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Recreation Demand and Optimal Pricing for International Visitors to Kruger National Park

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Even though most national parks are not wholly funded by the State, there has been a rise in calls for African governments to also focus on more people-oriented national objectives, such as access to education, energy, water and sanitation, and health, as well as tackling the high levels of unemployment and poverty. This has diminished the priority given to national parks and other protected areas in State funding models. In some cases, this disadvantage has been reinforced by the increasing contestation of the existence of national parks and other protected areas in land-scarce economies. The result has been a general decrease in funds for conservation. This threatens the existence of national parks and other protected areas, as well as the associated opportunities for social progress through job creation, enterprise development, infrastructure development, and export earnings.

However, despite the surge in tourism in Africa over time, national parks and other protected areas have continuously relied on fiscal transfers from the State to fund conservation activities. Such a funding model for conservation is likely to constrain the development of the requisite tourism infrastructure to take advantage of the upcoming opportunities. There is a need to generate sustainable financing from both the State and park users for supporting conservation activities within the park and in adjacent areas forming part of the broader park ecosystem.

South Africa is an interesting example in which in addition to declining State support, the size of the park estate as measured by the total land area under conservation has also increased significantly in line with the government's objective to increase the total area under conservation. While land acquisition is funded through a land acquisition grant from the State, the resultant large size of the park estate gives rise to higher operating expenses. Increases in the budget allocation to cover operating expenses have not kept pace with the increase in the size of the park estate. The decline in fiscal transfers for operation activities is a crucial issue as only five of the 21 national parks under South African National Parks (SANParks) generate a surplus on a regular basis. In addition, threats in the form of wildlife crime by organized poachers have also increased. Increasingly, national parks are also expected to undertake local community development.

The role of appropriate park pricing in mobilizing additional financial resources for conservation in the face of declining fiscal transfers from the State has however not been fully utilized. Charging appropriate entrance fees is especially important for the international category of tourists as they do not pay local taxes, derive a much larger benefit from visiting the park, and do not shoulder the forgone income from of parkland not used in agriculture for example. In some ways, charging lower prices to international tourists amounts to subsidizing tourists from richer nations. In addition, private sector tourism players realizing the low entrance fees charged by SANParks, may overprice the complementary services that help enhance a tourist's experience. However, these actors do not have a mandate to use the captured excessive profits for conservation in the park.



In light of the above issues, we conduct a holistic analysis of the prospects for generating sustainable financing for national parks and protected areas, from both institutional players and park users, for use in financing conservation activities, both within and outside the parks estate. We use statistical methods to estimate tourist demand for Kruger National Park and calculate estimates of the benefits derived by international tourists to the park. Our results suggest that (i) national parks are highly valuable resources in need of State support for greater conservation, and (ii) by charging relatively lower entrance fees to international tourists, national are potentially forgoing substantial revenue crucial for conservation. In the face of increasing park size, poaching activities and demands for local community development coupled with declining support from the State, charging appropriate entrance fees can help raise more funds for conservation.