

Protected area management: how can the private sector play a part?

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We are depleting our natural capital, which sustains lives and economies. A cost-effective way to conserve natural capital, and to restore our natural balance sheet to its proper order is conserving intact systems through protected areas. The optimal way of managing these is through sector (public, private, nonprofit) partnerships: African Parks and SANParks are examples. The economic and social impacts of these partnerships can be extended by taking a landscape approach, which recognizes that protected areas form a part of larger public, private and communal areas.

Much of the global economy depends on natural capital – providing critical services and ensuring resilience – a component of the planet’s balance sheet. The World Economic Forum estimates that around 50% of global GDP (US\$ 44 trillion) depends on nature¹. Yet, the rate at which we are exploiting our natural capital is unsustainable: we currently require around 1.6 of Earth’s per-year² to sustain our current rate of resource use. Managing and conserving intact systems through protected areas is one of the most cost-effective ways to conserve natural capital in the long term, and to unleash significant socio-economic benefits.

A recent McKinsey study estimates that conservation management using the “30 by 30” target (protecting 30% of lands and oceans by 2030) could produce \$300 to \$500 billion in GDP and provide

30 million jobs in ecotourism and sustainable fishing alone³

The private sector can play a role in managing protected areas, given their need for sustainable management and the financial constraints in public sectors. Potential areas of involvement are explored below.

Often, private sector support can leverage other donors and bilateral/multilateral grants support, creating a multiplier effect and enabling rapid scaling up.

SUPPORTING MANAGEMENT MANDATES

Protected areas - including national parks and reserves - are national assets, and governments are responsible for the legislation governing them. Effectively implementing this entails the following five elements:

- **Governance structures** ensuring clarity of responsibilities, transparency and accountability, with appropriate checks and balances between governments (policy and targets) and the executing entities;
- **Management capacity** to implement the business and conservation principles of planning, monitoring, and adapting;
- **Building a constituency for conservation**, by involving communities living in and around protected areas, ensuring that they benefit from these areas and participate in their
- **Law Enforcement**, to protect biodiversity and support local/regional safety and security (necessary conditions for the socio-economic development of the area);
- **Ensuring proper human and financial resourcing and management**, by employing and capacitating appropriately qualified staff, and ensuring adequate resources are allocated or mobilized to finance critical

Management mandates can take different forms, from direct government management to partnerships between NGOs and governments (public-private partnerships). SANParks and African Parks - the focus of this article - illustrate these approaches.

SANParks is the public agency tasked with protecting South Africa's natural and cultural heritage, including its state-owned national parks and reserves. With its long history of conservation, it develops strategy and sets targets, provides budget allocations for annual work plans, establishes and maintains infrastructure, recruits and manages the park workforce, monitors and evaluates progress, promotes tourism and sustainable enterprise, and manages both the extractive and non-extractive sustainable use of resources, among others.

The public-private partnership model, as a conservation solution, was pioneered by the non-profit African Parks. It has been managing and funding protected areas in partnership with governments since its founding in 2000. Under this model, a long-term mandate is secured between a national government, the legislative authority and owner of the asset, and African Parks, who manages it within an agreed strategic framework. This clear separation of responsibility ensures accountability to the government partner.

Regardless of the approach adopted, additional private sector actors are needed to maximize the impacts and social returns on investment (SROI). This can come in the form of operational or project-based support (e.g. healthcare, education), in-kind expertise and donations and endowments, allowing for long-term financial stability and risk mitigation, as well as through ecotourism and activity-based income-generating private sector operations. The SROI is historically evidenced by

changes in biodiversity, community livelihoods, safety and security. Often, private sector support can leverage other donors and bilateral/multilateral grant support, creating a multiplier effect and enabling rapid scaling up.

GENERATING REVENUE STREAMS FROM CONSERVATION-LED ECONOMIES

State-owned protected areas serve as catalysts for economic development in the communities adjacent to them and make important contributions to the overall local economy and national GDP.

Tourism is often the primary revenue-generating activity of protected areas, playing an important role in their financial sustainability. It has also been one of the most significant examples of private sector involvement in conservation management. Concessions are granted to the private sector in and around protected areas, resulting in the development of lodges, tourism-related infrastructure, various tourism offerings (from community guiding to high-end luxury experiences) and the promotion of tourism in outbound markets, with the revenue ideally feeding back into the protected area and surrounding communities.

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The benefits for local and national economies along the value chain are significant. Prior to COVID-19, over 418,000 people derived their livelihoods from tourism in South Africa, roughly equivalent to the number of jobs created in South Africa's mining sector⁴.

Payment for ecosystem services is another potential revenue stream involving protected areas and the private sector. For example, protected areas play a significant role in climate change mitigation, storing carbon dioxide in vegetation and soils. According to IUCN, currently they store about 12% of terrestrial carbon stocks⁵. Thus, protected areas lend themselves to the voluntary carbon offset markets and private sector partners can play a vital role by purchasing carbon credits, and this could be the entry point for holistic investment and support, including direct support, biodiversity offsets, water preservation, soil quality.

THE LANDSCAPE APPROACH: PRIVATE SECTOR PROMOTION OF SUSTAINABLE LONG-TERM DEVELOPMENT

Developing a landscape approach, by balancing competing land uses and activities, is key to the long-term sustainable development of any system. As such, it is important to recognize that protected areas form part of broader landscapes comprising public, private and communal areas that share a common future. Although both the public and private sectors can play several important roles in bringing stability to these landscapes, the private sector brings more value as a proportion of land managed.

Private sector actors in these areas can procure from them, creating sustainable value chains that fuel community enterprises linked to the protected areas. By connecting protected areas with buffer

areas (e.g. through managing adjacent private concessions), secondary public protected areas (like game management areas, and communal protected areas) provide opportunities for expanding the contiguous conservation landscape and its benefits.

The Greater Kruger National Park (GKNP) is a good example of the landscape approach to conservation. This is a network of protected areas, encompassing the Kruger National Park (KNP), several provincial reserves, highly commercialized private nature reserves and high-density rural communities. While KNP serves as the core, 20 private reserves within the landscape add more than 200,000 hectares to Kruger's 1.9 million hectares, and they are allowing for common ecological management of the entire area, while maximizing the economic benefits. Thus, 57% of the economic impacts originate from the private reserves occupying only 15% of the total land area⁶.

Maintaining healthy ecosystems is more cost effective than trying to restore or replace them, taking into account costs to public health and global GDP. National protected areas have the legislative imperative - they are demarcated, have a clear mandate, and can anchor larger ecosystems.

Studies suggest that 30% of the planet needs to be put aside for nature in order to ensure our survival and to maximize the benefits we - including our economies⁷ - obtain from the natural world. This merits the involvement of every sector in finding mechanisms and solutions for ensuring the protection of nature. Yet protected areas must also be effectively managed and financed to unlock their benefits. The private sector has an important role to play in complementing public sector investment to ensure these areas are conserved in perpetuity, through funding and management in partnership with governments and through unlocking their potential by creating sustainable conservation-led economies around them. The Covid-19 pandemic has had a devastating impact on nature-based tourism, which provided much needed funding for protected areas; this has resulted in a funding opportunity. Strategic public-private partnerships bring the responsiveness and speed to drive innovations and restore our natural balance sheet to its proper order.

1. World Economic Forum in collaboration with AlphaBeta "The Future Of Nature And Business" - 2020
2. Global Footprint Network - Ecological footprint (<https://www.footprintnetwork.org/our-work/ecological-footprint/>)
3. McKinsey & Company, Valuing nature conservation - A methodology for quantifying the benefits of protecting the planet's natural capital, September 2020
4. Third South Africa National Biodiversity Assessment (NBA), 2019
5. IUCN - Briefing Paper - December 2019 - Protected Areas and Climate Change
6. Summary of the GKNP Economy - April 1, 2016 to March 31, 2017
7. McKinsey & Company, Valuing nature conservation - A methodology for quantifying the benefits of protecting the planet's natural capital, September 2020

