

ASILIA

LODGES AND CAMPS ■ SAFARIS

**Eco-tourism And Community Benefits:
*A Reality Check From The Field***

**Travellers Philanthropy Conference
December 2008**

OBJECTIVES FOR THIS SESSION

- Give you a perspective from the field on eco-tourism and community benefits
- Have a reality-based discussion on the subject

DISCUSSION STATEMENTS – *DO YOU AGREE OR DISAGREE?*

1. “Tourism is a cut-throat industry with challenging trade-offs. One cannot afford to compromise on the business case, whatever the good intentions are on the community side.”

It is preferable for all stakeholders - including the communities - to have a strong business with a merely acceptable eco-performance running for 20 years, than to have a property with great eco-performance but a weak business performance fail within 3 years.

2. “The “win-win” between tourism and communities in East Africa is not fundamentally different from an industrial company setting up a plant in a small village in the USA. It is about: General business principles and feasibility, good corporate citizenship, social responsibility and compliance with environmental standards and alignment of stakeholder interests.”

This triggers an interesting question – what role, precisely, plays property-size in the discussion on eco-tourism?

CONTEXT (I) - OUR COMPANY

- Asilia is a top-3 player in upmarket eco-tourism in Tanzania
 - Business growth of over 30% during the last 3 years
 - Footprint of 5 properties covering the Northern Circuit and Zanzibar
 - Average rack rate in camps of USD 450 per person per night
 - Strong complementary outfitting operation for tailored safaris
 - Solid eco-credentials
 - 330 permanent staff
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CONTEXT (II) - OUR PRODUCT

OFFERING A SUPERB AFRICA EXPERIENCE



CONTEXT (III) - DEFINING OUR PLAYING FIELD: *ECO-TOURISM, SORT-OF...*

Definition of **Eco-tourism**: Responsible travel to natural areas that conserves the environment and improves the well-being of local people

We describe our playing field slightly differently:

“Tailor-made holidays to pristine areas in sub-Saharan Africa with:

- (i) a preference for small properties
 - (ii) quality service and comfort
 - (iii) a desire to experience Africa’s nature and people in a natural, genuine way
 - (iv) an effort to minimize negative impact and optimize local benefits.”
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CONTEXT (IV) - OUR KEY COMMUNITY RELATIONSHIPS

SERENGETI

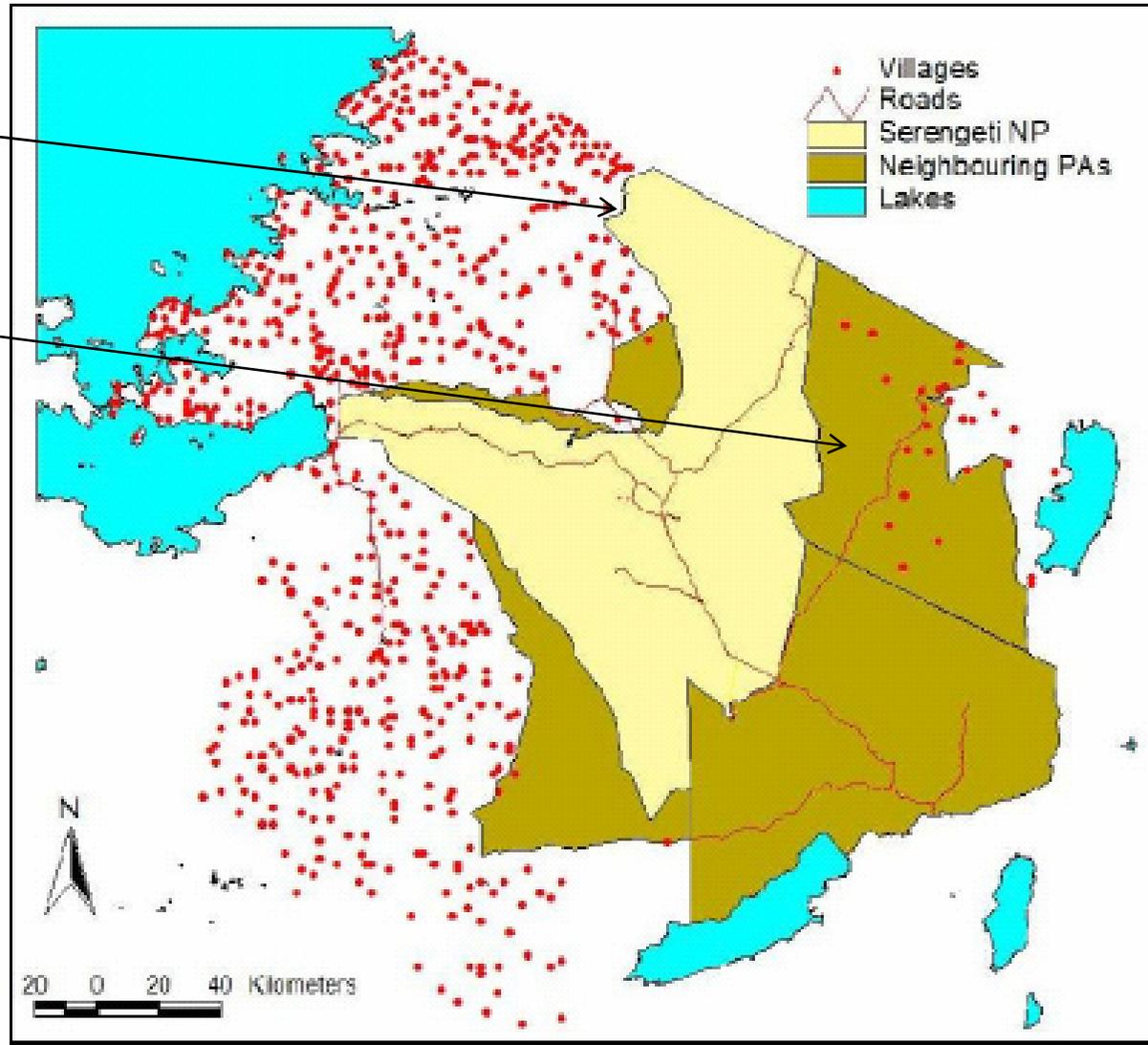
Sayari Camp
Wagokuria area
(since 2005)

Suyan Camp /
Sokwe Mobiles
Loliondo area
(since 1996)

ZANZIBAR

Matemwe Lodge
(since 1990)

Figure C.3: Settlement distribution around Serengeti National Park



THE CHALLENGE: TO BE VIABLE AND TO BE “ECO-”, TOURISM PROPERTIES MUST MEET THE FOLLOWING:

- Economically viable, i.e. acceptable investment returns
- Good staff salaries, benefits and facilities
- Good environmental standards
- Contribution to conservation of natural habitat
- Contribution to neighboring communities
- Pay taxes, levies and fees and compliant with general regulation

How much is enough - what are the trade-offs?

HOW MUCH IS ENOUGH - OR AT LEAST ACCEPTABLE?

- Investment returns: bare minimum return on equity of 15%
(20-25% more correct)
- Staff salaries, benefits and facilities: at or above industry average
- Environmental standards: at or above industry average
- Contribution to conservation of natural habitat: net positive
- Contribution to communities: employment, local supplies
- Taxes, levies, fees, compliance: at or above industry average

Reality-check: If a property does all of the above, it probably ranks in the top-20% of best performing properties in Tanzania

THE CHALLENGE OF MAKING 15% RETURN

- Business case demands:
 - Competitive location
 - Competitive pricing (favorable comparison within sub-Saharan Africa)
 - Minimum scale
 - Logistics feasible - guests and re-supplies
 - Qualified and committed management and key staff
 - Lean overhead structure a must

- In our segment this means:
 - Only limited number of viable locations
 - Limited upward price potential
 - Minimum 50% occupancy during 10 months
 - Minimum 8 rooms
 - Very little room for error, no room for “extra’s”

Creating realistic expectations with communities and authorities is a challenge - and a necessity

HOW DO COMMUNITIES BENEFIT FROM US?

- Direct financial benefits:
 - Bed-night / concession fees
 - Annual fee
 - Donations
 - [We don't have any profit-share arrangements with communities and are doubtful about the concept]
 - Local employment (including investment in education)
 - Local supplies
 - Infrastructure support
 - Roads
 - Water
 - Electricity
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