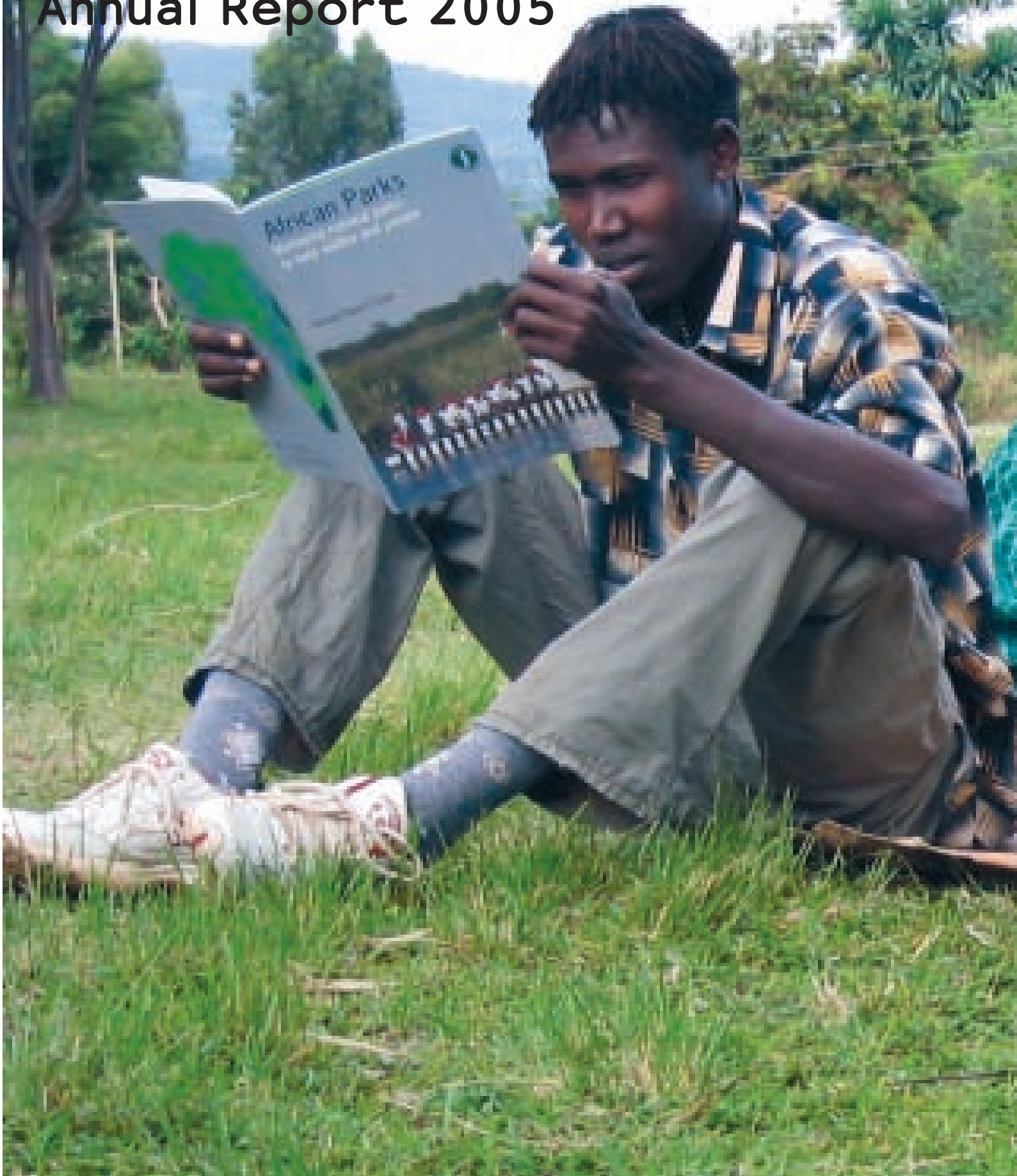


# AFRICAN PARKS

Annual Report 2005





- Existing Park
- Prospective Park
- Marakele Park (AP model)

# AFRICAN PARKS

## Annual Report 2005

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## INTRODUCTION

Many parks in Africa need protection urgently. Not by writing another advisory document that states the obvious, but by practical measures to conserve what are the living museums of this planet. Governments in Africa often lack the incentives, resources and capacity to effectively manage their parks. Our organisation seeks to fill this gap by entering into public-private partnerships through which we assume management and financial responsibility for specific parks. Our goals are to conserve flora and fauna while stimulating economic development at the community level.

We manage parks using our own model focused on delivering results. We have less than one percent of our organisation based at our headquarters in Holland. The model puts money and work into the parks and the field directly. It is the best way to make sure these museums will endure for future generations.

Paul F. van Vlissingen, Chairman\*

A handwritten signature in black ink, appearing to read 'Paul F. van Vlissingen', written in a cursive style.

\* Chair until 22 January 2006

## MISSION STATEMENT

**The African Parks Foundation enables African governments to secure a sustainable future for their national parks, through effective management and innovative finance, for the benefit of local people.**

### **The African Parks Foundation (APF)...**

Was founded as a not-for-profit organisation in 2003 by Paul Fentener van Vlissingen, a Dutch businessman, with the aim of contributing to the long-term future of Africa's wildlife. The Foundation establishes relationships with African governments who wish to outsource the management of particular national parks. Once invited by these governments, APF assesses the park(s) to determine whether a viable management operation and financial plan can be developed. If so, it seeks to negotiate a long-term management contract with the host government.

APF, like any 'normal' business, is result oriented. Processes and procedures don't count as much as outputs and results. It is also a value driven organisation, where integrity, respect and accountability are highly regarded. We publish our African Parks' philosophy in a booklet which is issued to all staff and stakeholders. We expect to adhere to it and to be held accountable for doing so.

### **...enables African governments...**

It is the responsibility of a government to take care of its country's natural resources. Being responsible, however, does not mean that they have to do it themselves. More and more African governments choose to outsource management of their national parks, with APF enabling these governments to fulfil their responsibilities and secure park financing.

### **...to secure the sustainable future of their national parks...**

The parks and the animals within them, remain state assets. APF is a professional management organisation that aspires to deliver the highest level of operational effectiveness. Our work is founded on engagement and consultation. Through close cooperation with stakeholders, we aim to realise our short-term targets and long-term objectives: the conservation and rehabilitation of wildlife and landscapes for the benefit of local people. APF concentrates principally on areas with the status of a national park, or the clear possibility of becoming one.

### **...through effective management...**

APF seeks to build effective capacity within the parks it manages by consistently using the insight and developing the skills of its local staff.

Wherever we are, APF:

- Operates transparently
- Develops and lives within realistic and appropriate budgets
- Sets clear objectives and measures results
- Keeps short lines of communication
- Solves problems at the point closest to where they occur
- Promotes innovative thinking and encourages initiative taking.

### **...and innovative finance...**

Most national parks can be sustainable in the long term but are unlikely to be ever financially independent of some form of public or charitable support. APF will follow established routes for public funding, but we will focus in particular on potential new donors who are interested in funding output and buying results.

### **...for the benefit of local people.**

People have been living in and around national parks longer than the parks themselves have formally existed. When APF enters a new area, we often inherit a history of tense relationships between local communities and the park which frequently leads to understandable suspicion about us and our motives. To counter this, we endeavour to work transparently and cooperatively with local people on issues ranging from security to wildlife restoration to infrastructure development.

Employing local people (directly and indirectly) and giving them a direct stake in park management are crucial elements in our approach. Finance is made available through our Community Funds and partnerships established with specialist NGOs. The desired result of such cooperation is both the social and economic development of the region and stability, trust and partnerships that will persist for the duration of our management contracts.



## PARKS UNDER MANAGEMENT

We started 2005 managing 2 parks in 2 countries and we finished the year with 7 parks in 5 countries. And that's nowhere near the potential number of parks APF can manage, provided we can mobilise sufficient funding. The whole adventure started with a bold experiment in public private partnership between Paul F. van Vlissingen and South African National Parks in 2001. By merging redundant private farmland and a national park into a single biological entity, the Marakele Park was restored and its finances positively transformed. This project is not part of the African Parks Foundation because we focus only on land that is wholly publicly owned, but the Marakele project remains our model and our inspiration, and its staff are very much part of our family.

Having extended the organisation this year with an excellent and experienced team to manage the expansion of APF's activities into Africa's Francophone countries, we have now received invitations to look at parks in Senegal and Chad. The Ethiopian government has also asked APF to assess more parks in their country.

### **Our principal achievements**

- After just 30 months of operations, African Parks is managing seven national parks in five countries and is responsible for the stewardship of approximately 2 million hectares of African wilderness
- African Parks employs 334 people permanently and a multitude of people through sub-contractors. All but 10 are Africans working in Africa. We estimate that for every local job we have created, a further ten people are supported by that wage
- We are the partnered with over 25 local authority and traditional leadership bodies in ensuring that effective conservation brings economic opportunity and livelihood to neighbouring communities
- We have secured more than US\$4 million in direct support from major international donors
- We have deployed 43 specialised volunteers in the field to help with specific tasks in conservation and community work, and to assist in local capacity building
- We have taken on some of the most difficult parks in Africa, where local poverty and war have decimated the landscape and denied local people the opportunity to benefit from conservation. From the coasts of Sudan to the savannahs of northern Congo, from the flood plains of the Upper Zambezi to the valleys of the Shire River in Malawi, we bring people and parks together – pragmatically and effectively

Our established managed parks have their own dedicated annual reports (please contact us for copies).

	Country	APF Managed Since	Separate Annual Report
Liuwa Plain National Park	Zambia	2003	Yes
Majete Wildlife Reserve	Malawi	2003	Yes
Nech Sar National Park	Ethiopia	2005	Yes
Dungonab Bay Marine National Park	Sudan	2005	From 2006
Sanganeb Atoll Marine National Park	Sudan	2005	From 2006
Garamba National Park	DR Congo	2005	From 2006
Omo National Park	Ethiopia	2005	From 2006

## Growth in 2005

Our first new park this year was Nech Sar which came under our management in February 2005. It has a separate annual report.

In the summer of 2005, we started managing Dungonab Bay and Sanganeb Atoll Marine National Parks in Sudan thanks to a generous supporter who donated half the operational costs for the first three years and excellent cooperation with the Sudanese Wildlife Department. Both parks are threatened by over-fishing and extraction activities which are damaging this sensitive and rare environment. In cooperation with the Cousteau Society and with an entirely local team, APF will preserve these pristine areas as part of a coordinated plan for coastal management in the Red Sea.

APF took over the management of Garamba National Park on 1 November. This is a huge challenge as the World Heritage Site has recently experienced the ravages of war in the Democratic Republic of Congo and is the last home for wild Northern White rhino. The Congolese wildlife authority (the Institut Congolais pour la Conservation de la Nature – ICCN), and their international partners placed responsibility for the park with APF as they believe that our approach is the best hope for the long term survival and recovery of the park. This will be an arduous task. We do not underestimate the difficulties that will be faced in gradually changing attitudes and relationships in a region plagued by almost continual warfare and a lack of viable governance.

In November 2005, we signed an agreement to manage Omo National Park in Ethiopia. APF started preparing its presence in August forging relationships, soliciting the views of local people and explaining our approach to all interested stakeholders. In January 2006, the management team will be in place and a full management strategy will be developed for this ecologically important area.

## DUNGONAB BAY AND SANGANEB ATOLL MARINE NATIONAL PARKS, THE SUDAN

Dungonab Bay and Sanganeb Atoll Marine National Parks on the Red Sea coast of Sudan contain some of the best and most unspoiled coral reefs in the world. Both parks are accessible from the Sudan's second largest city, Port Sudan.

Dungonab Bay – Mukkawar Island Marine Protected Area, covering approximately 700 km<sup>2</sup>, lies centrally on the 750km long Sudanese Red Sea coast, approximately 160km north of Port Sudan, and includes land and coastal habitats, reefs, islands and other off-shore marine habitats which are home to species including manta ray, shark, dolphin and the endangered dugong. The total length of coastline inside the park is over 200km and the two principal villages inside the park, Mohammed Qol and Dungonab, are home to about 2,000 people.

Sanganeb Atoll Marine National Park lies 30km north-east of Port Sudan and is small by global standards. The enclosed central lagoon is approximately 4.6 km<sup>2</sup> and the present boundaries of the park enclose 22km<sup>2</sup>, although the proposed buffer zone will increase this area to 270km<sup>2</sup>. The reef rises 800m from a base on the continental shelf and, as a regionally important conservation area, it was proposed to UNESCO for World Heritage status in the 1980s. Conditions are optimal for coral growth and reef development resulting in a very rich diversity of reef organisms which make it renowned among divers as one of the best diving spots in the world.

The Stichting African Parks Foundation signed a partnership agreement with the Sudanese Wildlife Conservation General Administration for the management and rehabilitation of Dungonab Bay and Sanganeb Atoll Marine National Parks in 2005 and assumed full management responsibility in July 2005. The initial agreement runs for three years and can be extended at the end of that period.

In the current start-up phase, a package of projects and initiatives is being put together to ensure the success of the national parks. These include basic infrastructure investments, capacity building for local employees and communities, environmental protection and rehabilitation projects (including mangroves), research expeditions and a visitors' centre.

The objectives of the parks have been discussed in several meetings with local communities. Their concerns that we would restrict or even forbid fishing activities have been solved by explaining that African Parks is looking for ways to work closely with the communities as both parties are mutual dependent on each other for future sustainable development. Species that are now in danger will be protected resulting in establishment of both a sustainable economic situation and a sustainable biosphere.

By the beginning of 2006, 10 local rangers from the two villages in Dungonab Park have been recruited to protect the park and prevent poaching and will assist the Sudanese project coordinator and logistics officer. Community funds which promote conservation and result in community driven developments have been set up and the villages have invested the first funds in the purchase of electricity infrastructure (generator and wires) and the establishment of a community shop.

We are working closely with the Cousteau Society which is also active in the Dungonab area by keeping each other informed of activities, cooperating wherever possible and using each other's strengths for the benefit of the local communities.

## GARAMBA NATIONAL PARK, DEMOCRATIC REPUBLIC OF CONGO

Garamba is situated in the district of Haut-Uélé in the north-eastern corner of DRC, adjacent to the Sudanese border. Extending to cover an area of 5,000km<sup>2</sup>, Garamba adjoins Sudan's Lantoto National Park and is surrounded on its southern, eastern and western sides by the Ganagala-na-Bodio, Mondo Missa and Azande hunting reserves (a total of about 7,000 km<sup>2</sup>).

Garamba National Park was created in March 1938 by royal decree. Declared a UNESCO World Heritage Site in 1980, it has been on the World Heritage in Danger List since 1996.

Garamba's immense savannahs, grasslands and woodlands are interspersed with gallery forests and swampy depressions along the banks of the rivers Dungu, Aka and Garamba. These areas are home to a range of species, but four large mammals in particular – elephant, giraffe, hippopotamus and most importantly, the Northern white rhino. This sub-species is much larger than the black rhino and is classified by the IUCN as one of the world's most critically endangered species – less than 10 individuals remain in the wild.

Garamba was also the only centre for elephant domestication in Africa for many years, with hundreds of elephant undergoing domestication prior to independence. Today only one individual, born in captivity in 1954, remains at Nagero.

Areas surrounding the park are sparsely populated, with density not exceeding an average of 4 inhabitants per km<sup>2</sup>. Most of these communities are from the Azande, Logo and Mondo tribes who earn their livelihoods through agriculture.

In the past, Garamba was supported by an IUCN/ICCN coordinated consortium composed of WWF, Frankfurt Zoological Society (FZS) and UNESCO. More recently, UNESCO, United Nations Foundation, the International Rhino Foundation (IRF) and FZS have supported a project to pay salaries and provide logistical support and aerial surveillance.

The problems facing Garamba and the African Parks Foundation are numerous:

- Intensive poaching of rhinos, elephant and other species by armed groups which come for the most part from neighbouring countries and local communities (mainly for the ivory trade and rhino horns)

- Prolonged presence of refugees around the park
- Insufficient park staff and low staff morale
- Absence of development projects benefiting the local communities
- Exclusion of local communities from the management of the park
- Insufficient and dilapidated social, technical, scientific and tourist infrastructure
- Continuing instability in neighbouring Sudan.

In September, APF signed a contract with the Congolese Government, whereby African Parks manages the park and its three hunting reserves. Following a preparatory mission jointly carried out by ICCN and APF in October 2005, African Parks appointed an experienced park coordinator who began working in Garamba at the end of November 2005. Since then a full management team has been deployed on the ground and the main achievements up to the end of 2005 have been:

- Reception of the African Parks plane for surveillance and monitoring objectives
- Payment of bonuses for about 200 park staff
- Opening of about 60km of tracks
- Intensification of the law-enforcement patrols
- Signature of a memorandum of understanding between the park and representatives of the local communities regarding the use of the anti-poaching fund. The APF model was discussed with the communities and trust was established as a first step towards active community development support
- Rehabilitation of park infrastructure started (including buildings and the dispensary)
- Priority equipment such as vehicles, field gear, camping and communication equipment and office supplies acquired
- Anti-poaching coordinator, pilot-logistician, chief mechanic and doctor recruited.

APF is also benefiting from the support of Fauna and Flora International, the world's oldest conservation organisation, through the development of the community conservation programme.

## OMO NATIONAL PARK, ETHIOPIA

Omo National Park was established in 1966 and is 4,062km<sup>2</sup> in area. The western side of the park is mountainous, however the majority of the park is only 400 metres above sea level. The valley floor is mainly open grassland fringed by open acacia woodland and riverine forest. It is home to 75 mammal species including buffalo, giraffe, elephant and cheetah. It also has over 300 avian species, one of which is endemic to Ethiopia. It has been described as one of Africa's most important ecological areas, and is of equal importance to the local communities that live in and around it. The area is home to many ethnic groups including the Mursi, well known for the lip plates worn by women.

African Parks (Ethiopia) plc signed a partnership agreement with Government of the Southern Nations, Nationalities and Peoples Region (SNNPR) in November 2005 for the management and rehabilitation of Omo National Park and full responsibility for this was assumed in January 2006. In addition to an expatriate project coordinator, assistant project coordinator, community coordinator, and construction/ logistics coordinator, we employ an Ethiopian administration and finance coordinator, community officer and a team of 30 in the National Park. We are in the process of recruiting a further 60 scouts, of whom we hope between 40 and 50 will pass their basic training.

One of African Parks' first steps was to establish management arrangements and structures together with the leadership of local communities as the future of this area depends on their full support and involvement and they will be direct beneficiaries of our work. This process was started prior to assuming full management responsibility, with meetings between tribal elders and African Parks representatives taking place and community work and research being carried out.

In the coming months and years, African Parks will develop wildlife and tourism and employ several hundred people – it is estimated that 150 new jobs will be created and all new employees will undergo intensive training. We will employ community scouts who will support and educate communities on the African Parks protection model, and scout patrols will regularly visit villages in the area.

We will also make available a monthly anti-poaching fund which the local community will decide on the use of for community purposes and these decisions will be made public. It is our experience that such funds result in poverty relief through the economic empowerment of local communities in relation to wildlife protection.



## THE CHANGING ROLE OF THE AFRICAN PARKS FOUNDATION

The risk faced by an expanding organisation is that it becomes increasingly managed from the centre, with a growth in administrative staff and support costs. APF believes strongly that the parks in the APF network are the heads and the hearts of the organisation, supported by experts inside and outside the African Parks Foundation. This requires outstanding park managers and senior staff to ensure all the skills needed to run a protected area are present on the ground. The Foundation must behave as one of the stakeholders that guide park management with know-how and experience where necessary. The Foundation supervises park planning and implementation to ensure they operate within the organisation's values, management strategy and financial principles. All parks will be evaluated and monitored from their third year on, in line with an analytical survey (African Parks Performance Checklist). We manage parks to achieve proven outputs and measurable results.

In September 2005, the Board of the African Parks Foundation delegated responsibility for supervision to an Executive Committee – an Africa-focused team. More importantly, it changed our management structure to put the parks at the hub of our organisation.

To underline these changes and to emphasise the newly central role of the individual parks in each of our operating countries, the Board also decided to recruit financial ambassadors to represent African Parks 'in country'. Appointments were made in Zambia and Ethiopia in 2005, and will be made in Malawi and Sudan during 2006. They are responsible for raising the profile of African Parks in each of their countries securing funding through donors' local offices, establishing partnership arrangements with NGOs and companies, and representing the organisation with Government and the broader community.

The African Parks Foundation also established at the end of 2004, a separate charity in the United States to advance the organisation's interests nationally. Chaired by former US Assistant Secretary of State for African Affairs, Walter Kansteiner, the US organisation aims to build an American constituency for the African Parks model. It will do so by seeking financing and technical assistance and by bringing the expertise of various US stakeholders to bear in support of APF's work in the field. The APF-US appointed a full-time Chief Executive in September 2005.

In 2006, we will also create a charitable trust in the United Kingdom.

## COMMUNITIES

The people who live around (and sometimes in) the parks we manage are of prime concern to us. Protected areas are often surrounded by the poorest of the rural poor, many of whom have had no option but to exploit diminishing natural resources in a desperate effort to escape hunger and poverty.

APF believes strongly that sustainable development and biological conservation are two sides of the same coin. You cannot have one without the other. They are both vital and must work and grow (or decline) together.

Additionally we feel that if these museums of Africa are to be restored and conserved, the first beneficiaries should be local people and communities. These parks should provide them with jobs, entrepreneurial opportunities, traditional resources and the means to sustain their way of life within limits so that the environment in turn can sustain itself. It is in our interest to ensure they have the necessary skills and incentives to do so.

We consider local communities and the leadership they choose through traditional authority and modern local government to be our most important partners. We invest heavily in that relationship. The chairman and the board members make community dialogue their highest priority; we have appointed full-time community coordinators and core senior staff in each of our managed parks; we have found innovative ways of making local communities formal stakeholders and co-management partners in the projects themselves.

The recently published Millennium Ecosystem Assessment made it clear that ecosystem services such as the ones we manage are crucial to local people in providing the basic materials for good life; livelihoods, food, shelter and access to goods. We intend that our management approach should contribute significantly to those things – not through subsidy or dependence, but through jobs, opportunity and the sustainable use of natural resources.

### **Community Funds**

APF accepts that local people often cannot wait for the benefits of good management to manifest themselves in economic growth. It is important that, in addition to jobs, they should receive community benefits immediately. In each park, we establish a Community Fund to which APF contributes approximately US\$3,000 each month. The payments are linked to the cessation of poaching or illegal use of environmental resources in the park. The funds are designed to protect traditional and sustainable use under the joint supervision and control of our park coordinator and the local leadership.

## FOCUS ON FINANCE

The long-term financial health of the national parks within the African Parks network has been a top priority in 2005, as it will be in the future. Our goal is to build a broad coalition of support from a large group of governments, financial institutions, conservation and social foundations, corporations and individuals.

### **Long term financial objectives**

Our commitment for each park we manage is to:

- Achieve a sustainable and diverse combination of income streams which comfortably cover the core costs to run a park;
- Have in place a tourism development and implementation plan that provides a range of profitable revenue activities, enabling the park to benefit from high-net worth visitors, and to provide access to national and international tourists on lower budgets;
- Have a five year rolling development programme with secure funding and a range of flexible programmes for external funding, which are responsive to changing environmental and social circumstances.

APF has made it clear that, although it will fund and underwrite from its seed investment the initial cash flow requirements for the core costs to run a park, its maximum contribution will decrease annually. It is a general adopted principle within APF that after an average of 5 years, a park will have to secure sufficient external funding and generate enough commercial income that the contribution from the APF seed investment will be a maximum of 20% of these cash flow requirements. Any contributions from external donors channelled through APF for a specific park will not be considered as funding from the Foundation's own resources. As a result of this general adopted principle, the difference between the cash flow requirements of a park and the contribution from APF will have to be met by a variety of revenue streams which we anticipate will include tourism revenue, income from endowments, gifts and donations, projectised activities and new instruments such as ecosystem service payments.

## Income up to 2005

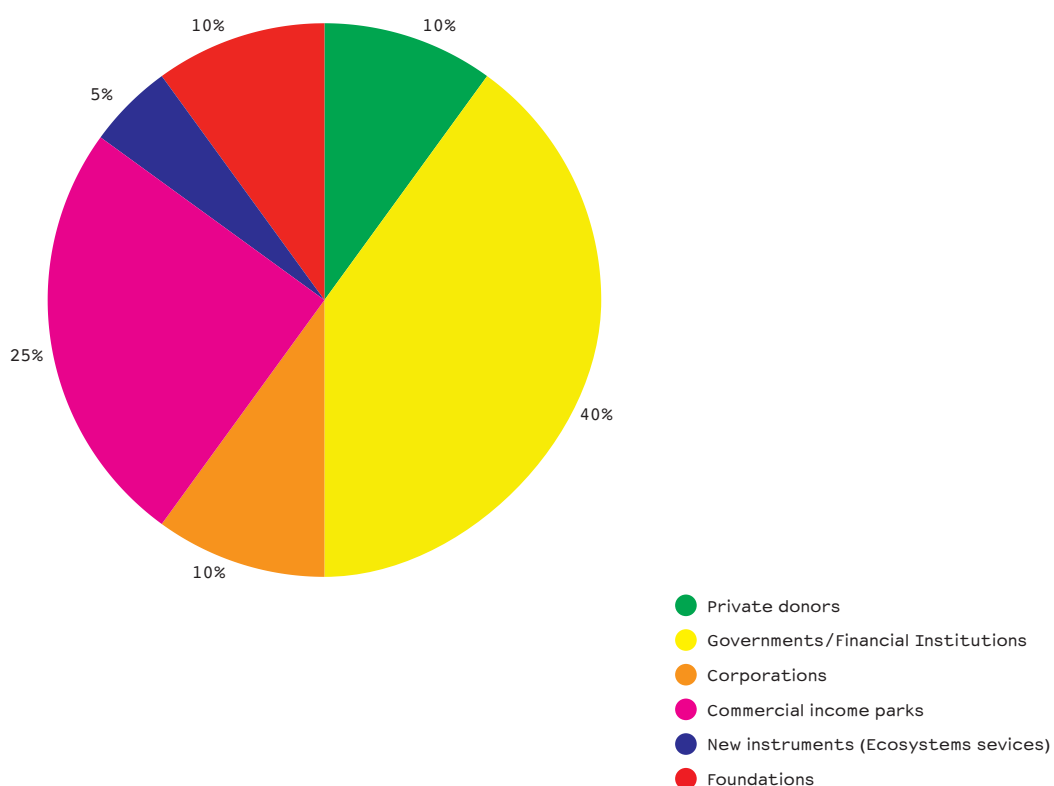
From December 2003 up until 31 December 2005 APF has generated an income of €24 million. The largest part of that relates to a donation of €18.5 million made from the founder of APF, Mr Paul F. van Vlissingen as the seed investment in the entire project. The rest of the income mainly consisted of donations from private individuals. The commercial income of the parks so far is still low. Income from tourists will increase significantly once the parks have been restored.

## Sources for future income

We have secured future funding in the form of binding commitments from private individuals and foundations of €4.0 million.

In line with its innovative approach to management, APF will develop an approach to future funding for the parks under its management that has much in common with financing in the private sector. That approach will be based on investing in the assets of the parks themselves (their staff, wildlife and landscape, infrastructure and facilities). However, there is one important difference from the private sector – the return to the investors will be measured in terms of biodiversity conservation, social development and local economic growth. Any financial income will be retained by African Parks as a charity for re-investment in the system.

We see funding coming from six principal sources. The proportion of each source is dependent upon the particular circumstances of the individual parks, and is subject to revision based on experiences but our current targets are described in the pie chart below.



**Private Donors;** people like Paul van Vlissingen and others who have already donated substantial sums because they perceive the management model as a robust and effective vehicle for them to invest their donation. Some significant private donors in the European Union and the USA have already commenced discussions with APF.

**Governments and financial institutions;** we have already been successful in persuading the European Union, and the US and Netherlands governments to contribute significant funds to our management model for specific parks. We have commenced discussions with the World Bank and the European Union to develop partnership funding arrangements which are built upon payment for delivering measurable outputs from the parks.

**Corporations;** there is considerable interest from commercial corporation in applying the technical expertise and donating their products appropriately to African Parks' projects because of the high value-added association we can provide. Our aim is to go beyond simply sponsor and product recognition, towards long term arrangements for the provision of key material and infrastructure.

**Commercial income;** All our managed parks have major tourism potential and because of our long term management arrangements provide a high level of security for investment in tourism facilities. As the parks recover ecologically and are restored, this potential and the revenue gained will be increased.

**Foundations;** there are charitable foundations who are committed to funding projects that contribute not only to conservation but also to organisations that deliver sustainable development and poverty alleviation outputs. We aim to forge partnerships which will be based on either receiving funds or paid technical support.

**New instruments;** driven by concerns over climate change, a new global approach to recognising and calculating the fiscal value of ecosystem services to the world is developing rapidly. Protected areas in Africa already provide these services, notably carbon sequestration, watershed management, soil conservation and genetic banking. We are currently preparing to market and sell these ecosystems services on the voluntary commercial markets.



Courtesy of The Cousteau Society



Courtesy of The Cousteau Society

## Major donors so far

Stichting DOEN Foundation, Netherlands – commitment of €1.5 million over three years to support activities in Liuwa Plain National Park, Majete Wildlife Reserve and Nech Sar National Park

Directoraat Generaal Internationale Samenwerking (DGIS), Netherlands – commitment of €1 million over two years in a public private partnership for Liuwa Plain National Park

US State Department (through Conservation International) – US\$480,000 over two years to assist with the initial costs of managing Liuwa Plain National Park

USAID – US\$600,000 over three years to enhance and promote biodiversity and community collaboration in the conservation of Majete Wildlife Reserve to increase community benefits; US\$400,000 has also been put aside for similar activities in Liuwa Plain National Park

Private individual donation – US\$750,000 over three years for the management of Dungunab and Sanganeb Atoll Marine National Parks in The Sudan

Other private individual donations totalling US\$6.6 million over five years

## FOCUS IN 2006

- > Strong support to the parks for their long term finance and partnerships with donor organisations and NGOs for conservation and community development
- > Consider expansion from 2007 with a maximum of 4 new parks (current invitations have been received from Senegal, Chad, Mali and Ethiopia)
- > Establish the African Parks UK Foundation
- > Support and strengthen individual park management capacity
- > Emphasise and promote the three critical elements of the APF model:
  - Philosophy – delivery and output
  - Systems (budget, control, report)
  - Stakeholder and community relations

## FINANCIAL HIGHLIGHTS FOR THE YEAR 2005

In this section the financial highlights for the year 2005 have been included. This information has been derived from the statutory financial statements of the Stichting African Parks Foundation for 2005 for which PricewaterhouseCoopers Accountants N.V. have issued an unqualified auditors' opinion. The financial statements are available on the website of African Parks ([www.africanparks-conservation.com](http://www.africanparks-conservation.com)).

### Results

The overall consolidated result for the year amounting to €1,445,000 is detailed below:

(Euro * 1,000)	<u>2005</u>	<u>2004</u>
<b><u>Income</u></b>		
Grants and donations	2,693	20,296
Park entrance fees	<u>69</u>	<u>46</u>
	2,762	20,342
<b><u>Expenses current projects</u></b>		
Wages, salaries and pension premiums	(972)	(689)
Travelling and Accommodation	(426)	(293)
Depreciation	(349)	(260)
Various other expenses	(291)	(230)
Fuel	(131)	(72)
Community expenses	(118)	(137)
Repairs and maintenance	(117)	(41)
Animal translocation costs	(94)	(153)
African Parks Foundation USA	(92)	0
Professional services	(87)	(226)
Closure costs Sioma	<u>0</u>	<u>(168)</u>
	(2,677)	(2,269)
<b><u>Start-up costs future projects</u></b>		
Start-up costs Garamba, DRC	(495)	0
Research and start-up costs Chad	(64)	0
Start-up costs Sudan	(39)	0
Start-up costs Omo	<u>(10)</u>	<u>0</u>
	(608)	0
<b><u>Financial income and expenses</u></b>		
Exchange rate differences	435	(123)
Interest charges	<u>1,533</u>	<u>(350)</u>
	1,968	(473)
<b><u>Result for the year</u></b>	<u>1,445</u>	<u>17,600</u>

### Income

During the year a grant of €125,000 was received from Stichting DOEN, a foundation incorporated in the Netherlands. This is the first instalment of a total grant of €1,500,000 for the years 2005–2008. Furthermore, a grant of €400,000 was received from DGIS for Liuwa Plain being part of the total grant of €1,000,000 for the years 2005–2006. The other main donations came from the Walton Family Foundation, the Mo Ibrahim Family Trust and the US State Department.

### Expenses current projects

Expenses for current projects have increased from €2.3 million to €2.7 million. This increase is mainly caused by the fact that the project in Nech Sar, Ethiopia was started in February 2005 (€0.3 million).

To enhance the possibilities of fundraising in the USA, an office was opened in Washington from where one person is co-ordinating fundraising and communications in the USA (€0.1 million).

### Start-up costs future projects

During the year projects were started in DRC (Garamba), Sudan (Dungonab) and in Ethiopia (Omo). Including research costs for a possible new project in Chad the total costs of these start-ups amount to €0.6 million.

### Investments

During the year 2005 the group invested an amount of €567,000 (2004: €705,000) in tangible fixed assets. These investments relate mainly to investments made in Malawi (€200,000), Ethiopia (€134,000) and Zambia (€133,000).

### Employees

During the year the group employed 334 people (2004: 185) of which 127 were in Ethiopia (2004:0). A large number of indirect employees working for our suppliers are more or less dependant on African Parks, but have not been included in the figure above. At year-end less than two percent of the employees were expatriates.

### Outlook for 2006

During 2006 it is not expected that African Parks will take over the management of any new parks. Most likely, a contract will be signed with the government of Chad for the management of Zakouma National Park. However, the expected starting date will be in the beginning of 2007.

The main focus of African Parks for the year 2006 will be on securing long term funds and to successfully continue to develop the parks under our management.

The total investments (especially in DRC and Ethiopia) will amount to approximately €2.5 million.

The net result for the year will most likely be negative, but will largely depend on the success of external fundraising.

The number of employees is expected to grow significantly.

## FOUNDATION FUNDS

At the end of the year under review, the Foundation funds can be specified as follows:

(Euro * 1,000)	1 January 2005	Appropriation of result	Exchange differences	Other movements	31 December 2005
Compulsory reserve for special purposes	0	620	0	0	620
Endowment fund	0	0	0	406	406
Reserve for long term commitments for Parks	11,907	0	0	(909)	10,998
Free available reserve	<u>4,866</u>	<u>825</u>	<u>(228)</u>	<u>503</u>	<u>5,966</u>
	16,773	1,445	(228)	0	17,990

### **Compulsory reserve for special purposes**

This reserve relates to gifts for which the donor has predetermined that the gifts should be for the benefit of a specific park or project. The board can not decide to allocate these gifts to other projects. At the end of the year this reserve consists of gifts received that have not yet been spent on these specific projects.

### **Endowment fund**

This fund relates to capital donations for which the donors determined that the capital can not be spent. Instead the revenue generated with the capital can be used, but exclusively for specific parks or projects. As at 31 December 2005, the fund included are for the benefit of Liuwa National Park in Zambia.

### **Reserve for long term commitments for Parks**

This reserve has been established to be able to cover future potential operating deficits of the management of parks for which Stichting African Parks has entered into long term management contracts with remaining periods of between 3 and 24 years. The reserve has been determined on the assumption that 40% of the annual estimated operating costs will be covered by external funding and 60% by the African Parks Foundation (the deficit). The net present value (calculated at 4%) of these cumulative deficits has been reserved for. It is the Board's consideration that this reserve is necessary from a going concern perspective and a conservative point of view.

### **Free available reserves**

This relates to the share of the Foundation funds which can be used to fund new projects.

## AUDITOR'S REPORT

We have audited the 'Financial highlights for the year 2005' of Stichting African Parks Foundation, Langbroek, the Netherlands as set out on pages 20 to 22.

These financial highlights have been derived from the financial statements of Stichting African Parks Foundation for the year 2005. In our auditor's report dated 24 March 2006 we expressed an unqualified opinion on these financial statements. The financial highlights are the responsibility of the Board of the Stichting African Parks Foundation. Our responsibility is to express an opinion on these financial highlights.

In our opinion, the financial highlights are consistent, in all material respects, with the financial statements from which they have been derived.

For an understanding of the financial position and results of Stichting African Parks Foundation and for an adequate understanding of the scope of our audit, the financial highlights should be read in conjunction with the financial statements from which the financial highlights have been derived and our unqualified auditors' report thereon issued on 24 March 2006.

PricewaterhouseCoopers Accountants N.V.  
H. van Kuik RA  
Amsterdam, 24 March 2006



### Board

Paul Fentener van Vlissingen	Chair until 22 January 2006
Piet Klaver	Chair as of 23 January 2006
Mavuso Msimang	Vice Chair as of 23 January 2006
René Hooft Graafland Sr	
Dick de Kat	
Winnie Sorgdrager	
Prof. Caroline Tisdall	
Prof. Nico Visser	

### Executive Committee

Paul Fentener van Vlissingen	Chair until 22 January 2006
Suzanne Wolff	Chair as of 23 January Community/Communication
José Kalpers	Park Operations as of 23 January 2006
Jean Marc Froment	Park Operations as of 23 January 2006
Marcel van Beek	Finance/Legal/HR

### Senior Counsellors

Michel Barnier, France  
Lord Simon Cairns, United Kingdom  
Valentine Chitalu, Zambia  
Michael Eustace, South Africa  
René Hooft Graafland Jr, The Netherlands  
Ian Johnson, Ireland  
Walter Kansteiner, United States  
Wim Kok, The Netherlands  
Cyril Ramaphosa, South Africa

### African Parks Foundation of America

Walter Kansteiner – Chair  
Richard Burge  
Paul Fentener van Vlissingen  
René Hooft Graafland Sr  
Dick de Kat  
Nicholas Lapham  
Trevor Potter  
Prof. Caroline Tisdall  
Rob Walton

### African Parks Foundation, United Kingdom

Prof. Caroline Tisdall – Chair  
Dudu Douglas-Hamilton  
Alicia Fentener van Vlissingen  
Tannetta Fentener van Vlissingen  
Lady Penny Mortimer

### Funding Team

Nicola Barrett  
Richard Burge  
Nicholas Lapham  
Menno Krijger

### Advisors

Mike Fay – Special Projects  
Peter Fearnhead – Commercial Development  
Anthony Hall-Martin – Ecological Issues

### Park Co-ordinators

**Garamba National Park, DR Congo**  
José Lobao Tello

**Nech Sar National Park, Ethiopia**  
Mateos Ersado

**Omo National Park, Ethiopia**  
Ian Stevenson

**Majete Wildlife Reserve, Malawi**  
Patricio Ndadzela

**Dungonab Bay and Sanganeb Atoll Marine National Parks, The Sudan**  
Omar Shareef Hamad

**Liuwa Plain National Park, Zambia**  
Tom Turner

**Office African Parks (Ethiopia) PLC**  
Assefa Mebrate

**Office African Parks Zambia Ltd**  
Vincent N. Kamuti

**Office African Parks The Netherlands**  
**Secretary**

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