How can the private sector benefit from investing in marine conservation?
Some experiences of the Chumbe Project in Zanzibar/Tanzania

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Tourism is the biggest industry in the world and scuba diving its fastest growing section. Divers want to see and pay a premium for healthy coral reefs and a rich and diverse fish population. The tourism industry therefore has a strong direct economic incentive to support marine conservation. The immense biodiversity and genetic resources of coral reefs may also well provide the future cure of cancer, HIV and other diseases that plague humanity. Pharmaceutical companies also therefore have a strong interest in this rich and yet unexplored resource.

For the private sector, coral reef conservation can be good business. Therefore, the private sector has direct, long-term and strong economic incentives for supporting marine parks and good management practices. This incentive is a huge asset not to be missed for survival of the world coral reefs. There is an urgent need to involve the private sector in coral reef conservation and management.

Sustainable management of coral reefs requires partnerships between the public and the private sectors for the establishment of new MPAs, for improving of the management of existing ones, and for managing fisheries resources. The private sector can also help create awareness amongst government officials, the local community and tourists, collect park fees, support in demarcation of park boundaries and mooring buoys, monitoring, patrolling/surveillance, communication, ranger training and the direct funding of community projects.

In turn, the private sector can benefit from support and investment in marine conservation mainly in three areas. The readily available volunteer support saves considerable investment and recurrent costs, a high international profile in the conservation world gives a competitive edge in marketing that has a high monetary value, and finally, a strong presence in the ecotourism market may help buffer market shocks.

Massive cost savings for development and operations through access to volunteer work
A private project in marine conservation is enormously attractive for volunteers from all walks of life, private, NGO based, from Zoos etc. Indeed we always had more applications for volunteer work than we could accommodate. When calculating the professional services we received during project development and operations at international commercial consultancy rates, it becomes clear that CHICOP definitely saved millions of US$ in investment, and continues to save tens of thousands a year in recurrent costs. Volunteers were recruited over the Internet, through the informal network of friends and through volunteer organisations to help develop Chumbe, see details below:

- **Volunteers gave professional assistance** in baseline surveys, ranger and staff training, development of nature trails & information materials, rat eradication, building design, installation and maintenance of technical equipment, marketing, management assistance and financial analysis among numerous other tasks. One particularly noteworthy co-operation was with the University of Braunschweig (Germany) for the state-of-the-art eco-architectural designs, where a Dean of Faculty volunteered to assist CHICOP throughout the building process. Several professional volunteer agencies (e.g. German SES, British BESO and Frontiers, Irish APSO) also provided short-term consultants. Volunteers from all over the world continue to apply for work with CHICOP mainly over the Internet.

- **Local and international NGOs** also supported some activities, e.g. the Environmental Education Program and school excursions to Chumbe Island, the Italian Fondo per la Terra, the SADC-Environmental Education program, WWF-Tanzania and the US-National Fish and Wildlife Foundation (NFWF).

- **Zoos and international conservation organisations** assisted in the establishment of protected species sanctuaries, e.g. the Aders’ duikers’ translocation program, supported by the Zoo Munich Hellabrunn, Bavarian TV, Flora & Fauna International, WWF-Tanzania, the Chicago Zoological Society.

- **Support in research and species monitoring** by university-supported degree students, e.g. Aders’ duiker tracking and monitoring program, Coconut crab population study, the spill-over effects of fish from the sanctuary etc.

**A high profile in the conservation world gives a competitive edge in marketing**

Gaining recognition by the international conservation community and winning international environmental awards does indeed spare millions of US$ in marketing costs, see below:

- **International Environmental Awards.** Actively applying for and winning international environmental awards proved to be the single most powerful promotional tool that attracted massive media coverage, travel writers and television documentaries. The total monetary value of the media coverage Chumbe received for environmental awards has been estimated to be up to US$ 10 million. This is what CHICOP would have had to pay for all the publicity at normal advertisement rates.

  Particular publicity was gained through the 1999 British Airways Tourism for Tomorrow Global Award that resulted in Chumbe being featured in a UK based holiday television program that is popular with 80 million viewers in the UK and the production of over 30 high profile newspaper and magazine articles around the world. Other marketing highlights were the selection of Chumbe as a Worldwide Project for the EXPO2000 World Exhibition in Hannover/Germany, where one of the eco-bungalows was exhibited in the Tanzanian pavilion, the 2000 UNEP Global500 Award, the 2001 Green Hotelier of the Year Award of the International Hotel and Restaurant Association (IH&RA) and the 2001 World
Award for Ecotourism Destination by the Condenast Traveller Magazine. In 2001 Chumbe also became a finalist for the Aga Khan Award for Architecture.

The Ecotourism niche market is probably more resilient to market shocks

Interestingly, the well known problems and drastic slumps in arrivals that the travel industry suffered over the last years around the world and in Zanzibar in particular did affect the Chumbe Project considerably less than local 'mass-tourism' resorts and hotels. For example, the bloody post-election riots in Zanzibar in January 2001 that were publicised by CNN and BBC, and the recent travel warnings mentioning Zanzibar in particular (January 2003), forced several charter airlines to cancel flights to Zanzibar for several months which in turn left several big hotels deserted and they also had to close down. In contrast, Chumbe maintained a steadily increasing flow of apparently undeterred individual travelers, as seen below:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Occupancy rate</th>
<th>Income in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 –1999</td>
<td>13%</td>
<td>21,759</td>
</tr>
<tr>
<td>1999 – 2000</td>
<td>28%</td>
<td>42,858</td>
</tr>
<tr>
<td>2000 – 2001</td>
<td>34%</td>
<td>82,551</td>
</tr>
<tr>
<td>2001 – 2002</td>
<td>29%</td>
<td>128,893</td>
</tr>
<tr>
<td>2002 - 2003</td>
<td>43%</td>
<td>187,248</td>
</tr>
</tbody>
</table>

However, incentives must be right for the private sector to invest in marine conservation

Resort managers and dive operators may have a strong interest in coral reefs and can become partners in their conservation and sustainable management. Marine tourists are increasingly environmentally aware, demand and acknowledge such commitment, particularly when a country markets itself as a nature destination. However, the investment policy environment and the donor community in a particular country must send strong signals and give clear incentives to the private sector that the rather long-term benefits derived from investment in conservation can be reaped and will not be 'grabbed'.

Private support of sustainable MPA management requires certain conditions. Where coral reefs have tourism potential and are not yet over-exploited for subsistence by local communities, privately managed marine parks are viable and can generate considerably more income than fisheries and other resource extraction. To be attracted under Third World conditions, private investment in conservation and marine park management would need above all a conducive investment climate, less competition from lavishly funded donor projects and supportive certification and insurance schemes.

- **Conducive investment climate.** An attractive investment policy would have to address issues of good governance, security of tenure, contractual and legal framework, financial services, as well as incentives concerning land rent, taxes, fees and licenses. A favourable policy framework is only the start of the process. Second-tier constraints created by ambiguous regulations and wide discretionary powers of civil servants have to be removed, particularly concerning land leases, building permits, immigration and labour laws and regulations. And last but not least, the investment climate for conservation would be improved by an official acknowledgment that making profits from conservation is not morally bad, but a condition of sustainability.
• **Avoid competition from over-funded donor projects.** Conservation in large parts of Sub-Saharan Africa is highly dependent on donor funding. Though much lip service is paid to sustainability, donor aid is about spending money rather than earning it. This crowds out conservation-oriented investors who cannot compete in a climate where park management is funded by external grants that sometimes tolerate the high overheads of state-run institutions. This situation perpetuates a systematic cycle of non-sustainability in the economic management of the resources.

• **Environmental certification.** It is sometimes suggested that tourism operations need to be controlled and regulated to adhere to minimum environmental standards. However, this assumes a framework of good governance that is not yet the reality everywhere. A more powerful tool is international environmental certification that has a high marketing value in the tourism source markets. This gives stronger incentives to owners and operators to adopt ecological principles in building designs and recreational activities, than inspection visits of sometimes rent-seeking government officials.

• **International insurance scheme for MPAs to buffer market risks.** The most serious threats to economic sustainability of privately managed conservation projects are their dependence on international tourism for income generation, a market that is sensitive to political turmoil and perceived security and health risks. An international insurance scheme could buffer privately managed and other sustainable parks against severe income loss from visitor fluctuations.

National governments and the international conservation and donor community would improve the impact of investment in coral reef conservation if project designs focused more on direct resource users and stakeholders in a particular area who have long-term economic incentives to support sustainable management. This may include support to private management, particularly where small highly protected MPAs are created. These may even become popular with fishers as fish refuges, larval sources and suitable settlement areas that replenish adjacent fishing areas with marine species through reproduction or migration. Such well managed small MPAs may become the core of large, multiple use MPAs and free access areas.

Support to private initiatives would help alleviate the commercial risks of long-term investment in conservation and integrate a wider range of stakeholders in coastal zone management, and thus improve local political support to MPAs. Last but not least, donor support for policy reforms that improve security of tenure and the investment climate in general may also encourage private investment in better environmental practices and conservation.