

**Strengthening Private Sector Participation for
Infrastructure in the Pacific Region
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**Case Study:
Chumbe Island Coral Park
Ecotourism PPP in Tanzania**

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Sources: Chumbe Island, Tanzania, Coral Park Case Study (www.ncppp.org/undp/tanzania.html)
Chumbe Island Coral Park (www.chumbeisland.com/index.html)
Lease: Tanzania Coral Park Case Study (www.leaseown.org)

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Development Challenges of Small Island States

- Remoteness and isolation
- Poverty
- Limited diversification
- Limited capacity
- Susceptibility to changes in world markets
- Susceptibility to natural disasters and environmental change

Source: Commonwealth Secretariat/World Bank Joint Task Force on Small States *Small States: Meeting Challenges in the Global Economy*. (Washington DC: 2000) pp. i-ii.

PPP and Natural Resources

- For small island states, public-private partnership can be used to:
 - Provide environmental protection or improvement without expenditure of scarce government resources
 - Utilize natural resources (e.g., gas, oil, geothermal, or renewable natural resources, such as wood products) to create a funding stream for infrastructure projects.

- This case study, of the Chumbe Island Coral Park concession, is one of the earlier examples of an environmental protection PPP, and has now been emulated in other small island states.

Chumbe Island Coral Park

Chumbe Island Coral Park: A successful, financially self-sustaining marine park and forest reserve, developed and operated as an **ecotourism PPP**.

- a 22-hectare island in Zanzibar, Tanzania (off the coast of East Africa)
- covered by a coral rag forest
- with vegetation growing without groundwater in a bed of coral deposits
- bordered by a fringing coral reef
- home to over 420 fish species and 200 stone coral species.
- sanctuary for many endangered and rare species, such as Ader's Duikers, Coconut Crabs, and Roseate Terns.



The PPP Solution

- The coral reef at the uninhabited Chumbe Island was threatened with destruction due to overfishing and overharvesting.
- A nature conservationist and former donor-aid worker formed a private company, **Chumbe Island Coral Park Ltd (CICP)**, to manage a marine and forest sanctuary on the island.
- A shipping channel nearby limited fishing around the island, so CICP would avoid alienating the local fishermen, whose support would be necessary for the success of the project.
- A partnership was made with the government to create the marine sanctuary and to educate the public about nature conservation.
- Revenues generated from **ecotourism** would cover all operational expenses for CICP and pay for the public education program.



The PPP Project Objectives

- To create a reef sanctuary and forest preserve, maintaining and fostering greater biodiversity.
- To apply business management skills to create and follow a model of sustainable conservation management, which would be supported by ecotourism.
- To educate the public about the need for conservation.



The PPP Partners

- **Public sector partner:** Government of Zanzibar (GOZ), the political body which oversees Zanzibar, a semi-autonomous region of Tanzania.
 - GOZ maintains ownership of Chumbe Island.
 - Zanzibar Ministry of Agriculture, Livestock, and Natural Resources; and Zanzibar Ministry of Lands and Environment as the agencies with direct oversight of the project.
- **Private sector partner** is Chumbe Island Coral Park Ltd (CICP).
 - created by a former donor-aid worker ((Sibylle Riedmiller).
 - Initial capital for the project was provided in part by the company owner and in part by eco-friendly donors.



The PPP Development Process

- In 1991, CICIP approached the government and presented an **unsolicited bid** for the establishment of a marine sanctuary and forest preserve.
- Extensive discussions followed.
- In 1993, CICIP was granted a **land lease** for its eco-facilities and visitors' center, which were built on 2.4 hectares.
- In 1994, the Chumbe Island **Reef Sanctuary** and the Chumbe Island **Forest Reserve** were "gazetted" by the Revolutionary Government of Zanzibar.
 - Granting CICIP exclusive management rights of the reserve and sanctuary for the length of time specified in the contracts.
- In 1998, the project was completed and **ecotourism** started.
- The project took 7 years from inception to completion due to the challenges of dealing with the government bureaucracy.

The PPP Contracts

- In 1993, CICIP was granted a 33-year **land lease** over 2.4 hectares for the visitor center and eco-bungalows.
 - Cost is \$4,874/yr plus fees, licenses, and taxes on commercial operations.
- In 1994, CICIP entered into two **management and operation contracts** with the Government of Zanzibar.
 - One contract was to manage and operate the marine sanctuary for 10 years (renewed in 2004 for another 10 years).
 - Another was to manage and operate the forest reserve for 33 years.
- The **government retains ownership** of the marine sanctuary and Chumbe Island, including the forest reserve and the visitor center and bungalows.
- Ownership of wildlife is always in government hands.

Project Implementation

- CICP has employed various techniques that conserve resources and limit the human presence on Chumbe Island.
 - Minimizes ecosystem disturbance
- All the buildings (7 bungalows and a visitors' center) were developed with environmental technology, using local materials, and are self-sufficient.
- Techniques include
 - rainwater catchment,
 - solar water heating,
 - photovoltaic power,
 - composting toilets, and
 - vegetative grey water filtration.



The Financial Aspects

- Initial capital investment: US\$1.2 million.
 - About two-thirds came from the project initiator.
 - Balance came from academic, environmental, and conservation groups.
- Operation & maintenance costs: US\$150,000 to US\$200,000 per year.
 - Since 2000, operations fully sustained through ecotourism.
 - Revenue covers the costs of research, protection, conservation, and education programs for local schools.
 - Day trips to Chumbe Island: US\$80 per person per day.
 - Overnight stays: US\$165-US\$250 per person per night.
- The financial goal of Chumbe Island is not to generate a profit, but to be both financially and environmentally self-sustaining.
 - Number of visitors to the island is only 40 percent of capacity, but sufficient to cover all operational expenses.
 - Full capacity means 14 overnight guests and 12 day-only guests.
- Through effective management, CICP was able to start with donor funds for the initial capital investment and use ecotourism revenues to fund all subsequent operational costs.

Overcoming Impediments (1)

- Greatest obstacle: gaining stakeholder support.
 - Marine protection was not a government concern and creation of a marine park was met with skepticism.
 - CICP had to work with 7 government departments before the project was approved.
 - By involving several departments in the initial phases of the project, CICP helped people become more receptive to the project.
 - Today, more government officials understand the importance of project conservation, and even passed environmental legislation in 1996 that allows private management of protected areas.
- A Park Advisory Committee was created and is composed of government, university, and village representatives.
 - All groups are able to influence and contribute to the project.

Overcoming Impediments (2)

- CICP worked hard to gain the support of area fishermen and other local residents.
 - Village meetings were held before and during project development to include local communities in the planning process.
 - Local fishermen were recruited to become park rangers.
- CICP thus gained credibility and was able to implement its agenda.
- Local fishermen were able to translate the importance of conservation into tangible benefits and are very respectful of the no-fishing zones.
- By “practicing what they preach,” CICP employees gain further support from local communities and students for their environmental initiatives.



Project Benefits

■ Resource protection

- Over-fished and depleted reefs adjacent to and upstream of the marine park are being restocked.
- Through work with zoos and universities, several endangered and rare species now make their home on Chumbe Island.



■ Environmental awareness

- Local people and tourists are educated about conservation issues.
- Local fishermen learn to respect the no fish zones, allowing these areas to be breeding grounds.



■ Economic benefits to local communities

- Income generation, employment, new work skills development
- market for local produce
- demonstrating sustainable resource management
- restocking commercial fish species in adjacent areas (spill-over).



Lessons Learned (1)

Advantages of private sector participation:

- Private management of a marine protected area can be effective and economically viable, even in a challenging political climate.
- Private management can effectively use a revenue generating operation (ecotourism) to support nature conservation and environmental education in a financially sustainable way.
- Private management has strong incentives to achieve tangible conservation goals on the ground, cooperate with local resource users, generate income, be cost-effective and keep overheads down.



Lessons Learned (2)

Attracting private sector participation in ecotourism:

- Long-term secure tenure, together with a favorable political, legal and institutional environment
 - To encourage long-term investment.
- Clear regulations in the area of land leases, building permits, business licenses, immigration and labor laws
 - to minimize use of discretionary powers by civil servants
 - to avoid delay in development and increase in cost.
- Favorable tax treatment
 - to offset the added cost of using environmentally sound technologies, as well as employing additional staff for park management and environmental education programs.
 - to level the playing field in competing with other tourist destinations.

A Model to Emulate

- The success of the Chumbe Island PPP has led to the establishment of similar environmental preservation PPPs elsewhere.
- This model is a simple one, with no financing from the government, and provides a useful tool for the environment in a remote but scenic location with ecotourism potential.

Thank You

