

Strategy on Income Generating Schemes from Non-Timber Forest Product (NTFPS) and Identification of Marketing Structures in the Pfm-Intervention Areas: Eco-Tourism Business Plan for Suba- Sabata, Oromia, Ethiopia

Mustefa Sultan^{1*} Teyiba Amano² Desalegn Mamo¹
1 Arsi University, Assela, Ethiopia

2 Hawassa University, Wondo Genet College of Forestry and Natural Resource, Wondo, Ethiopia

Abstract

Suba Sabata is considered as the most ancient park in Africa. Due to its proximity to Addis Abeba its dense forests, diverse wildlife, and scenic landscapes it attracts some 6.200 visitors annually. However its potential for eco-tourism has not been seriously explored. Thus there is a substantial interest of the Enterprise, the private sector and local communities to develop and upscale related activities including touristic infrastructure and accommodation services which to date are limited and antiquated. Based on the site specific strategy's recommendations and field visits to the area, an assessment of potential activities and services was carried out. The activities proposed encompass primarily to improve facilities and infrastructure to enhance the attractiveness of the Forest for diverse ecotouristic activities. At the same time this would also improve opportunities for public-private partnerships and for involving local communities. First priority shall be given to Guided nature observation tours, Trekking and hiking, Horse riding, and Providing accommodation and gastronomic facilities. Apart from capacity development at different management levels at the Enterprise and in the communities, the expected investment and operation costs require to lift up visitor figures to some 15.000 per year in the fifth the of operation, which in turn calls for decent promotion efforts. The total investment costs for the project amount to approx. ETB 1.384.000 whereof - according to present state of knowledge – approximately ETB 725.000 can be contributed by the Project for rehabilitation of infrastructure, training and capacity building. The five year operating result in scenario 1 shows a total net profit of approx. ETB 793.500 which equals almost 35,8 % of the operating costs including costs of keep-up/depreciation. In this scenario it is being assumed that the investment is paid from existing OFWE assets. The venture is profitable already in year one. Cash-flow is expected to grow from -520.000 ETB in year one to about ETB 235.000 in year five. The overall cash-flow in this period is projected at ETB 135.000. This means that under the chosen scenario break-even is reached in the fifth year of operation. The 5-year Net Present Values (NPV) compared to a 5 % bank deposit (scenario 1b) and a 10 % return on investment (scenario 1a) are both positive at ETB 25.000 and ETB 12.800 respectively. The five year operating result in scenario 2 shows a total net profit of approx. ETB 519.000 which equals almost 20,8 % of the operating costs including costs of keep-up/depreciation and interest rate of loan. The venture is profitable already in year one. Cash-flow is expected to grow from -580.000 ETB in year one to about ETB 180.500 in year five. The overall cash-flow in this period is projected at ETB - 139.500. This means that under the chosen scenario break-even is reached in the sixth year of operation. The 5-year Net Present Values compared to a 5 % bank deposit (scenario 2b) and a 10 % return on investment (scenario 2a) are both positive at ETB 14.000 and ETB 7.350 respectively. Scenario should be discarded as the interest rate for bank loans is with 8,5 % above the interest rate for bank deposit. With regard to this relatively long payback period, direct benefit sharing from entrance fees with the communities would have to be arranged as a baseline share and could be topped up with a share on pre-tax profit. Besides the option of direct benefit sharing, income opportunities for community members arise from providing services and products (souvenirs) to the visitors. Yet the required capacities still have to be built.

INTRODUCTION

The Oromia Forest and Wildlife Enterprise (OFWE) considers eco-tourism as one of its core businesses. As eco-tourism is gaining increasing national and international attention, it can provide a substantial opportunity for income generation for local communities and thus is an incentive to sustainable use and management of natural resources. In prior consultancies the tourism potentials of various areas under the administration of the Enterprise including their physical, biological and cultural aspects have been thoroughly assessed and evaluated. Subsequently candidate sites could be ranked according to a set of criteria in order to facilitate the priority setting for future development activities building on both a corporate strategy and site specific strategies.



Objective

In his present assignment the international short term expert shall translate the business strategy into business plans for high-ranked candidate sites and evaluate their viability based on different business scenarios.

Methods

The eco-tourism business plans have been elaborated jointly by a team of experts from OFWE-branches Fin-Fine and Arsi and with support of ZESMAN Consultancy.

They are furthermore based on

1. The Eco-tourism Development Strategy 2011-2015¹,
2. A already existing project proposal on eco-tourism in Suba-Sabata²,
3. Field visits,
4. Given OFWE policies, structural and financial premises, and
5. Stakeholder and experts consultations.

Drafting Eco-tourism Activities and Services

Due to time short time available for the consultancy and the composition of the team, only two of the top four ranked sites were selected for detailed businesses planning, which are Suba-Sabata (ranked 1) and Dhera-Dilfaqar Greater Kudu Sanctuary (ranked 3). The task force and the team leader confirmed that it should be possible to adapt the business planning for other sites from those two plans developed by the task force.

Portfolio of Activities and Services at Suba-Sabata

Suba-Sabata Forest is has been a tourist attraction for a long time. It is even considered as the ‘oldest park’ in Africa. With its proximity to Addis, its relatively easy accessibility, existing touristic infrastructure, and its attractive environment it provides a perfect setting for the development of an eco-tourism model site.

However the eco-tourism strategy report identifies a number of threats, such as the increasing pressure on the natural resources, the lack of rules and regulations as well as the absence coordination between the stakeholders. Tackling those threats through the development strategy is crucial for the future success of eco-tourism.

Based on the site specific strategy’s recommendations an assessment of 19 possible activities and services was carried out applying a set of 15 criteria. This was also done to prioritize actions and related investments.

The set of evenly weighed criteria included:

- Investment/maintenance cost, availability of existing structures,
- Safety risks,
- Internal experience and competence,
- Potential for involvement of the communities,
- Communities’ experience and competence,
- Environmental risks and impact,

¹ ZESMAN Consultancy, 2011

² Teketel Fetene (2001 G.C.): Project proposal on the opportunities of eco-tourism surrounding Fin-Fine

- Revenue potential,
- Uniqueness and competition,
- Demand,
- Seasonality,
- Suitability for different target groups,
- Combinability with other activities,
- Need of private business partner involvement,
- Option for private business partner involvement, and
- Implementation time.

The assessment resulted in the following ranking.

Table1: Ranking of activities at Suba-Sabata

Rank	Activity	Major strengths	Major weaknesses	Recommendation
1	Philanthropic activities (social and environmental volunteering, e.g. tree planting)	a.o.: Low investment, environmental impact, uniqueness, implementation time, options for private partners (sponsoring, CSR)	Low internal experience at enterprise and community level, demand unidentified, time requirement for identification of activities	Preliminarily dropped until suitable activities are conceptualized and sites are identified
2	Horse riding	a.o.: Potential for community involvement, suitable for different target groups, revenue potential, potential to involve private partners	Investments, safety risks, inexperienced communities	Training for communities, investment in horse parking and trail development, nick/camping sites
3	Game viewing	a.o.: Internal experience and competence, combinability with other activities, short implementation time	Low experience and competence at community level	Identification of suitable observation sites/trails, training of guides, investment in binoculars, guide books and leaflets
3	Lodging and food services	a.o.: Demand, suitability for different target groups, combinability with other activities, opportunities for private business partners, no safety risks,	Investment and maintenance costs, communities' experience and competence, need of private business partners	Investment in renovation and new constructions (guest houses, dormitories, kitchen, barbecue area, verandas, garden)
5	Bird watching	a.o.: Internal experience and competence, combinability with other activities, short implementation time	Low experience and competence at community level	Identification of suitable observation sites/trails, pick-nick/camping sites, training of guides, investment in binoculars, guide books and leaflets
5	Botanical excursions	a.o.: Internal experience and competence, combinability with other activities, short implementation time	Low experience and competence at community level	Identification of suitable observation sites/trails, pick-nick/camping sites training of guides, investment guide books, sign boards and leaflets
5	Hiking and park walks	a.o.: Suitability for different target groups, combinability with other activities, short implementation time	Environmental impact, investment requirements, revenue potential	Identification of suitable sites/trails, training of guides, investment in expanding trail system, pick-nick/camping sites, guide books, sign boards and leaflets
8	Handicrafts and souvenirs	a.o.: High potential for community involvement, no safety risk, suitability for different target groups	Low experience and competence at community and OFWE level, difficulty to develop unique products	Develop product ideas, provide training and business development support to communities (small credit facilities, group formation)
9	Professional/photographing/filming	a.o.: Low investment, low environmental impact, internal competence and experience, low for private partners, implementation time	Low experience and competence at communities (professional performance of cultural programs), low revenue potential, low demand,	Identification of suitable locations, training and awareness raising for local communities
10	Cultural events	High potential for community involvement	Need for private partner	Organising communities, identifying suitable location, identification of private partners

The main advantages of the top ranked activities are that they can draw back on common structures, while allowing for a maximum of individualization. Besides this, most activities offer the option of choosing between owner-operation and variants of and public-private partnerships.

Additional options for innovative activities and services that would add to the attractiveness include a.o.

Mountain biking, canopy walk/ rope course, paragliding or a fitness trail. However these potential activities were not considered for the time being.

Although not ranked among the top-ten activities, a museum or exhibition could be included in the construction of a visitor centre at the park's entrance. Likewise the conversion of the existing exhibition centre at the upper edge of the concession area was omitted due to difficulties of water supply and the lack of a convincing utilization concept.

Business Plan and Cost-Benefit Analysis for the Suba-Sabata Eco-tourism Site

Based on the strategy and the proposed activities a cost-benefit-analysis is carried out. It covers the following elements:

- Initial investment cost,
- Operating costs including costs for upkeep/depreciation, and
- Expected revenues from fees, rent and services provided.

Investment Activities

Although public-private partnerships in eco-tourism may be targeted, it is being assumed that the OFWE would take responsibility to set and maintain the infrastructural framework for all major tourism activities. This also applies to major capacity building and promotion activities.

The investment activities can be categorized as follows:

- Investment in common infrastructure (e.g. visitor centre),
- Investment in general promotion (e.g. flyers, brochures, promotion tours, public-private partnership workshop, radio spots, publicity),
- Investment in general capacity building (e.g. at OFWE level, community awareness raising, eco-tourism forum meeting),
- Activity-related investment in infrastructure (e.g. horse parking, camp site, trails, renovation of dormitories),
- Activity related investment in promotion (e.g. specific flyers, maps etc.), and
- Investment in activity-related capacity building and training (tour guide trainings, handicraft development workshop, horse keeping training).

For reasons of clarity and comprehensibility, activities that are based on the same structures are grouped together. This applies to 'game viewing', 'bird watching' and 'botanical excursions', grouped into *nature observation and hiking and park walks*, which also includes 'landscape viewing'.

Investment in Common Infrastructure

Visitor information centre

The visitor information centre as the entrance point to the area is considered the core element of the Suba-Sabata Park. It shall be given an attractive, innovative name that somehow relates to the main functions of the park. The name could include terms like *nature experience*, *eco-adventure* or *eco-tourism*. The centre could be located within the compound of the Suba-Sabata nursery.

It shall have the function of reception and service centre to visitors, providing them with all the necessary information and customer advice. It shall be the starting point for all major activities, especially those needing guidance, transportation or equipment. At the centre, fees shall be collected, trips and guides shall be arranged and cultural events shall be facilitated.

As it is a place where customers may stay for some time, it shall provide an atmosphere of hospitality and service, which would include some parking facilities, sitting accommodation, sanitation facilities.

The service centre can also serve as a sales point for souvenirs and soft drinks. Thus some space shall be provided for a small souvenir counter that could be rented out to a local small business association.

As this shall be a model site for eco-tourism, the construction shall be carried out in local style, wherever possible with local materials. -powered electrification shall be considered but are not included in the plan.

Investment in Site Promotion

Suba-Sabata is currently visited by approximately 6.000 to 6.500 visitors annually. The share of foreign visitor is estimated at 28 %. Even more important is the share of children and students, which is 52 %. While the number of students seems to be rising from 2008 to 2009, the number of 'regular' visitors is decreasing. It has to be considered when conceptualizing activities and their promotion that different target groups need to be addressed in different ways.

Though Suba-Sabata is situated close to Addis and has a relatively good road access, the main challenge

to increase customer frequentation. At present, tour operators are hesitant to touch at the destination, must likely because of difficult road conditions, but mainly because of its limited attractiveness and the low potential to add value. Once infrastructure and services have been improved, Suba-Sabata can much more easily be communicated and promoted as a tourist destination. The following general promotion activities shall be considered for the business plan:

- Promotion tour with tour operators,
- Design and production of a promotion flyer, giving and overview of attractions and service,
- Design and production of stand-up displays, to be distributed to major hotels,
- Production of posters,
- Production of a promotion video, also as TV-spot (optional),
- Production of a promotion radio spot (optional),
- Advertisement campaigns, and
- Hosting a promotion event (e.g. hill run), sponsored.

Investment in General Capacity Building

As outlined in the strategy, capacity building is required for the major stakeholders at various levels. This applies in particular to the designated OFWE staffs, communities and private sector.

For the designated OFWE staffs, capacity building shall cover a.o.

- Destination management,
- Participation,
- Communication, promotion and marketing,
- Hospitality, and
- Pricing and benefit sharing.

At community level an awareness raising workshop that deals with challenges and opportunities of eco-tourism is strongly indicated. This workshop shall also include major public and potential private partners, such as tour operators and hotel owners. It can be used as a start-up event for a public eco-tourism forum that shall meet on a regular basis to improve communication and cooperation among stakeholders.

A workshop for the private sector (which could be combined with promotion tour) shall target at developing eco-friendly service products and address major sustainability issues (rules and regulations, does and don'ts).

Investment in Activity-Related Infrastructure

Horse riding

Horse riding is the top-ranked prioritized activity for Suba-Sabata. It is deep-rooted in Ethiopian culture as a traditional and even nowadays very common mean of transportation. For foreign residents and international tourist horse riding provides an attractive opportunity to explore scenic landscapes even covering high ranges of altitudes in a quite comfortable way.

As this activity does not need many structures and shall be carried out by local communities and/or by private tour operators such as *Equus Ethiopia*, it does not need that much of an investment in infrastructure and facilities. Most of all it requires an attractive and at the same time safe trail system with a certain width. As this also applies to the hiking trails, both activities can use the same trail network. However specific signposts are required.

One important facility will be the provision of a sufficient number of watering points. In addition horse parkings may be required at public places such as the visitor centre, the exhibition hall or the district forest office.

Additional funding on form of a revolving fund may be required to facilitate communities' investment in horse riding activities, such as buying horses, construction of stables, veterinary costs or protective gear.

Nature observation

The Suba-Sabata forest offers great opportunities for nature observation activities. It harbours a remarkable the number of 180 bird species and 40 species of mammals, some of the endemic, in addition an interesting diversity of plant species. At the same time the OFWE staffs possess excellent expert knowledge.

However the biodiversity has not yet been systematically worked up for touristic purposes. This mainly relates to the identification of good observation spots and areas of particular interest.

Though some of the wildlife can be observed very close to the main roads crossing the park, a trail system for nature observation needs to be explored.

At the same time it has to be ensured that the observation areas can only be accessed by guided groups to avoid unnecessary disturbance of the wildlife and other environmental damage. This can be achieved by the

placement of signboards and ranger patrols.

An eco-friendly observation of wildlife requires apart from competent guidance only few facilities and equipment, in particular signboards, and binoculars for sale and/or rent. In addition professional guidebooks such as birds of “Ethiopia and Eritrea”¹ shall be made available to the tour guides and experts.

Hiking and Park walks

Hiking and walks currently are offering the park’s main attraction. However the related options are very limited: There is no circular trail, view points are rare and long distance trails and camping sites for multi-day trekking are not existent. Also a small short distance, levelled circular park walk near the district office is missing.

In order to increase the diversity and suitability for different target groups the trail network shall be improved with regard to the aspects mentioned above, including a trail interlinking Suba-Forest with Mount Wochecha and the Meta brewery at Sabata. Such trail network would also benefit the horse riding activities. In addition some sets of beer garden tables and benches are recommended to upgrade the terrace of the visitor centre at the top. An extended network of trails requires a number of facilities such as signposts, park benches, resting places, additional camp sites and pavilions. For some of the facilities, such as park benches and trails management outside the, sponsors e.g. Meta brewery or tour operators might be sought.

Lodging and food services

Providing accommodation and gastronomic services is considered one of the crucial factors to increase the customers’ wellbeing and the duration of stay. At present the district forest office provides basic accommodation at two comfort levels in form of six dormitories with bunk beds and private rooms in a self containing guest house.

The number of beds in the dormitories is varying. Two additional self containing guest houses are under construction. The guest house compound also contains a barbecue area. In addition the Park area provides three camp sites for camping and pick-nick, which are being rented to the tourists.

As no major investment in maintenance has been carried out, the condition of the existing structures is very poor: Beds and mattresses are worn out, the number of beds per dormitory is too high and sanitary facilities do not comply with touristic standard. All dormitory and guest house rooms urgently need rehabilitation. Despite a number of more than 6.000 visitors per year, there is no regular gastronomic service and also no kitchen, where this could be prepared.

According to the eco-tourism strategy, renting out the lodging and kitchen facilities to the private sector is being considered.

To improve the standard and to make the facilities ready to rent, some major rehabilitation, up-scaling works as well as new constructions have been proposed by the Fin-Fine branch expert Ato Teketel Fetene in January 2010², and implementation started with the construction of two new guesthouses. The costs give in the proposal have been multiplied with a factor of 1,5 to account for cost increase and the devaluation of the Ethiopian Birr.

For the business plan, the following activities are considered to be relevant:

- Rehabilitation of dormitories including reduction of occupancy to family room size with 4 beds, beds included.
- Rehabilitation of dormitory toilets and bathroom.
- Rehabilitation of the guesthouse including kitchen, bath room, bed rooms, living room, floor maintenance, annexing wooden veranda.
- Furnishing restaurant and equipping restaurant kitchen.
- Furnishing, kitchen and sanitation facilities and verandas for new guesthouses.

In order to make facilities more eco-friendly and independent from the unstable power supply, solar water heating and solar home system power supply are recommended as option, but not included in the cost assessment.

However power supply must be ensured by using a back-up diesel generator.

In addition a forth camp site shall be implemented.

Handicrafts/souvenirs, professional filming photographing, cultural events

For these activities no major investment in infrastructure is needed.

¹ Authors: John Ash, John Atkins, ISBN-10: 1408109794, ISBN-13: 9781408109793

² A detailed list of materials and cost is available with Ato Teketel

Investment in Activity-Related Promotion Material

Horse riding, nature observation, trekking and park walks

Though horse riding activities will most probably be in the responsibility of the community and/or private business partner the investment in specific promotion materials shall provide tourists with specific information in form of a leaflet. The leaflet shall give detailed information on community or private sector horse riding services, such as departure times, itineraries, duration, contact details, itineraries, costs etc..

Nature observation

In the same way nature observation activities can be promoted. The leaflet would give information on the nature of the guided tour, itineraries, departure times, duration, contact details, itineraries, as well as fees, and display some of the species to be seen.

In addition nature guide booklets can be provided to the customers for sale. For the development of guide booklets one could draw back on public domain photo stocks¹ to reduce cost.

Hiking and Park walks

Promotion materials Hiking and park walks shall give information on nature of the treks and trails, itineraries and difficulty level, length and duration, difference in altitude, and, as far as guides are available, provide contact details and booking formalities.

For more detailed information specified trail maps (with topography, orientation points and facilities, trail profile) can be provided for sale.

Lodging and food services

As these services will be provided by private sector partner, all essential information shall be contained in the general promotion materials.

Handicrafts/souvenirs

Information on the availability of souvenirs shall be given in the general promotion material. In addition a set of merchandizing postcards, posters and T-shirts, caps with different motives shall be offered.

Cultural events

Similar to the other activities, a specific leaflet or folder shall inform the customers on cultural events or performances hosted or provided by the local communities. This may include a cultural event calendar or information on booking options for special performances like cultural dances.

Contingencies

10 % contingency costs shall cover the unforeseen and price increase.

Costs of Upkeep/Depreciation

The offsetting of financial reserves (assets) is crucial to ensure maintenance, conservation of value and replacement of structures. This is of particular relevance as tourism activities require special attention to keeping up and improve the standard of the facilities. This applies in particular to facilities that are rented out to the private sector, such as restaurant and lodges. These costs shall therefore be included into the cost calculation. Besides it is, in form of depreciation cost, a tax relevant factor. Though not included into the investment cost, the depreciation costs for the shell construction of the new lodges shall be included in the maintenance and depreciation cost.

Operating Activities

The operating activities at Suba-Sabata mainly relate to providing information services to the customers, to coordinating touristic activities such as arranging for tour guides, horses and cultural events or shuttle services as well as to ensure the maintenance of all tourism related facilities. These services can be considered as 7/7 days 24/24 hours services.

In addition the designated staffs shall coordinate capacity building activities, follow up promotion activities and ensure the communication both with private sector and communities.

According to the strategy and assuming that eco-tourism as such should be run as a self-sustaining business unit. Thus, both site-specific personnel costs and overhead costs as well as portions of head-office costs arise.

Operating Costs

The operational costs assessed were categorized into:

Personnel costs

The personnel costs comprise

- One full position of an OFWE eco-tourism expert at district level,
- Half position of an OFWE eco-tourism expert at branch level (assuming that this expert is also responsible for a second site, e.g. Mt. Yarar),
- Half position of an eco-tourism expert at OFWE level (cf. 3 positions recommended in the strategy report),
- One full position concierge for maintenance,

¹ E.g. http://en.wikipedia.org/wiki/List_of_birds_of_Ethiopia

- One full position for a house keeper, responsible for visitor centre.

The following services shall be provided as stand-by duties free of charge by a group of certified tour guides:

- Front desk services as eco-tourism assistants, to work in shift with the district expert to ensure provision of services 7 days a week,
- Guarding of the visitors information centre,
- Green keeping at the visitors centre and lodge gardens.

Service staffs for restaurant and lodges shall be provided by the private sector.

Transportation costs and fuel

This costs position shall cover

- The operating costs for one motorcycle and one pick-up, including service and maintenance on the basis of a kilometrage of 12.000 per year each.
- The operating costs for two backup diesel generators operating at 1 l diesel per hour and a total of 1.500 operating hours per year.

Costs for promotion activities

After initial purchase of promotion materials both for sale and for give-away need to be replaced in time before running out of stock. The related costs shall be covered from the operating revenue generated. In addition advertisement campaigns shall be repeated regularly. It is being assumed that the consumption rate is increasing in the same way than the increase in customers.

Costs for capacity building

Ongoing capacity building among the OFWE staffs is required to continuously build up and professionalize eco-touristic services and compensate for fluctuation in staffs. A capacity building curriculum shall be developed according to the recommendations given in the strategy report.

Consumables

Consumables and other unforeseen expenses are subsumed under contingencies.

Operating Revenues

The operating revenue assessment is based on of identified business options and some baseline visitor figures, dating from 2008 and 2009. The revenue will mainly depend on the configuration of activities, the setting of entrance fees, and the ability to attract and increase the number of visitors. The following sources of revenues can be identified:

Entrance fees

Given a substantial improvement in infrastructure and activities, a decent increase in park entrance fees is certainly justified. An adjustment of the fees should be carried out annually based on the price trend and exchange rate.

Entrance fees should include the free use of camp sites for pick-nick. Depending on the operating modalities (private partners or OFWE), family and group tickets, an annual ticket or even a lifetime memberships with free entrance are recommended. As vehicles should not be allowed per se, the vehicle fee could be converted into a parking fee at the visitor centre. The video camera fee should be omitted, as most modern digital cameras are nowadays equipped for high quality filming. Instead a fee for professional filming shall be raised. Additional tour guiding may be required.

Pricing is proposed as follows:

Table 2: Proposed entrance fees at Suba-Sabata

No.	Visitors	ETB 2009	ETB Proposed
1	Foreigners		
1.1	Adult, single entry	45	70
1.2.	Adult, season ticket		200
1.3.	Adult, lifetime		600
1.4	Group, above 5 pers., single entry		350
1.2	Children, single entry	20	30
1.3.	Family, single entry		190
1.3.1	Family, season ticket		500
2	Ethiopians		
2.1	Adult single entry	10	20
2.2	Adult, season ticket		55
2.3.	Adult, lifetime		150
2.4.	Group, above 5 pers.		100
	Children, single entry	5	10
	Family, single entry		35
	Family, season ticket		100
3	Students		
3.1	University,	3	6
3.1.1.	Group fee above 20 pers.		100
3.2	Secondary school, single	2	4
3.2.1	Group fee above 20 pers.		50
3.3	Primary school	1	2
3.3.1	Group fee above 20 pers.		35
4	Vehicle	20	-
	Car up to 12		10
	Bus		25
5	Video camera		
5.1	Foreigner	100	To be omitted
5.2	Ethiopian	50	To be omitted
5.3	Foreigner, professional license		2.500
5.4	Ethiopian, professional license		1.000

Camping fees

According to recent figures (July to December 2010) a total of 41 persons, which is equal to 2,2 % , used the tented camp. Although renting out camp sites to sector private might be a valid option, it is recommended to stick to existing renting practise in a simplified way, which would imply to charge an overnight fee per person. This is also because OFWE at present does not provide any tents. The fee might include a mandatory fee for firewood – in case campfires are allowed – as well as a fee for waste disposal. Customers can be provided with rubbish sack and get the deposit refunded if the sack is returned at a certain collection point. Pricing is proposed as follows:

Table 1: Proposed camping fees for Suba-Sabata

Camping		ETB 2009	ETB Proposed
1	Foreigners		
1.1	Big size tent 7 persons and above	60/night	-
1.2	Medium size tent-4 persons	50/night	-
1.3	Small size tent-2 persons	40/night	-
1.4	Adult, including waste collection fee (refundable)		60/night thereof 10 ETB for rubbish bag deposit
1.5	Children, including waste collection fee (refundable)		30/night thereof 10 ETB for rubbish bag deposit
2	Ethiopians		
2.1	Big size ten 7 persons and above	45/night	
2.2	Medium size tent-4 persons	35/night	
2.3	Small size tent-2 persons	20/night	
2.4	Adult, including waste management fee		40/night thereof 10 ETB for rubbish bag deposit
2.5	Children, including waste management fee		20/night thereof 10 ETB for rubbish bag deposit
3	Fire wood		
3.1	Fire wood, per m ³	115	150

Renting out lodging and restaurant facilities

According to recent figures from the OFWE district office, from July 2010 to December 2010 a total of 151 persons, which is 8 % of the total number of visitors stayed either in the guest house or in the dormitories. This number was almost evenly distributed between the two facilities.

With the plan of improving and up-scaling the standard of the existing facilities and with regard to the investment costs, maintenance and depreciation costs related, boosting the occupancy rate is a mandatory! This urges for a close cooperation with the private sector, as private tour operators would operate at much closer distance to their customers.

It is therefore recommended to give renting to of dormitories, guest houses and kitchen/restaurant facilities in its entirety first priority. A long term lease contract with one private sector partner shall be preferred. The rent shall at least compensate for the annual costs of upkeep, an add-on as profit would be desirable. Based on our estimation the costs for upkeep/depreciation are estimated as follows:

Table 4: Estimated costs for upkeep and depreciation for accommodation and restaurant facilities at Suba-Sabata

Position	Annual cost
Dormitory	9.755
Old guest house	5.459
New guest houses	27.060
Restaurant	6.850
Barbeque area and diesel generator	5.200
Concierge	18.000
Total	72.364

The number of customers to reach breakeven - assuming an overnight fee of ETB 150 - is 531, which is 7,6 % of average number of visitors in 2008 and 2009 and almost equals the rate of overnight stays from July to December 2010. This would mean that at the given costs a partnership between OFWE and a private partner looks quite attractive. A viable option would be to let the accommodation facilities at an attractive rent and to agree on a moderate share of 10 % of the revenues generated from the lease to customers.

The height of rent would have be negotiated but probably should not be more that 20 % above the depreciation cost. The following pricing is proposed for the lodges and dormitories:

Table 5: Proposed pricing for dormitories and lodges

	Facility	ETB per night
1	Dormitories	
1.1	Foreigners	
1.1.1	Adults	150
1.1.2	Children	75
1.2.	Ethiopians	
1.2.1	Adults	75
1.2.2	Children	35
2	Lodges	
2.1	Foreigners	
2.1.1	Adults	350
2.1.2	Children	175
2.2	Ethiopians	
2.2.1	Adults	175
2.2.2	Children	90

Renting out the conference room shall be kept under the management of OFWE. Prices shall be adapted as follows.

Table 6: Proposed pricing for the conference room

Purpose	Price 2009	Price proposed
Wedding	150/day	300/day
NGO training	200/day	400/day
Government training	100/day	200/day

Merchandizing items

This position is a by-product of promotion activities but considered to substantially contribute to the overall revenue. It is being assumed that each customer is at least buying one of the items below. The following pricing is proposed:

Table 7: Proposed pricing for merchandizing items

Item	Price ETB
Guide booklet, 12 pgs.	20
Map folder	7
Poster	20
T-Shirt	150
Cap	80
Postcard	7
Binoculars	50/day plus ETB 200 and ID as deposit

Financing Activities

Financing Costs

Bank loan interest

In case investment are not financed from existing assets, an interest rate of 8,5 % was assumed.

Small credit fund

Starting small business activities, such providing horses to tourists producing souvenirs and handicrafts or running a small kiosk mostly require access to credit facilities. This fund could be part of the benefit sharing agreement between OFWE and the communities and be supplied from the net income generated from the entrance fees. We suggest a splitting of 60:40 of net profits to the benefit of the communities.

Financing Revenues

Third party contributions

Financial contributions by the Project amounting EUR 30.000 (equal to ETB 675.000¹) for rehabilitation of touristic structures and facilities as well as ETB 50.000 for training and capacity building are considered as financing revenues in year one of operation.

Cash-Flow and Net Profit Forecast

Approach

“Cash flow is the movement of cash into or out of a business, project, or financial product. It is usually measured during a specified, finite period of time. Measurement of cash flow can be used for calculating other parameters that give information on the companies' value and situation.

¹ Exchange rate 1 EUR = ETB 22,50

Cash flow can e.g. be used for calculating parameters such as

- To determine a project's rate of return or value. The time of cash flows into and out of projects are used as inputs in financial models such as internal rate of return, and net present value.
- To determine problems with a business's liquidity. Being profitable does not necessarily mean being liquid. A company can fail because of a shortage of cash, even while profitable...¹

The herein performed cash-flow forecast is a simplified and exemplary one. I shall in particular demonstrate, under which scenario(s) eco-tourism is profitable both for the Enterprise and the communities. Some major underlying assumptions are described below:

Baseline scenario

In the baseline scenario a visitor figure comparable to the 2008-2009 average was used. The number of customers had to be distributed in a somewhat arbitrary but plausible way according to the pricing proposed. It is for instance being assumed, that students would only travel in group and therefore would use group tickets instead of single entries.

It also being assumed that due to the availability of brochures, souvenirs and merchandizing items visitors would respond with an increased demand, which means that every visitor would at least buy one of the items offered.

Another assumption is that all accommodation and restaurant facilities would be rented out to the private sector at 20 % above the calculated costs of upkeep (depreciation). In addition a share of 10 % of the lease revenues to customers shall be claimed. In the baseline scenario 15 % overnight stays (in total 946) with a bed occupancy as follows (Table) are being assumed.

Table 8: Baseline bed occupancy scenario

Dormitories			No.	ETB/night	Total	10 % share
Total: 473	Foreigners	Adults	63	150	9.450	945
		Children	32	75	2.400	240
	Ethiopians	Adults	252	75	18.900	1.890
		Children	126	35	4.410	441
Guesthouse			No.	ETB/night	Total	10 % share
Total: 473	Foreigners	Adults	252	350	87.500	8.750
		Children	126	175	22.050	2.205
	Ethiopians	Adults	63	175	11.025	1.102,50
		Children	32	90	2.880	288
Total			946		158.615	15.816,50

This results in an average overnight fee of ETB 167,66 with a share of ETB 16,77 for the Enterprise. Initial promotion costs and costs for capacity building are calculated as part of the investment. Increase in prices and devaluation are being assumed to be compensated by an annual adjustment of fees and rent so that the cost and revenue figures would be projected without discounting.

Scenarios '20 plus', '50 plus' and '100 plus'

In these scenarios an increase of customer figures of 20 %, 50 %, and 100 % respectively as compared to the baseline scenario is being assumed where as the rent for the accommodation and restaurant facilities would remain the same except the revenue from renting the conference room, which is assumed to be growing in the same way that the number customer of customers (plus 20, 50, 100 percent respectively).

Table 9 gives an overview on the investment, operating and financing activities, operating result and 2-year cash-flow projection.

¹ http://en.wikipedia.org/wiki/Cash_flow, 2020-10-15

Table 9: Simplified two-year cash-flow projection (direct method)

Scenario 'baseline'	year 1	year 2	Scenario '20 plus'	year 1	year 2	Scenario '50 plus'	year 1	year 2	Scenario '100 plus'	year 1	year 2
	ETB	ETB		ETB	ETB		ETB	ETB		ETB	
Investing activities	-1.383.701	0	Investing activities	-1.383.701	0	Investing activities	-1.383.701	0	Investing activities	-1.383.701	0
General investment in infrastructure	-252.900	0	General investment in infrastructure	-252.900	0	General investment in infrastructure	-252.900	0	General investment in infrastructure	-252.900	0
Investment in activity-related infrastructure	-704.105	0	Investment in activity-related infrastructure	-704.105	0	Investment in activity-related infrastructure	-704.105	0	Investment in activity-related infrastructure	-704.105	0
Promotion	-136.705	0	Promotion	-136.705	0	Promotion	-136.705	0	Promotion	-136.705	0
Capacity building	-164.200	0	Capacity building	-164.200	0	Capacity building	-164.200	0	Capacity building	-164.200	0
Contingencies	-125.791	0	Contingencies	-125.791	0	Contingencies	-125.791	0	Contingencies	-125.791	0
Operating activities	-281.849	-394.238	Operating activities	-281.849	-410.118	Operating activities	-281.849	-433.933	Operating activities	-281.849	-473.628
Personnel costs	-70.300	-70.300	Personnel costs	-70.300	-70.300	Personnel costs	-70.300	-70.300	Personnel costs	-70.300	-70.300
Transportation and fuel	-62.700	-62.700	Transportation and fuel	-62.700	-62.700	Transportation and fuel	-62.700	-62.700	Transportation and fuel	-62.700	-62.700
Promotion	0	-72.173	Promotion	0	-86.607	Promotion	0	-108.259	Promotion	0	-144.345
Capacity building	0	-30.000	Capacity building	0	-30.000	Capacity building	0	-30.000	Capacity building	0	-30.000
Costs of up-keep/depreciation	-123.226	-123.226	Costs of up-keep/depreciation	-123.226	-123.226	Costs of up-keep/depreciation	-123.226	-123.226	Costs of up-keep/depreciation	-123.226	-123.226
Contingencies	-25.623	-35.840	Contingencies	-25.623	-37.283	Contingencies	-25.623	-39.448	Contingencies	-25.623	-43.057
Operating revenues scenario 'baseline'	364.654	364.654	Operating revenues scenario '20 plus'	418.365	418.365	Operating revenues scenario '50 plus'	500.331	500.331	Operating revenues scenario '100 plus'	636.941	636.941
Entrance fees	155.700	155.700	Entrance fees	184.940	184.940	Entrance fees	230.300	230.300	Entrance fees	305.900	305.900
Rent and share for/of accommodation and restaurant	107.364	107.364	restaurant	111.517	111.517	restaurant	117.646	117.646	restaurant	127.861	127.861
Merchandizing	101.590	101.590	Merchandizing	121.908	121.908	Merchandizing	152.385	152.385	Merchandizing	203.180	203.180
Operating result scenario 'baseline'	82.806	-29.584	Operating result scenario '20 plus'	136.516	8.248	Operating result scenario '50 plus'	218.482	66.398	Operating result scenario '100 plus'	355.093	163.313
Financing activities	725.000	0	Financing activities	725.000	0	Financing activities	725.000	0	Financing activities	725.000	0
Rehabilitation of structures	675.000	675.000	Rehabilitation of structures	675.000	675.000	Rehabilitation of structures	675.000	675.000	Rehabilitation of structures	675.000	675.000
Trainings on eco-tourism	50.000	50.000	Trainings on eco-tourism	50.000	50.000	Trainings on eco-tourism	50.000	50.000	Trainings on eco-tourism	50.000	50.000
Cash-Flow scenario 'baseline'	-575.895	-29.584	Cash-Flow scenario '20 plus'	-522.185	8.248	Cash-Flow scenario '50 plus'	-440.219	66.398	Cash-Flow scenario '100 plus'	-303.608	163.313

The scenario shows that an at least self-sustaining level requires an increase in customer figures to a level of 120 % of the baseline statistics. Therefore, for a 5-year projection, a scenario is chosen that assumes an incremental development of customers 20, 50, 100, 120 and 130 percent to a number 14.500 in year 5. The result is displayed in Table 9 and Table 11

Table 10: 5-year cash-flow projection, scenario 1

	year 1 scenario '20 plus'	year 2 scenario '50 plus'	year 3 scenario '100 plus'	year 4 scenario '120 plus'	year 5 scenario '130 plus'	5-year period
	ETB	ETB	ETB	ETB	ETB	
Investing activities	-1.383.701	0	0	0	0	-1.383.701
Operating costs	-281.849	-433.933	-473.628	-505.384	-521.262	-2.216.056
Operating revenues	418.365	500.331	636.941	708.696	761.404	3.025.737
Financing contributions	725.000	0	0	0	0	725.000
No Financing interest						0
Pre-tax Profit	136.516	66.398	163.313	203.312	240.142	809.681
2 % Tax	-2.730	-1.328	-3.266	-4.066	-4.803	-16.194
Net Profit	133.786	65.070	160.047	199.246	235.339	793.488
Cash-Flow	-524.915	65.070	160.047	199.246	235.339	134.787
NVP for compared to 10 % added interest from alternative investment	12.835,43					
NVP for compared to 5 % added interest from alternative investment	25.030,10					
In this scenario it is assumed that the necessary capital for investment is available. It is also being assumed that the liquidation value of the investment in year five is the same as in year of investment.						
Two interest scenarios have been compared:						
Scenario 1a with 10 % return on capital invested						
Scenario 1b with 5 % return on capital invested						
Both scenarios show a positive NVP.						

Table 2: 5-year cash-flow projection, scenario 2

	year 1 scenario '20 plus '	year 2 scenario '50 plus '	year 3 scenario '100 plus '	year 4 scenario '120 plus '	year 5 scenario '130 plus '	5-year period
	ETB	ETB	ETB	ETB	ETB	
Investing activities	-1.383.701	0	0	0	0	-1.383.701
Operating costs	-281.849	-433.933	-473.628	-505.384	-521.262	-2.216.056
Operating revenues	418.365	500.331	636.941	708.696	761.404	3.025.737
Financing contributions	725.000	0	0	0	0	725.000
No Financing interest						0
Pre-tax Profit	136.516	66.398	163.313	203.312	240.142	809.681
2 % Tax	-2.730	-1.328	-3.266	-4.066	-4.803	-16.194
Net Profit	133.786	65.070	160.047	199.246	235.339	793.488
Cash-Flow	-524.915	65.070	160.047	199.246	235.339	134.787
NVP for compared to 10 % added interest from alternative investment	12.835,43					
NVP for compared to 5 % added interest from alternative investment	25.030,10					
<p>In this scenario it is assumed that the necessary capital for investment is available. It is also being assumed that the liquidation value of the investment in year five is the same as in year of investment.</p> <p>Two interest scenarios have been compared:</p> <p>Scenario 1a with 10 % return on capital invested Scenario 1b with 5 % return on capital invested</p> <p>Both scenarios show a positive NVP.</p>						

Results

The total investment costs for the project amount to approx. ETB 1.384.000, whereof - according to present state of knowledge – approximately ETB 725.000 can be contributed by the Project for rehabilitation of infrastructure, training and capacity building. The five year operating result in scenario 1 shows a total net profit of approx. ETB 793.500 which equals almost 35,8 % of the operating costs including costs of keep-up/depreciation. In this scenario it is being assumed that the investment is paid from existing OFWE assets. The venture is profitable already in year one.

Cash-flow is expected to grow from -520.000 ETB in year one to about ETB 235.000 in year five. The overall cash-flow in this period is projected at ETB 135.000. The five year operating result in scenario 2 shows a total net profit of approx. ETB 519.000 which equals almost 20,8 % of the operating costs including costs of keep-up/depreciation and interest rate of loan. The venture is profitable already in year one. Cash-flow is expected to grow from -580.000 ETB in year one to about ETB 180.500 in year five. The overall cash-flow in this period is projected at ETB - 139.500. With regard to this relatively long payback period, direct benefit sharing from entrance fees with the communities would have to be arranged as a baseline share and could be topped up with a share on pre-tax profit.

Cost-Benefit Analysis

Benefits for the OFWE

As shown in the previous chapter, profit opportunities mainly depend on the achieved increment in customer numbers. In the long run, an annual number of 14.500 visitors should be targeted. At present it cannot be

assessed whether this figure exceeds the carrying capacity of the area.

In scenario 1, break-even is reached in the fifth year of operation. The 5-year Net Present Values (NPV) compared to a 5 % bank deposit (scenario 1b) and a 10 % returns on investment (scenario 1a) respectively are both positive at ETB 25.000 and ETB 12.800 respectively.

In scenario 2, break-even is reached in the sixth year of operation. The 5-year Net Present Values compared to a 5 % bank deposit (scenario 2b) and 10 % returns on investment (scenario 2a) respectively are both positive at ETB 14.000 and ETB 7.350 respectively. Scenario 2b should be discarded as the interest rate for bank loans is 8,5 % and exceeds the interest rate for bank deposit.

Benefits for the Communities

The eco-tourism described above offer manifold opportunities of providing and sharing benefits with the communities. A business development workshop, horse and tour guide trainings, supported by the Enterprise, the Project or some other organization can only be the starting point for joint business development activities, not only with the Enterprise, but also with the private sector. These trainings, possibly combined with small credit facilities, will enable a number of local community members to directly benefit from eco-tourism. However, financial benefit is difficult to quantify. The Wonchi-Eco-tourism project gives evidence that without long term substantial organizational and financial support local communities would hardly be able to establish substantial sources of income.

Additional activities to facilitate the communities' involvement and benefit shall be

- The provision of space within and outside the visitors information centre at the park entrance and the visitor centre at the top edge of the forest (e.g. for soft drink and snack kiosk and sales of souvenirs).
- The employment of local staffs by the Enterprise and the private sector (eco-tourism assistants, housekeeping staffs, kitchen and restaurant staffs).

However, sharing the entrance fees with the communities as proposed in the strategy may become a critical issue as it may compromise the overall financial viability of the activities.

6. Implementation Priorities

With regard to costs, the long amortization expected and the various options of involving communities and the private sector into the eco-tourism some priority should be set with regard to the implementation of the proposed activities.

We emphasize that the attractiveness of the area for eco-tourism mainly depends on the authenticity of facilities and services provided. Therefore a holistic approach is recommended and patch-up jobs should be avoided.

The main challenge to make the project sustainable is to attract substantially more customers and to create incentives to increase their duration of stay and expenditures for services and products.

The following prioritization of activities is proposed:

1. Recruit expert staffs as recommended in the strategy.
2. Carry out capacity building workshop including familiarization with the strategy and business plan.
3. Urge on community awareness creation.
4. Explore cooperation options with the private sector, in particular for renting out accommodation and restaurant services and adjust planning according to the needs of the partner(s).
5. Explore and develop the trail network and related structures.
6. Conceptualize and implement a promotion campaign.
7. Explore cooperation options with the private sector, in particular for renting out accommodation and restaurant services and adjust planning according to the needs of the partner(s).
8. Conceptualize and implement visitor centre (incl. construction works, staffs recruitment)

Annex 1: Activities Eco-tourism Consulting Assignment

January 22, 2011 to February 10, 2011

Date	Activity
Sat, Jan 22	Preparation time
Sun, Jan 23	Departure to Addis
Mon, Jan 24	Arrival in Addis, Briefing with the expert team. Group work: Brain storming potential eco-tourism activities, selection criteria and cost positions
Tue, Jan 25	Compiling information of the team meeting, preparing field trip
Wed, Jan 26	Field visit to Suba-Sabata, site assessment and evaluation using criteria
Thur, Jan 27	Field visit to Dhera Dilfaqar, site assessment, discussion with the team
Fri, Jan 28	Field visit to Dhera Dilfaqar, site assessment ctd., visit to Sodare Resort, discussion with manager, return to Addis
Sat, Jan 29	Report structuring and writing
Sun, Jan 30	Report structuring and writing
Mon, Jan 31	Data gathering for various costs position Meeting with Fin-Fine Expert for reviewing cost estimations
Tue, Feb 1	Data gathering for various cost positions
Wed, Feb 2	Data gathering for various cost positions, Compiling data
Thu, Feb 3	Report writing Suba-Sabata
Fri, Feb 4	Report writing Suba-Sabata
Sat, Feb 5	Field visit to Wonchi Crater eco-tourism Report writing Suba-Sabata
Sun, Feb 6	Report writing Suba-Sabata
Mon, Feb 7	Report writing Suba-Sabata Presenting and discussing report with the team
Tue, Feb 8	Report writing Suba-Sabata, Meeting with Horn of Africa to initialize coordination of eco-tourism activities
Wed, Feb 9	Report writing Dheera Park
Thu, Feb 10	Departure to Germany
Fri, Feb 11 – Feb 22	Finalizing reports

Annex 2: Investment Activities

No	Position	unit	unit cost	Qty	total cost	type of running costs	Life span	cost of upkeep	rent or sale
General infrastructure					252.900			27.970	
	Visitor centre (60mx60m)				252.900			27.970	
1.1	Site preparation	lump	5000	1	5.000	maintenance			
1.2	fencing	m	20	240	4.800		5	960	
1.3	Greening with trees, grass, hedges (1200 m²)	lump	3000	1	3.000				
1.4	Parking space (40x40) with gravel	lump	25000	1	25.000	maintenance	10	2500	
1.5	Entrance gate (wooden)	lump	5000	1	5.000		10	500	
1.6	Guard house	pcs	1000	1	1.000		10	100	
1.7	Centre, semi-circular, construction works (Stone, wood, tin roof with grass cover, veranda)	m²	1000	80	80.000	maintenance	20	4000	
1.8	Sanitation facilities (2 external toilets with sink, extra sink for dish washing), incl. Septic tank	lump	40.000	1	40.000	maintenance	20	2000	
1.9	Interior furnishing (2 counters, office desk, coffee table, 4 coffee desks, 16 chairs, 2 small shelves, 2 big shelves, 2 wooden cubboards)	lump	25.000	1	25.000	replacement	5	5000	
1.10	Electric system	lump	5.000	1	5.000	maintenance	10	500	
1.11	Backup diesel generator 2 3 kw	pcs	22.000	1	22.000	maintenance	5	4400	
1.12	Telephone/Internet connection	lump	2.000	1	2.000	maintenance			
1.13	Computer with printer	lump	20.000	1	20.000	replacement	4	5000	
1.14	Refrigerator	pcs	5.000	1	5.000	replacement	5	1000	
1.15	Donation box with lock	pcs	100	1	100		10	10	
1.16	Beergarden bench set	entity	5.000	2	10.000		5	2000	
General Promotion					62.525			30.613	
2.1	Promotion workshop with four operators	lump	25.000	1	25.000				
2.2	Promotion flyer/folder, full colour	pcs	0,81	20.000	16.200	reprinting	1	16.200	
2.3	Stand-up displays, full colour (43x21 cm)	pcs	36,5	50	1.825	reprinting	2	913	
2.4	optional	pcs	19,8	100	1.978				
2.5	Production of posters (42x60 cm)	pcs	5,5	500	2.760	reprinting	1	2.760	x
2.6	optional	pcs	3,4	1.000	3.370				
2.7	optional: Production of a promotion video/ TV-spot	lump		1	0				
2.8	optional: Production of a promotion radio spot	lump			0				
2.9	Newspaper advertisement campaign, e.g. Daily Monitor	per advert	770	12	9.240	re-run	1	9.240	
2.10	optional: Hosting a promotion event	lump		1	0	sponsored	1		
2.11	Sign board (2x1,5)	pcs	1.500	5	7.500		5	1.500	
General Capacity Building					115.000			30.000	
3.1	programme experts all levels, one week, proportionally	lump	60.000	1	60.000				
3.2	Stakeholder and community awareness raising workshop (two days), 30 people, incl. Facilitator, per diems	lump	25.000	1	25.000				
3.3	Ecotourism forum, 15 people, bi-annual	lump	15.000	2	30.000	repeated	1	30.000	

Activity-related infrastructure					704.105		95.256
Horse riding					31.350		3.270
4.1	signpost, 3 pcs/km	pcs	20	45	900	repainting	5 180
4.2	watering pond with 20 m pipe	pcs	3.000	10	30.000		10 3000
4.2	horse parking (15 m railing)	pcs	150	3	450	replacement	5 90
4.3	Nature observation				57.000		9.900
5.1	trail establishment	km	1.500	10	15.000		10 1500
5.2	guide books, birds, mammals, plants for guides and rent	pcs	1.200	10	12.000	replacement	5 2400 x
5.3	binoculars for guides and for rent	pcs	3.000	10	30.000	replacement	5 6000 x
5.4	Hiking and park walks				65.200		10.640
6.1	expansion of trails	km	1.500	10	15.000	maintenance	10 1500
6.2	signpost, 3 pcs/km	pcs	20	60	1.200	repainting	5 240
6.3	park benches	pcs	1.000	15	15.000	replacement	5 3000
6.4	view point Pavilion with sitting booth	entity	9.000	1	9.000	maintenance	10 900
6.5	beergarden bench set	entity	5.000	5	25.000		5 5000
6.6					0		
Lodging and food services					550.555		71.446 x
Dormitory			subtotal		88.150		9.755
7.1	Dormitory floor works	lump	700	1	700		5 140
7.2	Dormitory ceiling	lump	450	1	450		5 90
7.3	Dormitory walls inside/outside	lump	2.250	1	2.250		5 450
7.4	Dormitory door painting	lump	270	1	270		5 54
7.5	Dormitory roof painting and water proofing	lump	1.200	1	1.200		5 240
7.6	Dormitory beds	pcs	1.800	24	43.200		10 4320
7.7	Dormitory locks	lump	375	2	750		5 150
7.8	Dormitory electric system	lump	3.300	1	3.300		10 330
7.9	Dormitory bathroom rehabilitation, incl. boiler	lump	3.780	1	3.780		5 756
7.10	Dormitory toilets, incl. septic tank	lump	32.250	1	32.250		10 3225
Guest house (old)			subtotal		45.905		11.181
8.1	Guest house kitchen rehabilitation	lump	5.700	1	5.700		5 1140
8.2	Guest house bed room rehabilitation	lump	7.680	1	7.680		5 1536
8.3	Guest house beds	pcs	1.800	4	7.200		5 1440
8.4	Guest house couch set	set	21.500	1	21.500		5 4300
8.5	Guest house bathroom	lump	3.325	1	3.325		5 665
8.6	Guest house floor maintenance	lump	500	1	500		5 100
8.7	Guest house veranda, wooden, 10 m ²	lump	10.000	1	10.000		5 2000
Guest houses (new, 2 double-units)			subtotal		341.000		35.860
9.1	Guest house shell structure	m ²	800	144	115.200		20 5760
9.2	Guest house kitchen	lump	10.000	4	40.000		20 2000
9.3	Guesthouse bathroom	lump	37.500	4	150.000		20 7500
9.4	Guesthouse bedroom, two beds, wardrobe, 2 armchairs, coffee table	lump	12.000	4	48.000		5 9600
9.5	Guest house septic tank for four units (8 persons)	lump	20.000	1	20.000		20 1000
9.6	Plank flooring	lump	5.000	4	20.000		20 1000
9.7	Electric system	lump	5.000	4	20.000		20 1000
9.8	Guest house veranda, 10 m ²	lump	10.000	4	40.000		5 8000
9.9	Greening	lump	3.000	1	3.000		
Restaurant			subtotal		45.000		9.000
10.1	Restaurant furnishing incl shelf and washing deck	lump	5.500	1	5.500		5 1100
10.2	Restaurant gas stove and oven	pcs	10.500	1	10.500		5 2100
10.3	Restaurant refrigerator	pcs	7.500	1	7.500		5 1500
10.4	Restaurant guest room furniture, 10 tables 40 chairs	lump	21.500	1	21.500		5 4300
Other					30.500		5.650
11.1	Backup diesel generator, 2-3 kw	pcs	22.000	1	22.000		5 4400
11.2	Babecue area benches	pcs	1.000	4	4.000		5 800
11.3	Camp site	lump	4.500	1	4.500		10 450

Activity-related promotion					74.180			41.560
Horse riding					5.050			5050
12.1	promotion flyer horse riding	pcs	1,01	5.000	5.050	reprinting	1	5050
Nature observation					10.100			10.100
13.1	promotion flyer nature observation	pcs	1,01	5.000	5.050	reprinting	1	5050
13.2	guide booklets for sale, 12 pages, A5, including layout	pcs	5,05	1.000	5.050	reprinting	1	5050 x
Trekking and park walk					10.100			10.100
14.1	promotion flyer trekking and park walk	pcs	1,01	5.000	5.050	reprinting	1	5050
14.2	map folder with itineraries	pcs	1,01	5.000	5.050	reprinting	1	5050 x
Merchandizing					48.930			16.310
15.1	posters with birds, wildlife or plants, specified, 3 motives	pcs	5,5	1.500	8.280	reprinting	3	2760 x
15.2	T-shirts, different size and colour, printed	pcs	51	400	20.400	reprinting	3	6800 x
15.3	Cap, printed	pcs	39	400	15.600	reprinting	3	5200 x
15.4	post-cards, different motives, 3 motives	pcs	3,1	1.500	4.650	reprinting	3	1550 x
Activity-related capacity building					49.200			
16.1	Horse keeping/horse guide training (10 pers) , jointly with Dhera	lump	12.500	1	12.500			
16.2	Training for nature-guides (total 10 guides), jointly with Dhera		11.700	1	11.700			
16.3	small business development workshop with communities (25 pers)		25.000	1	25.000			
Subtotal					1.257.910,00			225.398,50
10 % contingencies					125.791			
Total investment					1.383.701			

Annex 3: Operating Cost, Year One, Baseline Scenario

No	Position	unit	unit cost	units	total cost
Personnel Costs					66.300
1.1	OFWE district ecotourism expert	person *year	26.200	1	26.200
1.2	OFWE ecotourism branch officer (proportional)	person *year	26.200	0,5	13.100
1.3	OFWE ecotourism head office officer (proportional)	person *year	30.000	0,5	15.000
1.4	Concierge	person *year	12.000	1,0	12.000
1.5	Housekeeping	person *year	4.000	1	4.000
Transportation and fuel					62.700
2.1	operating costs motorcycle (12.000 km/year, including service, tyres, petrol)	lump	10.200	1	10.200
2.2	operating costs pick-up (12.000 km/year, including service, tyres, petrol)	lump	30.000	1	30.000
2.3	Diesel for generators	litres	15	1.500	22.500
Promotion					0
3.1	General promotion				0
3.2	Activity-related promotion				0
Capacity building					0
4.1	General capacity building				
4.2	Activity-related capacity building				
Maintenance/conservation of value					107.640
5.1	Visitor centre				28.157
5.2	activity related infrastructure				79.484
Subtotal					236.640
Contigencies		10 % of above			23.664
Total operating cost					260.304

Annex 4: Costs for Merchandizing and General Promotion

	Unit costs	Units	Cost baseline	Cost plus 20	Cost plus 50	Cost plus 100
Guide booklet, 12 pgs.	5,5	1.000	5.500	6.600	8.250	11.000
Map folders	1,0	5.000	5.050	6.060	7.575	10.100
Posters	5,5	500	2.750	3.300	4.125	5.500
T-Shirt	51,0	133	6.783	8.140	10.175	13.566
Cap	39,0	133	5.187	6.224	7.781	10.374
Postcard	3,1	500	1.550	1.860	2.325	3.100
Total merchandizing			26.820	32.184	40.230	53.640
General promotion			45.353	54.423	68.029	90.705
Total			72.173	86.607	108.259	144.345

Annex 5: Revenue Scenarios

Scenario Baseline					Scenario 20 plus				
	price	units	customer number	revenue		price	units	customer number	revenue
Entrance Fees				155.700	Entrance Fees				184.940
Total number of visitors			6.315		Total number of visitors			7.578	
Foreigners			1.525	104.000	Foreigners			1.830	124.800
Adult, single entry	70	600	600	42.000	Adult, single entry	70	600	720	50.400
Adult, season ticket	200	100	100	20.000	Adult, season ticket	200	100	120	24.000
Adult, lifetime	600	5	5	3.000	Adult, lifetime	600	5	6	3.600
Group, above 5 pers., single entry	350	20	120	7.000	Group, above 5 pers., single entry	350	20	24	8.400
Children, single entry	30	100	100	3.000	Children, single entry	30	100	120	3.600
Family, single entry	190	100	500	19.000	Family, single entry	190	100	120	22.800
Family, season ticket	500	20	100	10.000	Family, season ticket	500	20	24	12.000
Ethiopians			1.280	28.000	Ethiopians			0	1.536
Adult single entry	20	600	600	12.000	Adult single entry	20	600	720	14.400
Adult, season ticket	55	150	150	8.250	Adult, season ticket	55	150	180	9.900
Adult, lifetime	150	10	10	1.500	Adult, lifetime	150	10	12	1.800
Group, above 5 pers.	100	20	120	2.000	Group, above 5 pers.	100	20	24	2.400
Children, single entry	10	50	50	500	Children, single entry	10	50	60	600
Family, single entry	35	50	250	1.750	Family, single entry	35	50	60	2.100
Family, season ticket	100	20	100	2.000	Family, season ticket	100	20	24	2.400
Students			3.510	5.000	Students			0	4.212
University,	6				University,	6		0	
University group fee above 20 pers.	100	6,0	150	600	University group fee above 20 pers.	100	6,0	7	720
Secondary school, single	4				Secondary school, single	4		0	
Secondary group fee above 20 pers.	50	32	960	1.600	Secondary group fee above 20 pers.	50	32	38	1.920
Primary school	2				Primary school	2		0	
Primary group fee above 20 pers.	35	80	2.400	2.800	Primary group fee above 20 pers.	35	80	96	3.360
Vehicles				9.000	Vehicles				10.800
Car up to 12	10	600		6.000	Car up to 12	10	600	720	7.200
Bus	25	120		3.000	Bus	25	120	144	3.600
Video camera				4.500	Video camera				3.500
Foreigner, professional license	2.500	1		2.500	Foreigner, professional license	2.500	1	1	2.500
Ethiopian, professional license	1.000	2		2.000	Ethiopian, professional license	1.000	2	1	1.000
Camping				5.200	Camping				6.240
Foreigner					Foreigner				
Adult	50	20		1.000	Adult	50	20	24	1.200
Children	20	5		100	Children	20	5	6	120
Ethiopian					Ethiopian				
Adult	30	80		2.400	Adult	30	80	96	2.880
Children	10	20		200	Children	10	20	24	240
Firewood	150	10		1.500	Firewood	150	10	12	1.800
Rent				107.364	Rent				111.517
Rent for dormitories, restaurant and guest houses	lump			87.000,00	Rent for dormitories, restaurant and guest houses	lump			87.000,00
Lease share (10%) of lease revenues	16,77	946,00		15.864,42	Lease share (10%) of lease revenues	16,84	946,00	1.135	19.117
Rent for conference room					Rent for conference room				
wedding	300	5		1.500,00	wedding	300	5	6	1.800
NGO	400	5		2.000,00	NGO	400	5	6	2.400
government	200	5		1.000,00	government	200	5	6	1.200
Merchandizing				101.590	Merchandizing				121.908
Guide booklet, 12 pgs.	20	1.000		20.000	Guide booklet, 12 pgs.	20	1.000	1.200	24.000
Map folders	7	5.000		35.000	Map folders	7	5.000	6.000	42.000
Posters	20	500		10.000	Posters	20	500	600	12.000
T-Shirt	150	133		19.950	T-Shirt	150	133	160	23.940
Cap	80	133		10.640	Cap	80	133	160	12.768
Postcard	7	500		3.500	Postcard	7	500	600	4.200
Binocular rent	50	50		2.500	Binocular rent	50	50	60	3.000
Total revenue				364.654	Total revenue				418.365

	Scenario 50 plus						Scenario 100 plus					
	price	units	units	customer number	revenue		price	units	units	total number	revenue	
Entrance Fees			plus 50 %		230.300			plus 100 %		305.900		
Total number of visitors			factor 1,5	9.473		Total number of visitors		factor 2,0	12.630			
Foreigners				2.288	156.000	Foreigners			3.050	208.000		
Adult, single entry	70	600	900	900	63.000	Adult, single entry	70	600	1.200	1.200	84.000	
Adult, season ticket	200	100	150	150	30.000	Adult, season ticket	200	100	200	200	40.000	
Adult, lifetime	600	5	8	8	4.500	Adult, lifetime	600	5	10	10	6.000	
Group, above 5 pers., single entry	350	20	30	180	10.500	Group, above 5 pers., single entry	350	20	40	240	14.000	
Children, single entry	30	100	150	150	4.500	Children, single entry	30	100	200	200	6.000	
Family, single entry	190	100	150	750	28.500	Family, single entry	190	100	200	1.000	38.000	
Family, season ticket	500	20	30	150	15.000	Family, season ticket	500	20	40	200	20.000	
Ethiopians				0	1.920	42.000	Ethiopians			0	2.560	56.000
Adult single entry	20	600	900	900	18.000	Adult single entry	20	600	1.200	1.200	24.000	
Adult, season ticket	55	150	225	225	12.375	Adult, season ticket	55	150	300	300	16.500	
Adult, lifetime	150	10	15	15	2.250	Adult, lifetime	150	10	20	20	3.000	
Group, above 5 pers.	100	20	30	180	3.000	Group, above 5 pers.	100	20	40	240	4.000	
Children, single entry	10	50	75	75	750	Children, single entry	10	50	100	100	1.000	
Family, single entry	35	50	75	375	2.625	Family, single entry	35	50	100	500	3.500	
Family, season ticket	100	20	30	150	3.000	Family, season ticket	100	20	40	200	4.000	
Students				0	5.265	7.500	Students			0	7.020	10.000
University,	6		0			University,	6		0			
University group fee above 20 pers.	100	6,0	9	225	900	University group fee above 20 pers.	100	6,0	12	300	1.200	
Secondary school, single	4		0			Secondary school, single	4		0			
Secondary group fee above 20 pers.	50	32	48	1.440	2.400	Secondary group fee above 20 pers.	50	32	64	1.920	3.200	
Primary school	2		0			Primary school	2		0			
Primary group fee above 20 pers.	35	80	120	3.600	4.200	Primary group fee above 20 pers.	35	80	160	4.800	5.600	
Vehicles				5	13.500	Vehicles			5	18.000		
Car up to 12	10	600	900		9.000	Car up to 12	10	600	1.200		12.000	
Bus	25	120	180		4.500	Bus	25	120	240		6.000	
Video camera				0	3.500	Video camera			0	3.500		
Foreigner, professional license	2.500	1	1	1	2.500	Foreigner, professional license	2.500	1	1	1	2.500	
Ethiopian, professional license	1.000	2	1	1	1.000	Ethiopian, professional license	1.000	2	1	1	1.000	
Camping					7.800	Camping					10.400	
Foreigner						Foreigner						
Adult	50	20	30		1.500	Adult	50	20	40		2.000	
Children	20	5	8		150	Children	20	5	10		200	
Ethiopian						Ethiopian						
Adult	30	80	120		3.600	Adult	30	80	160		4.800	
Children	10	20	30		300	Children	10	20	40		400	
Firewood	150	10	15		2.250	Firewood	150	10	20		3.000	
Rent					117.646	Rent					127.861	
Rent for dormitories, restaurant and guest houses	lump				87.000,00	Rent for dormitories, restaurant and guest houses	lump				87.000,00	
Lease share (10%) of lease revenues	16,84	946,00	1.419		23.896	Lease share (10%) of lease revenues	16,84	946,00	1.892		31.861	
Rent for conference room						Rent for conference room						
wedding	300	5	8		2.250	wedding	300	5	10		3.000	
NGO	400	5	8		3.000	NGO	400	5	10		4.000	
government	200	5	8		1.500	government	200	5	10		2.000	
Merchandizing					152.385	Merchandizing					203.180	
Guide booklet, 12 pgs.	20	1.000	1.500		30.000	Guide booklet, 12 pgs.	20	1.000	2.000		40.000	
Map folders	7	5.000	7.500		52.500	Map folders	7	5.000	10.000		70.000	
Posters	20	500	750		15.000	Posters	20	500	1.000		20.000	
T-Shirt	150	133	200		29.925	T-Shirt	150	133	266		39.900	
Cap	80	133	200		15.960	Cap	80	133	266		21.280	
Postcard	7	500	750		5.250	Postcard	7	500	1.000		7.000	
Binocular rent	50	50	75		3.750	Binocular rent	50	50	100		5.000	
Total revenue					500.331	Total revenue					636.941	