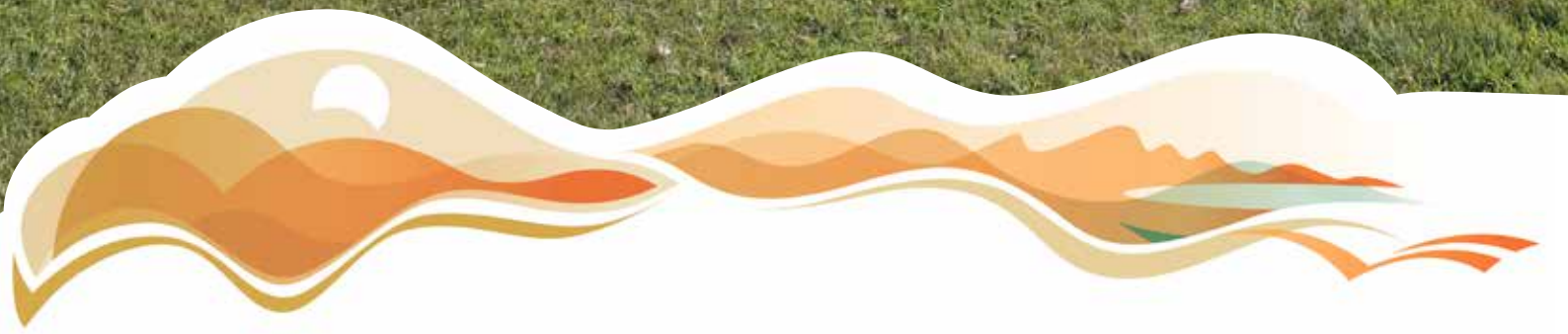


# Operational Guidelines for Community-Based Tourism in South Africa



**tourism**

Department:  
Tourism  
**REPUBLIC OF SOUTH AFRICA**



International  
Labour  
Organization

## Operational Guidelines for Community-Based Tourism in South Africa

Developed for the Department of Tourism of the Republic of South Africa (NDT) in partnership with the International Labour Organization (ILO).

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## ACRONYMS

<b>B&amp;B</b>	Bed and Breakfast
<b>B2B</b>	Business-to-business
<b>B2C</b>	Business-to-customer
<b>BOT</b>	Build-Operate-Transfer
<b>CBNRM</b>	Community-based Natural Resource Management
<b>CBO</b>	Community-based Organisation
<b>CBT</b>	Community-based Tourism
<b>COV</b>	Communally-owned venture
<b>DTI</b>	Department of Trade and Industry
<b>EoI</b>	Expression of Interest
<b>GPS</b>	Global Positioning System
<b>IPAP2</b>	Industrial Policy Action Plan
<b>LCFN</b>	Living Culture Foundation Namibia
<b>NDP</b>	National Development Plan
<b>NDT</b>	National Department of Tourism
<b>NGO</b>	Non-governmental organisation
<b>NTSS</b>	National Tourism Sector Strategy
<b>PDL</b>	Public drivers licence
<b>PPP</b>	Public Private Partnership
<b>SANParks</b>	South African National Parks
<b>SARS</b>	South African Revenue Services
<b>SCORE</b>	Sustaining Competitive and Responsible Enterprises
<b>SEDA</b>	Small Enterprise Development Agency
<b>SMME</b>	Small, Micro and Medium Enterprise
<b>SRI</b>	Social Responsibility Investment
<b>SRIP</b>	Social Responsibility Implementation Programme
<b>STO</b>	Special Tour Operator
<b>TFPD</b>	Transfrontier Parks Destinations
<b>TNW</b>	The Nature Workshop
<b>WSSD</b>	World Summit on Sustainable Development

## GLOSSARY

Community	Community can be defined as a social group of any size whose members reside in a specific locality, share government and may have a common cultural and historic heritage/s. It can also refer to a group of individuals who interact within their immediate surroundings. A typical local community consists of business operators, public agency staff and residents, and their interactions and can include sharing of resources, information and support as well as establishing commercial relationships between local businesses and consumers.
Community-based Tourism (CBT)	Refers to any tourism business or activity that is located within a community, it may either be privately owned or managed or operated with the involvement of the local community members. It should be able create community linkages and adhere to responsible tourism practices that take environmental, social and cultural sustainability into account.
Community participation	Refers to the forms of involvement and engagement of people in decisions affecting their lives.
National Department of Tourism (NDT)	The National Department of Tourism is responsible for developing and promoting tourism in South Africa.
National Development Plan (NDP)	The National Development Plan: Vision for 2030 is a long-term strategic plan for the country to eliminate poverty and reduce inequality by 2030 through uniting South Africans.
National Tourism Sector Strategy (NTSS)	The National Tourism Sector Strategy is viewed as a blueprint for the tourism sector. It contributes towards creating conditions for sustainable tourism growth and development for South Africa, in line with the Tourism Act, 2014 (as Amended) and the White Paper on the Development and Promotion of Tourism in South Africa (Tourism White Paper, 1996).
Public Private Partnership (PPP)	A commercial transaction between an institution and a private party, where the private party acquires property for its own commercial use and assumes related substantial financial, technical and operational risks. The private party receives a benefit from using the state property by charging fees to customers that they provide a service to. <sup>1</sup>
Responsible tourism	Refers to a tourism management strategy in which the tourism sector and tourists take responsibility to protect and conserve the natural environment, respect and conserve local cultures and ways of life, and contribute to stronger local economies and a better quality of life for local people.
Social Responsibility Implementation Programme (SRIP)	The Social Responsibility Implementation Programme is a programme of the National Department of Tourism aimed at alleviating poverty and creating jobs.
Support agency	A support agency is a government institution, NGO or other agency that assists in implementing community-based tourism.
Sustainability	Use of resources in an environmentally responsible, socially just and economically viable manner, taking care of present needs without compromising the ability of the future generations to meet their own needs.
Sustainable tourism	Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities. <sup>2</sup>

Tourism concession	A concession is the right to use land or other property for a specified purpose, granted by a government, company, or other controlling body. It can include a commercial operation or a piece of land into which land is divided, and itself further divided into smaller lots <sup>3</sup> . A tourism concession could provide accommodation, food and beverage, recreation, education, retail and interpretive services <sup>4</sup> . Concessions are also termed Public Private Partnerships (see above).
Tourism venture(s)	A tourism venture refers to a business involved in the development of tourism-linked products or services.
Joint venture	A joint venture is a partnership where an established company and a community entity jointly invest in, manage and profit from one particular business. It is in the nature of a joint venture that the different partners share risk and profit, but how much depends on exactly how the partnership is structured.

## Acknowledgements

The guidelines were formulated through an inclusive consultative process, including consultations with the International Labour Organisation (ILO) and the NDT during the scoping, interviews with government entities, private sector operators, beneficiaries of community-based tourism (CBT) ventures, support agencies and funding organisations, as well as a review of draft content and best practice examples. Kindly refer to Section C for details of the process, and of the people who contributed towards the development of the guidelines.



## PART A: INTRODUCING COMMUNITY-BASED TOURISM

### BACKGROUND TO THE GUIDELINES

The role of communities in tourism in South Africa is strongly emphasised in a series of national policies and instruments that were established over the past two decades. For example, the *1996 White Paper on the Development and Promotion of Tourism Development in South Africa* stressed that communities were expected to play a vital role in tourism development. The ground-breaking policy called on communities to identify potential tourism resources and attractions, to use them as a basis for exploring tourism development opportunities, and to seek partnership opportunities with the private sector, while supporting and promoting responsible tourism and sustainable development.<sup>5</sup> In 2002, the *National Responsible Tourism Development Guidelines for South Africa* re-affirmed the White Paper's call, and further stressed that communities should establish new and complementary products for the formal tourism sector, and that visitors should be encouraged to spend more money in the local economy. However, the guidelines stress that potential adverse social impacts from tourism should be monitored and minimised, and that local cultures should be protected from over-commercialisation and over-exploitation.<sup>6</sup>

The World Summit on Sustainable Development (WSSD) held in Johannesburg in 2002 recognised the contribution of tourism to the achievement of several Millennium Development Goals, especially those relating to poverty alleviation, environmental conservation and creation of employment opportunities for women, indigenous communities and young people.<sup>7</sup> Similar principles were integrated into the subsequent Sustainable Development Goals adopted by South Africa in 2015.

South Africa's New Growth Path<sup>8</sup> and *Industrial Policy Action Plan* (IPAP2 2014/15-2016/17) identifies tourism as one of the six pillars of growth and as a sector that will contribute to the development of rural areas by growing the economy and creating decent work and sustainable livelihoods.<sup>9</sup>

The *National Tourism Sector Strategy* (NTSS)<sup>10</sup>, produced by the National Department of Tourism to act as a blueprint for the tourism sector, identifies community beneficiation as a tool that can help alleviate poverty and create jobs. The strategy also highlights that the growth of tourism has not yielded genuine benefits for communities due to a number of challenges that negatively impacted sustainable tourism development in communities.

The NDT developed a *Framework for Community-based Tourism* in 2015<sup>11</sup> through a consultative process. Discussions with stakeholders on the framework recommended the development of guidelines to support the development and management of community-based tourism.

These guidelines are the product of collaboration between the NDT and ILO to develop Operational Guidelines for Community-based Tourism, and a corresponding implementation plan.

The NDT has been involved in a number of constructive collaborations with the ILO in the area of tourism, particularly through the ILO project on Sustaining Competitive and Responsible Enterprises (SCORE) programme. SCORE responds to the national priorities by supporting growth and sustainability in the tourism sector, both of which complements and responds to the IPAP2 and the NTSS.

The *Operational Guidelines for Community-based Tourism in South Africa* was developed through a consultative process with:

- National, provincial and municipal departments involved in community-based tourism development or community development
- Support agencies involved in developing either community-based tourism or tourism ventures within communities
- Private sector operators partnered in joint ventures with communities Private sector operators with supply chain linkages within communities

## ABOUT THIS GUIDE

### What are the guidelines?

These guidelines describe a step-by-step approach to developing a community-based tourism venture. They cover all stages of the process, from venture design to operation. The precise approach taken in any individual case, will of course, vary. However, following these guidelines will maximise the chances of success in your chosen CBT venture.

### What is the purpose of this guide?

This guide is not a technical manual or a detailed toolkit and reading it will not make you an expert in community-based tourism. However, the guide does help create an understanding of community-based tourism and provides basic guidance to help establish and operate commercially viable community-based tourism ventures in South Africa, in both urban and rural areas. The guide also provides examples of good practice; highlights the challenges to community-based tourism and provides links to more detailed resources.

### Who should use this guide?

This guide is intended to be used by organisations that develop community-based tourism ventures, but can also be used by individuals and groups that have an interest in community-based tourism or are already involved in community development. It is aimed at:

- Government departments and support agencies that implement community-based tourism
- Private sector operators interested in partnering with communities or adjusting their operations to the community-based model
- Investors looking to invest in community-based tourism
- Development finance institutions involved in financing community-based tourism
- Traditional authorities at all levels
- Provincial heritage agencies
- Organisations that work within communities

### How to use this guide?

The guide has three parts:

**PART A:** What is community-based tourism and what community-based tourism models are covered in this guide?

**PART B:** A step-by-step process to develop a successful community-based tourism venture

**PART C:** Additional resources and links to useful websites

The step-by-step process in Part B describes how a community-based tourism venture can best be designed, established and operated so that it thrives and provides the community with meaningful benefits. Each step within the process includes:

- The guidelines upon which the step is based
- A description of each action to be taken

If you are considering a number of communities in which a CBT venture can be developed, apply the guidelines to one community at a time.

### What type of developments does this guide apply to?

The use of this guide is not limited to new community-based ventures. It can also be used for:

- CBT ventures that are in-development

- CBT ventures that are operating but not thriving
- CBT ventures that have failed
- Tourism ventures that are operating successfully but want to adapt to the community-based approach

**Part B** provides more information on how this guide can be used to develop CBT ventures in different stages of development.

## WHAT IS COMMUNITY-BASED TOURISM?

Many definitions of Community-based Tourism are currently used worldwide. Despite the number of meanings in use, most definitions have two key similarities. The first is that the community has some level of involvement in the tourism venture, be it decision-making, ownership, management or simply being involved in the delivery of the tourism service. The second is that, in addition to employment, the community benefits from the tourism venture. These benefits may be economic, social, cultural or environmental – ideally a mix of these main types of benefits.

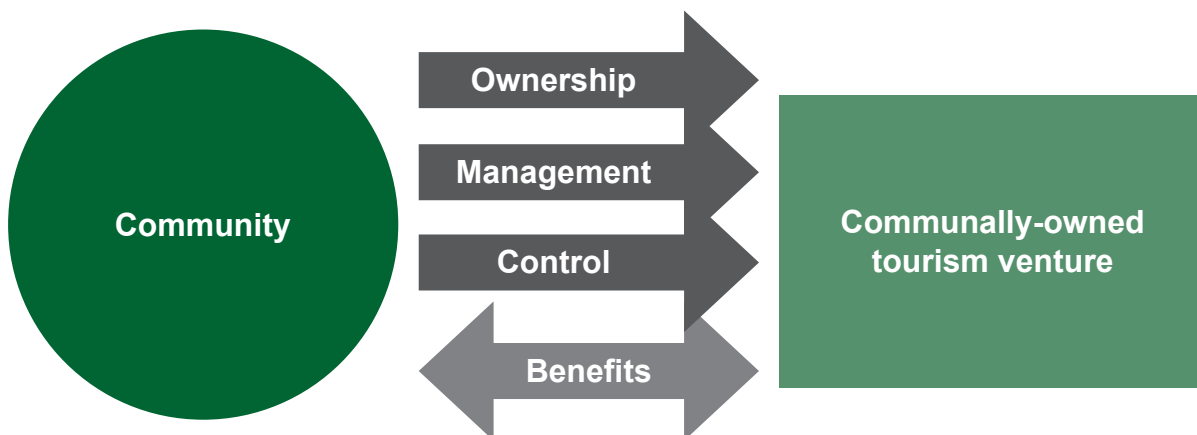
There are several models for CBT ventures that have varying levels of community involvement and community benefits. Figure 1 shows the different models – community ownership and involvement

An overview of the four models of CBT described in this guide is provided below.

### Communally-owned tourism venture

In a community-owned tourism venture (COV), the community has full ownership, control and responsibility of the venture and the majority of benefits remain within the community. The venture may be established through volunteerism without capital investment, funded by donor agencies or government, accumulated community resources or is financed through socially responsible investment – investment in which a private sector investor considers social good as important as financial return – or any combination of these sources. Government and non-governmental organisations provide technical support, training and capacity building. The venture benefits from community resources, such as land, labour and building material, contributed to establish the business.

**Figure 1: Communally-owned tourism venture**



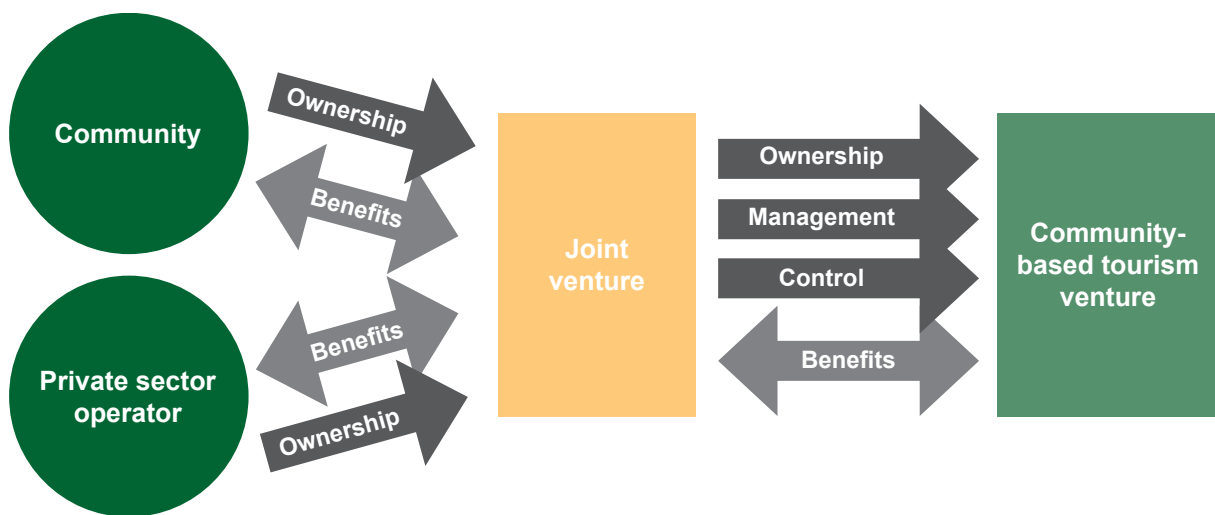
### Bulungula Lodge

Bulungula Lodge, a backpackers hostel on the Wild Coast on the Eastern Cape, is owned and managed by the Nqileni community. The business was originally a joint venture and a private sector partner was involved for ten years. This was time enough to establish the CBT venture, ensure that it is profitable and train the community to manage the lodge themselves. The private sector partner withdrew from the CBT venture in 2014 and the community took over full management from that point on. During the ten years of being a joint venture, the business helped establish several community-owned businesses that have created jobs and income for 33 families over and above those employed directly at the lodge. These community-based businesses include a restaurant and activities. In 2007, the business created the Bulungula Incubator, a not-for-profit organisation working in education, health and infrastructural projects in the community<sup>12</sup>.

### Community tourism initiative in a partnership with a private sector operator

Partnerships between a community and a private sector operator most commonly takes the form of a joint venture (JV). Both contribute to the partnership, have a share of ownership and receive benefits. Usually the community contributes resources that they have access to like land, grant funding and labour. The private sector typically contributes expertise and investment, be they business and financial management expertise, marketing knowledge, existing client bases, reputation, capital and security for commercial loans.

**Figure 2: Joint venture between the community and a private sector operator**



### Rocktail Beach Camp

Rocktail Beach Camp is a 12-bed tented luxury camp in the iSimangaliso Wetland Park in Northern KwaZulu-Natal that attracts diving, fishing and beach tourists. The camp is owned by a joint venture between the Wilderness Safaris Group and the Mpukane community and is operated by Wilderness Safaris. The camp has a concession agreement with the iSimangaliso Wetland Park Authority and as part of the rental agreement, 8% of the rent is given to the community.

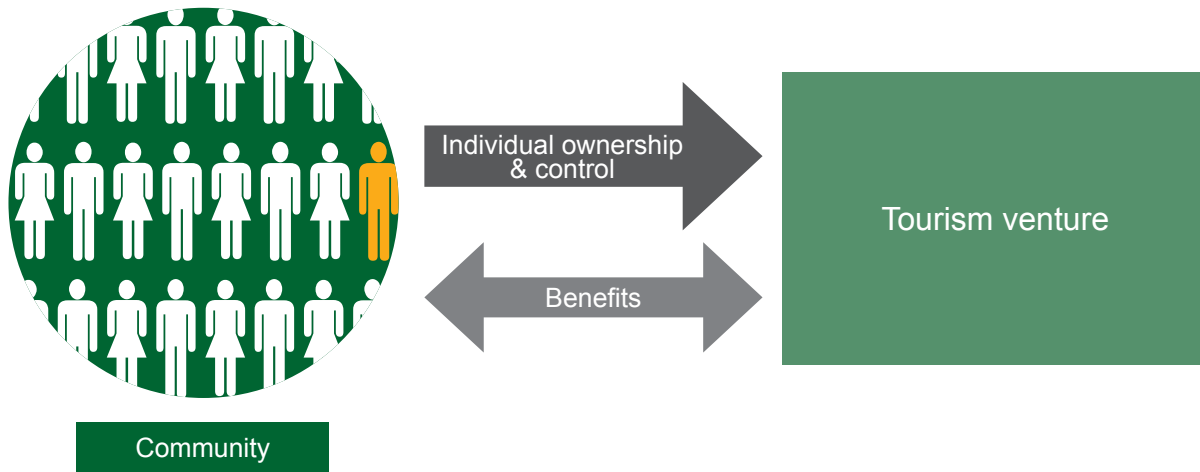
Wilderness Safaris and the community have also partnered in a joint venture in the communal area outside of the park at Gugulesizwe. The Gugulesizwe Community Centre offers accommodation, community tours and traditional meals.

Rocktail Beach Camp is also involved in various conservation and local economic development initiatives from which the community benefits. The camp employs 32 community members' full time, and others for seasonal and casual work. It also buys crafts from local crafters for display in the craft centre and as décor and furnishing for the lodge. Given the low education levels, the high rates of rural-urban migration, low livestock numbers and the dependence on subsistence farming and agriculture, these contributions to the local economy are invaluable.

### Community-based tourism entrepreneurship (CBTE)

A community member, a group of community members or an individual with links to a community may establish and run a tourism venture that is based on community resources, be they natural and cultural. This model is no different from that of a traditional small business - the venture has no formal commitments in relation to community benefits, though the community may benefit from employment or enterprise linkages.

**Figure 3: Community-based small business**



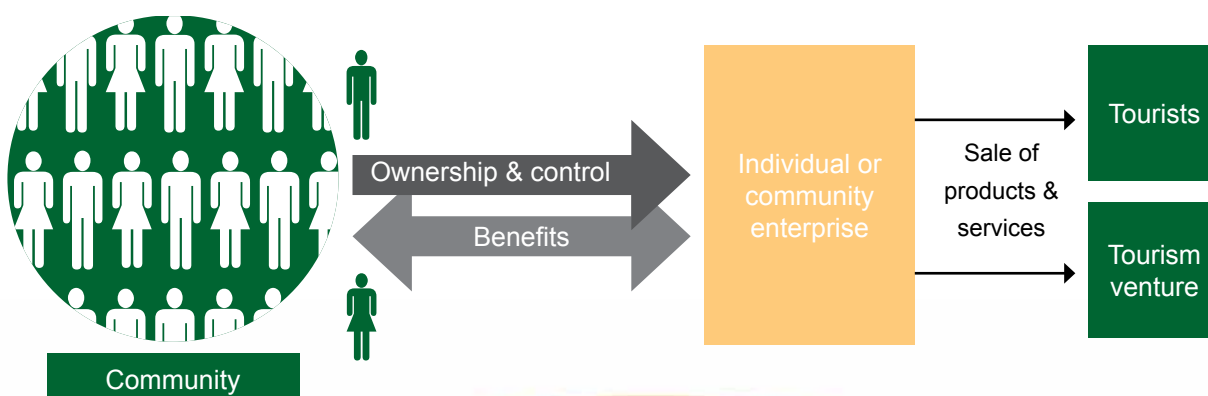
#### Wild Tours

Port St. Johns local, Jimmy Selani, has been offering visitors a five-day guided hike from Port St. Johns to Coffee Bay since 1998. At first he operated informally, but since 2008 has been trading under the banner of his business, Wild Tours. Jimmy takes care of bookings as well as marketing and management of the venture. He employs four guides. Wild Tours earn income from hiking tours, but households in villages along the route provide meals and accommodation and are paid directly by hikers. Jimmy can also arrange a porter for hikers, and porters are also paid directly.

### Community enterprise linkages with private sector-owned tourism businesses

Individual entrepreneurs, partnerships and collectives in communities (e.g. cooperatives) sell their products or services to tourism companies and to tourists. Tourism businesses may also provide opportunities for guests to visit communities and spend money directly on products (e.g. craft, décor and food) or services (e.g. guided tours, visits to cultural attractions and transport). The community enterprise linkages (CEL) model emphasises the involvement of communities in the tourism supply and value chain. It is important to note that the private sector owned tourism business can be either owned by an entrepreneur/s within the community or have owners from outside the community.

**Figure 4: Community enterprise linkages with private sector-owned tourism businesses**



**Spier**

Spier, a wine estate in Stellenbosch, has helped several local entrepreneurs establish a business and then given these new businesses a boost by using their services. The first of these businesses was Bernie Samuel's Klein Begin laundry service, to which Spier has been outsourcing its laundry since 2004. Klein Begin now employs five people from the community and following its success, Spier contracted people from the community to meet other needs like making bricks, building decks and collecting firewood. Most recently, Spier helped one of its drivers form a partnership with the transport company it uses. Importantly, Spier has a facilitator who mentors the budding entrepreneurs and assists with business development. Helping local entrepreneurs is a win-win situation – the entrepreneurs receives guidance to establish their business and Spier meets its aims for making better buying choices.

## WHY DO CBT VENTURES SUCCEED OR FAIL?

The drivers of success for CBT ventures, and some of the challenges involved, are set out in Table 1. As will be seen, key factors that improve chances of success are: commercial viability, establishing good governance in the venture, having strong business acumen and market awareness, and having access to skills and support within the community. Avoiding problems that are typically encountered in CBT initiatives will enhance the likelihood of success of a CBT ventures.

**Table 1: Drivers of success and challenges to success in CBT<sup>13</sup>**

Drivers of success	Challenges and barriers
<b>Accessing resources</b>	
Land ownership and other resource issues are clear and well-defined	Land and resource disputes are rife and reoccur
Support infrastructure – including road access, telecommunication networks, power supply and water supply – are adequate and well-maintained	Support infrastructure – including road access, telecommunication networks, power supply and water supply – are inadequate and poorly-maintained
Existing facilities are well constructed and well maintained	Existing facilities are poorly constructed and poorly maintained
<b>Ensuring commercial viability</b>	
The venture is commercially viable and sustainable. There is market demand and it offers a good quality product or service that has market access	The venture lacks a viable business plan, an adequate source market or access to the source market. Costs are covered by donor funding instead of revenue
There are good marketing, promotion and communication mechanisms, as well as strong linkages to tourism distribution channels	The venture has little or inappropriate marketing and promotion, and inadequate communication and coordination
The venture is dynamic and able to adapt to a changing market	The venture cannot respond to market changes due to inadequate knowledge or skills
There are opportunities for replication through additional business ventures in the community	The venture is an isolated venture and has no commercial linkages or economies of scale
There is a strong sense of ownership and custodianship within the community and this helps to enhance tourism resources	Community members do not understand the value of tourism and feel excluded. There is no impetus within the community to protect tourism resources
<b>Getting community support and developing good stakeholder relationships</b>	
The community shows a willingness and enthusiasm to engage in CBT	The community is either resistant or not committed to CBT
The community is cohesive and mostly unified	There are high levels of community conflict and progress is hindered by personal interests

Drivers of success	Challenges and barriers
There is ongoing, inclusive and regular communication between all stakeholders	There are poor communication structures between partners and the community and this results in messages that are distorted or misunderstood
Educating the community on business principles has created an understanding of the role and rights of all private sector partners	There are tensions between the community and private sector partners due to a lack of understanding of the role and rights of each
There are strong partnerships between the community, support agencies and the private sector that are based on mutual respect and trust	There are weak linkages with support agencies and the private sector, or the community has linkages with weak partners. Partnership obligations are not fully understood or there is conflict between the partners and the community
Managing expectations and the distribution of benefits	
CBT is part of a broader development strategy for the community, and part of a mix of economic activities	CBT considered a quick fix to reduce poverty, and is isolated from other community activities
The community has realistic expectations of the timeframes, returns and challenges of tourism	The community is over-optimistic and has an expectation of quick, easy and sizable benefits for all
Benefits are distributed as agreed by the community	Mechanism for distributing benefits is not agreed on, or fully understood, or properly implemented. Beneficiaries are not clearly defined
The venture's governance structure is effective and accountable with transparency in its processes and reporting	There is a lack of accountability and unclear roles and responsibilities
Ensuring social equity	
Community members, including women and youth, are empowered through high levels of participation and decision-making	Participation is dominated by the powerful and wanes over time. There is a lack of understanding of who the role players and beneficiaries are in the community
Creation of employment and business opportunities in the community is allocated on an equal opportunity basis and in relation to the needs of the venture	Powerful people access opportunities and women and youth are marginalised
Dealing with limited capacity	
The community understands the needs and wants of tourists, and is motivated to satisfy them. The community also has the competencies to manage and operate the venture	The community has a limited understanding of the mechanics of both tourism and business
Standards are developed to meet market demand, and the community is educated and trained to meet them	The community lacks sufficient knowledge of the market, affecting product quality and service delivery
There is adequate capital investment and knowledge of how to access it	There is a lack of collateral to secure loans
There is sufficient knowledge and skills to manage the finances and benefit distribution	The venture fails to manage cash-flow and benefit distribution
Employees and managers receive adequate training (formal and on-the-job)	There are inadequate skills to manage and operate the venture. Training ceases when donor funding ends
NGOs, government and the private sector provide training	There is difficulty in accessing affordable training
Training programmes are customised for the community, the market and the location	Training programmes are generic and not appropriate for specific communities, markets and locations

Drivers of success	Challenges and barriers
<b>Conserving culture and heritage</b>	
CBT promotes revitalisation of customs and the preservation of heritage sites	CBT results in over-commercialisation of culture and damage to heritage sites
CBT promotes environmental conservation and the sustainable use of natural resources	CBT results in the pollution of the environment and degradation of natural resources without rehabilitation
<b>Navigating a challenging legal environment</b>	
All stakeholders are committed to facilitating CBT	There is a lack of coordination between stakeholders, particularly government departments
Support agencies provide assistance in navigating bureaucratic procedures and meeting legal requirements	Communities are discouraged by red tape and the challenges of navigating complicated government bureaucracy

### Challenges to CBT ventures

The attraction for tourists of many community-based tourism ventures is that they offer tourists the opportunity for cultural exchange and to learn about the local culture. However, when communities begin tourism ventures but those involved do not have tourism experience, they can be completely unaware of the expectations of tourists. Sometimes, differences in culture can also cause gaps in expectations and service quality, and none more-so than in the difference between tourists' and a community's attitude towards time. The Living Culture Foundation Namibia (LCFN) faced this problem when they helped the Ju/'Hoans community establish Namibia's first living culture museum in 2004. The San community did not understand that tourists expect prompt service. This led to disgruntled visitors and in some cases, visitors left after being made to wait. LCFN now stresses to the communities it supports the importance of timely service.

Another major challenge to CBT is that communities often have a limited capacity to manage a CBT venture. A stakeholder interviewed used the word "naive" to describe the communities' knowledge and understanding of tourism, business and tourists. Communities also often lack the skills to manage and operate the venture. To address limited capacity among communities in Namibia's communal conservancies, the Namibian Association of Community-based Natural Resource Management (CBNRM) Support Organisations (NACSO), an umbrella body of support agencies, created a long list of training manuals, covering a wide range of issues including creating tourism awareness within communities, establishing tourism ventures and guidelines for joint ventures.

The City of Cape Town developed the Guga S'thebe Arts and Cultural Centre with the purpose of creating a central tourism attraction in the Langa township. Management was meant to pass into the hands of a community structure, but there was in-fighting within the community about who would be involved. In the absence of a cohesive community structure, the centre has remained in the hands of the city.

Here are some examples illustrating how community-based tourism ventures encounter the same challenges conventional tourism ventures do:

- At the time of publication, Buffalo Ridge Safari Lodge in the North West province was facing crippling water shortages due to drought. Putting measures in place to ensure water security is costly.
- Occupancy levels at the Masakala Traditional Guesthouse are seasonal. The guesthouse addresses seasonality through its partnerships with universities whose students come to do research in the area. Its partnership with the Freedom Challenge, the mountain bike race also boosts numbers during the off-season month of September.
- Communities can have deeper societal problems that can affect the CBT venture. Alcoholism within communities affected the quality of the experience offered at one of Namibia's living museums. A rule was created – an actor is not allowed to perform if they are drunk or hungover.



## Revitalising CBT at !Xaus Lodge

!Xaus Lodge is jointly owned by the Mier and Khomani San communities, and was built as a result of a land-claim settlement. At first, the lodge faced the challenge of underinvestment. The first investment of R6.5 million was too little and after the second investment of R4.5 million the lodge was still unfinished. When Transfrontier Parks Destinations (TFPD) took over management in 2007 (within a community-public-private partnership), the lodge was a white elephant. Problems included inadequate infrastructure, poor operational standards, lack of skills and resources, shortage of operation capital and no way of defining success.

TFPD applied their own model for helping communities to revitalise underperforming tourism assets. Here is the TFPD model and how it matches with these guidelines:

1. Identify destinations that have real tourism potential – Step 1
2. Access grant or donor capital for infrastructure development and operations till break-even - Step 4.5
3. Ensure a financial contribution to the community from day one
4. Make the lodge a catalyst for other economic activities - Step 2.7
5. Provide strong management leadership and mentorship – Step 5.9

This model allows the community to keep ownership of the tourism asset and benefit from its growth. Unlike other models in which the community earns a percentage of the profit, with the TFPD model, the community earns a percentage of turnover, meaning that they benefit from any business coming to the lodge. The community benefits from the percentage of turnover, job creation and local procurement.

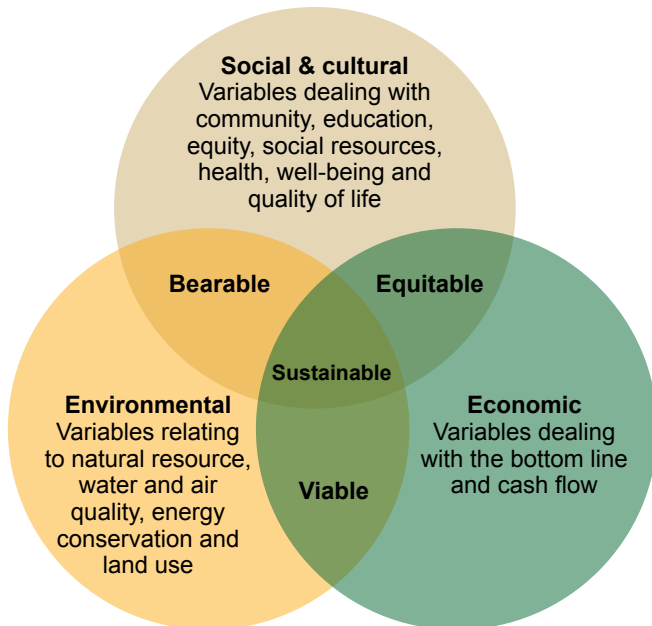
!Xaus Lodge is now a world-class tourism operation, offering a high quality experience on par with comparative commercial lodges. It has 30 employees and accounts show that since opening, the lodge generated R24.5 million for the local economy in the Northern Cape above the Orange River. The Komani San and Mier communities have each received R0.5 million income as part of their management fees, local staff income totalled R7.1 million and local enterprises earned R0.4 million since 2008.

## RESPONSIBLE TOURISM

Responsible tourism is part of South Africa’s national policy for good reason - it is about “**creating better places for people to live in, and better places to visit**”.<sup>14</sup>

A responsible tourism venture aims to maximise positive impacts and minimise negative impacts in three areas known as the pillars of responsible tourism – the environment, society and culture, and the economy.

**Figure 5: The pillars of responsible tourism**



Source: Adapted from [fourewesdesign.com](http://fourewesdesign.com)

### Pillar 1: Environment

Responsible tourism activities conserve the natural environment and avoid damaging those attractions that are often the reasons that people travel in the first place – a beautiful waterfall or the bush teeming with free roaming wildlife. All tourism has some impacts on the environment – it is unavoidable – but CBT ventures take steps to prevent and reduce negative impacts. For example, they undertake responsible waste management including the appropriate disposal of waste and avoiding the over-use of natural resources.

### Pillar 2: Social and cultural

A CBT venture relies heavily on people – especially community members – as staff, suppliers and buyers of goods, services and cultural services. Care should be taken to protect and support the local culture and traditions. The CBT venture should also provide equal opportunity to all community members and help improve their quality of life by respecting community traditions, engaging them in the venture (e.g. as staff) or enabling them to benefit from the venture indirectly. Communities may be custodians of cultural heritage sites, make and sell craft products, supply décor items or cook traditional dishes that can be offered to tourists.

### Pillar 3: Economy

Similar to any other business, a CBT venture must be commercially viable, but to be responsible it must also have a positive impact on the local economy. This can be done through the community having ownership in the business, by creating employment (directly and through local value chains) and offering decent wages and working conditions for community members, and buying from local suppliers and using local services instead of buying from companies based far away. Money spent by a CBT venture within the community contributes to community members’ wages and helps them support their families and drive the local economy through their expenditures.

## Responsible tourism at African Ivory Route's Baleni Camp

Tsonga women have been hand-harvesting salt at the Soutini Hot Spring at Baleni in Limpopo for many years, but this tradition was threatened by machine-harvesting and a lack of interest from the younger generation. When Transfrontier Parks Destinations (TFPD) took over as the management and marketing company of the African Ivory Route, they noticed immediately that guests would be interested in watching, and even participating in the salt harvest.

TFPD soon realised that apart from the interest from tourists, local women needed an incentive to continue harvesting salt using the traditional methods. TFPD helped identify consumers interested in buying Baleni salt and provided a simple chain of distribution for Baleni salt to reach these markets. Since then the TFPD Foundation have increased the producer price of salt by 50% in 2014 and generated a sale of 375 kg over and above what the harvesters typically produced in a year. This means that an additional R15,885 worth of income was earned by the salt harvesters in 2014 from the sale of salt alone.

As a result of the renewed interest in harvesting salt, there is a major growth in tourism for the area. In 2015, there was a 200% increase in bookings over the previous year. This is attributed to both the media exposure and the direct interest generated by 'foodie' and cultural tourists.

Overall, this situation benefits the environment, the culture and local women as the salt is unlikely to run out soon if it is hand-harvested, traditional skills are preserved and women from the community continue to earn a livelihood by harvesting salt.

## UNDERSTANDING TOURISM

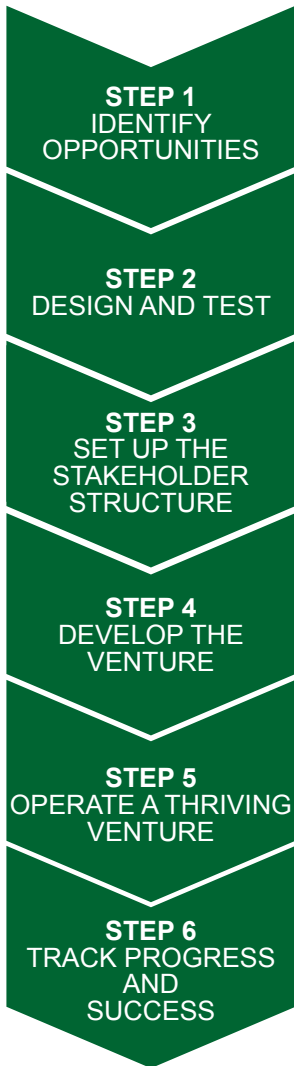
Tourism is defined as the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. The tourism industry provides tourists with the services they want and need. Table 2 lists the types of products and services that tourists seek, a combination of which make up a tourism experience.

**Table 2: Tourism products and services**

Product/Services	Types	Examples
Attractions	Natural attractions, cultural attractions, heritage sites, man-made attractions, special events, business events	Beaches, mountains, parks, museums, monuments, amusement parks, festivals, conferences, exhibitions
Amenities	Accommodation, restaurants, entertainment, shopping, tour guide, event venues, event organisers	Lodges, hotels, hostels, bars, clubs, markets, malls, convention centres, meetings venues
Accessibility	Transport, transport infrastructure, operations, equipment	Coach transport, car rental, bicycle rental, taxis, airlines, shuttle services
Activities	Recreational, cultural, sporting, business	Hiking, bungy jumping, mountain biking, volunteering, meetings
Packages	Tours, day tours	Village tours, walking tours, bicycle tours, safaris, packaged holidays, sightseeing tours

## PART B: DEVELOPING A COMMUNITY-BASED TOURISM VENTURE

A community-based tourism venture can be developed by following a six-step process that covers all stages from design through to operations. The guidelines detail the important things to be considered at each step.



If the CBT venture is not a new development, match the stage of development with the step in the process:

- **A CBT venture that is in-development:** In some instances, steps towards the development of a CBT venture have already taken place. If an opportunity has already been identified, it may be possible to skip Step 1 and proceed to Step 2. Actions that have already been taken should be compared against what this guide sets out, to identify the gaps, and take action in line with the guide.
- **A CBT venture that has failed or is not thriving:** This will require a reassessment of the CBT venture and identify its potential for commercial viability and the barriers to its success. This would entail reviewing whether the opportunity identified (Step 1) is viable (Step 1.6), and revisiting Steps 1.1, 1.2 and 1.7 to understand how stakeholders’ sentiments may have changed and what the challenges to the venture have been. Restart the process from Step 2, also trying to find solutions to challenges.
- **Tourism ventures that are operating successfully but want to adapt to the community-based approach:** The venture may be thriving but this is no indication that the communities are willing to get involved, or that there is potential for community involvement or benefit at all. Begin the process from Step 1 to identify opportunities for community involvement.

### STEP 1: IDENTIFY OPPORTUNITIES



- Identify stakeholders and initiate consultations
- Establish goals, motivations and objectives
- Identify community assets and resources for tourism
- Explore potential tourism product types
- Explore potential CBT models
- Determine viability of the enterprise
- Identify potential challenges and barriers
- Decide whether to proceed or not

Step 1 helps you decide whether a CBT venture will be viable and beneficial for a community.

In this step you will identify the key stakeholders, determine their reasons for supporting CBT and what they hope

to gain from it. You will also discover what resources the community has that could contribute to a successful CBT venture.

By the end of Step 1, you will have a general understanding of whether the CBT venture will be viable, you will have identified some opportunities as well as the potential challenges, and you will be able to decide whether or not to proceed.

### WHAT IS IMPORTANT?

- **Check the preconditions for a community-based tourism venture:** Before developing a CBT venture, check that the community is ready for a CBT venture and that the local area has the resources to support a commercially viable CBT venture
- **Consider the potential gain:** Before implementing CBT, determine if the CBT venture could meet the community's expectations
- **Get a sense of viability:** Keep an eye on the potential market interest and uptake, and the financial resources needed to operate a commercially viable business early in the process

## 1.1 Identify stakeholders and initiate consultation

The first interactions with stakeholders are critically important as they provide the groundwork for a long-term relationship between you, the community and other stakeholders including the private sector, government and other support agencies. During this step you should:

- **Identify the key stakeholders,** their interest in the CBT venture, what role they would prefer and how involved they will be in the preparation, development and operational phases. Develop a stakeholder map or diagram that shows the various stakeholders, their potential role and sphere of influence. Table 2 summarises the key stakeholders typically involved in CBT.
- **Make contact with local representatives** of the district authority, relevant municipalities and the tribal authority. Identify what role they can play and any responsibilities they may have in relation to the design and establishment of CBT venture

### TIPS

At this stage, consult with decision makers rather than individual community members to avoid creating expectations. Also avoid full public disclosure as it can also lead to raised expectations as well as the risk of informing potential competitors of the CBT venture.

If the implementer is not a tourism specialist, it is a good idea to partner with an organisation that is.

- **Introduce the concept of CBT ventures to key stakeholders** and outline the various business options, types of tourism products and services, challenges and potential development benefits
- Establish which other **key local stakeholders** (business associations, trade unions, artisan groups, support agencies, etc.) should be consulted during Step 1, and determine what their roles could be. Ensuring equal opportunities and equal voice is very important at this stage. So care needs to be taken that disadvantaged groups (the poor, females, certain minorities, the disabled) are given a chance to join this process
- **Collect and review local planning documents** and strategies that relate to both community enterprise development and tourism, with the aim of providing a context on broader economic development plans (e.g. integrated development plans, local economic development strategies and district tourism strategies)

'Pull in relevant expertise during development and operations. Strong partnerships are also needed for success.'

Francois Viljoen, Open Africa

**Table 3: Stakeholders involved in CBT in South Africa**

	Stakeholders	Role in CBT
Communities and consumers	Host communities	Providers of resources and assets for CBT, beneficiaries of CBT
	Tourists	Influence demand
Civil society	Non-governmental organisations	Support CBT development, build capacity, facilitate stakeholder collaboration, may provide funding
	Academia	Assist with research and capacity building
	Trades unions and workers' organisations	Negotiating collective agreements, informing and consulting, representing workers at disciplinary and grievance hearing
	Tribal authorities	Leadership, enhancing cooperation between communities and other stakeholders, dispute resolution
	Minority/interest groups	Women's groups, representatives of the people with disabilities, representatives of different religions practiced in the area
Public sector	Municipality	Provision of services and infrastructure, issuing of licenses and permits, may also implement and finance CBT
	District and provincial authorities	Influence sustainability of CBT through plans and policies, provide infrastructure, support business development, may also implement and finance CBT
	National government	Shape direction of CBT through policy, plans and financial support
	Destination marketing organisations	Unite the industry in a common vision, market and promote the destination
Private sector	Tourism providers	Main providers of tourism products and services, main providers of employment and enterprise linkages
	Tour operators and travel agents	Influence market access, influence sustainability by placing conditions on tourism providers
	Transport operators	Influence the market, make the destination accessible
	Ancillary services	Support the tourism industry as well as tourists
	Trade associations	Provide leadership, help drive development, promote the destination

## 1.2 Establish goals, motivations and objectives

Discuss with key local stakeholders, perhaps in a workshop, to find out their motivations, goals and objectives for supporting the CBT venture. Questions you should ask include:

### Where are you now?

- Does the community have the potential for tourism? Find a list of assets and resources in the information box below.
- Does the community have any previous experience of tourism, and how will this experience affect a new CBT venture?
- Who are the key stakeholders, do they have any previous experience of tourism, and how can they contribute to a new CBT venture?
- How motivated and driven are the key stakeholders and the community for entrepreneurship and new tourism ventures?
- Is there any local conflict, negative previous experiences or inertia that could pose a risk to the CBT venture?

'Ownership and drive has to come from the community.' Wilna Botha – Africa! Ignite

'An idea has to have the active support of the community. They must want it and not just accept it.'

Jonathan Braack, &Beyond

'A united community that backs tourism with one voice is one of two key ingredients of a successful CBT recipe in a protected area.' Steve Collins, African Safari Lodges

## TIP

Not all communities have members who want to be in business or want to have a new tourism venture in their community. Community members may simply prefer to be employed. This does not mean that a CBT venture within that community should not be explored, but the influence of the objectors and the nature of their objections must be considered. If the only issue is that individuals do not want to invest or risk community funds in setting up the venture or they do not have the management skill to do this, then it may be better for the community to seek a private partner to fund/provide the expertise to manage the venture.

## Community assets and resources for tourism

What assets and resources does a community need to have if they are going to start a tourism venture? Look out for the following:

- natural and cultural attractions
- historic and heritage attractions
- recreational activities
- skills that will support tourism - particularly hospitality, craft and catering skills
- entrepreneurs and small businesses already in the community
- existing products and services that could be sold to tourism ventures and tourists

## Where do you want to be?

**Keeping in mind what could realistically be gained from CBT, what would the objectives of a CBT venture be?** Possible objectives include new jobs, skills development capital infrastructure investment, opportunities for women and youth, diversified livelihood opportunities, and social and environmental projects.

- What would the CBT venture need to achieve within five or ten years to be considered a success? Return on investment and the number of jobs created are just two examples of measures of success for a CBT venture.
- **What could the CBT venture achieve in terms of responsible tourism?** In the discussion on the venture's objectives, stakeholders can also discuss the potential social and economic impacts of the venture, and in what ways it can be made environmentally sustainable. Possible objectives include reducing resource use, recycling waste, using renewable energy, conserving sensitive ecological areas and increasing public access to existing assets through the upgrading of infrastructure.

## How do you get there?

- Are there existing communication and coordination mechanisms within communities that could be useful during CBT venture planning and development, or would new entities need to be established?
- Who is the potential champion of CBT within in the authorities, support agencies and the communities themselves?
- What support will be needed in both the short- and long-term, which support agencies could be tasked with providing this support and how will that support be funded?
- What are realistic timeframes for meeting objectives?

## TIP

Communities are often not well defined. Is 'the community' the people living in a homestead, a village, a number of villages or a town? At first, key stakeholders can give insight into which group of people constitute a community, but this can be further refined in later stakeholder consultations, and then formalised when a community entity is formed. Defining the community is important because it defines who is involved and who benefits from the CBT venture. At this stage it is important to match the size of the community with the benefits that could come out of the venture. Engaging with small communities is often easier, and individual members in small communities also stand to benefit more since benefits are spread among fewer households.

### 1.3 Identify community assets and resources for tourism

Consult with key stakeholders to draw up a list of the community assets and resources that already exist.

At this stage, some fieldwork with key stakeholders should be conducted.

Accompany local representatives to see the assets and make a quick assessment of their viability for development<sup>15</sup>

- Record the location of the attractions on a map or using a GPSRank and rate the attraction for their potential for tourism development, accessibility, attractiveness, environmental or socio-cultural concerns, level of difficulty to develop and risks associated with each location. Discuss the results with key stakeholders and evaluate which of the assets could be used or developed responsibly as the basis of a commercially viable venture. These would be the options with the highest ratings on each of the scales.

**TIP**

The daily activities of community members can be tourism attractions!

Female guests visiting Bulungula Lodge on the Wild Coast can help village women do their chores like stamping maize and preparing meals. Male guests can go fishing and diving for crayfish with local fishermen. However, sensitivity is needed when designing these types of tourism products so that the activities do not become intrusive and disrespectful.

Table 4 is an example of an evaluation of three attractions. Each attraction was rated according to the criteria in the left hand column from 1-5, five being the most positive rating. The ratings were then added up. Stakeholders can use a similar tool to evaluate which of their assets could be developed as a commercially CBT venture.

**Table 4: Example of tourism assets evaluation**

Evaluation criteria	Attraction 1	Attraction 2	Attraction 3
<b>Scenic value</b> Does the location offer scenic views?	4	3	2
<b>Cultural value</b> Is the lifestyle, arts, crafts, celebrations and music in the area interesting and authentic?	2	4	2
<b>Biodiversity value</b> Is the flora and fauna rare or unique?	4	1	2
<b>Heritage value</b> Is the attraction of international, national, regional or local heritage significance?	2	4	1
<b>Access</b> How easy is it to get to the attraction?	3	4	5
<b>Environmental sensitivity</b> What are the risks to the environment of developing the attraction?	2	3	3
<b>Socio-cultural concerns</b> What are the risks of developing the attraction for the local people and their culture?	4	1	4
<b>TOTAL</b>	<b>21</b>	<b>20</b>	<b>19</b>

### 1.4 Explore potential tourism product types

Decide on the type of tourism product or service to develop, using a combination of factors. The most important you need to consider are:

- The community's resources
- The likely market demand
- The potential commercial viability of the product
- The level of difficulty and risk in establishing and operating the venture

'Get advice from people already involved in successful CBT.'

Johann Stadler,  
Mdumbi Backpackers Lodge



Each tourism product or service requires its own set of resources. Match the resources required by the venture against the resources available within the community to determine the types of product and service that might be viable. All of the product types require adequate skills, access to finance and market access. Table 2 describes other resources each tourism product and service needs. Access the information sources listed in the resources box below to get more information about the resources needed for different types of tourism businesses.

After you have matched resources needed with resources available, work with the key stakeholders to create a list of five to ten tourism products and services that have the most potential.

**TIP**

Think outside the box when considering product types. Too often communities automatically decide to develop some form of accommodation without considering how likely it is to succeed, or whether something else might be easier and more profitable.

**Table 5: Key resources needed for different tourism products and services for communities**

Type of product	Key resources needed
Campsite	Attractive flat land
Homestay	Building or room in existing homestead
Traditional chalet	Land in community to construct chalets or an available building
Bed & breakfast	Rooms in existing home
Hotel, guesthouse, lodge	Land, finance
Game lodge	Land in or near a protected natural environment
Attractions and heritage sites	Visitor and site management skills, interpretation skills and knowledge, facilities
Restaurant (formal)	Venue, catering and management skills
Catering (e.g. traditional dishes)	Suitable premises for storage, preparation and serving, equipment and appliances, transport
Tours	Specific interpretation skills and knowledge. Guiding qualifications and registration, Vehicles and licenses
Themed tours by vehicle, animal-based transport or on foot	Specific interpretation skills and knowledge. Guiding qualifications and registration. Vehicles and licenses
Adventure activities	Equipment, vehicles and licenses
Hunting and fishing	Proximity to habitat, equipment
Art, décor, craft products	Skills, materials
Catering services	Catering facilities, transport
Transport (e.g. shuttles, taxis, boats)	Vehicle and insurance
Entertainment	Skills, equipment
Massages and/or spa treatments	Skills, qualifications, equipment
Laundry	Cleaning equipment
Security	Skills, qualifications
Supply of fruit and vegetables	Arable land, water, seed

### Namibia's Living Museums

The Living Culture Foundation Namibia helped to establish living museums in Namibia. These settlements are built using the same methods that were used before colonial influence changed the traditional way of life. Community members act out traditional cultural practices and the performances are simple but compelling, because they are authentic. Importantly, apart from the few community members involved in management, performers do not need any special skills to deliver a special tourism experience.

## 1.5 Explore potential CBT models

Using the list of potential tourism products and services that were identified in the previous step, discuss with key stakeholders what the most viable CBT model would be. There are no hard and fast rules, but here is a guide for what has been found to work best:

- **Communally-owned venture:** Simple accommodation like homestays, self-catering, campsites, backpackers, B&B or 2-star guest house, traditional restaurant and craft outlets
- **Community initiatives in a joint venture with the private sector:** Luxury and mid-range accommodation like a 3 to 5-star guest house, game lodge or hotel, a tour company or a restaurant
- **Community-based tourism entrepreneurship:** Depending on the entrepreneur's resources, this could be simple to mid-range accommodation, transport, activities, tours, or small-scale tourism services
- **Community enterprise linkages with private sector owned tourism businesses:** Potential for products and services to be supplied to tourism businesses include transport, laundry, security, community visits, provision of food and beverages, supply of fresh produce, maintenance and construction, tours and guiding

### Bulungula Lodge: A Build-Operate Transfer approach to joint ventures

Bulungula Lodge began as a joint venture but the private sector partner eventually withdrew and the CBT venture is now entirely community owned. The Bulungula experience shows that having a private sector partner involved to help set up the venture and get it on its feet is a good choice when there is enough market demand but the community does not have the resources or skills to develop and operate the CBT venture.

There are several other factors to consider when selecting a CBT model. Work with stakeholders to determine how the CBT models differ in terms of their:

- Registration requirements
- Ownership composition
- Appropriate legal forms
- Community roles
- Benefit distribution
- Potential development impacts
- Compliance requirements
- Scale of financial returns

It is also important to consider **how difficult or risky** a CBT venture will be to establish, as well as the **timeframe** in which the community expects to receive benefits. Options include:

- **Quick and easy options:** These are simple and basic services and products based on resources the community already have and activities they already do. These may have relatively low levels of financial return at low levels of financial risk. Examples include campsites and homestays.
- **Slow and difficult options:** These include joint venture partnerships which can take two to three years to simply establish, an additional two years before the venture is open for business, and several years before the business turns a profit. Once established, these partnerships can benefit the community significantly in providing income, employment and supporting local suppliers – but they also come with higher levels of financial risk.

### Slow and difficult joint ventures: the case of Madikwe Game Reserve

Private sector operator, The Nature Workshop (TNW), first met the Balete community in late 1998. Working to get community consensus on a proposed CBT venture in the Madikwe Game Reserve was slow and it was only in 2002 that the years of consultation began to bear fruit. Construction began in 2003 and the Buffalo Ridge Safari Lodge opened in 2004.

When TNW entered into negotiations with the Molatedi community to develop a CBT venture elsewhere in the Madikwe, negotiations took less time as TNW's good relationship with the Balete community and its success in operating Buffalo Ridge Safari Lodge had fostered credibility and trust.

The type of model selected will influence the **scale of benefits** that could be realised from the development of the CBT venture, the likelihood of success and also the timeframe for achieving targets. The **distribution of benefits to people** – what they will receive, how much they will receive and how it will be delivered - will differ between the models.

### Comparing benefits between different CBT models

Mdumbi Backpackers and Bulungula Lodge are backpacker hostels on the Eastern Cape's Wild Coast. Mdumbi Backpackers is a joint venture and Bulungula is 100% communally-owned.

Backpackers	Number of beds	% of community ownership
Mdumbi	±40 beds	10%
Bulungula	±50 beds	100%

The Mankosi Community Trust that co-owns Mdumbi is likely to earn less income than the community that owns Bulungula simply because the percentage it owns is much smaller. Of course, other factors can affect earnings – size of the venture, turnover, overheads, expenses and occupancy – and all these need to be considered when determining the anticipated income from a CBT venture.

In both these cases, the communities do not benefit from income and employment alone. Both hostels encourage guests to use local services. Guests are offered homestays in the village as a cultural experience, or community members offer their homes for overflow accommodation.

Bulungula and Mdumbi have also established non-profit organisations that work hard to maximise benefits to the community. The Mankosi Community Association and not-for-profit organisation (NPO), Transcape, each own 10% of Mdumbi Backpackers on the Eastern Cape's Wild Coast. The community association represents 11 villages - the community has too many individual members for individual dividends to be paid out. The NPO has thus far been involved in HIV/AIDS awareness, healthcare and education.

With communally-owned ventures (e.g. a 2-star guest house), there needs to be a **community entity** established to govern the business and its assets, and to manage the rules for distributing benefits. These rules need to be developed in close consultation with the community, and implemented with impeccable transparency and good governance or they can undermine the very fabric and trust of the CBT venture. When functioning well, the benefits can be shared among communities as a whole by creating social infrastructure, distributing cash dividends or contributing to community well-being. By contrast, if the venture is owned by an individual entrepreneur or group of individuals, they are not necessarily accountable to a broader community group and the profits from the venture accrue to the individual or group of individuals only. In this case, the community will still benefit if the venture employs community members and buys goods and services from community members.

At this stage you do not need to decide which model to use – you are simply raising awareness of the options available.

## 1.6 Determine market and financial viability of the venture

### Market research

Doing market research can help you establish whether there is a **likely market** for the tourism product and whether the tourism venture will be able to reach the markets that would buy its product. At this stage, it is important to do research including, if possible, meeting with a small group of attraction site managers and existing tourism ventures in the area (including tour operators), to find out:

- Are there **existing competitors** to the proposed CBT venture? Would the proposed CBT venture **fill a gap** in the market?
- Where there are competitors, would the proposed CBT venture potentially be able to **differentiate its product, find a niche** or **out-perform the competition**?
- How do competitors **access the market**? How would the proposed CBT venture link its product to tourists? Will it sell its product directly or through tour operators and travel agents?
- What are the **likely sources of customers** for the CBT venture? Examples of sources include tourism businesses, domestic tourists and international tourists.
- What are the **trends in visitor numbers**? Are visitor numbers increasing, decreasing or staying the same?
- Is there a possibility of **linking the CBT** venture into an existing tourism route or into the itinerary of tour operators?

#### WHO ARE YOUR COMPETITORS

A competitor is a venture that offers a product or service that is similar to your own, either in your destination or in a destination that is similar to yours. Both you and your competitors want to attract the same clients, and you can get clients to choose you over your competitors by offering a better product or service or a better price.

### Financial viability

Gauge whether the CBT venture will be **commercially viable** and whether it is likely to be profitable within five years. Speak to key stakeholders and other tourism businesses, and try to calculate rough estimates of:

- The **capital investment** that would be required to set up this CBT? The cost of building development, equipment and training are examples some of set up costs
- Low interest or free funding that could be **sourced from** socially responsible investment (SRI), a government grant, a donor agency or a commercial loan The likely **annual operational costs** of the CBT venture? These costs would include wages, rental, utilities, insurance, supplies, services, marketing and interest on loans
- The potential **annual revenue** from the CBT venture based on a realistic estimate of visitors? This will be the number of clients per year multiplied by the rate charged per client
- The likelihood of the CBT venture to **earn a profit** within the first five years? Profit is the revenue less the costs If the capital investment is very low or if there is a grant that does not attract interest, then achieving commercial viability should be easier. Obtaining a commercial loan can be difficult for a community entity or a community entrepreneur working alone, as banks need to secure the loans against capital (most often land or infrastructure) which such people and organisations rarely have access to. This is less of a challenge in joint venture partnerships as private sector companies can often provide capital investment or secure loans, and then arrange to pay back the loan from the venture's profits.

## 1.7 Identify potential challenges and barriers to starting a CBT venture

A CBT venture may not be easy to establish and it can be costly for both the community as well as support agencies over a long period of time. Discuss potential challenges with key stakeholders including the local and district authorities, the tribal authorities and other key support institutions. Also review relevant reports to find out where there are barriers and how these can be resolved.

'Land claims can be viewed both as an opportunity or threat depending on whether the prospective owners are willing to participate in CBT or not.'

Shadreck Matanhire, Gauteng Tourism Authority

**Table 6: Identifying potential challenges and barriers**

Potential challenge	Questions to ask
Political stability	Is the targeted community stable enough to give entrepreneurs and potential partners the confidence to invest in the long-term, and is the targeted community safe for tourists to visit?
Governance	Are there adequate processes and systems for transparency and good governance within the community, local and district authorities, or will there be political interference or corruption?
Bureaucracy	Is there co-operation from stakeholders within government departments? Does the community have the capacity to navigate through red tape and successfully apply for the required business licenses and meet compliance regulations?
Motivation	Are the community members likely to be interested in a CBT initiative? This question can be broken down further. Do they tend to be entrepreneurial? Are they seeking business opportunities? Are they willing to invest time and effort to achieve success?
Sensitivity	Is the community pristine and perhaps too environmentally, culturally or socially sensitive for CBT, or is it already over-developed?
Attractiveness	Does the community have sufficient resources (e.g. natural or cultural attractions, skills, warmth and friendliness) to develop a good tourism product that meets market demand?
Accessibility	Is the access infrastructure sufficient? (i.e. by road, air, and/or boat)?
Basic infrastructure	Does the community have adequate support infrastructure to support CBT (e.g. internal roads, power, water, telecommunication networks, etc.)?
Skills and capacity	What is the existing level of expertise, capacity and resources that the authorities and the community have to establish and sustain viable CBT?
Social equity	Is the community ready to allow all community members to be involved in the venture, including decision making, or are women and certain minorities likely to be excluded?
Secure land tenure	Is the community legally entitled to develop a CBT either themselves or to enter into agreements with the private sector to develop a CBT on communal land? Are there any pending land claims?
Competition	Are there competing products nearby? How many competitors are there and how are they positioned relative to the proposed CBT venture?

### 1.8 Decide whether to proceed or not (1)

Carefully consider the following questions before deciding whether to proceed or not with setting up a CBT venture:

- Are the objectives and expectations of the agencies or communities pursuing the CBT venture realistic, particularly in relation to benefits, and are they motivated to pursue it over the long-term?
- Does the community have suitable resources for a commercially-viable CBT venture?
- Is there adequate understanding of the risks related to setting up a CBT venture, and is there a willingness to accept the risks?
- Do stakeholders fully understand the implications and work involved, and are they ready, despite this to support the venture?
- Is the community ready and able to create strong and transparent governance for the venture?
- Do initial discussions suggest that the CBT venture is likely to be commercially viable?
- Are any of the barriers identified 'deal breakers' for authorities, potential investors or community members e.g. problems of environmental or negative impact on the community?

If the responses to these questions are 'yes' then proceed to the next step.

If 'no', then rethink whether a CBT venture is a viable option for this community. Remember that tourism is not as easy as commonly believed. If at the end of this step, community members are not actively supporting plans to develop a CBT venture, the potential tourism products are not very attractive or seem unlikely to be commercially viable, then it may be best to explore other options for economic development.

## STEP 2: DESIGN AND TEST THE CBT VENTURE



In Step 2 you will build on the information from Step 1 to design the CBT venture. In addition to compiling information about potential markets and the products that will be offered by the venture, you will need to make sure that the business is aligned with the local policy context and priorities for development. You may think that this step asks you to repeat some of the things you did in Step 1, but in Step 1 you got a broader picture of the potential for a CBT venture, and in Step 2 you will narrow your focus so that you have better information on which to make a decision.

At the end of this process, you will have established:

- The type of venture
- Where it will be located
- What tourism products or services will be developed
- Who the likely buyers and clients will be
- What skills will be required
- The most appropriate CBT venture model
- The most appropriate business format for the operating entity
- More about the commercial viability of the venture

At the end of this step you would have produced a comprehensive feasibility study that stakeholders can use to decide whether or not to go ahead with the CBT venture.

## What is important?

- **Work together and agree on a strategy for the CBT venture:** Consult with the community and other stakeholders to agree on a vision and strategy for the CBT venture.
- **Adopt an integrated approach:** Implement tourism that is not isolated from other community economic activities and is aligned with community aspirations.
- **Ensure market realism and effective promotion:** Design the venture based on an understanding of market demand, consumer expectations and how to place the product offer effectively in the market place.
- **Ensure environmental and cultural integrity:** The level and type of tourism planned and developed must be appropriate for the area's natural resources and cultural heritage, and consistent with the community's wishes and expectations.

## 2.1 Review policy framework, legal and planning considerations

Review **local development plans** that affect the community to understand how the CBT venture aligns with the aspirations of the local area. In particular review:

- District integrated development plan
- Local economic development (LED) strategies
- Local spatial development plans
- Strategic environmental assessments for the target area
- Local and national tourism strategies

### Where to find local development plans and what to look for

*'CBT must be guided by the tourism growth strategy.'* Nelson Luvhengo, Limpopo Department of Economic Development, Environment and Tourism

CBT must be guided by local integrated development plans (IDPs) and strategies for local economic development which are in-turn guided by national policies and strategies. IDPs and LED strategies can be obtained from local and district municipalities. Quite often, these are published on municipal websites. Ward councillors can be asked to get copies of the documents from the municipality. Representative of local and provincial tourism departments can also offer guidance.

If the CBT venture will need to acquire land for **physical premises or make changes to existing premises**, as in the case of accommodation or a restaurant, then a legal assessment will be needed that would include:

- Identification of the **responsible authority** that would receive applications and authorise the development (e.g. tribal authority, district authority)
- A description of the **legal procedure for land applications** and approvals for development at the site and the type of licenses that will be required (e.g. an environmental impact assessment)
- Identification of **any rights or licenses** that have already been issued to the site
- Any **land rights in areas immediately adjacent to the site**, the status of other development plans in these areas, and an evaluation of the current status of these rights or licenses and their legality
- Collection of all relevant documentation regarding those rights or licenses

Legal requirements for **different models of CBT** differ and this impacts on the development process that is required for the venture:

- **Communally-owned ventures:** These require an appropriate legal entity like a community trust or co-operative to be registered with the relevant registering authority

- **Joint venture with the private sector:** The new joint venture company will need to be registered as a business and a bank account will need to be established. The National Treasury's Public Private Partnership (PPP) Toolkit gives guidelines on how a joint venture can be established
- **Community entrepreneur and community enterprise linkages with private sector owned tourism businesses:** These type of ventures should be registered with the Companies and Intellectual Property Commission (CIPC) as a commercial business and The South African Revenue Services (SARS) for tax. However, it should be noted that many of these types of businesses are informal and without business registration (e.g. small scale farmers supplying food to tourism enterprises)

#### The value of community champions

Getting buy-in from the Balete Ba Lekgophung community in the development of Buffalo Ridge Safari Lodge was made easier because the traditional head of the community, Chief Kgosi Tsiepe, understood the benefit of CBT for the whole community. Following his lead, the community agreed to support the venture. Despite this, the agreement with the community still took four years to finalise.

The CBT venture will also need **licenses to operate** depending on the nature of the business. For example, a restaurant would need a Certificate of Acceptability and potentially a liquor license to operate. A tour guide with a vehicle will need a public drivers permit (PDP), public road carrier permit and relevant insurances.

## 2.2 Engage with stakeholders

During this step you will continue to consult with the key stakeholders that have already been involved, but will need to broaden the scope to include specific community members that may be directly involved in the CBT venture.

Design a **stakeholder engagement plan** that describes how people and specific institutions will be engaged. For example, they may be<sup>16</sup>:

- Kept informed – through newsletters as well as broadcast notifications
- Consulted – through interviews
- Involved – in workshops, focus groups and stakeholder meetings with those affected by the CBT venture
- Collaborators – through interviews, participatory consultation focus groups and meetings
- Empowered – through recruitment to work as community liaison officers to support the process

Community-based tourism cannot be successful without community members being both willing to engage and actively participate in a CBT venture, although communicating with the wider community may not be easy. Getting buy-in from the majority of community members is essential. The resources in Part C provide several good tools for procedures and techniques for engaging with stakeholders. The unit on Social Dialogue in the ILO Toolkit on Poverty Reduction through Tourism is a valuable resource in this regard.

Many rural communities hold kgotla's (joint meetings or community councils) during which community decisions are made. Kgotla's offer a forum to consult with the community and facilitate a decision on the CBT venture. Whichever means are used, it is important that all community members are consulted and allowed to contribute to decision-making, particularly the community's women and youth.

At this stage there is some information that it is useful to disclose and particular questions to ask stakeholders (see Table 7).



**Table 7: What to disclose and to ask stakeholders during design and feasibility**

What to disclose	What to ask stakeholders
An overall description of the proposed CBT venture and its main objectives, its location and the timetable of the main events	<p>Are there any local community members or groups that intend to participate financially in the CBT investment?</p> <p>Do they require any technical assistance to participate?</p>
Information regarding the process to build local ownership and provide support for the CBT model in the destination	<p>Is there an existing community entity to provide the basis for the CBT venture, or is a new one required?</p> <p>How a new entity should be developed, who should lead it and who should participate in the process?</p> <p>What skills are there in the community to support the venture and what training does the community think is required?</p> <p>Who in the community already has knowledge of tourism and experience in business (including existing SMMEs)?</p> <p>Are stakeholders satisfied with the manner and extent to which they have been informed and consulted to date?</p> <p>Are there any unresolved concerns that relate to the commercial or reputational risk of the CBT venture?</p>
An outline of the economic, environmental and social impacts (negative impacts and potential positive benefits) to be assessed during the consultation, and any provisional conclusions or predictions already reached	What are the potential economic, environmental and social impacts, both positive and negative, of the CBT venture?
Any existing proposals for mitigation measures	<p>How could potential negative environmental and social impacts be mitigated or avoided?</p> <p>What compensation would be appropriate where negative impacts cannot be avoided?</p>
The relative roles and responsibilities of community members and their partners	What level of risk and responsibility are community members prepared to accept?

In particular, during this phase it is useful to establish how unified the community is and if there are mechanisms in place to resolve conflict. With CBT ventures, community members may need to work closely with one another over long periods of time to address challenges as they arise so it is common for some differences to arise.

‘Anything’s possible if you have a trusting relationship.’  
David Malherbe, Coffee Shack

‘Try to make it clear to the community that results will be slow.’  
Rory Haschick, Eastern Cape Development Corporation

**Good practices** in disclosure and consultation stakeholder engagement include:

- Documenting all consultation including where and when meetings were held, who participated, issues raised and responses to them
- Disclosing reports and management plans and making them available at both publically accessible locations and on the internet
- Establishing a public noticeboard or a place where information can be shared

**Divided communities: The case of the Guga S’Thebe Arts & Cultural Centre**

When the City of Cape Town asked the Langa community to form a formal structure to take over the management of the Guga S’Thebe Arts & Cultural Centre, community members could not reach an agreement and in the end, the centre remained under the city’s management.

- Notifying affected stakeholders of where and when documents can be reviewed
- Responding to comments including acknowledging receipt and informing stakeholders whether comments were incorporated or not adopted (and giving reasons why)
- Distributing an executive summary or a newsletter in a simple and easily understandable format, focusing on key issues and future stakeholder consultation

#### A successful CBT venture needs:

- ‘a respected and altruistic community activist to drive the project and empower the community’ - Ntuthuko Mchunu, City of Cape Town
- ‘a manager from within the community who represents both the business’ and community’s interests’ - Johann Stadler, Mdumbi Backpackers
- ‘a champion within the community or private sector, a person who takes responsibility and drives the project’ - Francois Viljoen, Open Africa

However, the venture cannot be over-reliant on the champion as the venture can struggle if the champion leaves.

### 2.3 Assess the market

A detailed **market assessment** for the CBT venture should be undertaken. This will ensure that the venture is realistic and that it can be promoted in a way that it reaches the targeted clients. The assessment should consider:

- The location of the CBT venture and its proximity to tourist circuits in the country and destination
- The patterns, profiles and interests of existing visitors to the area
- The specific markets that could be attracted by the venture
- The level, nature and degree of success/problems experienced by existing tourism products that are competitors but also potential collaborators
- The similarities and differences between the CBT product idea and existing products
- The activities of local tour operators that bring visitors into an area, as well as coverage by international tour operators that send visitors to South Africa
- Existing information and promotions in the area

#### TIP

Community-based tourism does not need to compete in the mainstream tourism market, if culture is at the heart of the offering

‘CBT products can attract niche tourist markets that wants to connect with communities.’

Wilna Botha - Africa! Ignite

You can get this information in the following ways:<sup>17</sup>

#### Review existing reports and studies

Review existing reports and studies from local and provincial tourism authorities, enterprise development offices, chambers of commerce, tourism associations and non-governmental organisations. These reports and studies will need to describe the market, circuits and existing products and services, as well as any trends in the market.

#### Conduct visitor surveys

Conduct visitor surveys targeting tourists at key entry points (e.g. entrances to attractions, popular tourist areas near the community). The example of a visitor survey provided in Table 8 shows the type of information you should be collecting. Use the results of the survey to estimate the likely size of the tourism market for the venture, its value for the proposed venture, how to tailor the product and the type of travellers that will be most interested.

**Table 8: Example of a visitor survey**

<b>Visitor survey</b>	
<p>We are doing a survey to help us understand the tourism market in the local area. We will use the information collected to decide whether to open up a new community-based tourism product, and what this product will be. We would appreciate it if you would complete our short questionnaire. It will take a few minutes, and we assure you that your information will remain confidential.</p>	
Age:	Nationality:
Gender:	
<p>What is the purpose of your trip?</p> <ul style="list-style-type: none"> <li>• Leisure</li> <li>• Business</li> <li>• Visiting friends and family</li> <li>• Educational purposes</li> <li>• Volunteering</li> <li>• Other</li> </ul>	<p>Who are you travelling with?</p> <ul style="list-style-type: none"> <li>• Alone</li> <li>• With a spouse/partner</li> <li>• With family</li> <li>• With friends</li> <li>• With a tour group</li> <li>• Other</li> </ul>
<p>List in order of precedence the reasons you visited our area</p> <ul style="list-style-type: none"> <li>• Friends and family</li> <li>• Nature and outdoors</li> <li>• Local culture</li> <li>• Beaches</li> <li>• Entertainment</li> <li>• Other</li> </ul>	<p>What activities did you engage in while you stayed in our area?</p> <ul style="list-style-type: none"> <li>• Hiking</li> <li>• Game drives</li> <li>• Village tour</li> <li>• Visiting museums</li> <li>• Beach/swimming</li> <li>• Attending an event</li> </ul>
<p>What type of accommodation are you staying at during your visit to our area?</p> <ul style="list-style-type: none"> <li>• Hotel</li> <li>• B&amp;B/Guesthouse</li> <li>• Self-catering</li> <li>• Backpackers hostel</li> <li>• Other</li> </ul>	<p>How did you arrive in our area?</p> <ul style="list-style-type: none"> <li>• Rental car</li> <li>• Your own/borrowed car</li> <li>• Mainline bus</li> <li>• Tourist bus</li> <li>• Other</li> </ul>
<p>Approximately how much are you spending per day during your stay in our area?</p> <ul style="list-style-type: none"> <li>• R500 or less</li> <li>• R501 – R1000</li> <li>• R1001 – R1500</li> <li>• R1501 – R2000</li> <li>• Above R2000</li> </ul>	<p>How would you rate the following in our area? (Very good, good, neutral, poor, very poor)</p> <ul style="list-style-type: none"> <li>• Accommodation</li> <li>• Restaurants</li> <li>• Attractions</li> <li>• Roads</li> <li>• Shopping</li> </ul>

## Conduct a supply and competitiveness study

Do a supply and competitiveness study to understand the current local tourism industry as well as new the CBT products and services that could add value to the destination and fill gaps in supply. The example in Table 8 shows the type of information you should be collecting. Use existing reports and interviews with tourism operators to obtain information you need.

Use the information collected to establish whether the proposed CBT venture would be competitive within the existing supply and if it will offer something special, attractive, different or unique.

**Table 9: Example of a supply and competitiveness study for accommodation establishments in the Coffee Bay area of the Eastern Cape**

Venture	Travel time from Mthatha	Facilities/amenities	Rates	Average monthly bed-nights	Markets
1	2h 4 min	Accommodation Restaurant & Bar Village tours Guided hikes Surfing lessons Canoeing Horse riding Massages	Budget	450	International backpackers Domestic backpackers Domestic holiday makers
2	1h 40min	Accommodation Village tours Surfing lessons Guided hikes Sunset trips Restaurant Bars and parties Drumming lessons Cultural performances	Budget	1 500	International backpackers Domestic backpackers Domestic holiday makers
3	1h 40min	Accommodation Surfing lessons Village tours	Budget	900	International backpackers Local backpackers Domestic holiday makers
4	1h 40min	Accommodation Guided fishing trips Cultural evenings Jungle gym Swimming pool Trampoline	Mid-range	800	Domestic holiday makers/families

Venture	Travel time from Mthatha	Facilities/amenities	Rates	Average monthly bed-nights	Markets
5	1h 50min	Accommodation Restaurant Bar Curio Shop	Mid-range	400	Domestic holiday makers/families
6	2h	Accommodation Restaurant Bar Spa Abseiling	Mid-range	500	Domestic holiday makers/families

At this point, it is worthwhile to start thinking of a **unique selling point (USP)**, or the one reason that will make customers choose the proposed CBT product over those of its competitors. Common USP's include the lowest price, best service and best quality. When it comes to community-based tourism, USP's can also include the most authentic experience, best cultural experience, best chance for engaging with community members and the most responsible tourism venture.

'We target reliable, repeatable businesses that are respectful to the community, and attractive to the guests.'

Transfrontier Parks Destinations

### Identify markets and assess market access

To achieve market access you must identify the target market/clients of the CBT venture and come up with marketing strategies to reach them.

Tourism boards and bureaus and other bodies will have helpful information about current and future travel markets and segments in the country or region where the CBT venture is located. Some provincial tourism authorities should be able to assist with understanding tourist travel motivation and behaviour, and can also help with marketing and promoting the CBT venture. Business or private tourism associations can also be a valuable source of information. Attending business-to-business (B2B) or business-to-customer (B2C) events will provide the opportunity to:

- Learn how other businesses market themselves
- Ask other tourism businesses about target markets
- Identify opportunities where local tourism businesses can market collectively (i.e., to promote a destination or complementary products)
- Understand the requirements of travel agencies or tour companies to incorporate the CBT venture in their packages
- Increase the exposure and awareness of the CBT venture to the market

**TIP**  
There are specialist responsible tourism tour operators and travel agents that can provide market linkages for the CBT venture.

### 2.4 Decide on the products or services to offer

Analyse the list of options for the CBT venture that you compiled before using eligibility and selection criteria that will test how each option will meet key stakeholders' goals and motivations.

- **Eligibility criteria** are criteria that must be met for the product or service to be considered. For example, is there sufficient market demand for the product?
- **Selection criteria** are criteria that you will use to compare and rank the alternative products after they have been found to be eligible. For example, how close is the product from tourist routes and hotspots?

The selection criteria include the overall impact likely for the community as well as the likelihood of achieving that impact. Here are some examples of benefits for the community and the likelihood of the venture achieving it:

- Ten jobs are created – high likelihood
- Household income is increased by payments made to the community – low likelihood
- The community will get better access to services – moderate likelihood

You will also need the list of community assets and resources (collected in Step 1.3), the results of the stakeholder engagement (see Step 2.2) and the results of the market assessment (see Step 2.3) when you do this exercise.

Through discussion with key stakeholders, perhaps in a focus group or workshop, rate the following selection criteria to determine the impact of different products and services that could be developed (see Step 1.4). Impacts can be rated as high, medium, or low:<sup>18</sup>

- Economic impact: Likely number of new jobs; revenue and commercial viability
- Impact on the local environment: Likely impact on local habitats and biodiversity and natural resources (e.g. water sources). Likelihood of responsibly disposing of waste
- Impact on society: Likely non-financial benefits to community members, ownership/equity in the CBT venture, institutional strengthening, governance and transparency and benefits for women and youth
- Enabling environment: Availability of resources or assets for the CBT venture, capacity to mitigate risks, interest of relevant partners and ease of implementation, the level of competition and likelihood of success
- Impact on culture: Likely impact on language, values and way of life. Likelihood of preservation of culture and heritage as well as renewal of cultural pride. Risk of commodification of culture and staged authenticity.

An example of a matrix that can be used to compare products for a CBT venture is provided in Figure 6. Work out which products or services have the highest ratings and then decide which would be pursued for further investigation and development.

**Figure 6: Example of matrix used to compare products for a CBT venture**

<b>Is the community eager and ready to take part in the venture?</b>		<b>How many jobs will the venture create?</b>	
Interested and ready	5	>40	5
Undergoing training	4	31 - 40	4
Informed, but not trained	3	21 - 30	3
Requires more information	2	11 - 20	2
Not interested or ready	1	1 - 10	1
<b>How many people will benefit from the venture?</b>		<b>Will the project benefit traditional skills, customs or ways of life?</b>	
100 or more people	5	High impact on reviving	5
50 - 99 people	4	Some impact on reviving	4
30 - 49 people	3	High impact on retaining or strengthening	3
10 - 29 people	2	Some impact on retaining or strengthening	2
5 - 9 people	1	No contribution	1
<b>How much income will the venture contribute to the community?</b>		<b>Does the venture pose any threats to the ecosystems in the area?</b>	
> R50 000 per annum	5	No impact	5
R40 000 - R49 999 per annum	4	Little impact	4
R30 000 - R39 999 per annum	3	Medium impact	3
R20 000 - R29 999 per annum	2	High impact	2
< R20 000	1	Great impact	1

As an additional option, you may decide that there are several products or services that could be sold in combination. An example is combining an accommodation facility, a tour, food supply and craft products.

## 2.5 Select a suitable community-based tourism model

Decide on the type of CBT model to use for the product or service. The table below offers guidance as to which CBT model is appropriate.

**Table 10: Appropriate CBT models for tourism products and services**

Criteria	Suitable CBT models			
	COV	JV	CBTE	CEL
Easy and low-risk tourist products and services (e.g. simple accommodation, village tours, craft outlets)	✓		✓	
Easy and low-risk non-tourist products and services (e.g. transport, laundry, food and beverage)				✓
Difficult and high-risk products and services (e.g. luxury lodge, large hotel, large/sophisticated restaurant, complex tour operator)		✓	✓	✓
Non-tourist (or not exclusively for tourists) products that support the tourism industry (e.g. food, transport)				✓
Availability of local tourism companies interested in buying products and services locally				✓
Desire from community members for a collective-enterprise with social benefits	✓			
Existence of a support institution that can advise the community	✓	✓		
A target market seeking to engage with the community	✓			
Availability of intermediaries willing to package and distribute the CBT product (e.g. homestays)	✓			✓
Existing government-managed tourist attractions whose ownership and management can be transferred to communities (e.g. attractions and heritage sites)	✓			

Key: COV = Communally-owned venture; JV = Joint venture with the private sector; CBTE = Community-based Tourism Entrepreneurship; CEL = Community enterprise linkages with private sector tourism businesses

### Joint ventures as a CBT model

Joint venture (JV) partnerships between communities and the private sector have become popular in tourism in Southern Africa because they provide opportunities for communities to access the financing, experience and market access of the private sector. There is a wide range of JV structures depending on the expectations and negotiation process between both parties. The three more common forms of JV structures are:

- The private sector partner builds the operation, operates and transfers the physical assets and business to the community at the end of the lease agreement
- Both the community and the private sector partner invest in the venture (joint equity) and the private sector operates it. The buildings are either rented out to the private operator at a fixed fee or the community receives a proportion of, revenue
- The community invests and signs a management agreement with the private operator. Joint ventures are not always the best choice for a CBT venture. The table gives an overview of when to consider or avoid JVs.

### Compliance costs of a joint venture

Coffee Shack Backpackers in the Eastern Cape was originally a private sector owned tourism business with strong value chain linkages. In 2005, Coffee Shack became a joint venture when the Tshezi community bought 30% shares, thanks to a loan from the European Union. One impact of this change in ownership is that the number of shareholders of the PTY Ltd increased from the original three to include every member of the local Tshezi Community Trust. This changed Coffee Shack's legal requirements and it now has to be audited by an independent auditor, the cost of which is high. Although the number of shareholders will not affect the choice of CBT model, it will affect the budget.

**Table 11: Criteria for considering or avoiding joint ventures**

Criteria for considering joint ventures <sup>19</sup>	Criteria for avoiding joint ventures <sup>20</sup>
Communities are receptive and open to the concept	Communities express resistance or ambivalence
Private sector demand exists for the communities' asset	The private sector is expected to take over government's role of community development instead of supporting it
The right to use the asset lies with at least one of the partners, usually the community	Communities, or another JV partner, do not have access or use rights to the asset
The JV concept broadly contributes to the national tourism sector goals and fits with national marketing efforts	The quality of the communities' assets is not high enough
Land-use plans and zones account for and accommodate JVs	Land-use plans do not include or protect tourism investment
Private sector players can access finance	JVs will expose communities to dangerously high risk
Private sector players have responsible credentials	Private sector players do not show any willingness to operate sustainably
The enabling environment will protect the interests of both parties	The regulatory environment is weak and will not protect both parties
A reliable, experienced support sector of non-governmental organisations (NGO)s is available	There is no experienced support sector of NGOs

By the end of this step, the stakeholders should have agreed on the most appropriate CBT model that should be used for the venture.

### Rocktail Beach Camp joint venture structure

Rocktail Beach Camp in the iSimangaliso Wetland Park in Northern KwaZulu-Natal is a joint venture between Wilderness Safaris, the KwaMpukane Community Trust and a Broad-Based Black Economic Empowerment (BBBEE) partner in a 72.5%/17.5%/10.0% ownership split. The lodge pays the iSimangaliso Wetland Authority 8.5% of revenue as rent, 8% of which is given to the community trust. Thus far, no dividends have been paid out.

Administration of the joint venture is undertaken by Wilderness Safaris. Decisions relating to the use of the income coming to the community are administered solely by the community trust in the interests of the larger KwaMpukane community, who elected them into position and nominated community projects for support.

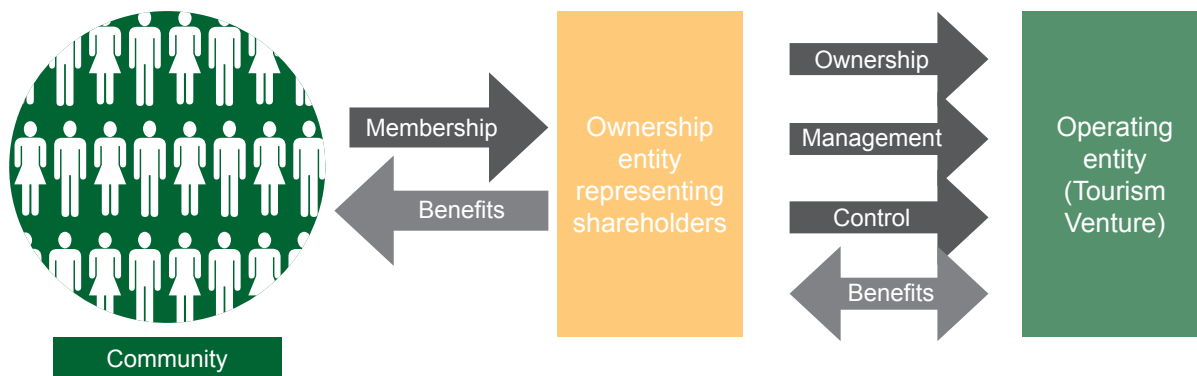
## 2.6 Choose business formats for the venture

In addition, deciding which CBT model is best suited for the planned venture, you now have to select the most appropriate legal entities for the venture. Choosing the right type of entity is an important part of setting up a venture, especially since some forms of enterprise must be registered with the Registrar of Companies and needs to meet certain legal requirements.



In some instances, it may be necessary to distinguish between the legal entity that will own the CBT venture and the entity that will run the CBT venture on a day-to-day basis (or the operating entity) (Figure 7). CBT ventures that are structured as Joint Ventures typically have an ownership entity and an operating entity. Community Owned Ventures may also decide to have a degree of separation between the owners of the venture and day-to-day operations - separate legal entities will then be created. Tourism ventures that are owned by individuals or small groups of individuals in a community generally require one legal entity only.

**Figure 7: Relationship of the ownership entity to the community and the operating entity (tourism venture)**



The first choice to be made is whether the ownership entity will be structured as a non-profit or for-profit organisation. Thereafter, the appropriate legal format can be selected. For-profit organisations operate for the purpose of making profits and distribute profits to their owners or members. Non-profit organisations may make a profit, but may not distribute their property or profits to their members. Profits must be used to further their public interest objectives, such as the promotion of social welfare, economic development or education. The available legal structures for non-profit organisations are:

- Voluntary association
- Trust
- Not-for-profit company (NPC)
- Communal Property Association

Entities in charge of the operations of a community tourism venture are usually structured as for-profit organisations. The business form options for the operating entity are:

- Sole trader (also known as “sole proprietor”)
- Partnership
- Private limited company (company)
- Co-operative
- Trust

Selecting the legal form for the community tourism venture is one decision you should not make without the advice of legal experts in the field.

## 2.7 Design a responsible venture

Responsible ventures promote conservation of the environment through wise use of resources for construction and furnishings, and appropriate architectural design and siting that minimises impact. Responsible design also refers to planning how the venture will be operated to ensure that local people and businesses are part of the supply chain, and how resources such as energy and water will be used to create the least negative environmental impact. Adopting responsible practices makes sense for the CBT venture as it ensures that the business is optimally commercially

viable in the long-term. It also makes sense for local people involved in the CBT venture for whom there are tangible economic benefits through equity, employment and the supply of goods and services.

Within responsible tourism, there is a growing interest in the concept of **inclusive tourism**: tourism businesses seeking to obtain supplies as much as possible from the local community. Value Chain Analysis can be used to identify gaps to understand the current local linkages in the tourism value chain, and identify opportunities for the CBT venture to build strong supply linkages in the local economy. Use the value chain approach to:<sup>21</sup>

- Map the value chain including stakeholders and where community members participate  
Survey existing accommodation, restaurants, craft suppliers, excursions and entertainment to gather data and perspectives  
Track revenue flows, income to communities and barriers facing communities  
Identify CBT opportunities and prioritise them
- Identify existing skills and resources in the community

### Who is practicing inclusive tourism?

Despite good intentions to offer authentic local community experiences to guests, **Grootbos Private Nature Reserve** in Gansbaai in the Western Cape discovered that high levels of local unemployment, a shortage of local enterprises (particularly black-owned enterprises) and a lack of skills and skills training facilities within Gansbaai meant that there were very few options for purchasing local goods and services. Grootbos set up enterprises to provide quality products to both the lodge and its guests. The Siyakhula Growing the Future Organic Farm employs 12 people who supply the lodge with fresh produce, bottled water, honey and candles.

**Phinda Private Game Reserve** in KwaZulu-Natal is a partnership between the Mngobokazi and Makhasa communities and the tourism operator andBeyond. Phinda employs more than 150 permanent staff, all of whom live in the communities immediately neighbouring the reserve. In addition, locals are contracted for construction and maintenance work. The company also sources a variety of services from members of the community, including staff transport, staff catering and shops, cultural entertainment, community tours, bush clearing and alien plant control, refuse removal, supply of fresh produce to lodges, and the production of artisanal crafts from local weavers. Indeed, this approach motivates the company's staff and strengthens its relationships with the reserve's neighbours. Similarly, the local communities have a vested interest in preserving wildlife to ensure the sustainability of the business.<sup>22</sup>

A range of tools and detailed information that will support designing a responsible venture is listed in the resource box in Part C.

By the end of this step, stakeholders should have agreed in principle to integrate responsible business practices into the CBT venture and have an understanding of how this would look in practice.

## 2.8 Determine what resources are required

Various resources will be needed to establish the CBT venture, and being aware of what is needed before proceeding is important in helping to create realistic expectations of the benefits from the venture.

Some of the key resources include:

- **Land** with secure tenure if the CBT venture requires a new building to be built (e.g. for accommodation, restaurant or retail outlet)
- **Financial resources** will be needed to sustain it during the first five years (or so) before it becomes profitable. Based on the type of CBT venture that has been prioritised, estimate the budget for:
- Capital investment funding that will be required for any infrastructure

Currently, communal land administration is complicated and there is no single and clear-cut solution for communities wanting to secure land tenure. Contact the Land Tenure and Administration Branch at the Department of Rural Development and Land Reform. Not only are they responsible for land tenure, they also have a property management and advisory service that can help with the process of securing land tenure.

development for the venture, and to underpin the operations (e.g. roads, trails, power)

- Wages and consultancies including for staff and technical experts such as accountants
- Equipment including vehicles, office equipment and furniture
- Training funds for management and other staff in the CBT venture and the community management entity, unless these are available for free from a support agency
- Other operational costs such as maintenance, marketing, insurance and loan repayments
- **Human resources** to manage and staff the CBT venture will be needed from within the community and also possibly from external technical support agencies. The types of skills that will be needed will include business acumen, product knowledge, marketing and promotion and hospitality, plus skills relating to human resource management, so as to ensure that the jobs created are decent and the workplace is harmonious
- **Approvals required** for infrastructure include environmental impact assessments (which can be costly), business licenses and labour licenses

'CBT must have resources to carry it through long lead times'. Rory Haschick, Eastern Cape Development Corporation

'A benevolent private sector partner with deep pockets is the second potent ingredient of successful CBT ventures'. Steve Collins, African Safari Lodges.

Stakeholders should review the list of resources required and judge whether they will realistically be able to obtain them.

### Sources of capital investment for tourism and associated risk

#### If the venture requires substantial start-up investment, where will this come from?

**Grants:** Grants are sometimes provided by government programmes, philanthropic trusts, charities and NGOs that are interested in supporting initiatives that promote poverty reduction. In the past, grants for CBT have been provided by agencies including the Ford Foundation, CESVI, local and central government (e.g. Poverty Relief Fund grants). The **level of risk is very low**, and agencies tend to monitor their 'returns' in terms of infrastructure developed, jobs created and numbers of people trained.

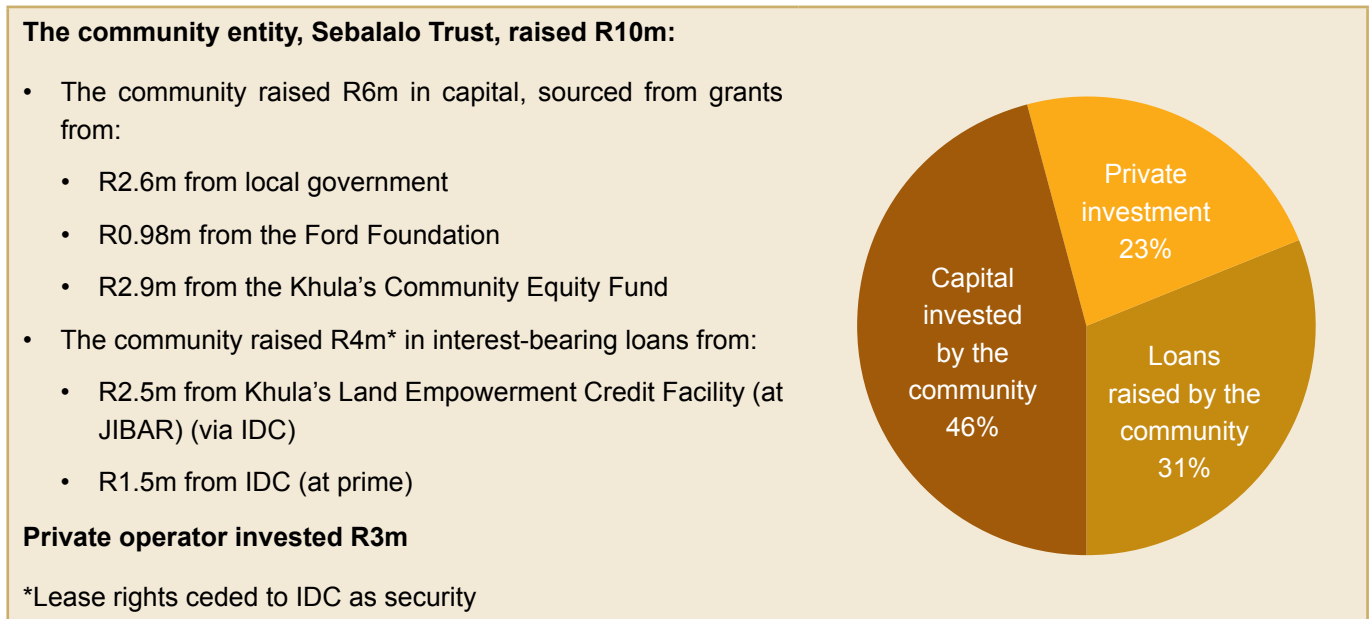
**Corporate sponsorship:** Some businesses may want to use their investments in the CBT in their public relations materials. In South Africa, this includes the use of Corporate Social Investment (CSI) funds as one avenue that can be pursued. Enterprises may either approach companies directly, or use a CSI fund manager who acts as a broker. The **level of risk is very low**, and 'returns' required tend to relate to information on social improvements created.

**Crowdfunding:** Finance can be sought through an internet-mediated business by raising money from a large number of people. Examples focussing on philanthropic initiatives include Globalgiving, and micro-lending platforms such as Kiva and Wokai.

Banks/cooperative saving schemes

**Interest-bearing loans:** Loans can be made to a CBT venture if security can be provided (e.g. lease rights). Potential sources include the Industrial Development Corporation. Loans are associated with a **level of risk that is medium to high**, as (1) lenders require repayments with interest and (2) if a CBT venture defaults on payments, the security could be called in by the lender.

**Figure 8: Example of CBT capital finance for Thakadu River Camp, Madikwe Game Reserve**



Source: The African Safari Lodge Foundation, 2008

**2.9 Assess commercial viability**

A very simple cash flow forecast can be used to understand whether the CBT venture will be commercially viable (and profitable). To do this, you will need to think carefully about the investment needs, and also how you will price the CBT offerings (use the Market Access tool in 2.4 to guide you here). A wide margin should always be allowed for unforeseen elements. The cash flow framework below can be used to get a rough estimate.

‘Not having a viable business is setting the community up to fail.’  
Jonathan Braack, &Beyond

‘In community owned ventures, the business cost structure is often determined by the size of grant, not by income and so the business will not be sustainable.’  
Dave Martin, Bulungula Lodge

**Table 12: Example of a simplified cash flow forecast for a CBT venture in the first 5 years (net of VAT)**

	Start up	Year 1	Year 2	Year 3	Year 4	Year 5
	R’000	R’000	R’000	R’000	R’000	R’000
<b>Cash inflows</b>						
Owner’s capital						
Loans received						
Grants received						
Cash from sales and other operating revenue						
Cash from other sources						
<i>Total cash inflow A</i>						
<b>Cash outflows</b>						
Project costs and start-up expenses						
Salaries, wages and staff costs						

	Start up	Year 1	Year 2	Year 3	Year 4	Year 5
	R'000	R'000	R'000	R'000	R'000	R'000
All other operating costs and expenses						
Loan repayments						
Replacement of equipment and vehicles						
<i>Total cash outflow B</i>						
<b>NET CASHFLOW</b>						
<b>[A-B]</b>						

Source: National Treasury

## 2.10 Consider the bigger picture

Potential impacts of developing a CBT venture at the local level can include creation of employment, changes in the local economy, reduced poverty and improvements to society and well-being, but there can also be negative consequences. Neglecting to consider all the potential impacts may lead to conflict between community members and groups, the venture and tourists – or to the unsustainable use resources that negatively impacts the reputation of the CBT venture.

During the preparation phase, estimate the scale of impacts that the venture is likely to achieve, and compare these with the objectives described by key stakeholders (see section 1.2). The estimates for **financial impacts** should include:

- **Capital investment value** that will be mobilised for community assets and support infrastructure
- **Annual dividends** from equity and ownership in the tourism operation, once a profit is turned, and how these will be allocated/distributed
- **Number of jobs** and **local wages** through direct employment of community members in the CBT venture (development and operation), including training and advancement to managerial level positions
- Value and range of products and services sold to tourists and to the CBT venture itself
- **Multipliers** relating to how revenue to the CBT venture will be re-spent in the local economy

For **social and cultural impacts**, they should include qualitative descriptions of impacts from:

- **Enriching and conserving local culture and heritage**, including through visitation, revenue, local pride
- **Social cohesion** by forming and/or strengthening capacity of local community organisations, their coordination and communication
- **Social development** as greater prosperity encourages better education, health care and overall well-being
- **Reducing risk and diversifying livelihood options** for the poor, for women and youth
- **Community development projects** from philanthropic donations from tourists, corporate social responsibility activities of the CBT venture (or linked private sector company) contributions by skilled volunteer-tourists

By building sustainable tourism assets that provide incomes for individuals, and asset growth for the community, we also provide that intangible benefit of creating something that is a source of pride and community spirit.'

Glynn O'Leary, TFPD

For **environmental impacts**, they should include an evaluation of the impacts on the community's natural environment, including:

- **Infrastructure footprint** from any buildings or support infrastructure that will be needed, and how this will affect existing community infrastructure

- **Biodiversity impact** on wildlife and habitats that will be used as resources for the CBT venture to ensure that they are conserved and not damaged or lost
- **Impacts on natural resources** such as water and basic materials used in construction or crafts as well as agricultural products, so that use levels do not compete with the community's basic needs and are sustainable

**Impacts of waste disposal** including the disposal of solid waste and sewage waste, and to what extent waste can be reduced, recycled or re-used to avoid pollution locally

#### When is an Environmental Impact Assessment required?

If the venture will involve creating new infrastructure like roads, pathways, cableways or buildings that will involve removal of indigenous vegetation, an environmental impact assessment may be conducted to help identify key impacts that may need to be mitigated or avoided. An EIA can also help determine a location for the venture that will result in the lowest negative environmental impact. Obtain the advice of an environmental assessment practitioner to determine whether an EIA is needed for the proposed venture.

Ideally, the value of these benefits should be weighed against the level of investment in the CBT venture and whether the venture will be "profitable" from a triple bottom line perspective.

### 2.11 Decide whether to proceed or not (2)

To decide whether to proceed or not at the end of the design and testing phase, all the information gathered by following the steps above must be shared, reviewed and explained clearly to stakeholders. In summary: key stakeholders will need to have reviewed the information collected and carefully consider the following:

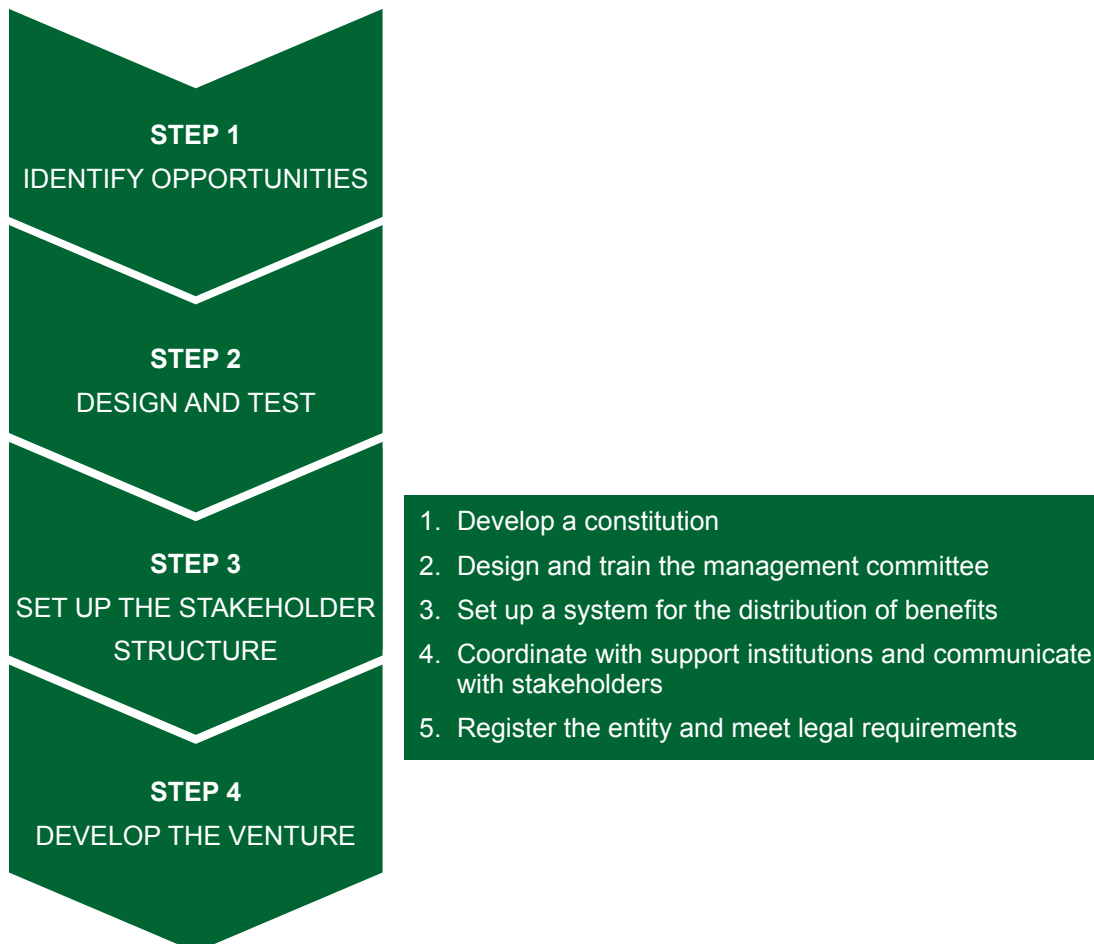
- **Policy framework, legal and planning considerations:** Is the CBT venture compatible with the local policy and planning framework? Is there land available for the premises of the venture? Are land rights adjacent to the site compatible with the venture?
- **Stakeholder engagement:** How receptive are community members, groups, and existing entrepreneurs and Small, Medium and Micro Enterprises (SMMEs) to the idea of the CBT venture? Do they understand their roles and responsibilities, as well as the likely impacts? Who from the community will be involved in the venture? What technical support are they likely to require?
- **Market assessment:** Is there an existing and growing demand for the type of products and services that the CBT venture offers? Are visitors and/or other tourism businesses interested in paying for what the venture will offer? Is the location compatible with existing tourism destinations, routes and circuits? Does the venture fill a gap in the market, or will it be competing with very similar operations?
- **Market access:** Who are the venture's target markets and what are the best ways to reach them?
- **Products or services to offer:** Has a suitable product or service (or combination of these) been identified? How will it be marketed?
- **Community-based tourism model:** Has an appropriate CBT model been selected and agreed on?
- **Legal forms:** Have appropriate legal entities been selected?
- **Responsible design:** Have the principles of responsible design as well as the potential for their integration with the CBT venture been understood?

The business people interviewed for this guideline are all hardworking and dedicated and managed to make their CBT enterprise a success despite the many challenges they faced. Despite the efforts they are willing to go to; they still feel that there are some situations in which they would avoid CBT. These include CBT in communities that are in conflict, communities that have no structure, when there is no buy-in and commitment from the community and, considering that business people are concerned with profits, when the CBT is not viable as a business.

- **Resources required:** Can the resources required for the CBT venture be realistically obtained?
- **Commercial viability:** Is the CBT venture likely to generate more revenue than its expenditure, and so turn a profit?
- **The bigger picture:** Is the CBT venture likely to have the financial, social and cultural, and environmental impacts desired by stakeholders? Do they match key stakeholders' main objectives for the initiative?

If the responses to these questions are overwhelmingly 'yes', then proceed to the next phase. If 'no', then look again at the information collected during this phase from the policy analysis, stakeholder engagement market assessment, and reconsider (a) the type of product or service that could be offered, and (b) the CBT model.

### STEP 3: SET UP THE STAKEHOLDER STRUCTURE

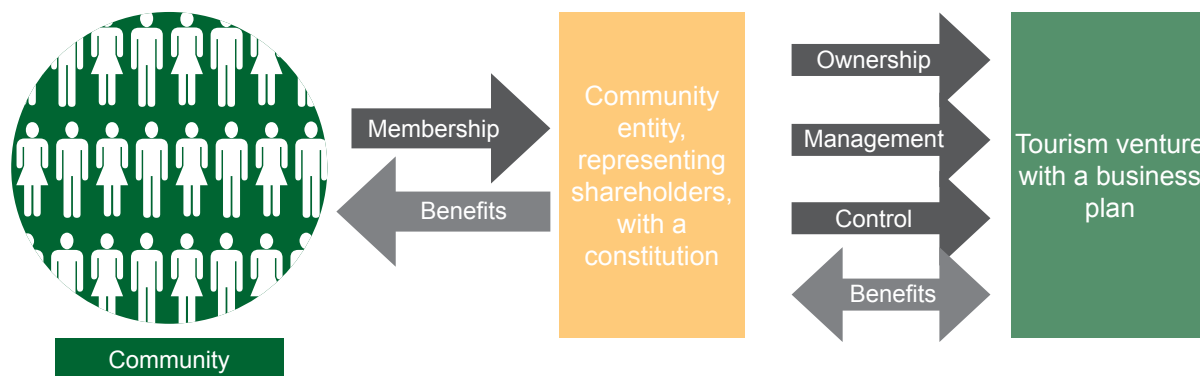


#### What is important?

- **Find the best way to involve the community:** Determine a suitable structure that will best enable the community to be involved in the CBT venture and benefit from it.

This section deals with the establishment of a representative oversight body or entity that represents the interest of stakeholders, and oversees how the tourism venture is developed and managed. This could be a community trust or a joint venture company, both which may not be directly involved in the day-to-day management of the business but which are responsible for its ownership (Figure 9).

Proper development of the oversight body is particularly important for development of non-profit organisations, joint ventures between communities and the private sector as well cooperatives. Small, Medium and Micro Enterprises operated by a small number of community members or individual entrepreneurs do not require this additional layer of information and can proceed to Step 4.

**Figure 9: Relationship of the community entity to the community and the tourism venture**

### 3.1 Develop a constitution

Developing a constitution is an important first step towards setting up the structure and transparent governance. It sets out the principles, beneficiation processes and governance structures for how the oversight entity will operate. The process of developing and agreeing to a constitution ensures that community members share a common vision and understanding of the objectives of the venture.

The process and resulting document needs to be simple and clear so that all members understand their mandates and responsibilities. Ideally, the constitution should be developed with the support of professional community facilitators combined with legal advice.

- In general, a constitution should include, but not be limited to the following:
- The purpose and objectives of the community entity
- The form of the community entity, be it a for-profit business or a non-profit organisation
- The membership structure of a board or trust, how can members join, leave or be expelled
- **The roles**, powers, rights and responsibilities of each member
- The structure, **roles**, powers, rights and responsibilities of the management committee (refer to section 3.2 for more information about setting up and building the capacity of the management committee)
- The structures and main procedures for decision-making functions and their limitations
- The benefit-sharing structures and processes that the structure will respect and oversee
- How the finances and assets will be managed and reported
- Conflict resolution procedures

'Community entities should be autonomous and fully representative of collective interests, in other words, not representing individual interests.'

Nelisa Mshengu, Ethekwini Municipality

Very often women and youth are excluded from decision-making within the community and their participation in the venture is not automatic. The community's decision makers will often be mostly elders and males, who may not be aware of the perspectives and needs of diverse groups. The community entity however, should be democratic, and measures should be put in place to ensure equal opportunity for women and youth (and others such as the disabled and migrant workers). This could be an item in the constitution.

The structure of the constitution will be dependent upon the legal structure chosen and will be governed by different laws. Professional legal support is imperative in this process.

Open Africa, an organisation that helps tourism entrepreneurs create tourism routes, firstly helps the entrepreneurs form community tourism associations. Part of this process is helping them draft a constitution practice. Open Africa has several templates that can be adjusted as needed, and shares best practice.



### 3.2 Design and train the community entity's management committee

Requiring community members to manage all the ownership aspects of a tourism venture is a tough undertaking, especially if only a few have existing experience in tourism or business. It requires significant and consistent levels of technical support and training. In consultation with the community, it is important to determine:

- The purpose and functions of the management committee
- The scope of the committee's decision-making authority and clear procedures to make decisions and their limitations
- The committee's reporting and communication process to the community
- The functions and duration of each representative appointed to the committee to ensure each member serves a specific purpose
- The benefit-sharing process
- The electoral process to propose and select members of the community to the management committee
- The process for the community to issue complaints or remove a member of the management committee

#### Responsibilities of the management committee

The management committee has specific responsibilities relating to the CBT venture, which may include:

- Establishing policies and procedures for community engagement and the distribution of benefits
- Consulting with the community on issues relating to the CBT venture
- Facilitating decision-making within the community relating to the CBT venture and the distribution of benefits
- Recording decisions and ensuring that they are acted upon
- Ensuring legal compliance by the oversight body
- Ensuring that the finances of the oversight body are properly managed
- Ensuring that benefits are distributed to the community
- Encouraging participation of all members of the community
- Liaising with partners and negotiating with private sector partners if a JV is being pursued
- Monitoring and evaluating the CBT venture
- Giving the community feedback on the CBT venture or the entity's activities
- Resolving conflict within the community relating to the CBT venture

These functions and process should be outlined in the business's constitution. Once these have been agreed upon, an electoral process can proceed, including:

- Requesting candidates to submit application forms to confirm their candidacy
- Providing an open forum for each candidate to present themselves and intentions to the wider community
- Facilitating an election process that is fair and transparent
- Communicating the results of the election publically and allowing for a complaints procedure

Support is required to fully understand the practicalities of these functions. Workshops and exposure visits are useful tools to help introduce members to their responsibilities. However, ongoing mentoring is required to build confidence of community members.

Support organisations that assist with community-based tourism have different ways of training communities on matters of governance. Open Africa hosts workshops on governance for community tourism associations that it has helped create, Africa! Ignite offers ongoing mentorship and Wilderness Safaris has an advisory committee that includes all stakeholders.

Technical support should be provided by experts with experience in tourism development, business management and accounting. Training topics will include, but are not limited to, the following:

- Transparency and complaints procedures
- Communication strategy with the wider community
- Developing agendas, minutes of meetings, reporting
- Accounting and financial management
- Conducting annual general meetings

### 3.3 Set up a system for the distribution of benefits

Stakeholders will need to be aware of the need to design a practical, transparent and well-governed **mechanism for distributing benefits from tourism**, and their roles and responsibilities in meeting any costs. A community entity, such as a not-for-profit trust, can be established with community members making up the membership. Community members may approach organisations such as the Small Enterprise Development Agency (SEDA) or the Department of Trade and Industry (DTI) for assistance in selecting the most appropriate form of entity. As part of good governance of the entity, public elections can be held within the community to identify and vote for community representatives to manage it. Simple systems should be used to ensure that there is accountability of these representatives (and particularly of any money flowing through it), and that regular feedback is provided to the community through the venture and the trust. It is also important to put in mechanisms to ensure representation for groups who often will not get elected like women and minorities.

### 3.4 Coordinate with support institutions and communicate with stakeholders

Developing a community entity requires community facilitation, governance, legal, investment structuring as well as marketing skills. Whether your organisation is a local municipality or NGO, it is likely that you will require additional technical support. Collaborating with other stakeholders, who have a high technical competence in a particular area and add value to the process, will increase the chances of establishing and sustaining a successful CBT venture.

- Make a list of what types of support are required to both the management committee and the CBT venture itself
- Prioritise the most important types of support
- Identify support institutions (both public and private) which offer support to your specific prioritised areas
- Decide which support institutions to approach and agree to a scope of support, timeframes and expected results

A common challenge within community-based tourism in South Africa is the unrealistic expectations of the wider community. This is often a consequence of the fact that expectations have not been managed from the outset. It is critical for the wider community to understand the implications of any benefit sharing system. There are three key messages to communicate:

- The community only benefits if the tourism business is successful and profitable
- It will not make a profit for at least the first few years, so it is long-term vision
- The tourism establishment cannot employ everyone in the community, but indirect business linkages will have a greater impact

Developing a clear communication strategy to ensure that the wider community is regularly informed of business progress updates, decisions, challenges and future milestones is essential. Figure 10 is a simple process for developing a communication strategy.

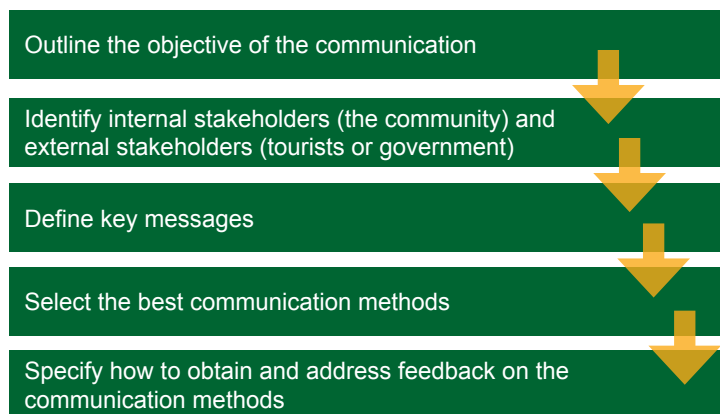
‘Don’t just share financial reports, train people to interpret and understand them.’

Vikani Funda, Sivuno Consulting

‘All TFPD’s CBT ventures have elected advisory boards with whom they meet regularly. They share the details on the value created, as well as provide and education on the liabilities of owning assets.’

Vikani Funda, Sivuno Consulting

**Figure 10: Plan for developing a communication strategy**



### 3.5 Register the community entity and comply with legal requirements

NGOs and organisations like SEDA can help register the oversight body of the community entity. The registration process will be determined by the legal structure that is chosen. The legal requirements for each will vary and professional legal assistance should be sought. Requirements to register the community entity may include the constitution, a registered bank account, as well as the trustees or members’ proof of identify and address.

#### Joint ventures: seeking and developing a partnership

If a JV is being considered, then a critical element will be to **identify and secure a partnership** with a suitable private operator, preferably one with a positive track record. This needs to be a company that provides investments, skills and assets to complement those of the community, and which will maximise the chances of commercial success. The community members will also need to understand the nature of the partnership, roles and responsibilities and timeframes involved. For example, it is important to appreciate that brokering JV agreements and establishing the joint venture can take two to three years before a venture starts construction and development.

Operators face never-ending challenges and still have the attitude “I don’t give up.’

Eleanor Muller – TFPD

‘In a JV, the private sector takes the lead. It is important that those with experience in tourism lead the process.’

Jonathan Braack, &Beyond

‘Due diligence from the JV partner is crucial. This should not just be focused on business skills but also on the ability and motivation to work in a respectful partnership with the community.’

Dave Martin - Bulungula Lodge

Options for finding a partner can include requesting an NGO or government authority to help:

- Identify a potential private sector partner and negotiate and broker an agreement between them to establish a JV
- Publically advertise a tender for a partner to establish a JV with the community, outlining what services are required and then select the best proposal

Irrespective of the venture structure, the community will require the assistance of a professional transaction advisor. The functions of a transaction advisor are to advise the community of the:

- Different financing and partnership options availableThe process for identifying and negotiating a partnershipTrue value of their resources so that they do not either undersell or oversell themselves

### **Types of private sector tourism partners in South Africa**

Private sector partners are either tourism groups (Wilderness Safaris, TFPD, and Beyond) or entrepreneurs/small businesses (Coffee Shack, Mdumbi Backpackers, Bulungula Lodge). An advantage of tourism groups is that they can pool resources, have teams of specialists and benefit from economies of scale. For example, a tourism group will have only one marketing manager for many properties and can save when they supply in bulk. Entrepreneurs on the other hand, are often multi-skilled people who have to perform all the management and marketing functions themselves. They are almost always based within the community since they do not have the resources to operate remotely. Unlike tourism groups who have a pool of managers they can place in the operation, an entrepreneur should be committed to the business for the full length of time it takes for the community to learn to manage the business. Dave Martin from Bulungula Lodge suggests that this should be five years (he did ten), but one of the benefits of these years is that the operator develops a close relationship with the community. Some tourism groups have community liaison officers that are tasked with engaging with the community.

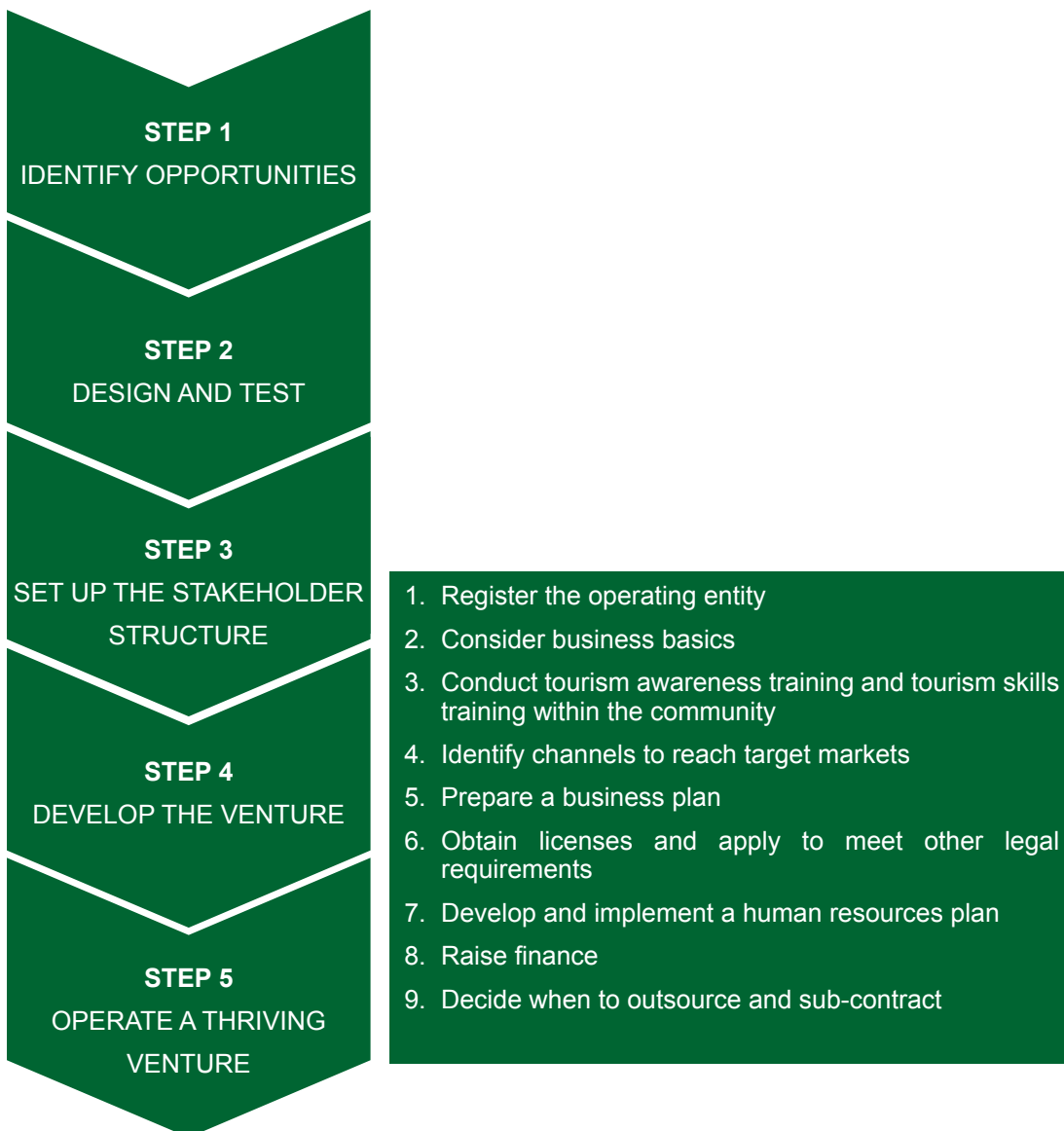
### **TFPD's JV agreements**

TFPD has partnered with several communities in joint venture agreement to rejuvenate their failed or failing tourism ventures. Each of the community-owned properties is run as a separate company from TFPD, with its own bank accounts, registration, audits and controls. This means that each operating company's books and legal matters are fully self-contained, and can and will be transferred with the property at such time as TFPD are no longer the operators.

TFPD has a different contract with the community owners, as they are individually negotiated and fit the requirements of each individual situation. The only factor common to all contracts is that TFPD do not own any of the assets, and only receive a return from the value created by the trading operation. Some of the properties are managed at TFPD's risk, and others are managed on a fee basis. The term of the contracts ranges from 5 to 25 years, and is designed to be long enough that the business case will work for both the owners and the operator. For the properties where TFPD take the operating risk, their income is directly related to bednights and rate achieved.

Other operations provide a fixed management fee for their services.

## STEP 4: DEVELOP THE COMMUNITY-BASED TOURISM VENTURE



At this point, the community governance structure that will oversee the development of the venture is in place and operating. Now our attention turns to the tourism venture itself.

### What is important?

- Ensure the business venture operates legally
- **Create a quality tourism product:** The community-based tourism venture should offer a high quality of visitor experience and be subject to a rigorous business plan

## 4.1 Register the business venture and comply with legal requirements

The best business format for the operating entity was selected in Step 2.6. NGOs and organisations like SEDA can help register the business entity that will be responsible for the day-to-day management of the venture. The registration process will be determined by legal structure that is chosen. The legal requirements for each will vary and professional legal assistance should be sought. Requirements to register the business entity may include the memorandum of incorporation or constitution of the entity, a registered bank account, as well as the members' proof of identify and address.

## 4.2 Consider business basics

For the CBT venture to be sustainable, it will need to generate a profit over a sustained period of time. If it is unable to generate a profit in a particular year, it will need enough cash reserves from previous years to keep it going.

A few business basics for successful implementation of a CBT venture include:

- Understand that the business is unlikely to generate a profit for the first five years. This is common for the industry and needs to be planned for from the start
  - Keep the business operations separate from community projects
  - Conduct market research to inform decision-making. Tourists, tour operators and travel agencies have all been interviewed, their opinions noted and acted upon
  - Active marketing on a continuous basis to ensure that tourists, operators and travel organisers are aware and interested in the venture
- A support organisation or private partner that has a strong understanding of tourism development

### TIP

Make the distinction between the business of tourism and operations. The business of tourism refers to financial management, sales and marketing, and generally requires more skill. Operations refer to the day-to-day tasks needed to deliver a tourism product or service. These tasks may be easier than financial management and marketing, but staff will still need to be trained.

## 4.3 Foster tourism awareness

The decision on the type of tourism product to offer will be informed by the market assessment in Step 2.3. Community members that understand how tourism works, the standards required and the factors that affect demand, are more likely to offer successful tourism products. Capacity building on tourism awareness will increase the community's understanding of the importance of tourism to the local economy.

Some of the topics that could be covered in a tourism awareness-training programme include:

- Who are tourists?
- Where do they come from?
- What do they want to do and what don't they enjoy?
- What tourism activities or places are currently popular in the local area?
- How does a tourist decide, select and book a holiday;
- What influences a tourist's decision to choose one tourism venture over another?
- How the community can become directly and indirectly involved in tourism?

These questions can either be addressed through a classroom format, field trips, workshops or combination of these activities. Knowledge transfer from existing successful operators is useful so community members have the chance to experience the realities of owning and operating a tourism venture.

## 4.4 Access markets

The information about target markets that was collected in Step 2.3 is essential for the business plan. Once the target market is identified the next task is to decide on how it should be positioned in the market. Knowledge of the **unique selling points** or features that differentiate the CBT venture from others on offer in the local area can help identify the venture’s positioning. For example, a CBT venture can position its product as a cultural experience if it opens up a restaurant that serves traditional food. The venture is in a strong position if there is no other restaurant in the area also serving traditional food.

The next step is to identify the most efficient and effective path to attract clients to the business. Marketing and promoting a business is a complex matter that cannot be fully dealt with here. However, the ‘4Ps’ as shown in Figure 11, describes the basic analytical approach to be taken.

If possible, support organisations should enlist the services of a professional tourism marketing company or specialist NGO to develop the marketing strategy. In the case of a joint venture, the private sector partner will most likely have the required expertise.

A successful venture of any kind should consider marketing as a continuous process to maintain their connection with customers and presence. Neglecting to market the venture and thinking that others will market on their behalf, is risky. Therefore sufficient training and mentorship should be provided so the CBT venture so that management is able to understand the fundamentals and importance of continuous and innovative marketing as well as the motivations of their target market.

**Figure 11: The 4Ps of marketing**



## 4.5 Prepare a business plan

A business plan is a step-by-step document that outlines the vision of the venture, what product or service you intend to offer and how you intend to make your business successful. It is used as both a pragmatic document to guide the venture but also as a marketing tool to raise capital from financial institutions. A venture is unlikely to raise funding without a well-researched and realistic business plan.

### Business plan outline

General company/venture description  
 Industry background  
 Competitor analysis  
 Market analysis, including pricing competitiveness  
 Products and services offered  
 Responsible tourism practices  
 Marketing plan  
 Operational plan  
 Management and organisation  
 Start-up expenses and capitalisation  
 Financial plan  
 Monitoring and evaluation

A lot of the research on the business plan should have been completed during the design and testing phase (Step 2), but the venture business plan may require some additional detail. It is an important learning exercise for any business to go through, and CBT ventures are more likely to be successful if they have written their own business plan with assistance from a business expert rather than having a plan that is produced by experts without their involvement. It is a useful problem-solving tool that assists communities to refine their expectations and ambitions for the venture.

### 4.6 Raise finance

The approach needed for raising funding to start a CBT venture will vary depending upon the level of investment required. Funding is available from either commercial banks or public organisations, and is generally in the form of grants, loans or equity stakes. In the case of a joint venture, the private sector partner may also provide a loan to the community. The project concept and business plan largely informs the decision of the lender. It needs to be well-researched and have a realistic market assumption. Lenders are reluctant to make loans to projects that have incomplete business plans or unrealistic estimations of their success.

Some of the fundamental questions that commercial banks ask are: Will the business be **viable**?

- If a private partner is involved, is it **credible**?
- What **collateral** is available (i.e. buildings, vehicles etc.)?
- What are the current and predicted **future tourism market conditions**?
- Is this **business profitable** enough for the financier to take the risk?

“Avoid funding arrangements that lead communities to believe that this is a ‘government project’. It is less likely that the business will operate as a true business – participants know that government has a vested interest in making the project succeed and will keep on supplying funds.”

Dave Martin, Bulungula Lodge

“We managed to raise R10 million finance but now I’m struggling to raise finance for new projects we’re working on.”

Chris Rightford, Buffalo Ridge Safari Lodge

In situations where the CBT venture is solely owned by the community (there is no private sector partner), demonstrating collateral is often very difficult, making it less likely to receive commercial financing. Other small businesses may not need much start-up funding at all to get going.

Depending on the scale and structure of the tourism business investment, the community may need to either finance



the development of the venture or fund their equity share in the partnership. There are two routes in this regard: public development finance or a private loan.

Community-based tourism ventures tend to favour public development finance, as it usually provides a lower rate than commercial banks and is not subject to the same stringent repayment regulations. Organisations such as international development organisations and NGOs have been the traditional funders in the past. However, these funders are increasingly demanding a stronger business case for their support and will rarely support capital investments. Therefore, a thorough and realistic business plan is extremely important and was discussed in section Step 4.4.

Stipends to tide the community over before the venture is profitable are a double edged sword. They are useful in keeping morale high, but the community can see the benefit of the stipend instead of the benefit from revenue. When the stipend ends, the community can lose interest in the venture.

#### 4.7 Comply with legal requirements

In Section 1.5 and again in Section 2.8 we mentioned briefly that licenses or legal requirements have to be completed before operations can begin, such as an environmental impact assessment (EIA) in the case of building a new tourism establishment. A legal expert should be consulted to determine which regulations apply to the operation, to prepare applications, to submit the applications and then to keep track of the applications until legal requirements are met. Complying with these requirements can cause lengthy delays if they are not dealt with in good time. For example, a restaurant without a liquor license will not be able to serve alcohol which may result in some tourists choosing to dine elsewhere.

#### 4.8 Develop and implement a human resources plan

The CBT venture cannot employ everyone from the local community. Therefore, determining who will and will not receive employment can become extremely contentious, especially in areas of high unemployment. Support organisations need to be aware of this from the start and plan accordingly. A human resources and communication strategy can help identify potential challenges in advance and minimise community conflict.

##### TIP

As a responsible tourism venture, a CBT venture would have fair and transparent human resource procedures. In communities, where word often spreads quickly and can easily be distorted, fair and transparent human resource procedures also protects the CBT venture from damage, if it is accused of wrongdoing.

All human resources processes should be fair and transparent all times.

'In rural areas, more training and time is needed to get staff to levels required. There is more risk that training fails, and it does fail many times until you find the right individuals and formulas.'

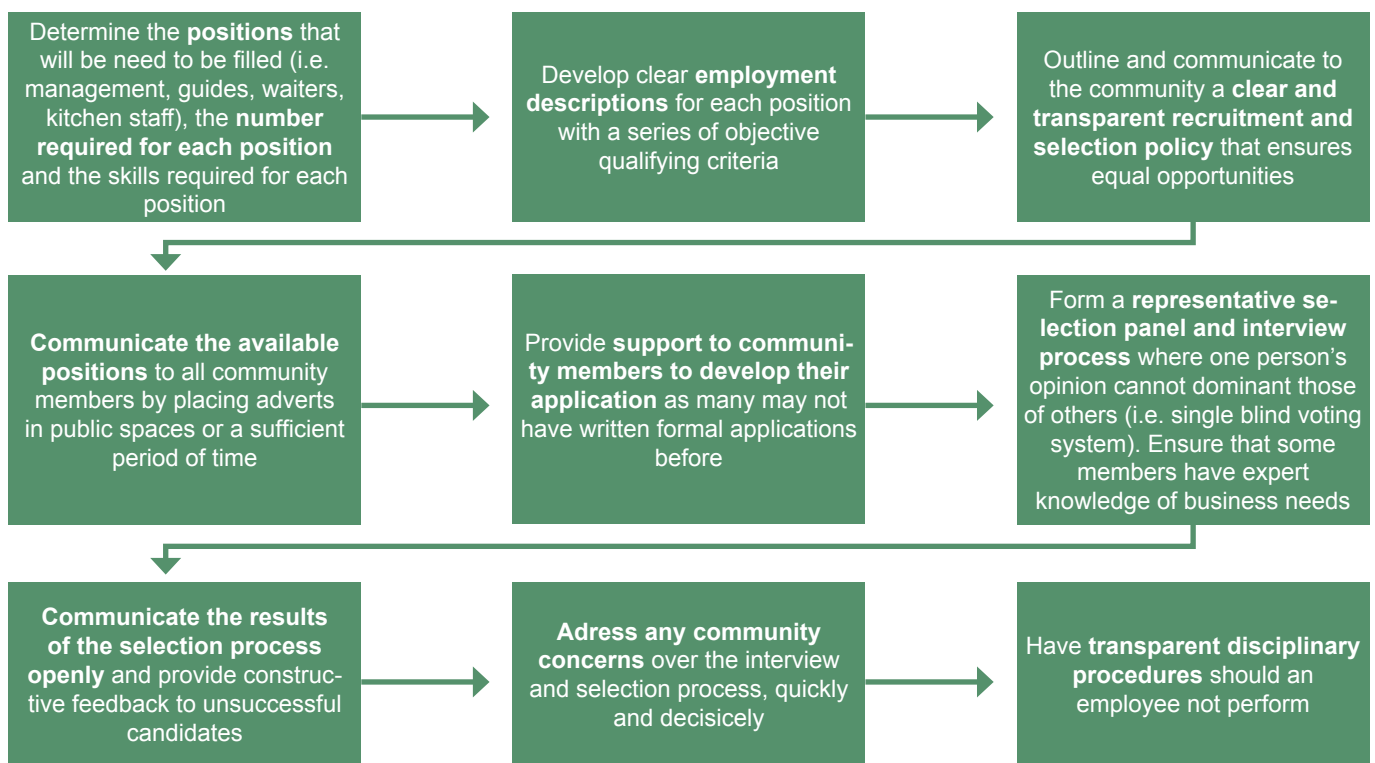
David Malherbe, Coffee Shack Backpackers

'Getting the right people in place at a management level in remote rural operations is not simple.'

Glynn O'Leary, TFPD

Figure 12 shows the steps involved in developing and implementing a human resources plan.

**Figure 12: Process of developing and implementing a human resources plan**



### Getting the community involved in HR decisions

Decisions about which community members get employed at Bulungula Lodge are made by the entire community instead of just the elected community committee to avoid accusations of favouritism.

A CBT venture can take the following measures to minimise community conflicts during the recruitment process:

- Implement the human resources plan transparently and address community concerns immediately, clearly and inclusively
- The recruitment process is open, the qualifying criteria are objective and the selection panel is representative
- Provide constructive feedback to unsuccessful candidates
- Emphasise the indirect employment linkages through supply chain development
- Put in place a plan for training others in the community (particularly youth) so that they can be up-skilled and can compete for jobs more effectively

#### TIP

Recruiting managers from outside the community is culturally appropriate in many communities but, be careful about whose feet you tread on. It is generally not politically well received.

Employees who have become good at their jobs can train other employees in the venture.

Once the employment within the CBT venture is finalised, contracts should be agreed upon that relate to the employment descriptions, pay and benefits. Also, a period of targeted training will be required to ensure that staff members are confident and competent to fulfil their job description, and can support the running of the CBT venture. Ensure that all members of staff – from managers to cleaners – know what they are supposed to do, and how important their contributions are within the broader venture. The ILO Sustaining Competitive and Responsible Enterprises (SCORE) project focuses on training to build workplace cooperation within tourism ventures. The starting point for the training is uniting employees around shared targets and involving all employees in continuous improvement. The ILO SCORE website has useful case studies.<sup>24</sup>

## TFPD's employee manual: Setting the terms and conditions of employment

TFPD is committed to creating a work environment that is fair for all. Terms and conditions of employment are set out in their employment policy manual and the staff is encouraged to read and understand it. The policy informs the staff about how TFPD manages all aspects of human resources, and what TFPD has put in place to ensure health and safety in the workplace.

The manual also guides staff as to what conduct is required of them. An example of how TFPD prevents conflict in the workplace is its tipping policy that forbids asking for tips, encourages staff to share tips but leaves the decision as to how tips will be distributed to the team at each operation.

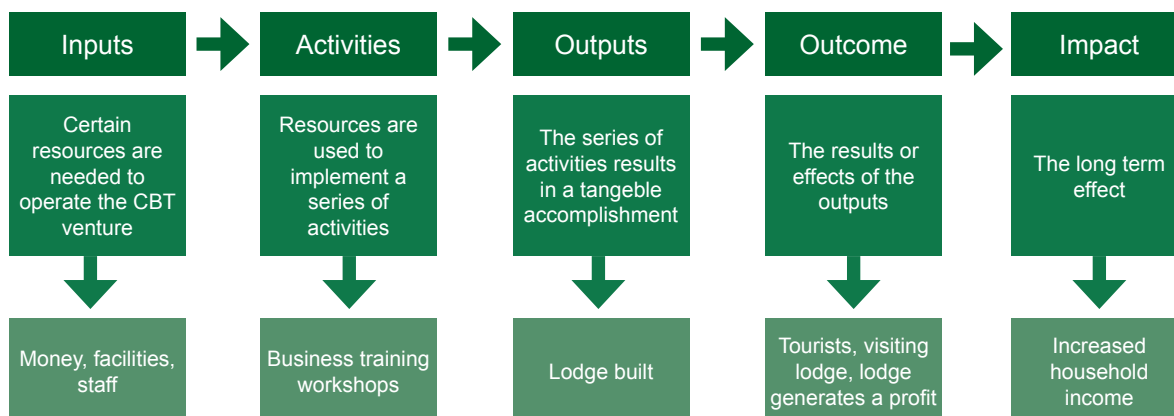
Most TFPD operations are located in protected areas and in areas where the community follows a traditional culture. Staff members are required to comply with a code of conduct which focuses on nature conservation, pollution control, respect towards others and respect towards the venture's property. Some operations add to the basic code of conduct as needed.

The manual is also used as a tool to educate staff on TRPD's responsible tourism agenda and other issues specific to tourism like a policy regarding protecting children from sexual exploitation. As a responsible tourism operation, TFPD understands that staff well-being is important, and the manual also gives staff information about how to protect themselves from HIV and support others who may be infected by the disease.

### 4.9 Plan to track progress and success

In order to plan, it is often best to start with the intended impacts and work backwards. The impacts of a CBT venture on the community can include increased household incomes, improved labour force and reduced levels of poverty. A results chain helps to work out the probable effect of a venture and ensure that it achieves the benefits expected by the community. Figure 13 shows the results chain for a CBT venture including an example where the product is a lodge.

**Figure 13: A results chain for a CBT venture**



A large number of outputs and even greater number of activities will be required to achieve maybe one impact or two outcomes, and assessing the ongoing progress of the results chain requires a monitoring system. The ILO evaluation policy provides a helpful guide as it focuses on five pillars derived from the internationally agreed standard performance criteria: relevance, effectiveness, efficiency, impact and sustainability. The five pillars are explained below along with a series of evaluation questions:

**Table 13: M&E criteria and their measurement**

Pillars	Description	Evaluation questions
1. Relevance: Are we doing the right thing?	The extent to which the CBT venture is suited to the priorities and policies of the target group, recipient and donor.	To what extent are the objectives of the CBT venture still valid?  Are the activities and outputs of the CBT venture consistent with the overall goal and the attainment of its objectives?  Are the activities and outputs of the CBT venture consistent with the intended impacts and effects?
2. Effectiveness: Are we achieving our objectives?	A measure of the extent to which the CBT venture attains its objectives.	To what extent were the objectives achieved/are likely to be achieved?  What were the major factors influencing the achievement or non-achievement of the objectives?
3. Efficiency: Are our actions cost-effective?	Efficiency measures the outputs, qualitative and quantitative, in relation to the inputs. It is an economic term which signifies that the aid uses the least costly resources possible in order to achieve the desired results. This generally requires comparing alternative approaches to achieving the same outputs, to see whether the most efficient process has been adopted.	Were activities cost-efficient?  Were objectives achieved on time?  Was the CBT venture implemented in the most efficient way compared to alternatives?
4. Impact: Are we contributing to the achievement of overarching development objectives and results?	The positive and negative changes produced by the CBT venture, directly or indirectly, intended or unintended. This involves the main impacts and effects resulting from the CBT venture on the local social, economic, environmental and other development indicators. The examination should be concerned with both intended and unintended results and must also include the positive and negative impact of external factors, such as changes in terms of trade and financial conditions.	What has happened as a result of the CBT venture?  What real difference has the CBT venture made to the beneficiaries?  How many people have been affected?
5. Sustainability: Are the results durable?	Sustainability is concerned with measuring whether the benefits of the CBT venture are likely to continue after donor funding has been withdrawn. The CBT venture would need to be environmentally as well as financially sustainable.	To what extent did the benefits of the CBT venture continue after donor funding ceased?  What were the major factors that influenced the achievement or non-achievement of sustainability of the CBT venture?

In addition to the above criteria, there are number of cross-cutting issues that should be considered and accounted for within all development projects, namely gender, environment, poverty and HIV. CBT ventures should continuously monitor the potential risks, even indirect, of their activities on the above list and identify opportunities where activities can have a positive impact on the above issues.

## 4.10 Develop indicators and baselines

The objective of the development of the CBT venture should be developed in consultation with the local community members. Once the objective is agreed upon, the next step is to determine how to track its progress. Indicators need to be an objectively verifiable means to determining progress. A useful criteria system for indicators is SMART, meaning:

- Specific
- Measurable
- Achievable
- Relevant
- Time-bound

For each indicator a baseline (or starting point) needs to be assessed, with an assigned target by the end of the project period. In addition, a means of objectively verifying the indicator should be assigned. An example from the ILO SCORE training programme is:

**Table 14: Indicator example**

Measurement	Indicator	Baseline	Target	Current Status
Overall outcome: More decent jobs for young women in rural tourism SMMEs	% of women workers promoted as a result of project interventions reporting increased job satisfaction	0	90%	50%

## STEP 5: OPERATING A THRIVING COMMUNITY-BASED TOURISM VENTURE



### What is important?

- **Provide technical support:** Provide the community-based tourism venture with ongoing access to advice and support in the development, management and marketing of responsible, good quality tourism products
- **Manage impacts:** Take steps to minimise the environmental impact and maximise the local benefit of the community-based tourism venture

### 5.1 Draft an operational manual

Operational manuals are essential to guide management and staff on the day-to-day operations of the venture. It does not need to be complicated. For a small and simple CBT venture, they might include just a few pages of notes

to retain the knowledge that was collected during the scoping, design and feasibility stages. The operational manual can be based on the operational plan included within the business plan for the venture. Some of the key elements from the business plan are outlined in this section:

- Management and organisation: human resources plan
- Marketing plan and promotion
- Financial management
- Responsible tourism (including equality)
- Monitoring
- Troubleshooting

## 5.2 Launch the CBT venture

It is extremely important that the venture is only launched once it is ready. This means that the infrastructure is complete, all staff are trained and have practiced their skills and the booking platform is operational. You do not want the first reviews of the CBT venture to be “the walls were still being painted” or “they did not have running water yet.” The impact and quality of the launch can have a significant impact on the longer-term success of the CBT venture.

Consider a **soft launch** before the official launch. A soft launch involves allowing invited guests to test the product and give constructive feedback. It enables the CBT venture to identify any remaining issues from the customer’s perspective without the potential negative consequences of public reviews. Choosing guests that have experience in tourism and will provide honest, frank feedback is crucial. Characteristics of successful CBT ventures are those that conduct a soft launch, openly listen to criticism and decide how to implement the recommendations promptly.

The next decision is where to officially conduct the **full launch**. If your product is accommodation, a tour or a restaurant, it is advisable to choose an appropriate platform to market your business. For example, trade fairs that are relevant to your operation, such as the Tourism Indaba in Durban or World Travel Market Africa in Cape Town, are useful methods for JVs. Trade fairs provide the highest exposure for your business as well as an opportunity to take prospective travel agencies or tour companies on a tour after the fair. A few tasks to implement in **advance of launching** the CBT venture at a trade fair include:

- Produce all your promotional materials (e.g. business cards, brochures, flyers) with the assistance of a professional tourism marketing company or the private sector partner
  - Book a venue for the launch and ensure it is at a convenient location and time that does not compete with other, larger events
  - Publicise the launch using traditional media as well as on social media
  - Develop and practice a marketing pitch that is precise and clearly describes your product and its unique and attractive features
  - Book meetings with tour operators and travel agents in advance of the fair to ensure you receive sufficient face time with them
  - Send electronic versions of your promotional materials to prospective buyers to build their interest in advance of meetings
  - Decide what Special Tour Operator (STO) rate is acceptable to you and the level of commissions offered to agencies that sell on your behalf
- Organise a post trade fair trip for travel agencies and tour operators to visit the CBT venture. During the launch, one objective would be to collect the contact details of all prospective clients and influencers that you meet. They can then be kept informed of the CBT venture’s progress through monthly or quarterly newsletters distributed via email and on social media. It is necessary to first get permission from prospective buyers to send them newsletters.

### TIP

Use social media like Facebook and Twitter to create a buzz around the business launch, and to invite people to attend.

### 5.3 Organise, manage and develop people

Based on the business plan, the venture should have a clear description of how it will be managed (and by whom), of the roles and responsibilities of its staff, and also disciplinary and complaints procedures. For larger ventures, an organogram that is publically displayed can be useful, in addition to the Basic Conditions of Employment Act. Staff meetings and notice boards also provide simple options for clear communication between staff members – to highlight any areas for special attention, and also acknowledge good work and effort.

Capacity building of staff on a regular basis is required for two reasons: firstly, so the tourism product or service remains competitive as tourism markets evolve; and secondly, to provide staff with the opportunity to gain promotion to higher management levels. Developing a career development plan for each staff member to outline their capacity building requirements to fulfil this path, is a useful planning tool. This will obviously be reviewed and adapted on a regular basis depending on funds available, the needs of each staff member, the CBT venture and the tourism market.

Once the venture is operating, it can be difficult to provide additional opportunities for staff to receive **training** – particularly where this means they need to be absent from work for a while. However, there are options for on-the-job training through mentorship and a work-based training programmes. There are a number of training institutions and courses available in South Africa. The local tourism association will be able to advise which ones are available locally to the CBT venture. These include online hospitality training systems like Lobster Inc, and workplace training to improve productivity and working conditions through the ILO's SCORE Programme.

Some **highly technical skills** may not be available among staff recruited from the community, and the CBT venture may initially need to seek external support – either from NGOs and support agencies (which may be for free, or at discounted cost), or from technical experts such as lawyers and accountants.

If staff leave and new employees are required, use the process outlined in section 4.7 again, to fairly and transparently identify new personnel.

In tourism, it is common for ventures to suffer from seasonal shifts – with extreme differences in the number of bookings. Planning should foresee this issue, envisage increase clients during traditional low times (e.g. through pricing policies, offers) and set out how staff can be protected from loss of income at such times. Two ideas: concentrate staff training during this time; arrange partnerships with ventures that have different seasonal patterns, so that staff can have the chance to work elsewhere at such times.

### 5.4 Market and promote the CBT venture

The CBT venture's business plan will contain the market research required to determine the target market, and also the proposed marketing and promotion plan. The next step is to identify the most effective means of attracting new customers and retaining existing ones. The types of marketing available are numerous and it is assumed that resources are limited, so it will be important to select methods that generate the greatest return on investment. This means focusing on a few important tools for generating exposure for the venture.

The venture can create partnerships by joining destination marketing organisations, public tourism associations and the local chamber of commerce. Each markets a destination and generally have their own websites, social

#### Developing staff at Coffee Shack

Coffee Shack Backpackers runs a hospitality training bursary programme through its affiliate NPO, Sustainable Coffee Bay. Students attend a one-year course at the South African College of Tourism in Graaf-Reinett, and several graduates have been employed at Coffee Shack. David Malherbe from Coffee Shack says that there is a churn of staff as the more experienced staff leave for greener pastures, so the bursary scheme is a good way of making sure that Coffee Shack always has trained staff, especially members of staff who are great ambassadors for Coffee Bay.

'The thing that excited me was taking kids from rural community with no skills and helping them reach a point where they now run the lodge.'

Chris Rightford, Buffalo Ridge Safari Lodge.



media platforms and marketing events through which members gain exposure. The venture can also join a collective marketing initiative of a small number of tourism businesses that promote a specific tourism route.

The CBT venture can also sign up for a listing with online travel agents (OTA) and third-party booking platforms. Listing is generally free but agents take a commission on sales generated through their platforms. OTAs and third party platforms involve less time and money spent by the CBT venture, but the CBT venture will retain a lower percentage of the total sale.

### Marketing tools <sup>25</sup>

- Business website
- Social media including Facebook, Twitter and Instagram profiles, a blog or even short You Tube videos to keep existing customers informed and remain in their minds<sup>1</sup>
- A TripAdvisor profile for previous guests to post reviews
- Printed and electronic brochures
- Advertising in regional and local travel guides
- Local visitor information services
- Public and media relations
- Local signage

Create a database of existing clients with their contact details and use this to send newsletters informing them of special promotions, offers and news to encourage repeat visitation. Use a customer feedback form on the departure of clients to gain information on their experience and areas to improve.

## 5.5 Manage the finances

Thorough and transparent financial management is necessary to strengthen the financial sustainability of the CBT venture. Financial management is both the responsibility of the venture’s accountant as well as the management.

A trained accountant that is able to accurately record all revenue and expenses as well as future cash flow forecasting, is a non-negotiable. The appointed accountant requires a formal accountancy qualification. A common challenge is that an accountant from the community is more susceptible to pressure and interference from members of the community. If this is the case, appointing an accountant from a reputable firm who is not a member of the community would be a sensible solution. In any case, the accountant needs the confidence to guide the financial decisions of the management. They are not just the ‘bean-counter’ but also a critical player in the financial planning of the venture.

While the accountant will report on the financial performance of the venture, the management structure needs to understand their implications within their longer-term development context of the venture. In addition, they need to have the capacity to check the figures presented by the accountant and identify any miscalculations or missing money.

In order to ensure that the business has accurate financial records it requires:

- A bank account with a cheque book that requires more than one signatory
- A daily recording system that logs all expenses electronically (within excel), linking each invoice to its physical receipt
- A monthly recording system that collates all the expenditure and income from the month, with the ability to compare and track previous months
- A structure for annual financial reports
- Rolling forecasts to plan ahead and ensure sustainability

It is important to remember that for tax purposes all financial records need to be available for five years. Therefore, all physical receipts need to be stored in a secure location and the electronic financial recording systems should be backed up regularly.

<sup>1</sup> Enterprises with limited marketing resources should select one or two social media channels, and manage these well in line with a social media strategy, rather than attempt to use the full range of popular channels.

## 5.6 Operate responsibly and get recognition

The CBT venture has been designed as a responsible tourism venture, and now that it is operating, it is important to keep this emphasis throughout the venture's operations.

There is an abundance of information resources on operating a tourism business in a way that benefits local people, the local economy and natural and cultural heritage. In fact, South Africa has a set of criteria (SANS1162:2011) that a CBT venture can use as a starting point to develop a roadmap for operating responsibly. There are four sets of criteria to think about:

### 1. Sustainable operations and management

A CBT venture's ability to successfully implement the triple bottom line of responsible tourism is dependent on a sound sustainable operation and management criteria. A responsible tourism policy can guide the efforts of a CBT to implementation of the responsible tourism practices. A policy statement should reflect an integrated approach to doing business responsibly. In other words, it should encompass how all management and operational systems will incorporate responsible tourism priorities. It can include the venture's commitments related to suppliers, travellers and the local community.

The broad responsible tourism policy should be supplemented by a management system with policies and procedures that will support the participation of every member of a team to achieve the venture's goals. This will include a business' policies and procedures that should reflect responsible tourism principles.

### 2. Social and cultural criteria

A CBT venture should practice respect for local culture and support for social development in their local area. Providing support with education, healthcare and contributing to social infrastructure development promotes goodwill and helps to improve the local quality of life. Training community members, particularly the youth, means that they can compete for jobs more effectively. Informing tourists how to interact with local communities and respect local culture and customs reduces negative socio-cultural effects on local people.

### 3. Environmental criteria

A CBT venture should operate in a way that saves water, conserves energy resources and reduces carbon emissions. To achieve this, the venture should use resources efficiently; use clean energy sources such as solar and wind power; reduce pollution, manage waste and contribute to protecting biodiversity.

### 4. Economic criteria

Supporting local economic growth is key to long-term success for a thriving CBT venture. Identify ways in which the CBT venture can create local employment as well as purchase locally produced goods and services. Setting up business relationships with local people to create employment and stimulate entrepreneurial activities will go a long way to maximise the economic impact of the venture on the local community.

An option that is available to accommodation facilities, attractions and tours is to become certified as a responsible, or sustainable, tourism venture. Currently there are a number of options open to businesses in South Africa, which include programmes based in Southern Africa (e.g. Fair Trade Tourism, Heritage, Green Tourism Active) that are suitable to CBT ventures. They can also provide support to get ventures 'ready' for certification by guiding them on how to be more responsible in line with South African policies on responsible tourism as well as international standards such as the Global Sustainable Tourism Council criteria. Once certified by a certification programme, the CBT venture can use the programme logo in their marketing to demonstrate their responsible tourism credentials to tourists, other tourism businesses and their staff. The certification bodies will also help to promote and raise the profile of the CBT venture through their networks, websites and social media.

A CBT venture with good results in benefiting the community can also apply for responsible tourism awards. It is a way to benchmark an operation against

Entering and winning awards like the Imvelo responsible tourism awards has created exposure for Mehlooding Adventure Trail.

other tourism business, and being a finalist or winner can be an excellent reward for the efforts of a team. Most award processes require a business to submit comprehensive information about the operations and its performance. Even if the CBT venture does not win, getting into the final stages, helps to increase brand awareness and create credibility. The process of putting together the information sharpens the focus and often generates ideas to fill the gaps in strategic and operational plans.

## 5.7 Troubleshoot problems

Problems in the relationships within the community as well as between the CBT operation and its staff and partners may arise from time to time. Misunderstandings can be created by:

- Mismatched expectations
- Unrealistic expectations
- Competition for resources
- Miscommunication or a lack of transparency
- Weak management
- Downturn in tourism to the area or country

This is a normal part of a business and can often be dealt with quickly and efficiently through good communication and by tackling the problem sensitively and with the appropriate response. Early response is very important because if they are neglected, challenges may get worse over time and can ultimately lead to the failure and closure of the venture.

## 5.8 Support for the CBT venture

As community members embark on operating their CBT venture, they may need support to get the quality of their product or service right for their clients. Depending on the underlying capacity and skills of the community members involved in the venture, they may need long-term support and mentorship, or periodic and focused technical advice.

It is useful for a support agency, private sector partner, NGOs and government (where they are involved) to be available for regular communication with the venture, particularly with regard to financial management, market access, innovation and maintaining good relationships. A list of institutions that may be able to provide technical support is provided in Section C.

‘Management needs to be supported through the start-up phase and initial cash flow issues.’

Jonathan Braack, andBeyond

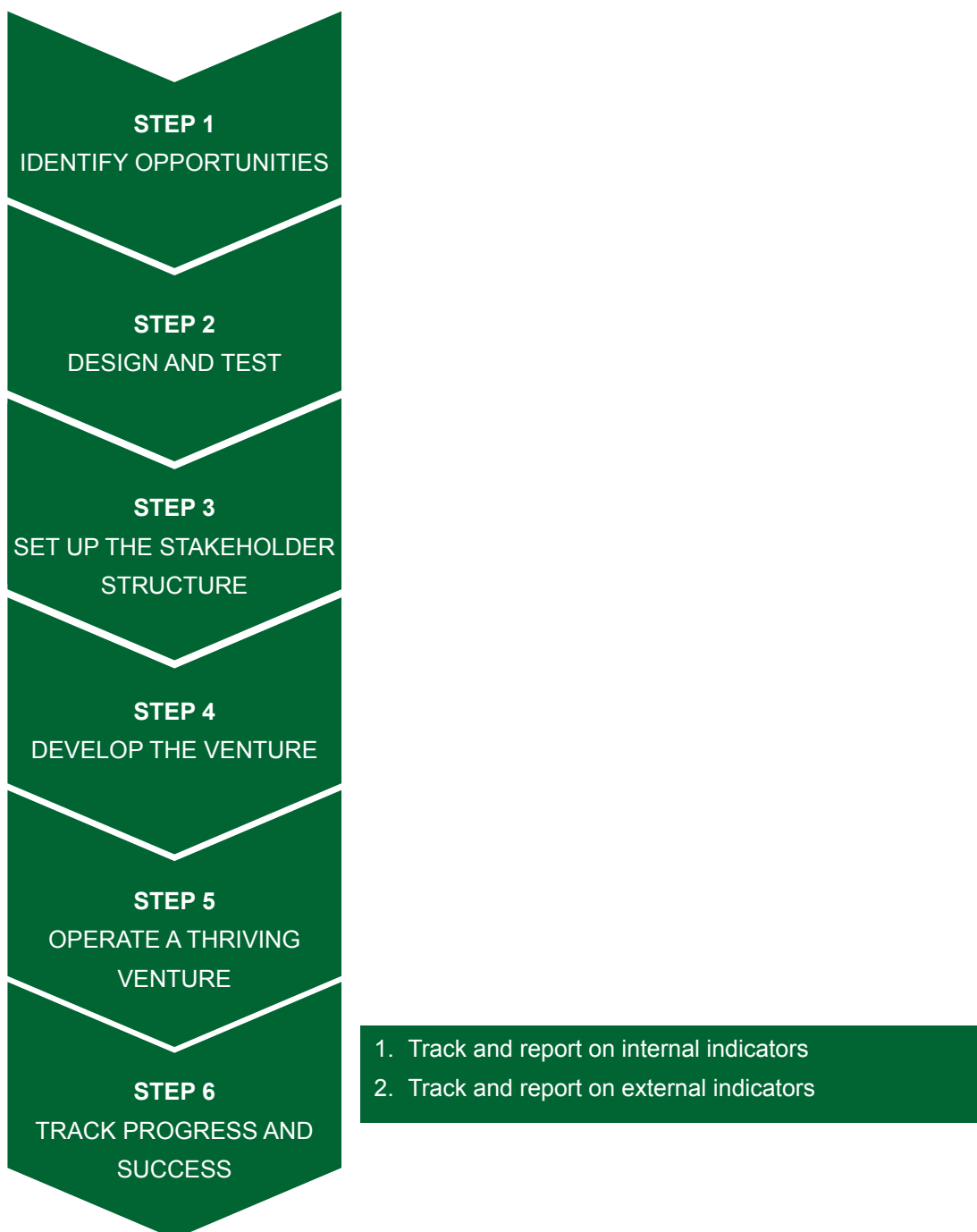
‘New businesses constantly encounter unexpected challenges that are potentially fatal. Being able to solve these problems is critical. Support for problem solving is needed for first five years of business.’

Dave Martin, Bulungula Lodge

‘CBT ventures need help creating partnerships to increase market access.’

Ntuthuko Mchunu, City of Cape Town

## STEP 6: TRACK PROGRESS AND SUCCESS FROM DAY 1



### What is important?

- **Monitor performance and ensure continuity:** A CBT venture should be designed and managed for long-term viability and success.

CBT ventures need to be continually monitored to maintain quality standards, ensure financial sustainability, keep track of any adverse impacts of tourism on the local community and ensure the product is suitable for the market. Effective management involves identifying and mitigating negative impacts while using feedback to improve the performance and outcomes of the venture. An effective monitoring programme will require a process for ensuring that impacts are monitored and evaluated, in order to make decisions on how to act on the plan, to improve or change the outcomes.

How is progress to be measured? This was dealt with in Section 4.9.

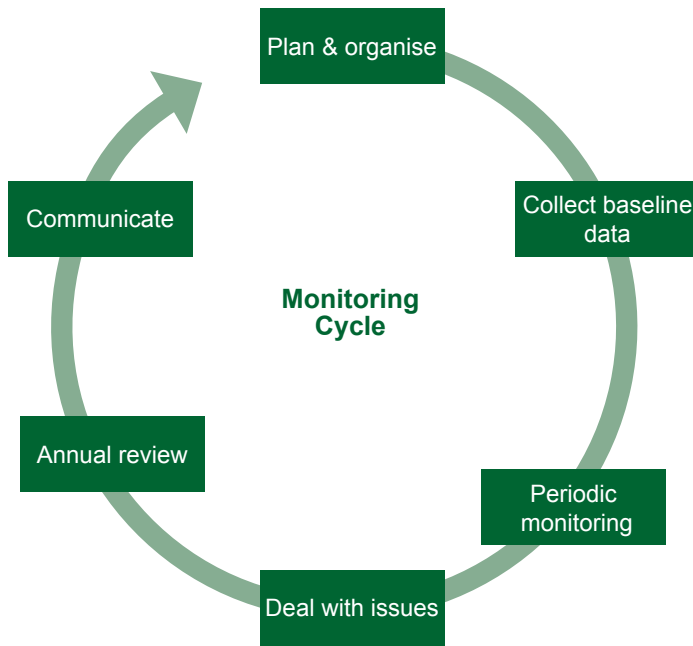
Table 15 shows examples of internal and external indicators that may be tracked and reported on.

**Table 15: Internal and external indicators of progress**

Community	Tourism venture
<ul style="list-style-type: none"> <li>Local satisfaction with tourism (resident survey)</li> </ul>	<ul style="list-style-type: none"> <li>% of CBT employees that are female</li> <li>Full-time and part-time employment</li> <li>Management positions</li> </ul>
<ul style="list-style-type: none"> <li>% residents who believe tourism has helped improve services and infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>% of tourism employees that are from marginalised or disadvantaged groups</li> <li>Full-time and part-time employment</li> <li>Management positions</li> </ul>
<ul style="list-style-type: none"> <li>% residents who are satisfied with their level of involvement in tourism planning discussions</li> </ul>	<ul style="list-style-type: none"> <li>Human resource spend</li> </ul>
<ul style="list-style-type: none"> <li>Change in the quality of local arts and crafts as perceived by community leaders</li> </ul>	<ul style="list-style-type: none"> <li>% change in number of full-time positions</li> </ul>
<ul style="list-style-type: none"> <li>Changes in the behaviour of young people as perceived by community leaders</li> </ul>	<ul style="list-style-type: none"> <li>Occupancy/utilisation rates</li> </ul>
<ul style="list-style-type: none"> <li>% of people in the community benefiting financially from the CBT venture</li> </ul>	<ul style="list-style-type: none"> <li>Growth in occupancy/utilisation rates</li> </ul>
<ul style="list-style-type: none"> <li>% of low income households attending tourism planning meetings</li> </ul>	<ul style="list-style-type: none"> <li>Annual revenue and profitability</li> </ul>
<ul style="list-style-type: none"> <li>% of households with one or more household members employed the CBT venture</li> </ul>	<ul style="list-style-type: none"> <li>% total revenue spent on improvements</li> </ul>
<ul style="list-style-type: none"> <li>No. of tourism-related enterprises run by low-income households</li> </ul>	<ul style="list-style-type: none"> <li>% increase in annual revenue</li> </ul>
<ul style="list-style-type: none"> <li>No. of local people supplying products and services to tourism ventures</li> </ul>	<ul style="list-style-type: none"> <li>Annual procurement spend</li> </ul>
<ul style="list-style-type: none"> <li>Average expenditure/per guest night and by visitor type</li> </ul>	<ul style="list-style-type: none"> <li>% of procurement spend in the local community</li> </ul>
<ul style="list-style-type: none"> <li>Income to community from tourism activities</li> </ul>	<ul style="list-style-type: none"> <li>Amount of waste produced per year per tourist</li> </ul>
<ul style="list-style-type: none"> <li>Annual spend on community facilities and infrastructure from income received CBT</li> </ul>	<ul style="list-style-type: none"> <li>Amount of waste recycled per year per tourist</li> </ul>
<ul style="list-style-type: none"> <li>Annual spend on skills development not related to the tourism venture</li> </ul>	<ul style="list-style-type: none"> <li>Amount of energy and water used per year per tourist</li> </ul>

The diagram below shows the different stages in the process of monitoring and reporting progress. In step 4.9 the foundation for monitoring and evaluation of progress was laid - setting objectives, and defining outputs, outcomes and predicted impact. Indicators have been assigned to the outcomes, baseline data has been collected and action plans to achieve the outcomes have been set down.

**Figure 14: Monitoring and evaluation process**



Reviewing progress on a regular basis is important. If the implementation of specific tasks is not moving the CBT business closer to its intended objective, a review would be useful. This is a reflective process that assists the business to identify the reasons why it is not progressing and how to rectify the situation. These reasons could be internal (poor service standards resulting in negative reviews on social media) or external (downturns in the economies of source markets). The process of monitoring and review should be a constant (ongoing) one.

## PART C: RESOURCES

This section provides additional materials to support the guidelines. It includes links to further reading on important issues and case study examples. The section concludes with an outline of the guideline development process and a list of the organisations that contributed to the guidelines.

### TEMPLATE FOR A SWOT ANALYSIS

A SWOT analysis is useful for determining the risks and rewards of any new venture. This involves determining the venture's Strengths, Weaknesses, Opportunities and Threats. Use the template below<sup>26</sup> to do a SWOT analysis for the venture you are implementing and evaluate all the items listed against the venture's objectives.

**Table 15: Template for a SWOT analysis**

Positive factors	Negative factors
<p><b>STRENGTHS</b></p> <p>The aim is to identify the following:</p> <ul style="list-style-type: none"> <li>• What are the venture's strengths?</li> <li>• What can the venture do better than others?</li> <li>• What unique capabilities and resources does the venture possess?</li> <li>• What do others think the venture's strengths are?</li> </ul> <p><b>Consider the following advantages:</b></p> <p>Proposition – the benefits the project offers consumers</p> <p>Support and capabilities of stakeholders</p> <p>Competitive advantages</p> <p>Unique selling points</p> <p>Resources and assets</p> <p>Experience, knowledge, data</p> <p>Access to funding</p> <p>Likely benefits for stakeholders</p> <p>Market access</p> <p>Marketing - reach, distribution, awareness</p> <p>Innovation</p> <p>Location</p> <p>Accessibility</p> <p>Price, value, quality</p> <p>Accreditations, qualifications, certifications</p> <p>Processes, systems, IT, communications</p> <p>Management</p> <p>Philosophy and values</p> <p><b>Example:</b> Quality cultural attraction in a popular tourist area</p>	<p><b>WEAKNESSES</b></p> <p>The aim is to identify the following:</p> <ul style="list-style-type: none"> <li>• What are the venture's weaknesses?</li> <li>• What does the venture's competition do better?</li> <li>• What can the venture improve given the current situation?</li> <li>• What do others think the venture's weaknesses are?</li> </ul> <p><b>Consider the following disadvantages:</b></p> <p>Gaps in capabilities</p> <p>Lack of competitive strength</p> <p>Morale, commitment, leadership</p> <p>Reputation, presence and reach</p> <p>Financials</p> <p>Known vulnerabilities</p> <p>Cashflow, limited start-up funds</p> <p>Over-reliance on tourism</p> <p>Reliability of data, plan predictability</p> <p>Accreditations</p> <p>Processes and systems</p> <p><b>Example:</b> Venture does not have standard operating procedures</p>

<b>OPPORTUNITIES</b>	<b>THREATS</b>
<p>The aim is to identify the following:</p> <ul style="list-style-type: none"> <li>• What trends or conditions may positively impact the venture?</li> <li>• What opportunities are available to the venture?</li> </ul> <p><b>Consider opportunities in the following areas:</b></p> <p>Market developments</p> <p>Competitors' vulnerabilities</p> <p>Industry or lifestyle trends</p> <p>Technology development and innovation</p> <p>Global influences</p> <p>New markets</p> <p>Niche markets</p> <p>Geographical markets</p> <p>New USPs</p> <p>Tactics</p> <p>Business and product development</p> <p>Information and research</p> <p>Partnerships, agencies, distribution</p> <p>Volumes, production, economies</p> <p>Seasonal, weather, fashion influences</p> <p><b>Example:</b> Targeting cultural tourists</p>	<p>The aim is to identify the following:</p> <ul style="list-style-type: none"> <li>• What trends or conditions may negatively impact the venture?</li> <li>• What are competitors doing that may impact the venture?</li> <li>• Does the venture have solid support?</li> </ul> <p><b>Consider threats in terms of:</b></p> <p>Political impact</p> <p>Legislative effects</p> <p>Environmental effects</p> <p>IT development</p> <p>Competitors</p> <p>Market demand</p> <p>New technologies, services, ideas</p> <p>Vital contracts and partners</p> <p>Sustaining internal capabilities</p> <p>Obstacles faced</p> <p>Insurmountable weaknesses</p> <p>Loss of key staff</p> <p>Sustainable financial backing</p> <p>Economy, both local and international</p> <p>Seasonality</p> <p><b>Examples:</b> There is no secure land tenure</p>

## CASE STUDIES

Madikwe Community Lodges: Thakadu River Camp, Buffalo Ridge Safari Lodge (presentation)	<a href="http://www.asl-foundation.org/documents/Madikwecasepresentation.pdf">http://www.asl-foundation.org/documents/Madikwecasepresentation.pdf</a>
Rocktail Bay case study	<a href="http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/4016.pdf">http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/4016.pdf</a>
Madikwe Game Reserve, South Africa – investment and employment	Chapter 12 in: <a href="http://books.google.co.za/books/about/Responsible_Tourism.html?id=rrGTngEACAAJ&amp;redir_esc=y">http://books.google.co.za/books/about/Responsible_Tourism.html?id=rrGTngEACAAJ&amp;redir_esc=y</a>
Makuleke case study presentation	<a href="http://www.asl-foundation.org/documents/Makulekecasepresentation.pdf">http://www.asl-foundation.org/documents/Makulekecasepresentation.pdf</a>



SCORE South Africa Case Study: The Satara Rest Camp Story	<a href="http://webcache.googleusercontent.com/search?q=cache:qumKPaci11cJ:www.ilo.org/empent/Projects/score/case-studies/WCMS_373479/lang--en/index.htm+%&amp;cd=4&amp;hl=en&amp;ct=clnk&amp;gl=za">http://webcache.googleusercontent.com/search?q=cache:qumKPaci11cJ:www.ilo.org/empent/Projects/score/case-studies/WCMS_373479/lang--en/index.htm+%&amp;cd=4&amp;hl=en&amp;ct=clnk&amp;gl=za</a>
Ecotourism joint ventures between the private sector and communities: An updated analysis of the Torra Conservancy and Damaraland Camp partnership, Namibia	<a href="https://bettertourismafrica.files.wordpress.com/2015/11/torradamaralandcamp.pdf">https://bettertourismafrica.files.wordpress.com/2015/11/torradamaralandcamp.pdf</a>
Practical strategies for pro-poor tourism, Wilderness Safaris South Africa: Rocktail Bay and Ndumu Lodge - Practical examples of the involvement of the communities in a Public Private Partnership tourism concession	<a href="http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/4016.pdf">http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/4016.pdf</a>
Concessions processes in South African National Parks	<a href="http://www.slideshare.net/AnnaSpenceley/south-african-national-parks-concessions-processes-giju-varghese">http://www.slideshare.net/AnnaSpenceley/south-african-national-parks-concessions-processes-giju-varghese</a>
Concession contract management and monitoring: SANParks (presentation)	<a href="http://www.slideshare.net/AnnaSpenceley/contract-management-in-tourism-concessions-giju-varghese">http://www.slideshare.net/AnnaSpenceley/contract-management-in-tourism-concessions-giju-varghese</a>
Public Private Partnerships – SANParks – the Rationale, benefits (from a constituency building perspective) (presentation)	<a href="http://www.asl-foundation.org/documents/SanParkspresentation-ASLFordFoundationMaY2008.pdf">http://www.asl-foundation.org/documents/SanParkspresentation-ASLFordFoundationMaY2008.pdf</a>

## LINKS TO WEBSITES

The following web links include publicly available materials that can be accessed to provide more detailed information and background reading.

Other guidelines and tools for community-based tourism	
Linking Communities, Tourism & Conservation: A Tourism Assessment Process	<a href="http://www.gwutourism.org/images_comm/TAPmanual_2meg.pdf">www.gwutourism.org/images_comm/TAPmanual_2meg.pdf</a>
Sustainable Tourism Enterprise Development: A business planning approach	<a href="https://www.usaid.gov/sites/default/files/documents/1865/EnterpriseDev_5%5B2%5D.pdf">https://www.usaid.gov/sites/default/files/documents/1865/EnterpriseDev_5%5B2%5D.pdf</a>
Planning for community responsible tourism development	<a href="http://www.walterjamieson.com/resources/Planning%20for%20Community%20Responsible%20Tourism%20Development.pdf">http://www.walterjamieson.com/resources/Planning%20for%20Community%20Responsible%20Tourism%20Development.pdf</a>
Effective community-based tourism: A best practice manual	<a href="http://www.crctourism.com.au/wms/upload/resources/APEC%20Effective%20Community%20Based%20Tourism%20WEB.pdf">http://www.crctourism.com.au/wms/upload/resources/APEC%20Effective%20Community%20Based%20Tourism%20WEB.pdf</a>
Handbook on community-based tourism “How to develop and sustain CBT”	<a href="http://publications.apec.org/publication-detail.php?pub_id=952">http://publications.apec.org/publication-detail.php?pub_id=952</a>
Vietnam community-based tourism handbook: A market-based approach	<a href="http://vietnamtourism.gov.vn/dmdocuments/CBTHandbookENNonepage.pdf">http://vietnamtourism.gov.vn/dmdocuments/CBTHandbookENNonepage.pdf</a>
ILO Toolkit on Poverty Reduction through Tourism	<a href="http://www.ilo.org/sector/Resources/training-materials/WCMS_218361/lang--en/index.htm">http://www.ilo.org/sector/Resources/training-materials/WCMS_218361/lang--en/index.htm</a>
ITC Opportunity Study Guidelines	<a href="http://www.intracen.org/uploadedFiles/intracenorg/Content/Exporters/Sectoral_Information/Service_Exports/Tourism/Opportunity%20Studies%20Guidelines%20TPRP.pdf">www.intracen.org/uploadedFiles/intracenorg/Content/Exporters/Sectoral_Information/Service_Exports/Tourism/Opportunity%20Studies%20Guidelines%20TPRP.pdf</a>
Guidelines for community-based ecotourism development	<a href="http://assets.panda.org/downloads/guidelinesen.pdf">http://assets.panda.org/downloads/guidelinesen.pdf</a>

Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) Criteria for Evaluating Development Assistance	<a href="http://www.oecd.org/dac/evaluation/49756382.pdf">http://www.oecd.org/dac/evaluation/49756382.pdf</a>
What makes a project bankable?	<a href="http://www.slideshare.net/boundless-southern-africa/day-1-what-makes-a-project-bankable-idcmartin-potgieter">http://www.slideshare.net/boundless-southern-africa/day-1-what-makes-a-project-bankable-idcmartin-potgieter</a>
A Guide to Starting a Tourism Enterprise in Botswana	<a href="http://www.cbnrm.bw/publications/CBNRM%20Support%20Programme%20paper%209.pdf">http://www.cbnrm.bw/publications/CBNRM%20Support%20Programme%20paper%209.pdf</a>
<b>Stakeholder relationships</b>	
Stakeholder engagement: A good practice handbook for companies doing business in emerging markets. Pages 113–114	<a href="http://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC_StakeholderEngagement.pdf?MOD=AJPERES">http://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC_StakeholderEngagement.pdf?MOD=AJPERES</a>
Development without conflict: The business case for community consent	<a href="http://pdf.wri.org/development_without_conflict_fpic.pdf">http://pdf.wri.org/development_without_conflict_fpic.pdf</a>
Stakeholder communication and relationship management: Training module	<a href="http://www.nacso.org.na/dwnlds/training_manuals/1.05%20Social%20and%20Gender%20Awareness.pdf">http://www.nacso.org.na/dwnlds/training_manuals/1.05%20Social%20and%20Gender%20Awareness.pdf</a>
The role of NGOs in facilitating tourism concessions and providing support to communities entering joint-venture agreements	<a href="http://www.slideshare.net/boundless-southern-africa/day-1-the-role-of-ng-os-in-facilitating-tourism-concessionsafrican-safari-foundationsteve-collins">http://www.slideshare.net/boundless-southern-africa/day-1-the-role-of-ng-os-in-facilitating-tourism-concessionsafrican-safari-foundationsteve-collins</a>
<b>Setting up the stakeholder structure</b>	
Legal structures commonly used by non-profit organisations	<a href="http://www.etu.org.za/toolbox/docs/building/lrc.html">http://www.etu.org.za/toolbox/docs/building/lrc.html</a>
Joint ventures: Tips for joint venture partnerships in tourism	<a href="http://www.nacso.org.na/dwnlds/refs/WWF-MET%20JV%20Booklet%20low%20res%202011.pdf">http://www.nacso.org.na/dwnlds/refs/WWF-MET%20JV%20Booklet%20low%20res%202011.pdf</a>
Small Enterprise Development Agency information on Community Public Private Partnerships and Cooperatives	<a href="http://www.seda.org.za/MyBusiness/SEDATalk/Pages/Cooperatives.aspx">http://www.seda.org.za/MyBusiness/SEDATalk/Pages/Cooperatives.aspx</a>
Constitutions for non-profit organisations	<a href="http://www.etu.org.za/toolbox/docs/building/const.html">http://www.etu.org.za/toolbox/docs/building/const.html</a>
Tips for joint venture partnerships in tourism	<a href="http://www.nacso.org.na/dwnlds/refs/WWF-MET%20JV%20Booklet%20low%20res%202011.pdf">http://www.nacso.org.na/dwnlds/refs/WWF-MET%20JV%20Booklet%20low%20res%202011.pdf</a>
<b>Starting a tourism business</b>	
Starting a tourism business	<a href="http://southafrica.smetoolkit.org/sa/en/category/5188/Starting-a-Tourism-Business">http://southafrica.smetoolkit.org/sa/en/category/5188/Starting-a-Tourism-Business</a>
How to establish a bed and breakfast or guesthouse	<a href="https://www.westerncape.gov.za/general-publication/how-establish-various-types-tourism-businesses">https://www.westerncape.gov.za/general-publication/how-establish-various-types-tourism-businesses</a>
Becoming a tour guide	<a href="http://southafrica.smetoolkit.org/sa/en/content/en/6759/Becoming-a-tour-guide">http://southafrica.smetoolkit.org/sa/en/content/en/6759/Becoming-a-tour-guide</a>
Starting a tour or tourist transport business	<a href="http://southafrica.smetoolkit.org/sa/en/content/en/5449/Starting-a-tour-or-tourist-transport-business">http://southafrica.smetoolkit.org/sa/en/content/en/5449/Starting-a-tour-or-tourist-transport-business</a>
How to establish a tour operating business	<a href="http://www.zulu.org.za/archive/how-to-establish-a-tour-operating-business-F57993">http://www.zulu.org.za/archive/how-to-establish-a-tour-operating-business-F57993</a>
How to establish a restaurant, eating house or tavern	<a href="https://www.westerncape.gov.za/general-publication/how-establish-various-types-tourism-businesses?toc_page=1">https://www.westerncape.gov.za/general-publication/how-establish-various-types-tourism-businesses?toc_page=1</a>
Start-up costs for an accommodation business	<a href="http://southafrica.smetoolkit.org/sa/en/content/en/56519/Start-up-costs-for-an-accommodation-business">http://southafrica.smetoolkit.org/sa/en/content/en/56519/Start-up-costs-for-an-accommodation-business</a>

Getting your tourism business off the ground	<a href="http://southafrica.smetoolkit.org/sa/en/content/en/4471/Things-to-consider-before-investing-in-tourist-accommodation/">http://southafrica.smetoolkit.org/sa/en/content/en/4471/Things-to-consider-before-investing-in-tourist-accommodation/</a>
A Guide to Starting a Tourism Enterprise in Botswana	<a href="http://www.cbnrm.bw/publications/CBNRM%20Support%20Programme%20paper%209.pdf">http://www.cbnrm.bw/publications/CBNRM%20Support%20Programme%20paper%209.pdf</a>
<b>Legal requirements for tourism businesses</b>	
Public operating license applications to transport passengers for gain	<a href="https://www.westerncape.gov.za/service/public-operating-licence-applications">https://www.westerncape.gov.za/service/public-operating-licence-applications</a>
Registration requirements for tour guides	<a href="https://tkp.tourism.gov.za/touristguide/Pages/RegistrationRequirements.aspx">https://tkp.tourism.gov.za/touristguide/Pages/RegistrationRequirements.aspx</a>
Licensing and permit requirements for the food and service industry	<a href="http://www.smesouthafrica.co.za/FAQs-licenses-and-permits/">http://www.smesouthafrica.co.za/FAQs-licenses-and-permits/</a>
Basic Conditions of Employment Act	<a href="http://www.labour.gov.za/DOL/downloads/legislation/acts/basic-conditions-of-employment/Amended%20Act%20-%20Basic%20Conditions%20of%20Employment.pdf">http://www.labour.gov.za/DOL/downloads/legislation/acts/basic-conditions-of-employment/Amended%20Act%20-%20Basic%20Conditions%20of%20Employment.pdf</a>
<b>Capacity building and HR</b>	
Community tourism and enterprise training manual	<a href="http://pdf.usaid.gov/pdf_docs/Pnadb184.pdf">http://pdf.usaid.gov/pdf_docs/Pnadb184.pdf</a>
ILO SCORE training	<a href="http://www.ilo.org/empent/Projects/score/lang--en/index.htm">http://www.ilo.org/empent/Projects/score/lang--en/index.htm</a>
Lobster Inc.	<a href="https://www.lobsterink.com">https://www.lobsterink.com</a>
<b>Funding</b>	
Industrial Development Corporation	<a href="http://www.idc.co.za/sbu-overview/new-industries.html?id=72">http://www.idc.co.za/sbu-overview/new-industries.html?id=72</a>
Getting financed: 9 tips for community joint ventures in tourism	<a href="https://openknowledge.worldbank.org/bitstream/handle/10986/21698/959240WP00PUBL050NamibiaonlineFINAL.pdf?sequence=1">https://openknowledge.worldbank.org/bitstream/handle/10986/21698/959240WP00PUBL050NamibiaonlineFINAL.pdf?sequence=1</a>
SME Financiers Directory	<a href="http://southafrica.smetoolkit.org/sa/en/content/en/57022/SME-Financiers-Directory">http://southafrica.smetoolkit.org/sa/en/content/en/57022/SME-Financiers-Directory</a>
Funding & Marketing for tourism	<a href="https://www.westerncape.gov.za/topics/1275">https://www.westerncape.gov.za/topics/1275</a>
UNESCO World Heritage Sustainable Tourism Online Toolkit: Guide 9: Securing funding and investment	<a href="http://whc.unesco.org/sustainabletourismtoolkit/guides/guide-9-securing-funding-and-investment">http://whc.unesco.org/sustainabletourismtoolkit/guides/guide-9-securing-funding-and-investment</a>
<b>Responsible tourism</b>	
Responsible tourism how-to guide	<a href="http://www.responsiblecapetown.co.za">www.responsiblecapetown.co.za</a>
Responsible tourism manual for South Africa	<a href="https://www.capetown.gov.za/en/tourism/Documents/Responsible%20Tourism/Tourism_RT_Responsible_Tourism_Manual.pdf">https://www.capetown.gov.za/en/tourism/Documents/Responsible%20Tourism/Tourism_RT_Responsible_Tourism_Manual.pdf</a>
South African National Standard: Requirements for Responsible Tourism SANS1162:2011	<a href="http://www.sabs.co.za">www.sabs.co.za</a>
Destination Mutual Benefit: A guide to inclusive business in tourism	<a href="http://www.endeva.org/publication/destination-mutual-benefit-a-guide-to-inclusive-business-in-tourism">http://www.endeva.org/publication/destination-mutual-benefit-a-guide-to-inclusive-business-in-tourism</a>
Biodiversity: My hotel in action	<a href="https://cmsdata.iucn.org/downloads/iucn_hotel_guide_final.pdf">https://cmsdata.iucn.org/downloads/iucn_hotel_guide_final.pdf</a>
GeePee Responsible Tourism Challenge	<a href="http://bettertourismafrica.org/geepee-rt-challenge/">http://bettertourismafrica.org/geepee-rt-challenge/</a>
Responsible Tourism Awards	<a href="http://responsiblecapetown.co.za/tools/Awards/">http://responsiblecapetown.co.za/tools/Awards/</a>

Series of “How to . . . ?” Brief 1: Boosting procurement from local businesses Brief 2: Stimulating local cultural and heritage products Brief 3: Building local partnerships Brief 4: Setting corporate priorities and managing internal change	<a href="http://www.odi.org.uk">www.odi.org.uk</a>
<b>Marketing the venture</b>	
Community-based tourism market access programme	<a href="http://www.anna.spenceley.co.uk/files/Community%20Based%20Tourism%20Market%20Access%20Manual%203%20Nov%202006.pdf">http://www.anna.spenceley.co.uk/files/Community%20Based%20Tourism%20Market%20Access%20Manual%203%20Nov%202006.pdf</a>
<b>Monitoring</b>	
A toolkit for monitoring and managing community-based tourism	<a href="http://www.snvworld.org/files/publications/a_toolkit_for_monitoring_and_managing_community-based_tourism.pdf">http://www.snvworld.org/files/publications/a_toolkit_for_monitoring_and_managing_community-based_tourism.pdf</a>

## SOURCES OF DATA

<b>Data</b>	<b>Possible sources</b>
<b>Demand data:</b>  Foreign tourist arrivals, domestic trips, source markets, yearly and monthly totals, trends, global ranking  Arrivals by main tourism centers in the country  Profile of tourists based on market segmentation research (such as type, age range, duration of stay, typical spend per night, repeat vs. one-off, key interests)  Domestic tourism trends and data	Tourism Board  Statistics agency  Tourism investors/industry associations  Airport administration  Relevant subnational authorities  Interviews and survey questionnaires to existing tourism operators  World Tourism Organisation (UNWTO) Statistics and Tourism Satellite Accounts  International Congress and Convention Association (ICCA) for the Meetings, Incentives, Conferencing, Exhibitions (MICE) subsector

<p><b>Supply data</b></p> <p>Accommodation offering (number of establishments, rooms and beds nationally, by region, by main tourism centres, by hotel segment and star rating, and so on)</p> <p>International hotel chains, reputable brands; recent investments and mergers and acquisitions involving foreign capital</p> <p>Profiles of select existing (competing) projects (number of rooms, facilities, main clientele, occupancy rates, Average Daily Rate [ADR], Revenue per Available Room [RevPAR], Gross Operating Profit per Available Room [GOPPAR], status and projects, consumer/industry feedback)</p> <p>Planned new tourism projects (under construction or planned)</p>	<p>Tourism Board</p> <p>Statistics agency</p> <p>Tourism investors/industry associations</p> <p>Interviews and survey questionnaires to existing tourism operators</p> <p>World Tourism Organisation (UNWTO) Statistics and Tourism Satellite Accounts</p> <p>Trip Advisor and similar sites</p> <p>IPI pipeline</p>
<p><b>Individual site data:</b></p> <p>Best areas to find sites with description and rationale, relevant contacts including real estate brokers who may help identify property</p> <p>Individual site profiles, location, highlights, photos, assets inventories, amenities, relevant acquisition procedures, price indication or price range, and any applicable fiscal and financing incentives</p> <p>Relevant local demand drivers, infrastructures, major development plans, and so forth</p> <p>Site/areas comparisons with relevant comparable figures (such as local/subnational macro-data where available, number of visitors, number of establishments, rooms and beds, occupancy, RevPAR)</p>	<p>National ministry in charge of tourism</p> <p>Tourism Board</p> <p>Tourism investors/industry associations</p> <p>National ministry in charge of land or other relevant land-owning ministries, possibly the natural parks authority</p> <p>Subnational government authorities in key tourism centers</p> <p>Real estate brokers</p>

Investment climate data	
Data	Possible sources
<p>Tourism strategies</p> <p>Master plans</p> <p>Materials from key sector institutions such as the Ministry of Tourism, Tourism Board, and National Tourist Office</p>	<p>National ministry in charge of tourism</p> <p>Tourism Board</p>
<p>General and sector-specific government incentives relevant to the tourism subsector and to the specific opportunities being promoted</p>	<p>National ministry in charge of tourism,</p> <p>Tourism Board</p>
<p>Relevant taxes</p> <p>Levies</p> <p>Customs duties (costs and procedures)</p>	<p>Relevant ministries and government agencies</p> <p>World Bank Doing Business dataset</p>

<p>Database of construction suppliers with information on costs and quality including per m2 costs for a range of construction types</p> <p>Construction permits and procedures</p>	<p>Questionnaires and interviews with existing tourism project operators and construction suppliers</p> <p>Database of construction suppliers, with notes on track record and relevant costs data</p> <p>National ministry in charge of tourism</p> <p>Tourism Board, and other relevant ministries</p> <p>World Bank Doing Business dataset</p>
<p>Relevant license costs and procedures such as:</p> <p>Environmental impact license</p> <p>Investment license</p> <p>Operating license</p> <p>Hotel/restaurant/bar/liquor licenses</p>	<p>Tourism Board</p> <p>Relevant ministries and government agencies</p>
<p>Utilities and communications data:</p> <p>Availability</p> <p>Providers</p> <p>Costs</p> <p>Procedures</p>	<p>Relevant ministries and government agencies</p> <p>National utility companies</p> <p>World Bank Doing Business dataset</p>
<p>Labour data:</p> <p>Education levels</p> <p>Literacy rates</p> <p>Languages</p> <p>Employment in tourism segments, wages for various functions and skill levels</p> <p>Available training programs</p> <p>Labour regulations; expatriate labour; regulations; affirmative action processes</p> <p>Reports on available skills and gaps</p>	<p>Relevant ministries and government agencies</p> <p>World Tourism Organisation (UNWTO) Statistics and Tourism Satellite Accounts</p> <p>World Travel and Tourism Council database</p> <p>World Bank data</p> <p>World Bank Doing Business dataset</p>
<p>Support institutions relevant to the tourism sector that can serve as alternative sources of information (list, description, contact):</p> <p>National ministry in charge of tourism</p> <p>Tourism Board and other Destination Management Organisations</p> <p>Tourism investors/industry associations</p> <p>legal offices and consultancies</p> <p>Financial institutions</p>	<p>National ministry in charge of tourism</p> <p>Tourism Board</p> <p>Tourism investors/industry associations</p> <p>Chamber of Commerce</p> <p>Relevant sector associations</p>
<p>Inventory, description, and an electronic library of relevant laws as well as regulations</p>	<p>National ministry in charge of tourism</p> <p>Tourism Board</p> <p>Relevant ministries and government agencies</p> <p>World Bank Doing Business dataset</p>

## SUPPORT INSTITUTIONS

Institution	Contact
African Safari Lodge Foundation	Level 2, Parkview Centre, 54 Tyrone Avenue, Johannesburg Tel: +27 11 643 1391 www.asl-foundation.org
Deutsche Gesellschaft für Internationale Zusammenarbeit (giz)	Block C, 333 Grosvenor Street, Hatfield Gardens, Pretoria Phone: +27 12 423 6334 www.giz.de
International Labour Organisation	20 Hotel Street, Crestway Block C, Lynnwood, Pretoria Tel: +27 12 818 8000 www.ilo.org
National Department of Tourism	Tourism House, 17 Trevenna Street, Pretoria Tel: 0860 121 929 www.tourism.gov.za
Open Africa	35 Wilderness Road, Claremont, Cape Town Tel: +27 21 683 9639 www.openafrica.org
Tourism Enterprise Programme	2nd Floor, Romany House, 1 Mellis Road, Rivonia, Sandton Tel: 010 612 0261/011 880 3790 www.tep.co.za

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