National Park
Mr. Joep Stevens, General Manager of Tourism Operations, SANParks
Mr. Piet Theron, Programme Manager, Transfrontier Conservation Areas, SANParks
Dr. Freek Venter, Specialist Head of Conservation Services

Zimbabwe

Mr. Enock Chaibva, Chief Financial Officer, PWMA
Mr. Edson Chidziya, National Coordinator, GLTP
Mr. Tapera Chimuti, Chief Ecologist - Terrestrial, PWMA
Dr. David Cumming, Consultant on Natural Resources Management and Conservation (CESVI)
Mr. Guiseppi Daconto, Environmental Advisor, CESVI Cooperation and Development
Mr. Maxwell Gomera, Programme Officer, Programme for Improved TBNRM, IUCN
Mr. Emmanuel Kawadza, Chief Ecologist – Extension and Interpretation, PWMA
Mr. Ebbias Manyonganise, Legal Officer, PWMA
Mr. Simba Mandinyenya, Director, Research and Product Development, Zimbabwe Tourism
Ms. Carmel Mbizvo, Regional Policy Programme Coordinator, IUCN
Mr. T. J. Meke, Finance Director, PWMA
Mr. M. Z. Mtsambiwa, Director-General, PWMA
Mr. Lovemore Mungwashu, Chief Warden, PWMA
Ms. Grace Mutero, Legal Office, PWMA
Mr. Liberty Nyaguse, Senior Ecologist and TFCA Program Officer, PWMA
Mr. Keron Shumba, Research and Development Officer, Zimbabwe Tourism
Mr. Isaac Zindove, Economist, PWMA
Ms. Sophie Zirebwa, Research and Development Officer, Zimbabwe Tourism

APPENDIX 4. SCOPE OF WORK

Development Alternatives, Inc.
Great Limpopo Transboundary Natural Resources Management Initiative
(USAID/Regional Center for Southern Africa)

SCOPE OF WORK

Position:	***Transfrontier Park Revenue Sharing Specialist***
Anticipated Start Date:	***05 January 2004, or as soon thereafter as practical***
Expected Duration:	***30 days LOE (assumes 6-day work week)***
Candidate:	***Joy Hecht***
Labor Category / Level:	***International Trade in NRBIs, Level 1 (senior)***

Scope of Work Overview

The Governments of the Republic of Mozambique, the Republic of South Africa, and the Republic of Zimbabwe signed an international treaty 09 December 2002 formally establishing the Great Limpopo Transfrontier Park (GLTP) "for the purpose of conservation, socioeconomic development and for public enjoyment". The approximately 3.5 million-hectare GLTP is comprised of Limpopo National Park (Mozambique); Kruger National Park and the Makuleke Region (South Africa); and Gonarezhou National Park, Malipati Safari Area, Manjinji Pan Sanctuary, and an area of communal land known as the Sengwe Corridor (Zimbabwe).

As stated in the Treaty, a Joint Management Board (JMB) manages the GLTP and reports to a tri-national Ministerial Committee. Operational responsibility to coordinate implementation of the Joint Management Plan and other activities related to the GLTP vests with a Coordinating Party (currently the Mozambique Ministry of Tourism) selected by the Ministerial Committee on a two-year rotational basis.

One of the objectives in establishing the GLTP is to "develop trans-border ecotourism as means of fostering regional socioeconomic development." This implies facilitating the unimpeded circulation of visitors (as well as wildlife) among the several component areas of the Transfrontier Park. Reality, however, is that completely unimpeded circulation to all parts of the GLTP is not yet physically possible. The corridor linking Gonarezhou to Limpopo and Kruger parks has not been finalized; fences remain between Kruger and Limpopo parks; and internal road and trail systems to facilitate unimpeded visitor movement have not yet been completed.
Other than the physical access issues that presently restrain unimpeded movement, several other issues must be resolved before the transfrontier park becomes a seamless area straddling international boundaries of sovereign States. Immigration, security, and customs are among these issues. Another is the collection of park entrance fees and other revenues, and their equitable distribution among the Parties. The assignment described in this Scope of Work seeks to address that latter issue.

The Joint Management Board, through the Coordinating Party, has requested support from the Great Limpopo TBNRM Initiative to assist the Finance, Human Resources, and Legislation Committee of the JMB to analyze various options for the countries to consider in addressing the issue of entrance gate fees and other revenues and their possible sharing among the Parties in an equitable manner.

As approved by the Finance, Human Resources, and Legislation Committee (hereinafter, "the Committee") and clarified by the Coordinating Party, aspects to be included in the investigation are the following:

1. Identification of various revenue streams accruing to the individual components of the GLTP, proposal(s) on which among these should logically be shared, and to the extent possible the relationship(s) between the revenue streams to be shared and the operating costs associated with that revenue source;
2. Description of the current status of entrance facilities to each component area of the GLTP, including the location, staffing, hours of operation, and other relevant aspects of each gate;
3. Description of the current gate fees charged by the three countries for entrance to their respective components of the GLTP, including tiered fee structure(s) where they occur (e.g., one rate for nationals, another for foreigners);
4. Discussion of the possible implications of differentiated gate fees on visitor interest to travel among the GLTP components;
5. Analysis of the effects of currencies and their fluctuations on the implementation of a common gate fee, including a recommended resolution to mitigate or manage these effects;
6. Analysis and discussion of the tax implications of implementing a common gate fee (e.g., where fees may include Value Added Tax in one or more countries but not in others);
7. Detailed analysis of the implications of implementing each of the following options already proposed for addressing the issue of GLTP revenues and their equitable sharing:
    a. Each country determines its own gate fee and retains exclusive use over those funds;
    b. The countries agree on a common gate fee and share it equally among themselves;
    c. The countries agree on a common gate fee, but share the accumulated net proceeds according to a formula tied to the costs incurred in operating the gates;
    d. The countries agree on a common gate fee, but each country retains its share in accordance with the gates located in their territory; and
    e. Other options that the Specialist may propose or should otherwise be indicated from consultations held with various stakeholders as part of performing the assignment
8. Discussion of possible mechanism(s) for distribution of revenues, where sharing is proposed.

The product anticipated from this assignment is a technical report in a format and content acceptable to the JMB, detailing the results of the analyses indicated above. The consultant will work closely with the individual members of the Committee in performing this assignment as her/his counterparts. These Committee members will be responsible for providing any necessary data, or access to data, that may be needed in order to complete the work.

The assignment described in this Scope of Work partially fulfills Task 3.2: “Support Operational Structure for Great Limpopo Transfrontier Park Joint Management Board” in the 2003 Annual Work Plan of the Great Limpopo TBNRM Initiative. Specifically, addressing the issue of equitable revenue sharing among the three countries concludes work undertaken by the Initiative toward Sub-Task 3.2.3: “Facilitate harmonization process on key joint policy issues.”

Specific Tasks

The Transfrontier Park Revenue Sharing Specialist will be responsible for leading the Finance, Human Resources, and Legislation Committee of the Joint Management Board for the Great Limpopo Transfrontier Park through an in-depth analysis and discussion among its internal and external stakeholders of the implications of implementing various options for equitable sharing among the three countries of entrance fees and possibly other revenue streams accruing to the Great Limpopo Transfrontier Park components. The product of this assignment will be a technical report detailing the results of these analyses and making recommendations to the Joint Management Board on the most viable course of action for them to propose to the Ministerial Committee for possible adoption. In order to accomplish this objective, the following specific tasks will be performed:

1. Review the Treaty establishing the GLTP, the synopsis of the Joint Management Plan, minutes of JMB meetings where the issue of revenue sharing was discussed, and other relevant documents necessary to obtain sufficient knowledge of the context within which the issue is being addressed;
2. Meet with the GLTP Coordinator, DAI Chief of Party, and members of the Committee to clarify tasks outlined in this Scope of Work, identify internal and external stakeholders to be consulted, and develop a preliminary work plan for performing the assignment
3. Working with and through the GLTP Coordinator and the Committee members, develop a final work plan for implementing the assignment including proposed travel schedule based on tentative appointments made with persons or institutions to be consulted;

4. Obtain approval of the final work plan from both the GLTP Coordinator and DAI Chief of Party prior to initiating consultation travel or otherwise implementing the work plan;
5. Implement a work plan that satisfactorily completes the analyses and discussions indicated under points 1 through 8 on the above list ("aspects of the investigation");
6. Draft and circulate for review by the Committee members, the GLTP Coordinator, the DAI Chief of Party, and possibly other concerned parties that may be identified, a technical report that satisfactorily details the results of the analyses and discussions indicated under item #5 above;
7. Revise the report as necessary to incorporate comments, suggestions, recommendations, or other feedback from reviewers;
8. Conduct a presentation of the revised draft report to the Committee, the GLTP Coordinator, the DAI Chief of Party, and others as may be identified;
9. Incorporate any final comments or suggested revisions arising from the presentation into a final report and submit the final report in loose-bound hard copy to both the GLTP Coordinator and DAI Chief of Party prior to departure from the project area;
10. Provide the Great Limpopo TBNRM Initiative staff and the GLTP Coordinator electronic versions of the final report in MS Word to facilitate possible translation, printing, and binding.

Coordination of Tasks

Each of the above tasks will be performed under direct supervision of the both the GLTP Coordinator, located in Maputo, Mozambique, and the DAI Chief of Party, located in Nelspruit, South Africa. As indicated above, the counterparts for the consultant will be the members of the Finance, Human Resources, and Legislation Committee of the GLTP Joint Management Board, requiring substantive collaboration, coordination, and consultation with the members at all times throughout the assignment and especially when meeting other officials of the Government of which the various members belong. To the extent feasible, no meetings will be held with any government official without accompaniment by at least one member of the Committee or the JMB, or alternatively, the GLTP Coordinator.

The Coordinating Party, through its Unit for the Coordination of Transfrontier Conservation Areas (UC-ACTF), will conduct logistical coordination for scheduling meetings, contacting government agencies, and other inter- and intra-governmental consultations. The Great Limpopo TBNRM Initiative staff through its Nelspruit office (and/or Maputo office as appropriate) will conduct logistical coordination for air tickets, accommodations, other travel arrangements, and any other commitments of USAID funds managed by the Initiative. Prior approval of all commitments is required for expenses to be honored.

Additional technical coordination may be useful with members of the Initiative team, its various partner organizations, external stakeholders, and representatives of donor agencies supporting the GLTP development process. These will be identified in the meetings indicated under Specific Task #2 above.

Deliverables

The Transfrontier Park Revenue Sharing Specialist will produce the following documents as her/his deliverables from this assignment. Failure to produce these documents in a manner acceptable to the Committee, GLTP Coordinator, JMB, DAI Chief of Party and/or USAID/RCSA may result in deductions from consulting fees paid to the Specialist.

1. An oral presentation of the revised draft Technical Report, as described under Specific Tasks #8 above;
2. At least three loose-bound, hard copies of a final Technical Report of not more than 35 pages (excluding annexes), that includes *inter alia* the following:
    a. An Executive Summary highlighting the key findings of the various analyses and briefly describing major recommendations resulting from this assignment;
    b. A listing and appropriate description of the various revenue streams accruing to the component areas comprising the Great Limpopo Transfrontier Park (and as identified in the Treaty), with recommendations on which of these may or should be logically shared among the Parties to the Treaty;
    c. A listing and appropriate description of the operating costs associated with any of the various revenue streams recommended or proposed to be shared among the Parties, to the extent that data are available to provide such listing and description of costs;
    d. A listing and description of the current status of entrance facilities to each component area of the GLTP, including the location, staffing, hours of operation, and other relevant aspects of each official entrance gate;

e. A listing and description of the current gate fees charged by the three countries for entrance to their respective components of the GLTP, including tiered fee structure(s) where they occur;
f. A discussion, based on the consultant's experience and expert opinion as well as consultations with various stakeholders and knowledgeable persons conducted as part of this assignment, of *inter alia* each of the following:
    i. Possible implications of differentiated gate fees on visitor interest to travel among GLTP components;
    ii. Results of analyzing the effects of currencies and their fluctuations on implementing a common gate fee, including recommended resolution to mitigate or manage these effects;
    iii. Results of analyzing the tax implications of implementing a common gate fee among all components of the GLTP;
    iv. Results of analyzing the implications of implementing each option listed under 7.a—7.d on page 2 of this Scope of Work, as well as any other option(s) that may arise or be proposed during the conduct of this assignment; and
    v. Possible mechanism(s) for distribution of revenues, where sharing is proposed
g. A description of a proposed resolution for the issue of revenue sharing within the GLTP, that the Committee may present to the JMB for possible adoption by the Ministerial Committee.

3. An electronic version of the final Technical Report complete with all annexes or other attachment, in MS Word or similar PC-compatible word processing software, on a virus-free diskette or other medium compatible with the computer hardware of the Initiative.

Qualifications

The Transfrontier Park Revenue Sharing Specialist must hold an advanced degree in Public Administration or other field relevant to performing the tasks described above, and have sufficient years of experience to qualify as Level I under the RAISE contract (i.e., PhD + 7 years, Masters + 9 years, or Bachelors degree + 13 years). In addition, the Specialist must have at least five years of supervisory or management experience in areas qualifying as either Policy Reform & Analysis or International Trade in NRBIs under RAISE, with a minimum of three years of work experience in developing countries (long-term preferred).

Relevant work experience for this position shall be defined as public sector management, institutional strategic planning, conservation agency administration, protected areas management, and/or government agency financing. While not required, experience working within, or supporting, a public sector protected areas institution is highly desirable. Relevant institutional strengthening or financial management in a tourism agency may also be considered. The Specialist must have demonstrated skills in analyzing options for feasible sharing of revenues among park management or other similar public agencies across borders. Experience with international public sector agencies and/or their budgeting, financing, or similar areas dealing with taxation and currency fluctuations would be useful. Finally, although not required, experience in Southern Africa and ability to speak and read Portuguese are desirable. Fluency writing and speaking in English is required.

Timing

This assignment will be conducted beginning 05 January 2004, or as soon thereafter as the consultant can be mobilized to the field. The assignment must be completed not later than 15 February 2004.

NB This Scope of Work was approved by USAID/RCSA on 20 October 2003 and approved by the Legislation Sub-Committee of the Finance, Human Resources, and Legislation Committee of the GLTP Joint Management Board on 04 November 2003. The candidate listed by name on this Scope of Work was selected to perform the assignment by said Sub-Committee on 04 November 2003 using an approved set of selection criteria by which all candidates were scored. Final engagement of the named individual is subject to technical approval by the USAID/RCSA Cognizant Technical Officer, and salary (daily rate) is subject to approval by the USAID Regional Contracting Officer.