

# Financing Sustainable Tourism Conference August-September 2002

The **Financing Sustainable Tourism Conference** has concluded. We thank the 190+ people who took place in the event. Participants presented a number of case studies from around the globe that will interest researchers, policy-makers and entrepreneurs alike.

The Financing Sustainable Tourism (FST) Conference was organized by [Planeta.com](http://Planeta.com) and co-sponsored by [George Washington University International Institute of Tourism Studies](#), [International Centre for Ecotourism Research](#), [The Shores System](#) and [Sustainable Sources](#)

The FST Conference examined private and public funding for operations which support sustainable tourism principles. Participants reviewed case studies in which private and public financing have worked in the past and can work in the future.

## Questions

During the conference, we asked participants to reflect upon the following questions:

- Does sustainable tourism pay and is profitable tourism sustainable?
- How have ecotourism and sustainable tourism enterprises been financed?
- What are the private and public sources of funding sustainable tourism projects available today?
- How has funding changed in the past five years?
- How might funding change in the next five years?
- What is the correct balance between 'outsider' and 'local' investment?
- What is the correct balance between investments in infrastructure and training?
- What did we learn from the World Ecotourism Summit and what do we expect from the upcoming Earth Summit?

## Calendar

**Jan 2002:** FST Conference Announced; Online [Forum](#) established

**Jan-July 2002:** Background readings posted to [Forum](#)

**August 1:** Conference opens, Introductions are posted; Questions

**August 3-4:** Weekend; No Posts

**August 5-9:** Discussion Continues

**August 10-11:** Weekend; No Posts

**August 12-17:** Discussion Continues; Development of Proposals

**August 18-25:** Break

**August 26-September 6:** Final Comments; Proposals

**October 14** Excerpts posted

**Late 2002/Early 2003** Presentation of [Summary Document](#)

## Guidelines

- 1) This Conference is moderated. Posts need to be on topic.
- 2) Please post messages in English.
- 3) No spamming or personal attacks. Offenders will be removed from the conference.
- 4) Keep messages short. We recommend posts no longer than 500 words (two old-fashioned typed pages). If you have a long document, we recommend that you publish it online and send the URL to the conference.
- 5) Active participation will be limited to professionals with two years of related experience. Others are welcome to listen.

## A Word about Moderation

If a message is not accepted for this conference, the sender will receive an explanation. Some messages may not be accepted for lack of detail. We will suggest ways in which to revise the post so that you can resubmit the message. Please accept such messages as constructive advice!

## Recommended Reading

Thomas Greco, Jr.

[Money: Understanding and Creating Alternatives to Legal Tender](#), White River Junction: Chelsea Green

Jaida N'Ha Sandra and Joy Spade, Editors

[Salons: The Joy of Conversation](#), Gabriola Island: New Society Publishers

## More Books

Sanders and Halpenny

[The Business of Ecotourism](#), The International Ecotourism Society

Mehta, Baez and O'Loughlin (Editors)

[International Ecotourism Guidelines](#), The International Ecotourism Society

Carol Patterson

[The Business of Ecotourism](#), Explorer's Guide Publishing

Julia Wondolleck and Steven Yaffee

[Making Collaboration Work](#), Washington, D.C.: Island Press, 2001

## Background Reading

● [Survey of Ecotourism Economics and Finance](#)

● [A scar on South America -James V. Grimaldi/The Washington Post](#)

● [Historic U.S.-Peru Debt-for-Nature Swap Gets Boost from Major Conservation Groups - TNC](#)

● [Credibility and Corporate Scandals - Amy Gahrn/Contentious.com](#)

● [Fungible Funds - Seneca Burr and Paul Saint-Amour/Zoca](#)

- [Natural Capitalism - Paul Hawken/MotherJones](#)
- [Bartering Services Taking Off in Twin Cities - Harvey Meyer/The Green Guide](#)

## **Global Events**

- [International Year of Ecotourism Guide - Planeta.com](#)
- [Editorial: World Summit on Sustainable Development - Planeta.com](#)
- [Special Forums at World Ecotourism Summit on Business Perspectives and Development Cooperation](#)
- [International Conference on Financing for Development](#)

## **Spotlight on the World Bank**

- [World Bank](#)
- [International Finance Corporation - Sustainable Tourism](#)
- [South Pacific Project Facility - Tourism Program](#)
- [Tourism in Africa - Iain T. Christie and Doreen E. Crompton/World Bank](#)
- [Sustainable Tourism and Cultural Heritage - World Bank](#)

## **Spotlight on the United States Agency for International Development (USAID)**

- [USAID](#)
- [Win Win Approaches to Development and the Environment Ecotourism and Biodiversity Conservation](#)

## **Spotlight on the Canadian International Development Agency (CIDA)**

- [CIDA](#)

## **Spotlight on the Inter-American Development Bank (IDB)**

- [IDB Home Page](#)
- [IDB Projects](#) -- Subscription costs \$200/year
- [Jump-starting ecotourism in the Brazilian Amazon - Roger Hamilton/IDB](#)
- [IDB Helps Region Capture Greater Share Of Tourism Market](#)
- [IDB And Mundo Maya Sign Documents For Grant To Support Sustainable Growth Program](#)

## **Spotlight on the Organization of American States (OAS)**

- [Organization of American States Tourism Program](#)
- [Central America Tourism Destination Management System Project \(DMS\)](#)

## Spotlight on the Bank Information Center

- [Bank Information Center](#)
- [Mesoamerican Tourism Initiative - Bank Information Center](#)

## Spotlight on the Convention for Biological Diversity

- [Financial Resources](#)
- [Forum on Financing for Biological Diversity](#)
- [National Experience on Financial Resources](#)

## International Spotlight

- Bolivia: [Ministry of Foreign Trade and Investment](#)
- Barbados: [Barbados Tourism Investment](#)
- England: [Department for International Development](#)
- European Union: [Tourism and the European Union](#)
- European Union: [European Association for Information on Local Development](#)
- Germany: [Deutsche Gesellschaft für Technische Zusammenarbeit](#)
- Ireland: [Shannon Development](#)
- Mexico: [National Trust Fund for the Development of Tourism](#)
- Mexico: [Mexican Nature Conservation Fund](#)
- Norway: [Norwegian Agency for Development Cooperation](#)
- Poland: [Rural Development Foundation](#)

## Financing and NGOs

- [Conservation Investments - Conservation International](#)
- [Conservation Enterprise Fund - Conservation International](#)
- [New Ventures - World Resources Institute](#)

## Foundations and Funds

- [Foundation Guide - Planeta.com](#)
- [Ecotrust Canada](#)
- [The Progress Fund \(USA\)](#)
- [The Conservation Fund \(USA\)](#)

## References and Troubleshooting!

- [How to Participate in Online Forums](#) (Also available in [Español](#))
- [Conferencing in the Virtual and Natural Worlds](#)
- [Guide to Open Space Technology](#)
- [Insider's Guide to Yahoo.com](#)
- [Ecotourism Books](#)

## **Introductions**

### **Ron Mader/Mexico-United States**

<http://www.planeta.com>

My interest in sustainable tourism financing comes about having developed an online portal focusing on sustainable travel and ecotourism and from having participated in numerous events in which tourism is considered an option for community development or environmental conservation. Missing, however, is a frank discussion about how tourism operation itself is financed or maintained. This conference, I hope, will provide an opportunity for us to share lessons learned and resources that can assist entrepreneurs, communities, and policy-makers.

### **Desmond Kaplan/Israel**

Over the years I have been involved in numerous tourism and related projects. I act as a consultant to tourism operators and bodies like the Ministries of Tourism and Agriculture and lecture on sustainable and eco-tourism. Current projects include planning and development of an ecologically sound wellness centre with some 40 cabins plus central facilities located in the Central Galilee.

### **Ana Garcia Pando/Spain-Chile**

<http://www.duoc.cl>

My interest in financing tourism comes from my early days in consultancy, dealing with European Union funds for Regional Development. This was one of my first jobs, and many experiences came from that process, starting about 1991. I now find myself working in a totally different environment, in a country -- Chile, in which public funding for tourism is scarce, and the opportunities for starting new businesses are less attractive than the ones detailed before.

### **John Shores/United States**

[http://www.geocities.com/shores\\_system](http://www.geocities.com/shores_system)

I am an environmental consultant/advisor/researcher/writer/editor with a central focus on parks and people now and into the future. I have tackled many of the different facets of the ecotourism finance equation: developing business plans, managing a small-grants program, applying for grants, evaluating programs, training & facilitating, and writing about the experiences. From the Ecotourism Financing Conference, I particularly hope to learn more about the experiences of individual entrepreneurs. One of the key activities I have NOT done is to be an ecotourism entrepreneur by personally investing my own money in a nature-based tourism operation. So while I can speak to the big-picture side of the ecotourism finance equation, I appreciate the reality check offered by the brave private entrepreneurs participating in this conference. One colleague told me that he had developed a stark new understanding of the challenges facing the small ecotourism

operator, based on the experience gained from "five years and two family savings accounts."

Ed Sanders/United States

Although I only backed into ecotourism five years ago, it is now my primary interest. My previous career involved twelve years in public finance in the President's Office and Budget in Washington DC and then co-founding two small international business consulting firms. As I got interested in ecotourism and started preparing business plans and feasibility studies, I became frustrated by the lack of any empirical data on the actual financial performance of ecolodges. The result was the report by The International Ecotourism Society on the Business of Ecolodges. A few key findings from that study were presented in the [Survey of Ecolodge Economics and Finance](#).

To the extent permissible under the Securities and Exchange Commission's broker-dealer restrictions, I have helped clients raise money for ecolodge financing. I am also a partner in a multi-faceted 7,600-acre ecotourism and conservation project in Southern Belize. It will formally open this November, but it has taken almost five years to get to this point, with a number of false starts. It required a combination of strategic and financial Belizean, American, European, and NGO investors to make it happen. Lots of painful lessons learned but I certainly have a more personal appreciation of the challenges in financing ecotourism projects as a result.

Jacqui Knight/New Zealand

<http://ernz.org>

I live in Russell, a small community on the shores of the beautiful Bay of Islands of New Zealand. Russell is filled with history, heritage and character, and also is on the brink of something big. I am CEO of Enterprise Russell, a charitable trust. ECOtourism is a natural for NZ with its wild, open spaces, people who are said to be "friendly, informed and informative". After all we all grew up surrounded by Nature, all of us close to forests, oceans, and mountains, so we should know how it works. If you haven't visited our country, you'd be astounded at the spectacular beauty. Funding for our group and others is always a struggle. To assist with disseminating knowledge about sustainable tourism in this region, our trust is organising a conference to be held in October. I am on the look out for funds and sponsors for this conference, so will be putting into good use any tips I pick up here!!

Celes Davar/Canada

<http://www.earthrhythms.ca>

My specific interests for this conference are to "listen and learn" about various ways of financing sustainable tourism - so that I can help communities, and our own province (in my role on the Tourism Minister's Advisory Council) to explore new and innovative ways of financing new tourism enterprises. The agricultural economy which comprises a large part of southern Manitoba's land and economic base, is going through major

transformations (lower yields, higher costs, health concerns with use of chemicals, consolidation, turbulent and unpredictable climatic conditions from year to year, and competing subsidies in the US and in Europe). The rural land base has the potential to generate unique and wonderful travel experiences - if rural operators understand how to operate tourism businesses in a business-like way.

Andrew Hurd/Tanzania-United States

Until very recently, I was the Technical Advisor for the Coastal Tourism Working Group under the Tanzania Coastal Management Partnership (funded by USAID through University of Rhode Island) where I had the opportunity to work with hoteliers and local communities in creating synergistic relationships through eco-tourism activities (with mixed results, I must say - more on that later). Prior to coming to Tanzania, I was working with the World Bank in Washington DC for three years on environmental projects in Brazil and tourism initiatives in the Caribbean, with a focus on St. Lucia.

Now I am working with a local private investor in developing an eco-lodge in the Amani Nature Reserve, part of the Eastern Arc Mountains in Eastern Tanzania. We are at the beginning stages and are looking for ideas on how to link with other groups that would also like to get involved in this exciting project. Based on my experience here in TZ and the World Bank, I am trying to identify ways for the investor to be able to focus on running the hotel while other partners work with local communities to establish nature trails, village tours and the like. One of the biggest problems I've seen here is that we expect hoteliers and investors to be able to start and operate a successful business AND assist the local communities to develop AND conserve the local natural resources. A lot to ask of an investor when decades of international aid and development experts have not really been all that successful (and haven't had to invest their own money) ...

It seems to me that donors, international conservation NGO's and the like are very interested in sustainable tourism but do not take that very important step of partnering with actual investors - they continue to limit themselves to working with government, local communities, local NGO's, etc. in developing management plans and strategies, but stop short of linking with the people (the investors) that can put the ideas and words into action.

Leon Dempers/South Africa

<http://www.wildlifesociety.org.za>

Greetings from Johannesburg, South Africa, where I operate an ecotourism/nature travel advisory and broking service for the Wildlife & Environment Society of SA (WESSA) -- this country's oldest and largest, non-profit, environmental conservation NGO.

There is a desperate and growing need to finance conservation projects in Africa and, increasingly, funding has to be raised from non-governmental sources. Ecotourism is one of the fastest growing sectors in international travel, yet it is ironic that conservation organisations - which have been so instrumental in the fight to preserve the wildlife

sanctuaries that attract the visitors - enjoy little direct financial benefit from tourist spending. This is what motivated us to set up a service to assist fellow wildlife enthusiasts from around the world plan and enjoy trips to Southern Africa, and to earn commission by acting as the middleman between travellers and commercial operators.

Dagmar Diwok/Italy

<http://www.actanet.it>



I am working in the field of ecotourism for 10 years now, after a degree in psychology and several years of experience in the hotel business up to management. I am co-founder of ACTA, Associazione Cultura Turismo Ambiente of Milano, Italy, italian "branch" of Ecotrans. For several years now we are working on environmental quality and certification in the tourism business, doing a pilot integrated audit on a small-medium hotel enterprise in a structurally weak area in northern Italy (ISO 9001, ISO 14001, HACCP and Italian security laws), following Camping sites in an effort to bring them up to EMAS -- <http://www.ecocamping.net> -- working together with Italian environmental institutions on creating a label for environmental quality in tourism.

Mary Finn/Ecuador-USA  
<http://www.santa-lucia.org>

A strong interest sustainable development and Latin American issues led me to Ecuador where for the past couple of years I have been working with a community ecotourism initiative, Santa Lucia, a former agricultural cooperative, whose member families collectively own around 700 hectares (over 1700 acres) of nearly virgin montane cloud forest on the Andes slopes northwest of Quito. The area is perfect for ecotourism -- a beautiful natural setting with incredible diversity of tropical plants, birds and other wildlife, friendly people, and only a short distance from the capital.

The community has been able to build a 20 person ecolodge - done over a period of three years, in phases - thanks to a combination of donations and project funding from conservation organizations, and self-financing. The latter is largely a result of attracting volunteer vacationers, people interested in helping a community, and willing to pay lower rates to stay in less than polished lodgings and ready to pitch in to help finish construction, build trails, plant trees, etc. Of course, we are not talking here about investments in the millions of dollars, but rather thousands or tens of thousands. But even these sums are very far out of reach of the typical community in poor countries like Ecuador. Santa Lucia was fortunate in many ways to attract the attention and interest of conservation-minded folks and in having community members with some training in critical skill areas.

Karen Peachey/Canada  
<http://www.ecotrustcan.org>

I work at Ecotrust Canada, a non-profit organization working with people and communities along the coastal temperate rainforest zone of British Columbia. My background is in Community and Regional Planning, and I have worked extensively on community development issues in Southeast Asia and here at home. I also teach two core courses at Vancouver's Native Education Centre in the Aboriginal Tourism Management Program. This college serves Aboriginal students interested in post-secondary work. Much of my work at Ecotrust Canada focuses on community based ecotourism and assisting private entrepreneurs and First Nation communities to develop tourism development and management plans, market-ready products, and to acquire the related skills, knowledge, etc. needed for companies or the local tourism sector to succeed.

Ecotrust Canada also lends money to conservation entrepreneurs in all sectors, including ecotourism. I am very interested in learning more from other locales about mobilizing different kinds of tourism investments -- whether through debt, equity, cooperatives or other mechanisms--- to finance community tourism infrastructure, training and capacity building efforts, as well as small and medium size tourism enterprises. I look forward to the discussion!

Kristin Lamoureux/USA

<http://www.gwutourism.org>

I am the Director of Research and Development with the International Institute of Tourism Studies at the George Washington University (GW). I've been involved in tourism for about 10 years, with my primary focus being destination management and community development.

At IITS, we have been involved in various donor/aid funded projects involving sustainable tourism, however, we are particularly interested in participating in this conference because of its relation to work we are currently undertaking which looks at current and future donor-funding of tourism projects in less developed countries. In an effort to summarize and highlight what is already being done and what is planned for the near future, we have developed a database of tourism and tourism related projects currently in progress or being planned by various donor/aid organizations. The project data will allow for more detailed information about the projects, including: (1) tracking completed projects considered development "models or best practice cases" to evaluate their outcomes and to get information on lessons learned; (2) documenting the "performance" of donor activities and their social, economic and environmental impacts; (3) following active projects and projects in the funding pipeline to illustrate and describe what the donor's are doing or where their future interests lie. We are currently in the process of validating the project information we have currently have. At present, we are particularly interested in projects that involve a strong public-private partnership component.

In addition to the database, IITS in partnership with Conservation International hosted the first Sustainable Tourism Development Roundtable where we invited a group of Washington, DC based donor agency representatives (World Bank Group, UNDP, IADB, USAID, OAS, among others) to come together to begin an inter-organizational conversation on sustainable tourism as a development option. This November, CI and IITS will host the Second Sustainable Tourism Development Roundtable to continue this discussion. We also hope to hold similar meeting in Europe in March, as well as Asia later next year. Additionally, as part of this project, IITS, in partnership with IIPT, will prepare a Portfolio or Manual of Guidelines for future projects based on the information gathered to be highlighted at the 2nd Global Summit on Peace in Feb. 2003. We'd be happy to share further information about the donor database or project in general with anyone that is interested. We'd also like to invite you all to share any information you might have on tourism or tourism-related projects funded by bilateral and multilateral donors.

Cuahtemoc Cedillo/Mexico

<http://www.rds.org.mx>

I am a biologist and I've worked in ecology and rural development since 1976. Since 1993 I've been selling solar technologies in Mexico. Between 1995-2000 period I was working in Secretaria de Medio Ambiente, Recursos Naturales y Pesca (Semarnap) where I was in charge of environmental and planning areas in the state of Hidalgo. Later I was responsible for social participation, training, information and communication in General Direction of Regional Programs, working with people of 18 states and 30 rural and indigenous regions of the country, promoting, financing and supervising the execution of regional and community programs and sustainable development projects, many focusing in ecotourism.

Since 2001 I have been working in Red para el Desarrollo Sostenible de Mexico an environmental NGO in Mexico City. There, I'm a consultant, researcher and moderator of several internet list of discussion related to environmental themes (one of them the ecotourism), like Foros Sustenta and Ecos. In my current work at RDS I'm interested in developing sustainable tourism, and particularly ecotourism. So, I hope to share my experience and conceptions about the ecotourism, learn more and establish a lot of relations with people working in this matter. I'm sure this will be a very good a fruitful conference. So, let's go to work!

Graeme Brown/Cambodia-Australia

Greetings from northeast Cambodia and greetings from an Australian male of 40 years of age. I have now been in Cambodia, in the northeast for just over three years, working with indigenous "hill tribe" people who are attempting to regain control over their natural resources. In this regard, ecotourism is seen as both a threat and an opportunity. The difference will be whether indigenous people will receive the support and training that will allow them to take a significant role in the management and direction of tourism.

It is for this reason we have been working with communities, NGO's and government agencies to develop strategies to manage tourism to ensure that negative effects are minimized. Our program, at this stage is limited. There is a massive amount of capacity building and governance building to do and all this will require funding. Private funds are problematic - the situation in Cambodia is still somewhat risky with regard to security of investment. Long-term, initially low-return investment will be required in order to undertake the empowerment and training work necessary. Other options and combinations will need to be found. I look forward to the conference and sharing ideas with people as we enter a stage of financing tourism development and management in Ratanakiri.

Rengyu/Bangladesh

<http://www.bangladeshecotours.com>

I'm half -Mru (one of the 'tribal' communities of the Chittagong Hilltracts) and half Canadian. I've been involved in ecotourism professionally for about 8 years by trying to run 3 very small ecolodges in the hills and one ecotour group and by consulting to several small-scale indigenous community tourism efforts in Bangladesh. Ecotourism in Bangladesh is probably one the least developed of any country on the planet. So far we've not been able to mobilize any real financing, or know how to go about it. So we are unable to invest much from our own limited resources and make the projects on a scale or in a manner that we'd like. The government and local investors know nil about ecotourism and are not eager to invest or participate. That is my main reason for participating and trying to learn from others' experience and advice. Chokra en chenchu.

Michael McColl/USA

My practice has focused largely on clients in the internet travel space. Among other roles, I served as Director of Marketing for Adventureseek.com, one of the early attempts at promoting active vacations and ecotours via a central internet hub. Other clients include Ticketplanet.com, Worldisround.com -- <http://worldisround.com> -- and Hostels.com -- <http://hostels.com>

Unfortunately, Adventureseek and Ticketplanet were unable to survive the dotcom crash. Worldisround.com and Hostels.com, however, are thriving. The lessons I've learned from my internet travel clients are straightforward. Among them: online businesses do best when both site design and business model naturally encourage word-of-mouth. Also, growing organically (over time, out of cashflow) is a much safer strategy than spending wildly and hoping for the best. These ideas would seem to transfer pretty directly to the world of sustainable tourism. Personally, I am both a travel writer and a whitewater raft guide. (Though I rarely get out on the water these days.) I have successfully raised seven-figure funding rounds for two of my internet travel clients. But things are, ehem, different now. I look forward to learning how fundraising is done in the post dot-com world.

Neel Inamdar/Kenya

<http://www.conservationafrica.org>

I am currently the Director of the African Conservation Center, a Kenyan NGO actively involved in community based conservation, in which Ecotourism is a valuable tool. A graduate of the Cornell Hotel School, I have over 12 years experience in the mainstream tourism world in Kenya, UK, and the US. I have over five years experience in the nuts and bolts operations of various types of ecotourism businesses. I have a keen awareness of the power of tourism to develop and create, but also to destroy and corrupt. In my current position, I have "crossed over" from the private sector to the NGO world, in part to help develop the various tourism projects people have been experimenting with through the African Conservation Center. These include the Il Ngwesi project in Laikipia, Kenya. This was the first community owned ecotourism project in Kenya, established in 1995, with the support of Dr. David Western and the Liz Claiborne Art Ortenburg Foundation.

Another more recent development is the Shompole project, which opened its doors to clients in December 2001. Between these two projects, we have developed a body of knowledge in the development of ecotourism projects.

In our view, the issue of sustainability is critical to the entire ecotourism movement. If we cannot demonstrate and ensure sustainability, then the investments in ecotourism, regardless of the source, will be a waste. At its core, any enterprise must be sustainable. If the business is not capable of generating a positive cash flow, it will become a white elephant - regardless of the source of funding. This will impact negatively on the communities, and on the biodiversity, we are all trying to protect. The great draw of the industry lies in its apparent simplicity - this belies the reality of operations.

One of the realities of the business world is that money follows money. Perhaps the reason ecotourism financing is so challenging is due to the low levels of financial return on investment? The return is often measured at the community and biodiversity levels - and not at the financial level. Is it not time to consider this and its implications?

Deborah McLaren/United States

<http://www.rethinkingtourism.org>

I'm director of the Rethinking Tourism Project and participating on behalf of approximately 200 Indigenous Peoples throughout the Americas and other places who helped organize the first International Forum on Indigenous Tourism in Oaxaca, Mexico in March 2002. A Declaration from that Forum can be found on our website and might be of interest to those working with Indigenous and rural communities on ecotourism projects. Of particular interest is financing to support community-controlled, autonomous projects and developing partnerships that are equitable. We are also in the process of developing Indigenous technical assistance teams to work with ecotourism developers, consultants and NGOs.

So while some financing of lodges, tours, etc. is helpful, we are most interested in funding for community education and technical assistance. Financial assistance that helps protect community resources (biodiversity and cultural diversity), and helps communities continue to have access and management of those resources is also very important. As has been pointed out earlier, some of the basic skills (such as financial planning and business plans) are important and often community representatives do not have the needed skills. Therefore, it is important to support the development of regional Indigenous technical teams to assist communities and others in the process.

Walter Bishop/Mexico

<http://www.aventurapantera.com.mx>

I am Walter Bishop V. from Durango Mexico, I have been working for more than 12 years in adventure tourism, operating Excursiones Pantera S.A.de C.V. which I own. During all this period I have been made conscious of the importance of timely financing and the big difference it can mean to an operator such as myself. Because of the

tremendous social role that nature plays in Mexico, sustainability in tourism is a must for all of us. being that the public has not responded responsibly towards this goal, how it will be financed is another matter. I also work in two other ventures, a promotional effort for alternative tourism Ecoadventuremexico, and a conservation one, Fundacion Vida para el Bosque where we promote sustainability. I am looking forward to the opinions of the financing experts in the forum and will be happy to welcome any of the participants in Durango

Tom Ole Sikar/Tanzania

<http://www.tourismtanzania.org>

For the past six years I've been working with Tanzania Cultural Tourism Programme. The programme provided support to the local people in the northern part of Tanzania to establish small scale tourism projects in their villages and communities and benefit directly from tourism. Tanzania attracts about 600,000 foreign tourists annually and only 1% of the total tourists to Tanzania combines the activities of cultural tourism programme together with other attractions such as visits to game parks, climb Mount Kilimanjaro and go to the island of Zanzibar. The visitors to the cultural tourism activities pay an average of USD 20 per visit to the local communities and villages. At the villages this amount is divided amongst the service providers based in the village and some portion goes to support the social development projects that benefit the whole villagers. The amount of money going to the villages appears small in relative terms compared to what other players in the tourism chain gain. But still with this amount of money the local people have managed under difficult conditions to finance their own development activities such as schools construction.

Currently there is a growing demand for these types of initiatives in the country like Tanzania where always financial alternatives have to be mobilised by local people to supplement the meagre and unreliable resources from the government. CTP was subsidised by donor funding especially from the Dutch NGO SNV -- <http://www.snv.nl> - but the support has now ended since last December. The support was mostly used to provide needed skills through training to the local people to ensure their active involvement in tourism activities, it was also used for marketing activities for the started products and services. These small projects are now seen as village tourism enterprises that are confronted by challenges such as marketing and quality assurances.

Tour operators buy this product because it is in demand by tourists. The demand of the tourism industry is also growing and varied and therefore not most local people are able to continually adapt and meet the requirements of the tourists in terms of quality of services. In order to meet this requirement it means building the capacity of the local people. There are at present no local institutions in Tanzania that can finance these local people tourism enterprises in the form of credit or loans. Donors can provide support for the development of the enterprises but not for long enough to ensure long term sustainability for these initiatives.



Most development organizations are still very reluctant to get involved into supporting tourism largely because of their limited knowledge on the potential of tourism, especially if its assisted to develop sustainably, to address and support many developmental issues in the poor countries. The challenge is therefore to access finances for supporting local people to get engaged in tourism in an active manner and benefit out of it.

Jennifer Morfin/Mexico

<http://www.imacmexico.org>

I work at than Mexican Nature Conservation Fund (Fondo Mexicano para la Conservacion de la Naturaleza -FMCN). As some of you already know, the FMCN funds green conservation projects of all kind, including ecotourism. Within the FMCN I work in the Mexican Learning Conservation Network (IMAC) that is a program fostered by the FMCN, The Nature Conservancy (TNC) and PACT an institutional strengthening NGO with its headquarters in Washington DC. We have promoted three communities of practice after a Organizational Capacity Assessment that helps each organization to identify their strengths and weaknesses to share and exchange them amongst peers with specialized technical assistance when needed for the whole community. We are interested in forming a Ecotourism community of practice in the future, where one of the main thematic groups will be for sure ecotourism financing. So all of your ideas will be of great help.

Isabel Sebastia/Australia

<http://www.q-station.com.au>

I have been working in the tourism industry for over 16 years in operational roles with large mainstream tourism organisations (such as Qantas and Coach Tour companies) as well as niche market operators such as ecotourism and heritage tourism operations. I started off working in Germany and then migrated to Australia 14 years ago.

As a result of my exposure to the mainstream tourism industry and my commitment to using tourism as a tool for sustainable development, my husband (Simon McArthur) and I have set up a consulting business that specialises on working in the interface between tourism and the environment, 'Missing Link Tourism Consultants'. We specialise in ecotourism and sustainable tourism planning worldwide. Our most recent projects have seen us undertake ecotourism planning in the Arctic, Venezuela and Australia. I have an interest in the Financing Sustainable Tourism conference, as we have been involved in a heritage tourism project over the past four years that is attempting to overcome financing challenges by leasing one of Australia's largest heritage sites within a protected area to a tourism operator to run the site as a tourism destination. You can imagine the amount of controversy in this process!

Jorge Riveros/Peru

<http://www.elcomercioperu.com>

I'm a Peruvian freelance journalist, living currently in Lima, and contributing mostly for El Comercio daily, the biggest newspaper in Peru. I've been writing about tourism and travel for the past 5 years, and have submitted contributions to other minor publications inside Peru. Currently I'm in the process of publishing in the bimonthly magazine "Americas" of the Organization of American States, in which I'll be writing mainly about touristic and environmental subjects.

Despite my limited knowledge in ecotourism specifically, I've travelled thoroughly around Peru and have met a lot of people involved in ecotourism, specially in the jungle areas of Madre de Dios and Loreto. As most of you might suspect, financing projects in the jungle is not an easy task, unless you have the sponsorship of an NGO or some type of organization. Very little financial aid, if none, is given by Peruvian government to local initiatives in order to develop ecotouristic projects. As an example: some days ago, I came back from Huaraz, in the Callejon de Huaylas (for those who know the place, there's no need to explain...for those who don't, it's good enough to know that the highest tropical mountain range in the world is located in this incredible spot in the Andes, approx. 350 kms northeast of Lima). The place is highly interesting because the Mountain Institute, among other NGOs, is working with local communities to develop conservation projects of sustainable tourism in the surrounding outskirts of the Huascarán National Park. One of these projects is called "Proyecto Integral de Conservacion y Desarrollo Cuyaquiwalli", and it aims to give localers the opportunity to work their own circuits, inviting tourists to participate of sowing, harvest and other aspects of their peasant life, without disturbance from the outside world. These people share part of their revenues with the community, making improvements and reinvesting the money in their project. Particularly I think I have a lot to learn from most of you and will be contacting some of you for specific insight on your work. Nevertheless, feel free to contact me for any information you might need from Peru and its ecotouristic infrastructure and experience.

Diego Andrade/Ecuador  
<http://www.ecoturismo.org.ec>

I'm the executive director of the Ecuadorian Ecotourism Association ASEC, which started in 1991 as a private non-profit organization with a specific mission: "to foment the harmony between the Society, the Tourism and the Conservation." Currently ASEC has 80 members that represent all the social actors of ecotourism in Ecuador: indigenous and local communities, private tour operators, NGOs, universities, local governments, the Ministry of Tourism, clean energy companies and private persons. Our statistics show that together these members manage approximately 75% of the incoming tourism in Ecuador.

One of the main objectives of ASEC is to generate a process that contributes to the sustainable development of ecotourism in the country. At the same time ASEC generates tools that strengthen the daily work of its members. At the moment we are in Costa Rica, with a group of people from the Ministry of Tourism, Ministry of Commerce and private tour operators knowing the process of CST Certificacion de Turismo Sostenible. For that



reason I'm not going to be very active in this forum, but every two days I'm going to check my email.

Hitesh Mehta/United States-Egypt

Hello!! I am an ecotourism landscape architect, environmental planner and architect based out of Ft. Lauderdale, Florida. I sit on the Board of the International Ecotourism Society and am the main editor of the [International Ecolodge Guidelines](#) book which has a whole chapter on Financial Considerations in the development of ecolodges. It's a "how to" book and presents a step by step approach to financial issues.

In my daily work, I get into situations all the time where clients are looking for funding for their respective ecotourism facilities and it is always good to know where to look for this grants/loans etc. I have over the years carried out research and met with officials from the World Bank, IFC, IDB, CI and GEF. This information is shared with participants who attend the Ecolodge Development and Design Workshop that I conduct from time to time. I would like to be current in my knowledge as regards funding opportunities and am looking forward to hearing what other participants have to say. Ron, thanks for organizing this MUCH NEEDED virtual conference.

Carol Patterson/Canada

<http://www.kalahari-online.com>

I am an ecotourism consultant and writer based in Calgary, Alberta, Canada. I am the author of the book, The Business of Ecotourism, a planning guide for people operating businesses in the nature and cultural travel fields, and the Teacher's Edition of The Business of Ecotourism, a teaching tool for colleges and universities offering ecotourism programs.

Through my company, Kalahari Management Inc., I have been working in the field of ecotourism since 1991. My work has focused mainly on ecotourism business planning and feasibility studies for communities and businesses in North America. In that time, I have seen much more interest in ecotourism as a form of economic development in many rural communities. Unfortunately many of these businesses and municipalities struggle to get start-up financing; and as well, do not make the time commitment necessary to establish a tourism destination. I have a strong background in financial management (I was a professional accountant in a previous lifetime) and I am interested during the conference in hearing more about business models that have worked for ecotourism organizations in the US and Canada. Kalahari Management also publishes a quarterly newsletter "Ecotourism Management" that provides information on developing successful ecotourism businesses and profiles tourism operators and the challenges and victories they encounter.

Aaltje van Zoelen/United States-Belgium

<http://www.traveleastrussia.com>

Greetings from the Russian Far East. This area of the world contains vast territories covered by forest and tundra and is considered one of the last untamed wilderness areas of the world. It is surrounded by water starting in the far north where Yakutia, one of the ten administrative regions in Eastern Russia touches on the Arctic Ocean. The Bering Strait divides Alaska and Chukotka and the Pacific Ocean straddles Kamchatka, the Kuriles, Sakhalin Island and the Primorski Krai, while the Sea of Okhotsk washes both the west coast of Sakhalin and the Khabarovski and Primorski Krai.

Initial successful ecotourism development i.e. expedition cruising focused on these maritime borders giving access to unique, otherwise inaccessible wilderness areas inhabited by abundant wildlife and reindeer herding indigenous cultures. These self policing, educated travelers are usually the first ones to express an interest and a desire to travel to otherwise difficult to access destinations with a deep understanding of limiting their social impact and maximizing passing the experience on to other interested travelers. Regretfully, however, financial impact because of the limited time factor is usually negligible. Other tourism activities in the areas concentrated on hunting and fishing, Kamchatka has the largest brown bear population in the world and large taimen is found in many of its rivers. Part of the volcanic Ring of Fire, Kamchatka also offers a volcanic landscape few other places on earth can match. Large wilderness tracks in the Primorski and Khabarovski Krai still harbor the Amur Tiger, all though the species is threatened by poaching from Russians and the Asian population alike.

Other efforts to develop specifically ecotourism have not been so successful as there is no financing available even for the barest infrastructural support. As other regions that have entered the world market economy recently, this region also is hampered by a poor financial image, which limits the availability of funds necessary to protect, nurture and preserve this vast natural territory. Moreover, our western expectations related to "ecotourism development" might not always be compatible with what our counterparts, in this case Russians, are able to achieve because of social, cultural and economic implications. This impedes the possibilities of obtaining financing for small and large projects. The potential for ecotourism development is huge in Eastern Russia, so is the need for protection and conservation.

Enrique Cabanilla/Ecuador

<http://www.geocities.com/asesorucc>

I work at Universidad de Especialidades Turísticas (UCT) -- <http://www.uct.edu.ec> -- where I am Director of a Community Tourism Project that UCT has been promoting for nine months. The idea is that our graduated students may choose to work with a community in a process called Development of Strategic Tourism Planning for Communities -- <http://www.strom.clemson.edu/publications/Potts/>.

Nine months ago I finished a workshop with Tom Potts, Director of the Developing Naturally Program. This workshop is run with communities in order to enhance their resources. At this time we have five e-books developed by the students in five communities, and we can give our view with fresh experiences in financing.

Luigi Zanini/Cape Verde-Italy

Since 1997 I have lived on Fogo Island, Cape Verde. I have worked in the tourism sector for 40 years. First, I worked with Big TO, (similar to Club Med), and then I worked as an independent tourism provider. I started a private microfinancing system to help rural people offer accommodations for tourists. This fund is financed with 1% of my receipts, and I work together with a European travel agency on this project. This project began when I came to Fogo Island in 1997. Tourism was starting in Cape Verde, mostly on the Island of Sal, where the international airport is located. Fogo, with its wonderful volcano, was almost unknown in 1997 when about 600 tourists visited. Last year more than 4000 visited. From the start, my idea was to work in the line of sustainable tourism. (I am beginning to dislike the terms, "ecotourism" and "tourist".) Based on my experience in Casamance, Senegal where in 1971 I was working to start and build a community lodge in the village, no one had heard of ecotourism.

Back here in Fogo, I work with tour operators as an incoming liaison with the Cape Verde Tourism Office (CVTS). I suggest tours in Fogo and have also developed walking and trekking tours. In 1998 little existed for the traveler in Cha das Caldeiras. There were some extremely basic accommodations available from some of the locals. I rented a house and started bringing groups of people who wanted to walk and trek. A local family takes care of the house and provides good meals. Other people heard about this and wanted to improve their homes and offer rooms. I helped them in their endeavours and this was the beginning of the project. Currently, there are 7 Casa de Campo and more in the making. I handle the reservations, marketing, etc. For my services, I take 100 Cape Verde escudos which is about one dollar. 50 escudos go toward marketing and administration and the other 50 go to the microfinancing fund. The Microfinancing Fund (Fogo Solidario) is principally financed with 1% from our agency and from my earnings; from the contribution of the Owner of the Casa de Campo and from one German Travel Agency. (See ReiseTraeume.de -- <http://www.reisetraeume.de/kapverden/reisefuehrer/spende.html>)

Owners don't always ask for help, but if they need financing, I look to see what is needed, give recommendations and then buy whatever materials or furnishings are needed.

Repayment is made little by little. There is no fixed repayment schedule, but the borrower pays each month according to the income they derive from accommodating guests. I make certain that the repayment amount leaves the family enough for living expenses. Of course, I don't charge any interest on the loans.

Up until now, we have given out about 2500 Euros for the projects, which include a restaurant and 4 Casas de Campo. The fund is not only for economic projects, but also for social and cultural development.

Antonio Suarez

<http://www.planeta.com/ecotravel/mexico/balam/balam.html>

I co-direct Balam Consultores in Mexico. Four months ago Balam finished developing the infrastructure of El Chico -- Mexico's first National Park.

We created more than 25 kilometers of multiple use trails and two camp sites, the main one has place for 50 people, five tent cabins with technology designed by Balam, (this light infrastructure is similar to a yurt made of wood), common areas, a network of trails and trained rangers. Prices: 4 people/night costs 200 pesos (\$20 US) including wood for fire and the use of hot water. Since the opening the site has been practically full every weekend giving work for six forest rangers. Total government investment is less than \$100,000 US or a Mexican Million. This concept has proved to be a good business for conservation while helping local individuals develop a wonderful park with infrastructure not seen before though "big elephant" projects that tried to imitate mass tourism failed years ago.

The fact is -- at least in third world countries -- initial government investment plays a vital role, since private sector won't build the park infrastructure. While the government can do this, it needs to focus efforts on local ownership. Unfortunately, we have seen the reverse. Government usually promotes expensive eco lodges and resorts. At this top end we find "eco ghettos" due to the poor social and community involvement. The question: How can we promote in the third world the culture and business of ecolodges without creating "Eco Ghettos" that do not benefit the locals. In our opinion the best investment for Mexican ecotourism is the combination of light infrastructure combined with community training.

Rachel Dodds/Canada

For the past three years I was working for the Green Tourism Association in Toronto, Canada, which looked at urban ecotourism and developing private/public partnerships to raise awareness of conservation and wildlife and also to promote existing sustainable businesses and best practices. I was the Marketing and Business Development Manager and finding funding, applying for grants, developing partnerships and sponsorship was a big part of building this organization (<http://www.greentourism.ca>) and many of my consulting projects since then have been focused on not only the marketing but the financing of these ventures. Lately I have been working on two projects in Guatemala of which the main reason ecotourism ventures are starting up is to find alternatives to the plummeting prices of coffee or for job creation. Sometimes new ecotourism ventures are financed by BID or IFC, (BID offers quite large marketing loans for new ventures) however, I have found that the lodges and tours that are having the best luck have had private financing as the owners are usually existing land and company owners and have existing business experience.

Oliver Hillel/France-Brazil

<http://www.uneptie.org/tourism>

I'm coordinator of UNEP's Tourism Programme. A comment by Deborah MacLaren's requests us to look at the ways to finance community education, and technical assistance that helps protect community resources (biodiversity and cultural diversity), as well as supports community-based access and management of those resources. More precisely, the question is why is it so hard to find investment pipelines for these ideas? A few provocative and preliminary thoughts ...

1) Who are the potential providers of resources for these ventures? The biggest financier of ecotourism ventures, by far, is direct investment, either by agents such as banks and credit cooperatives, or directly by interested investors (how often it is family and friends...). These important partners, though, will probably be more inclined to find feasible (i.e. economically sound and well managed) ventures than fair and far-reaching development projects. This is changing, as some "fair" and green investment groups accept rates of 10/15% ROI (still very demanding for most ecotourism businesses...) with a sustainable face, but as we know it's still very restricted. Also, as these investors are very concerned with control and safety of their principal, they are often not willing to take any risks with the complexities of community-run processes. On the whole, they probably will not change the current scenario - although they could be very efficient once an "enabling environment" is created, where incentives for sustainable tourism investment are operational. This "enabling" economic and political environment, to change the face of ecotourism funding at least at destination level, is probably the realm of institutional funders, who may either subsidize loans to governments and NGOs (like the IFC, the WB/ILoans, or most of the pipeline projects from IDB or bilateral agencies) or provide full grants altogether.

2) What moves these institutional funders? A quick and honest look: - they react to a need to implement their guidelines and objectives (the missions as defined by bylaws and plans). These objectives are very often politically motivated, resulting from negotiations constantly changing over time, and require constant follow up, "cultivation" of donors, and getting inside information from a group of qualified service providers close to the court. There is usually very little chance of community networks influencing, or approaching, these main pipelines by themselves. To participate, POs and IP groups usually have to negotiate with national NGOs, local government, etc. - geopolitically, many bilaterals and some multilaterals also aim at disseminating its national know-how and technology, improving international relations, developing markets for some of their products, and stabilizing social and economic regions important to donors. To fine tune any funding requests and proposals to these constantly changing winds, you have to stay tuned, and be ready to negotiate your proposal to accomodate some of their goals, explicit or implicit... The ability to compromise, flexibility, and on-the-spot negotiating power are needed - things difficult for community and IP organizations with complex consultation procedures essential to their credibility and representativeness. - most often, being "country-driven" is a characteristic of investment pipelines for development agencies. The kind of guarantees (payback and management) that most international development agencies require creates a need for local governmental backup, so most pipelines run through national cooperation agencies. This means that national governments often play a defining role in shaping the objectives of institutional investments - the essential point

here is how much local government is open to needs and participation of local communities, and to the particular stakeholders of ecotourism: traditional and indigenous communities, protected areas managers, small and medium local entrepreneurs. Some agencies, NGOs and foundations are changing this, accepting reputable and well-structured NGOs and even POs as partners, but the scale is still limited.

Obviously, this shows some of the reasons why it is difficult for Deborah's constituents to access suitable funds. Others have to do with the capacity of most POs and IP bodies to prepare (and lobby for) proposals under the guidelines of agencies - and even implement projects.

I still think the IYE is a good opportunity to help increase the amounts of funds committed to the ultimate goals of ecotourism, as defined for instance in the Quebec Declaration. What we need are political and practical mechanisms to ensure that private and public decision makers in ecotourism/community-based tourism development can access funds to create or support really sustainable small-scale tourism, whether it's called fair, equitable, community-based tourism, or ecotourism. I propose that we can use the political momentum generated by the discussions around IYE to: - use the Quebec Declaration (or another such document - the important point is that it represents the goals of sustainable community-based tourism, and that it is widely accepted by development agencies willing to engage in negotiation) as a platform for approaching foundations, development agencies and other potential donors; - set basic, practical criteria (based on the documents above) for projects, so that good, solid projects can be selected that implement the principles we want to see applied; - discuss ways to create (or adapt/increase existing) more durable investment pipelines directed at these criteria. One way to expedite access to resources would be to create an umbrella inter-organizational system that would funnel resources directly to a set of projects chosen for their application of the standards. Such a body should both represent the particular stakeholders, and be capable of managing resources, ensure proper project setup, monitor implementation, account for the use of funds, etc.

Would these funds, allocated to community-based ecotourism businesses, be commercially competitive and have attractively low risk factors? Probably not as much as traditional business development funds. But, on the other hand, if the triple bottom line philosophy is used, social and environmental benefits would be much greater. A combination of seed grants and revolving, low-ROI loans would be the best. IFC has experimented with the idea in its SME loans, and in some cases it worked well.

Maybe in this way the coming years can see more of these projects funded and working ... Here at UNEP we have a few ideas on how to do this over the coming months. Quite ambitious, possibly unfeasible, but it's worth a try. I look forward to hear your views on this.

Alan Robinson/United States

I am a protected area planner and consultant in sustainable tourism with 30 years experience in the United States national park system, and in Latin America, Africa, Southeast Asia and Oceania. Although often concentrating on island and marine protected areas, their zoning, stakeholder participation, and tourism, I have done similar work in mountain, desert, and tropical forest environments, and with adjacent communities and cultural heritage sites. I've been a government park planner, a short and long term protected area consultant, project manager with conservation NGOs, a volunteer and manager of volunteers within these disciplines.

As an aging yet still active participant, I appear to have been on the scene (since 1970) through the evolution from an inwardly focused strategy of protected area management to today's emphasis on wider ecosystem principles and the involvement of the broadest possible range of interested and affected human players. I applaud the change, and have had a small share in the process, from opening the park planning process to public view in the US in the 1970s, to initiatives in buffer zone planning in eastern Java and Bali in the early '80s, to complex community involvement around Uganda's mountain gorilla parks in the '90s, to strategies to bring (an element of) free market tourism into protected area's of Vietnam in 2000.

I cite this history to make the point that these changes have occurred rather quickly i.e. within the professional career of many of us. We have come far and fast, and at least to me it's not all that surprising that we haven't quite got it right yet. But to invert that tone, I think we are a lot closer to getting it right than when we first started.

An example of where we are getting closer is the emphasis in the current online conference on getting a wide mix and appropriate balance of players and policies in an ecotourism initiative.

I note a failed or at least imperfect direction we tended to take concerning community involvement in tourism in early efforts (e.g. my own experience with a community-based guide service in Rwenzori Mountains National Park in Uganda). In our zeal to meaningfully involve communities in tourism benefits we created unreasonably high expectations of those benefits, helped create businesses with externally-financed high-maintenance infrastructure, but then provided inadequate management skills and little oversight, and virtually ignored the realities of marketing. There was no contribution from professionals in the private sector at the national level. Lo and behold these activities were not sustainable, cost donors large sums, disillusioned communities and ultimately provided poor service to visitors (the key to sustainability).

On the positive side I would like to explain a proposed strategy dealing with a future network of community-based ecolodges in the southwestern altiplano of Bolivia which I and Bolivian colleagues have recently developed. I stress that it is a proposed strategy, under consideration for funding by a regional lending institution, bilateral donors and private investors. Although the full strategy is more detailed, in essence it suggests that to be sustainable, the ecolodge network has got to involve the community in a meaningful and profitable ownership sense over a long term, develop a product which is in demand

by a reasonably constant and predictable segment of the tourism market, and maintain the quality of that product through supervision and quality control. In addition the product must be packaged, promoted, marketed and sold with a high degree of professionalism if it is to be competitive. Whatever players are involved in this chain of development, service and marketing must set reasonable expectations, share in risks and profits, and above all respect each other for their respective roles.

In the Bolivian proposal, the objective is to offer service to a mid-level clientele in a region dominated by the backpacker market. It would furnish a network of 5 ecolodges a day's travel apart within a large area of incredible salt lakes, volcanoes, flora and fauna reserves, traditional indigenous communities and rich architectural and archeological resources (Salar de Uyuni and Reserva Avaroa). Each ecolodge would be unique but incorporate today's concepts of appropriate design, materials, setting, services, and community connections, at a certifiable standard attractive to small group package tours at an all-inclusive (transport, guide, accommodation) daily price to the traveler of \$150-200. The community ecolodge would receive something like \$40 of that total to cover its costs (vs. the current \$5-10 from a backpacker client in basic dormitory-like facilities).

Each ecolodge would include a satellite based internet communications system to assure a tight reservation system, improve logistics, deal with unexpected changes, and be available to guests. But a major community benefit is that internet access and voice communication would be provided, probably gratis, to the local school, clinic, and government. And each ecolodge would include a customized art/music/handicraft development component, with marketing advice and sales and performance space. Training in lodge management skills as well as visitor relations, housekeeping and food service is included. Where possible, appropriate technology in waste disposal and utilities would be shared or at least promoted in the communities.

As many participating in this online forum have observed, initial financing and the appropriate mix of financial contribution and responsibility of partners is a crucial and often difficult issue. In the current example, this is approached in conventional ways, but with modifications which hopefully address problems which have hampered other community-based projects. The basic concept is of a private parent company where investors from the tour industry, NGOs and donors provide capital and certain supervision and services to subsidiary companies located in each of the ecolodge communities. The communities will provide the physical site, local materials and labor, and share ownership of the subsidiary with the parent in the proportion that the site, materials and labor are valued. In addition to direct employment, long term profit to the community will be based on this share of ownership of their subsidiary. But as many of us are aware, these long term i.e. net profits may be deferred for years as a market develops. In the worst scenario, net profits can be artificially kept very low by external partners in order to avoid sharing with the community. To deal with community frustration with such delays, and provide tangible financial benefits at the earliest possible stage, the business plan includes immediate sharing of a portion of gross revenues with the community. At the outset an external, professional manager would supervise each lodge, to be replaced later by a trained community member. The private



sector, primarily in the form of established higher-end national tour operators, would provide investment capital for development of infrastructure and other front-end costs via the parent company. These professionals also provide supervision of ecolodge managers, assure quality control, and are responsible for all marketing, international payments and the reservation system. National NGOs (with cultural preservation and community development briefs) would be involved in the parent company to attract lender or donor funding as needed, to provide expertise in community development and cultural matters (such as how to minimize conflicts as tourism develops, advice to communities on using their profits, and on training and marketing in handicrafts and music). NGOs would also ensure there is an equitable relationship between the tour companies and the communities. Bolivia is fortunate that loan funds from the Interamerican Development Bank (IDB) are already earmarked for tourism development, and certain infrastructure in the present proposal (relating to energy-efficient utilities, solar power, environmentally-sound disposal of wastes and training) may qualify for IDB funding; and there are economies of scale having 5 ecolodges in the network. Infrastructure which doesn't qualify for loan funding would be covered by the private investors or bilateral donations.

In this proposal there is the added element of working with an adjacent national flora and fauna reserve, in which some candidate ecolodge communities are located. Local and national reserve managers would be involved in decision-making and policy both at parent and subsidiary levels, and the location and emphasis of each lodge needs to be consistent with overall reserve planning. Since the full proposal is in Spanish, it may be of special interest to other Latin American countries. It is not currently available while it is being considered for funding, but should be within several months. In the meantime I would be happy to discuss it more detail with conference participants or refer them directly to my Bolivian colleagues.

Bill Hinchberger/Brazil-United States  
<http://www.brazilmax.com>

A former correspondent in Brazil for The Financial Times and Business Week, I now split my time between freelancing for publications like Science and National Wildlife and being editor and publisher of the website BrazilMax. Both fortunately and unfortunately, I'll be in the Amazon on assignment during at least part of the conference.

Ariane Janer/Brazil-Holland  
<http://www.mpefunbio.org.br>

One of the things I do is write business plans for ecotourism projects in Brazil and I am also involved with Funbio's Best Practices in Ecotourism Program, which is a on-the-job-train-the-trainers ecotourism development program in more than 10 projects all over Brazil. My name also appears as co-author (with Ed Sanders and Osvaldo Muñoz) of a chapter in the [International Ecolodge Guidelines](#). I have visited a lot of ecotourism destinations in Brazil (and in other places as well) as a tourist and professionally. One of my favorite projects is Mamiraua (see Lonely Planet Brazil and <http://www.mamiraua.org.br>).

Communities are not the same all over the world and it is very dangerous to generalise (and romanticise). Some have the capacity to take charge, some don't. Some are able to be patient, some have very short "expectation spans". Some are in it for the money (any which way they can and preferably in the form of hand-outs) and some are really interested in developing the business and reaping its spin-offs. Transparency and sharing experiences is very important, but it is difficult to find funding for it. I have been toying with the database idea myself for some time. Not just for failed projects, but for the whole project pipeline. Some projects keep on going (with their subsidy crutches) as they pass from donor to donor (throwing good money after bad). Admitting failures in time might mean that more deserving projects, that never get off the ground for lack of finance, get a chance as well. Being able to check an ecotourism project's financing history should be available to all (from grantees to commercial investors). Imagine all those development agencies pooling resources to get this going .... Dream on.

The first thing that should be mentioned in the Sustainable Tourism Investment Guide are the myths (e.g "ecotourism is growing at 30% a year") and facts (e.g "IRR's are typically low, under 10-15%") of ecotourism. And of course, that there is nothing like common sense. Let's also think about proportions. What is worse: the impact of millions of tourists using a underdesigned sewage system in a mass tourism destination on the seashore or a small 10 room ecolodge sending untreated sewage into big fast flowing river? We should not forget that all tourism should be sustainable and all financiers (especially those big influential ones) should be aware of this. You might have your free lunch, but your grandchildren will go hungry.

Mark Willuhn/United States

<http://www.emeraldplanet.com>

Over the last month I've been following the discussions from various places in Southern Mexico while leading a major donor trip to the Calakmul Biosphere Reserve in Yucatan; visiting a community ecotourism project in La Selva Lacandona in Chiapas; and while facilitating strategic planning for developing a drivable wildlife viewing trail in Yucatan. I mention these activities since they touch on important aspects of financing/sustainability of ecotourism projects: Treating all clients/customers as major donors; Linkage to market; Not just business plans-but market training; Local government funding and matching funds. My experience has been that there is initial funding for business plans and infrastructure from foundations and large NGOs; and then these projects are on their own.

We focus on developing linkages to the market (US - European). Generally there is not a marketing budget. The success we have had is to immediately develop alliances/partnerships with local projects and large membership US based NGOs and outbound operators. This linkage to market is usually overlooked by funding institutions and, in my opinion, it is the most important element to long-term success. Not only do these projects need to have a good business plan and linkage to market, they need to

market ready. When you have a limited/non-existent marketing budget, word-of-mouth will generally make or break a start-up venture.

Market ready means that the product you offer works - boats show up, roads are passable, etc.; that motivation and preferences of your target market/clientele is understood and these expectations are met and exceeded where possible. Market ready also means that the project manager understands the extreme competitiveness of the nature-based tourism industry and realizes there is constant market pressure to improve the product offerings. For the community based project in the Lacandona, this is a huge challenge. The ejido members know just about everything about planting corn, but not much about the motivations, preferences and expectations of a wealthy New York business person who is spending several thousand dollars to visit their beautiful area.

We train project managers to treat all customers as potential major donors - since most of them are. Keep a database, send out a newsletter, ask them for money. From our research, we have found that the most memorable experience for the majority of participants is interacting with local community members. We always visit local communities and this is a perfect platform to develop funding requests for new capital investments, woman's cooperatives, complementary micro enterprises, etc. They absolutely love walking around the milpa.

The drivable wildlife trail in Yucatan is an interesting project. For the first time in my experience the State of Yucatan is investing money. When we heard this we immediately began to identify matching funds. This drivable route is modeled after Ted Eubanks' work (Great Texas Birding Trail) where a map is produced with key stopping points and is a great economic disburser to communities outside the main tourism circuit and links habitat conservation and economic benefits. What we are struggling with is who is going to pay for long-term maintenance. Since the long-term vision is many sites throughout the peninsula, the logical conclusion is state governments. This is unprecedented in the area and we are not sure how to even suggest the structure of generating these long-term funding sources. Another idea is the trail is a series of loops, and each loop could be self-financing. This opens a whole other set of challenges. While it will take some time to figure this out, just the opportunity to work with the State of Yucatan is extremely exciting. A case can certainly be made that we should not even start this project until we have this figured out. In regards to linkage to market, an annual birding festival is one of the key strategies. The first annual Toh Birding Festival will be in Merida - Rio Lagartos, November 16 - 23, 2002.

Mike Robbins/Canada  
<http://www.tourismco.com>

I am a Tourism Consultant with 23 years consulting experience, living and working in Canada and New Zealand, specializing in the tourism industry. I have a strong personal and professional interest in ecotourism. I have a consulting firm called the Tourism Company, which I co-own with two partners. I am also an investor and Director for a solar technology company called EnerWorks.

I would like to suggest that there are significant differences between community-based tourism and entrepreneurial tourism, and there are different approaches to financing each type. In 1981 I started working on a pilot project for community-based tourism in a small Inuit community in Canada's Arctic - the community of Pangnirtung. At that time community residents did not even understand what tourism was. We embarked on an extensive community consultation program over the following year with a major education/awareness component. The work was financed by the government. The process we facilitated subscribed to the following principles, which I believe are the core principles of community-based tourism:

- the community makes decisions to pursue tourism (or not) based on a knowledge of the pros and cons of tourism
- the community consults internally within the community
- the community develops a strategy which defines how much control the community should have, and the events and places that can and cannot be shared with tourists
- the objective is to maximize local benefits and minimize economic leakage and negative socio-cultural impacts
- growth is incremental
- the community makes strategic investments to be a catalyst for private sector investment

Given the close Inuit relationship with, and respect for the land, environmental conservation and protection was an integral part of the community tourism plan. Several years ago a case study was completed on the tourism industry in Pangnirtung. Over a 20 year period the community achieved the following:

- 3000 visitors per year
- Community owned lodge, Kekerten Historic Park (no tourist can visit the Park without hiring a local guide/interpreter), Angmarlik Interpretive Centre, a print shop, a weaving centre, seniors centre and several shared events
- 35 permanent jobs, 14 seasonal jobs, 12 licensed guides and over 100 home based artists

The benefits that accrued to the community from the decision to get involved in the tourism industry were as follows:

- Help stimulate cultural revival
- Foster a sense of community pride
- Teach young people their heritage (providing an incentive to learn traditions and culture through employment opportunities)
- Create new economic opportunities
- Help dispel the stereotypical image of Aboriginal people

We have since worked on a number of community-based tourism initiatives with Aboriginal peoples including an ecolodge in northern Ontario

(<http://www.creevillage.com>) and an Aboriginal Heritage Garden attraction in northern New Brunswick (<http://www.aboriginalgardens.com>). Every one of these initiatives had government funding assistance alongside community investment, volunteer involvement and private foundation funding assistance. Banks would typically steer clear

of these initiatives because the financial bottom-line is not the primary objective. The other social and cultural benefits are of equal importance.

A major difference between community-based tourism and entrepreneurial tourism is the degree of focus on financial profitability versus other benefits, and this has significant impact on financing options.

I am currently involved in a project to develop a Coastal Protection and Tourism Development Strategy for the Great Lakes Heritage Coast, which runs for 4200 km along Lakes Huron and Superior on the Canadian side. The coast was given special designation because of the outstanding scenic beauty, with wild natural landscapes and cultural values of national and international significance. There are 25 First Nation communities and 48 non-native communities along the coast. A major component of the strategy will be the adoption of ecotourism principles and the stimulation of new ecotourism businesses. To stimulate private sector investment in new ecotourism businesses we believe there is a need for the government to make strategic investments in catalyst projects as well as direct some form of assistance to new local entrepreneurial businesses that fit within the strategy (financial and mentoring assistance). There are also numerous community-based tourism initiatives being considered along the Coast.

We are looking at recommending that the Great Lakes Heritage Coast be established as an investment program within the existing government tourism funding programs available in northern Ontario. Another financing option that we are looking at is a model that exists on Canada's west coast - Ecotrust Canada (<http://www.ecotrustcan.org>). This is a not-for-profit entity with a mission to promote the emergence of a conservation economy along the coast. The organization effectively acts as a catalyst and broker to help envision, inform and finance the conservation economy and help conserve/restore the coastal environment. Dollars could be raised through public campaigns, fundraising activities, and contributions from government and/or the corporate sector.

Rick MacLeod Farley/Canada  
<http://www.creevillage.com>

Greetings one and all! I am 'arriving late to the party' but have taken the time to review all of the postings generated. The web conference has clearly been a worthwhile endeavour, and I appreciate the opportunity to benefit from all of your input.

I am a development economist with twelve plus years of experience working with community economic development for Aboriginal people in Northern Canada, including seven years of consulting work on Aboriginal ecotourism initiatives. I am a member of TIES and have served as a guest instructor with their Ecolodge Planning and Development workshops. Since 1995, I've been extensively involved with MoCreebec Council of the Cree Nation, and their efforts to establish the Cree Village Ecolodge which opened in July 2000 on Moose Factory Island at the southern tip of James Bay (the project that Mike Robbins of the Tourism Company has also been involved with). I have

also had the opportunity to be involved with three other major Aboriginal ecotourism development initiatives in northern Canada.

I appreciated reading Deborah McLaren's (Rethinking Tourism) comments in particular regarding the 'major challenge' of finding capable ecotourism folks in rural settings. In her words; "There are good leaders, and more every year as they quietly, but determinedly move forward with training, technical assistance, forums and dialogues, participation in the international treaties, and raising their voices." As Deborah pointed out, what is happening is that these leaders are being 'virtually ignored'. I attended WES in Quebec City, and had the opportunity to view first-hand the efforts by Indigenous leaders present (from Mexico, Peru, Canada, Sweden, Fiji, ....) to bring forward the concerns and perspectives of Indigenous communities for the benefit of Indigenous peoples and for the benefit of ecotourism and the planet. These efforts were treated by some of the organizers with hostility and rudeness, and in other cases with good intentions that were, to a significant degree, lacking in capacity. The process for dealing with the input was flawed, and the impact on the final WES declaration was much less than appropriate, from my perspective. I came away from the WES gathering excited by the positive energy and the passion and commitment of countless people. However, I also came away with the realization that there is a tremendous 'divide' between the international agencies (UNEP, WTO, ...) and the Indigenous leadership. The buzzword in the research and at the conferences is that 'local people' need 'capacity building'. While, with all due sincere respect, I would like to suggest that there is also a need for 'capacity building' within the international agencies themselves. What I mean by this, is that brilliant leaders within these agencies (capable folks such as Oliver Hillel and others) should seek the opportunity to meet with Indigenous leaders from around the world, including spending time right at the community level, and open themselves up to the idea that Indigenous communities may be the holders of important knowledge about sustainability approaches. Then, they should, in my opinion, work to open up their international agencies to the idea that Indigenous peoples should be treated not as 'objects' of development (eco or otherwise) but as genuine and respected partners in policy, planning and development. This means fundamental changes to the process of how most international agencies do their work. The Indigenous leadership present at WES indicated an interest in an Indigenous led process of gathering input on ecotourism from Indigenous peoples leading to a world-gathering on this topic. On a similar but smaller scale, in a follow-up to WES I have received an e-mail from Fiji expressing an interest in an exchange of sorts between Indigenous ecotourism leaders and communities in Fiji and Canada. If anyone has leads on which international agencies might support such an initiative, please make contact with me (contact info below at end).

I would like to discuss further Deborah McLaren's comments on 'euro models of business development' and whether these are appropriate for Indigenous communities or whether they will undermine traditional subsistence economies. This is a tremendously complex question, and one which many folks struggle with intensely. I have a deep appreciation for the traditional economy (which, for the Western James Bay Cree, has been quantified at a full 25% of the current overall economy). I have had the opportunity to assist communities in the process of developing strategies to strengthen the traditional economy;

with two resulting objectives being apprenticeship type training programs and ecotourism. >From my perspective, the traditional economy is so important to the Cree that I've worked with that all other 'western' economic development opportunities are evaluated, in great part, on whether they will be compatible or a threat to the traditional economy.

This is where ecotourism rises to the top for many Indigenous communities (in locations where it appears viable) because, the hope is, well-managed ecotourism can be compatible and even supportive of the traditional economy. For Indigenous communities, how ecotourism is to be done may be the next question and how 'capital intensive' it will be is part of this question. Often times, the scale of the efforts will determine how capital intensive it will be, and whether or not loans and formal legal and financial arrangements are necessary or desired. One great example of the sweat equity financing approach (with little or no outside capital) is Michael and Ann-Kristine Vinka's Lapp Lands Safari initiative in northern Sweden. I met Ann-Kristine and Michael at WES and had the opportunity to view slides of their family operation. Definitely world-class and worth looking at as a case study for others to learn from. They've been developing their tourism operations as an active 'side-line' with limits set and respected so that it supplements and doesn't overtake their traditional life and traditional economy.

For an example of where a community has taken a more capital intensive approach, one can look at the Cree Village Ecolodge owned by MoCreebec Council of the Cree Nation. Cree Village Ecolodge opened in July 2000 and is located at the southern tip of James Bay (minutes away from a RAMSAR Wetlands site) in north-eastern Ontario, Canada. Traditionally a hunting and gathering society, the MoCreebec community spent five years designing and developing their new ecolodge facility so that it would reflect their traditional values and principles. The community committee that led the development of the Cree Village Ecolodge was purposeful and patient, delaying construction of their facility until they were satisfied that the design was in keeping with their principles. The result is a gathering place for the community and guests from around the world that resonates with a sense of the MoCreebec people and their culture and traditions, and their vision for the future. In keeping with their environmental approach, their healthy facility features natural textures (i.e. organic bedding, wool carpeting) and is highly energy efficient which is a key focus given their sub-arctic northern climate. The biggest lessons learned thus far from Cree Village Ecolodge, from my vantage, is the value of Indigenous communities playing an active, hands-on role in developing their own ecotourism products and services, in keeping with their own traditions and values.

In terms of financing, the Cree Village facility had a capital cost of approximately \$US3.5 million. I played a role in project development, business planning and financing, and can attest that pursuing financing for this project was very challenging and time-consuming. In the end, both federal and provincial agencies became project investors, and attempts to secure private financing were not successful. As to Deborah's 'big question' about European models and how appropriate they are for Indigenous communities (or for others, for that matter). At the practical level, there are many folks out there that are in fact "Re-Doing Tourism", through operations like Cree Village Ecolodge and Lapp Land Safari. Only time will tell whether or not their approaches have



worked. The bottom line, for me, is that it is the community itself that decides what business approach to adopt, how capital intensive to go, and what partners to work with. Indigenous communities themselves should be the ones weighing the pros and cons and deciding, for themselves, how to proceed. Indigenous communities face tremendous economic challenges, and with the Aboriginal population boom, the leadership is under great internal pressure to improve their economic state, without jeopardizing their culture and traditions, and the land itself.

In reality, as Michael Vinka of Lapp Land Safari in Sweden says, "what we are doing is really much more than ecotourism".

Maurice (Mo) Adshead/England

<http://www.nkf-mt.org.uk>

I am currently managing a UK outbound tour operation that specialises in ecotourism with a strong emphasis on community based tourism. The mix of our products is based on the fact that the tour operation is owned by a UK charity that looks after the interest of people - The Nepal Kingdom Foundation (NKF). I have only worked in tourism for about 5 years. I had decided to change my hobby of mountain walking into a new lifestyle by training as a mountain guide. Then about 4 years ago I helped plan and subsequently set up the travel operation (Muir's Tours) for the NKF and I am the manager for both organisations. My work for 23 years prior to getting involved with tourism was in sales / marketing and corporate finance.

Andrew Hurd's thought provoking comments got me thinking on a number of issues. It was his reference to Master Plans that really caught my attention. From my limited personal experience there appears to have been a lack of careful planning on the various community based projects I have been involved with. I made contact with Tom Ole Sikar (Hi, Tom) in Tanzania about 2 years ago and it was late in 2001 when I eventually found a local tour operator to act as our ground handler in Tanzania. The situation with Amadiba Adventures (aka The Wild Coast Community Tourism Initiative) who I first contacted about 20 months ago, remains an impasse - we have not been able to operate any tours for the lack of a ground handler. If there had been Grand Master Plans for these projects they should have included this very important link - a local professional ground handler who was prepared to be involved. Financiers will not come forward unless we show them a complete master plan - the risk is too great. It is no good presenting a product without a means of implementing it.

There are a number of fine examples of nature only ecotourism that are working well, but it appears to me community based tourism is not as successful and I attribute this partly to the lack of a comprehensive 'business' plan. Maybe this omission was caused by the financiers (grant making bodies) of the projects - they may have set requirements which did not allow for a complete package. Any thoughts on this?

Response to Mo  
Oliver Hillel



Just a thought on Mo Adhead's note. My personal experiences are that, for a financing partner to jump on board, two things have to be in place: - a good, conservative and realistic business plan (or Master Plan) - a proven, reliable ability on the ground to make the plan happen - and, even more importantly, to manage, tweak, and re-create the plan as circumstances change. This is, in my opinion, the really essential part. If I were a donor, I would want proof that the actual ground implementers not only understand the plan, but can also change it into other, also feasible, plans, as things unfold.

Many an ecotourism venture was backed by wonderful business and Master plans, prepared by very good in-and-out specialists, and then given to less able local business/project managers to implement, with the consequence that, under the slightest changes (or upon finding mistakes in the original assumptions, a very normal occurrence in business plans), everything goes wrong. On the other hand, I've seen lousy plans be approved because the investor trusts the executing partner so much that anything would be approved, and the venture turns out just fine because the ground manager is good at adjusting strategies, making deals, managing people, suppliers and customers, and just has the makings of an entrepreneur.

Let's be honest: the vast majority of viable and sound SMEs in the developing world were created without anything even remotely close to a business plan - it's mostly the genius (and the hard-necked persistence in the face of adversity) of movers/shakers that make it happen... Ron, be honest, did Planeta.com have a full-fledged Master Plan or business plan a few years ago?

Building Constituences  
Ron Mader

Looking back, I believe the Planeta.com website would have been crushed if it had developed along the line of most dot-coms in the late 1990s (with exaggerated statistics on Web growth). Survival depended on doing things differently.

I mentioned in my introductory post the unique financing of Planeta.com -- how we share revenues with Sustainable Sources <<http://www.greenbuilder.com>> -- and the fact that this is a time-intensive labor of love. Planeta.com needs to be judged by how useful it is to its readers, not just by how much money it makes. For better or worse, I figure that if it does the job well, the money will come. That said, my bookkeeping skills are my weak point. Nevertheless, Planeta.com has been the perfect example of building something from the ground up with the support of contributors and sponsors all over the world.

Sustainable tourism and ecotourism are the paths to take -- literally as tourists and metaphorically in the industry. That said, the number of institutional failures that have been reported in this conference (in public and in quite a few private emails) leads me to insist on two points:

- 1) We need better information. Those financing tourism (banks, dev. agencies, ngos) need to make the information much more accessible on the Web. Luckily, if we take a snapshot of the Web there has been great progress in the past five years. What should institutional websites provide? We need information about contracts before they have been granted and (equally important) objective evaluations of projects.
- 2) We need to build stronger constituencies. Last year the North American Commission for Environmental Commission's Sustainable Tourism project failed because the stakeholders remain isolated and often bitterly divided. If we had our act together, we would have been able to demand more from the NACEC -- starting with a request for program managers trained in this field.

If we -- those interested in sustainable tourism -- remain divided, we have no influence. It's a vicious cycle. Secrecy leads to a fractured constituency and no coordination of resources. Fully-briefed consultants in the capital cities compete with locals who have no information. CD-Roms galore are distributed at the conferences but the public has access to obsolete websites or high registration fees to get basic contract data. Communication levels the playing field.

Does sustainable tourism pay and is profitable tourism sustainable?

John Shores

Ron and I (and probably a few other members of this forum) had the opportunity to attend an ecotourism conference at Stanford University in early May. The organizers had invited speakers covering a range of views regarding ecotourism. For example, Professor Robert Healy from Duke University presented an interesting analysis of the points of contact between tourism and agriculture. I presented a "view from the park" to debunk the myth of the triple bottom line and to give voice to some of the disconcerting questions about the sustainability of tourism.

One of the especially thought-provoking presentations was on the sustainability of ecotourism/responsible tourism from Dr. Bill Bryan, an organizer/promoter of self-contained horseback trips in the American Rockies. Dr. Bryan asked the question: "Can it exist and still be profitable?" He pointed out that there are many examples of remarkable and sincere attempts by tourism practitioners to be responsible to environment and community, yet they also need to be profitable if they are to succeed. He characterized the broader tourism industry as basically extractive in nature, with an emphasis on volume or capacity. "Success" as defined by a tourism bureau or chamber of commerce is seeing the volume of tourists to an area steadily increase. This is in sharp contrast to the idea of high-quality ecotourism/responsible tourism, where Bryan says the goal is low volumes and limited capacity.

Several of the speakers mentioned the increasing importance of "authenticity" in the tourism experience. Tourists are willing to pay more for what they perceive as an "authentic" experience. Cynics in the group noted the financial success of entrepreneurs skillful in creating a "staged authenticity" for the enjoyment of tourists. Most of the

success or failure of these endeavors rested on the cultural, not the natural, components of the tourism experience.

One impression emerging from this conference would be that to make sustainable tourism pay, one needs: (1) a destination where the volume of tourists is limited by regulation or permitting processes, (2) the tour operators and facilities are certified through a system like the International Ecotourism Standard being developed by the Ecotourism Association of Australia (for the latest draft, see <http://www.ecotourism.org.au/ies>), and (3) the experience has a strong cultural component (ideally "authentic" but perhaps employing "staged authenticity" instead).

The second half of the opening question above is whether profitable tourism is sustainable. I'll leave that question to other participants, and save my comments on that aspect of tourism for a different forum. Hey, Ron! How about a new forum on the sustainability of tourism?

Business Plan  
Carol Patterson

I wanted to add my support to the comments that the preparation of business or master plans does not guarantee the success of an ecotourism business. Although I believe planning is very important, making sure you have the right people involved is even more important. Many financiers will tell you that they look as closely at the management team of any ecotourism endeavor as the spreadsheets before making their decisions. I too have seen cases where the personality and passion of key individuals can carry the day i.e. the track record of some people is such that investors will bet on them more than the actual project. Unfortunately, in many rural settings finding such people to lead ecotourism projects is one of our major challenges.

Let Us Be Honest  
Ana Garcia Pando

I should add to Oliver Hillel message that lack of good, realistic business plans accounts for almost 50% of failure rate of innovative, supposedly sound SME ecotourism initiatives, so I think that a balanced mix of personal involvement and realistic financial approach are key to sustainability of these initiatives. (By sustainability of ecotourism initiatives I mean surviving more than three or four years.)

Most of us have many stories of unsuccessful, failed initiatives which started as good ideas promoted by deeply involved people, with sound environmental principles. I think the road to sustainable ecotourism SME's is paved with many good failed intentions. Surely devising a project which does not take into account i.e. the management abilities of the hosting community or the actual availability of human or economic resources is a clear example of a bad Master Plan. Why not create a database of failed projects? I am sure it would be a helpful document.

## Role of the Government

John Shores

As one of the co-sponsors of this ecotourism financing forum, I'd like to thank all of the participants who have posted messages so far, and encourage others to participate. I would like to share some thoughts I put on paper recently when one of our colleagues asked me the following question: What can Government (national, regional, provincial, or state) do for Ecotourism?

I see at least four areas where government can play a role to promote sustainable tourism:

- (1) evening the playing field
- (2) spreading the word
- (3) education and training
- (4) financing

(1) By "evening the playing field," I mean removing the bumps and bottlenecks in the laws and regulations that make ecotourism a more difficult enterprise than other tourist enterprises and other industries. Getting an ecotourism enterprise licensed and inspected should be no more difficult or expensive than any other, and special attention should be given to the (often) small size and seasonal nature of the enterprises. The cost and effort to gain admission to the club should not keep the small and seasonal enterprises from joining. Laws, rules, and regulations should not make it harder to be green. I recognize that a lot of the licensing and inspection occurs at the county and municipal level, but national and state government can encourage particular policies and wording.

(2) "Spreading the word" should be obvious. Ecotourism needs to be a part of every tourism department's marketing effort. The word "ecotourism" needs to be visible and prominent. The tourism department needs to know how to explain and promote it. The state can also play a role in lowering the threshold for participating in state-led publicity efforts. I like to promote the idea of state or provincial registries of nature-friendly tourism facilities and services. Again, the government departments need to take into account that many ecotourism enterprises are small and seasonal.

(3) Each situation will be different, but state schools (highschool, vocational, community college, and universities) can play a role in offering programs that promote sustainable tourism. Often the Extension Services connected with state universities can play part of this role.

(4) Government development funds could be made available to support ecotourism. Three kinds of efforts come to mind: establishing and protecting natural areas, bringing together interested parties in regional and thematic associations, and direct funding to enterprises, taking into account the peculiarities of ecotourism enterprises (size and seasonality, but especially the concept that sustainable tourism may be more expensive to get started, and recognizing the broader public good because many of the benefits are externalities).

Depending on the country, there may already be taxes in place on property, income, sales, and tourism-specific elements such as a bed tax. So we need to encourage spending by the state on the infrastructure that supports ecotourism (natural areas, roads and highways, water and sanitation, etc.) as an opportunity for the state to invest in tax-generating enterprises.

We probably all agree that two crucial elements for success in ecotourism are: (1) having a clear business plan, and (2) demonstrating adequate managerial expertise. But for many of the most innovative ecotourism ideas, there may be no prior experience to draw on. The business plan may be realistic but still largely conjecture. No manager may have attempted the innovative idea before. So there will be some additional risks involved that go beyond the risks of conventional tourism. This will often scare away the sources of conventional financing.

The "Plan B" for many ecotourism enterprises seems to be self-financing. For this to succeed, the initial design has to be small enough to be within the capabilities of the individual or family's own finances (usually the savings accounts of family and friends), and the enterprise must be able to grow incrementally as it generates its own net revenues. A rafting company adds additional rafts and guides as the income stream permits. A destination adds cabins as income allows. What this "Plan B" does not permit very easily is any enterprise that requires a significant initial capital investment (a tree-top aerial tram, for example).

Governments can reduce cost of capital by reducing uncertainty about the future. A national ecotourism strategy and regional tourism development plans can help to direct ecotourism to appropriate areas and especially help to avoid investments in places where subsequent development plans may make ecotourism impossible.

#### Public Funding for Ecotourism

Ana Garcia

My experience in funding goes back to my job at an intermediate organization managing public funding for rural tourism, with funding coming mainly from the European Regional Development Fund (ERDF). Between 1991 and 1995 the European Initiative Leader (which stands for *liason entre activites de developement en espace rural*) started a funding program aimed at promoting innovation for rural, underdeveloped areas in the European union. Rural, Nature based tourism showed its potential as a planning strategy, based on the entrepreneurial instinct of people living in that areas, who needed new economic opportunities to cope with price and production reductions within the agricultural markets. This continues to be so, as rural tourism has proven its power to balance those fragile economies.

While rural tourism was considered an "Innovative action", it used to take long discussions to convince owners of small houses or ruined buildings to invest their scarce resources and become kind of "innkeepers" or guest attendants. It used to be kind of brain washing, taking advantage of the most innovation prone sectors of the rural population:

women and young people. Grants covered up to 50% of private investment (in the most disfavored regions) and up to 80% of public investments.

We started the program by establishing strict criteria that would meet any accommodation standard, in order to ensure the mean tourist that he or she would enjoy a standard sojourn, in an unusual environment. Our strategy was to give rural people the same market tools and advantages their competitors in the sun and beach or urban destinations were using. In this, we faced a lot of criticism, because we were supposedly compelling people to acquire higher standards, with higher investments, and thus "devaluating" or corrupting the meaning of "rural".

Let me point out that our standards aimed at preserving local architectural features, the use of traditional building techniques and local materials and prevailing of rehabilitation against new constructions. The only "devaluation" that I admit is compelling people to have bathrooms inside their own houses, prior to lodging tourists. Yes, by 1991 there were still places in Europe where peasants had their bathrooms outside their houses.

We tried to balance those investments by upgrading the percentage of grant awarded to the projects that fully met our standards. (the mean grant in that period for tourism investments was about 25 -- 30%. In the area of study it was 35%, provided the project fulfilled the standards) We understood that the sustainability of these enterprises would lie on their ability and capacity to attract affluent tourists (or tourists with high expenditure habits) throughout the year, so we gave our entrepreneurs a sight of what people would expect of an accommodation, and then taught them how to operate and how to market their products, and how to take advantage of the resources that were at their hands (nature, environment, tradition, gastronomy, handcrafts, and so on).

Compulsory training was a must: every entrepreneur with a grant, was obliged, by contract, to attend at least 200 hours of training in rural tourism management issues: feasibility studies, pricing, operation, marketing and promotion, and how to build up tourist products, as well as gastronomy, costing, and customer service. It turned out that by 1995, the area had passed from 130-140 unclassified bed capacity, to 600 accommodation posts in a range varying from classified rural camping site, and two star hotels and Rural Guest houses. Most important, the average price and services were more or less the same, (excluding the camping site) offering a wide range of accommodation, from fully equipped houses, to bed and breakfast accommodation or agritourism accommodation, to small, "boutique style" hotels in manor houses. We tried to avoid price segmentations, searching for a "supply segmentation", which means that families with children and groups of friends would choose fully equipped houses, and young couples or elder ones choosing among a variety of hotel or hotel style accommodation.

By 1998 rural tourism was almost a "mass product", and unrestrictive policies in public financing of these initiatives meant that the supply side grew faster than the demand side, compelling many destinations throughout Europe to start pricing policies, with dramatic discounts and offers, which are a very dangerous policy to such fragile enterprises.

The area of study, though, was able to maintain its occupancy rates and an average price which was higher than the rest of the areas in the region.

Our conclusion is that quality pays off. Tourism has not saved the economy of this area, but population is steady, diversification means that service sector and agriculture are more balanced now (and there are young entrepreneurs from the area investing there, instead of going to urban areas.) Moreover, people coming from big cities have bought a house and started tourism businesses. Maybe these communities have received some more years of life -- span thanks to this public and private investment (the area is Oscos Eo, in Asturias, Spain). By 2001, the massification of the area was about to happen, due to no restrictions in the number of beds granted in the same area. The success was so big that everybody wanted to invest there. The problem was, the local council continued to encourage the investment through public funding, resulting on an excess of tourist beds. The reaction of local entrepreneurs was to create a local committee to set up standards for bed density and accommodation quality, as well as a set of recommendations to the local government including the need to direct investment to public infrastructures that would complement the local tourist product.

So one of the questions which have come often to my mind for the last years is this one: How do we know when to stop funding? In short, right when the activity has proved itself as viable in the long or medium run.

I now find myself working in a totally different environment, in a country -- Chile, in which public funding for tourism is scarce, and the opportunities for starting new businesses are less attractive than the ones detailed before. And now my question is how to convince authorities that public investment in small and medium tourist enterprises pays off? It does, because it allows the growth of a sort of economic tissue for disfavored areas. Owning a small enterprise also gives self-confidence and self-assurance to people, and ties them deeply to their roots, their communities and their businesses, improving thus the social tissue and the networking process on a devaluated area. But to understand this, first we all have to assume that this is not a problem of eco, rural, ethno, bla-bla tourism, but a question of financial structure and the capacity of SME's to reach financial sustainability.

These types of tourism enterprises agree with small facilities, family run and with a lot of personal commitment on the projects. But this is the weakest point of all, for when the money is lacking. So what we are talking about is how and why should public funding finance the sustainability of small businesses in a world of mergers and acquisitions, and why an entrepreneur would be satisfied with an investment that would allow him or her to lead an easy, downsized life, repay his or her investment, send his or her children to college and have a decent fund for his or her retirement.

Funding Ecotourism through Coalition Building  
Desmond Kaplan

I am involved in a number projects as a planner and consultant where the funding for the work has been generated through the management of a coalition of partners in the project. The partners include local, regional and national government or semi-government agencies and non-government agencies and groups.

This model has a significant advantage to all concerned since it allows the pooling of limited resources to produce results from which each agency benefits. In other words the added value to a relatively small contribution becomes substantial. Each member of the coalition is represented on the project steering committee thereby ensuring a say. Project documents and press releases include the logo of each of the paying participants so each group is able to visibly demonstrate their involvement, gaining public relations mileage at low cost - critically important to most organizations reliant on public/political support. The idea is based on the "win-win" model of mutual benefits.

I am participating in a pilot project (The Yodfat -- Hararit Project -- see below) that I helped to put in place for this purpose and am in the process of setting up another in a different area. In both cases one is dealing with management of environmental quality in rural regions where there are a mix of nature reserves, forest areas, grazing, various forms of agriculture and natural attractions like water. These areas are being visited by increasing numbers of people for recreation purposes; clearing of garbage alone represents a serious challenge, not to mention damage control. The model uses a management and coordination framework that allows for the pooling and efficient use of limited resources while creating an entity that demonstrates good practice and visible, quantifiable results; this in itself creates the conditions for attracting support and funding.

The Yodfat-Hararit Pilot Project: This is an ongoing project that began over ten year ago. Its history provides a very graphic account of the ingredients and processes affecting work in a sensitive environmental context with viable tourism potential. I will try to concentrate on the financial side but, pretty much by definition, one has to connect it holistically to the surrounding milieu in order to gain a useful understanding of the picture. The core territory of the project is about 100 sq. km. in the Central Galilee Region in Israel. Most of land is reserved for open space in one form or another and is designated in regional plans as being of high environmental sensitivity. It is surrounded by several towns and villages providing an immediate population of some 50000 people while being within one hour traveling time of the all of the Haifa metropolitan population numbering some 1 million. The village where I live, Yodfat, is one of three small villages (total population under 2000) within the core area.

First Stages -- The Local Situation: It began in the early nineties when I was given the task of preparing a tourism development guide-plan for Yodfat. The village gave me a modest planning budget of some \$3000 and we received a similar amount through a program of consulting services aid for tourism development that is managed by a partnership between the ministries of tourism and trade and industry and other bodies including NGO's (too many details required to spell out the complete who's who). This plan became the first tool whereby the community of Yodfat could begin to develop a workable understanding of the framework within which publicly provided infrastructure



could provide a platform for entrepreneurial activity while controlling the excesses that unbridled free enterprise are too often capable of producing, to the detriment of local quality of environment and life in general. The plan set out to provide a local basis within which these activities could be balanced combining public and private resources and interests. Various impacts were studied including the relationship between residential areas and tourist businesses, optimization of traffic, parking and so forth. Today, Yodfat (pop. about 350) is visited by some 100000 people per annum. There is much room to improve but essentially it is functioning, in an at least minimally sustainable way, as far as interaction with residents is concerned. The main tourist business/attraction in the village has been functioning for some ten years. It is a facility called the "monkey forest" that comprises a large wooded area (enclosed) in which squirrel monkeys run free; visitors wander about in the same enclosure as the monkeys, interacting with them -- we will not go into the ecological questions here! In addition there is a ceramicist, food outlets and even the local grocery store benefits from the tourist traffic. The local textile plant has opened a factory outlet which has become an attraction in its own right. Each business is investor financed while municipal taxation of these businesses provides funding for environmental maintenance in the village itself. The problems start to appear as one goes into the surrounding countryside where the connectivity between a business and the environment become less clear. More and more visitors spend time in the surrounding open countryside, challenging its carrying capacity.

**The Wider Regional Context:** The attractiveness of the surrounding countryside, the proximity of a "target" population and the desire on the part of the local political leadership to promote local economic development led to a plan in the eighties that designated three major additional tourist development nodes in the core region. The concept was based on private enterprise being attracted to invest in hotel-type attractions in the area. Before it was finally approved, a local coalition of the three villages in the core area began to challenge the wisdom of this plan pointing to the need to support local small-scale businesses and expressing concern about the environmental damage that might occur if large corporate scale projects moved in -- the preferred idea was to promote development based on the principles "small is beautiful" and ecotourism. I acted as a professional consultant to the group on a voluntary basis. Being a stakeholder myself, I was concerned about environmental deterioration in my back yard and exposed myself to accusations of practicing NIMBY (not in my back yard)! This made it all the more important to present well rationalized and professional arguments. The thrust of the objection to adding more development points was substantiated by a new national tourism development plan that was produced at that point in time and others who argued forcibly in favor of developing tourist services only in existing settlements rather than "invading" open terrain and bringing in more infrastructure to otherwise relatively pristine countryside. We were able to refer to these new plans to good effect and start a process of rethinking the development of the region.

**Funding Planning and an Implementation/Management Framework:** After a number of false starts the local (three villages) voluntary coalition got the backing of a local environmental NGO who then provided the first seed resources for a campaign that led to the funding coalition which backed the production of a new alternative plan incorporating

principles of sustainable development including ecotourism. The \$30000 budget for the plan was split between the JNF (forestry authority), the tourism ministry, the nature and parks authority, the environmental NGO mentioned above and the regional municipal authority. The plan includes the setting up of a management body to oversee the implementation of the plan and to coordinate ongoing environmental management of the area, including cleanups and development of tools for managing carrying capacity issues. Today the new plan is in place and the management body is functioning in a pilot capacity. A special feature of this body is that it requires no special additional funding since it employs the existing staff and organizational and logistical infrastructure of already existing institutions, exploiting channels that are already in place. The "trick" is to get these existing bodies to coordinate and focus in ways that generate the added value required. This pilot project is an ongoing learning experience that has already fed other projects. There is still a long way to go but we already know for sure that one of the most important ingredients for success is ongoing leadership and vision backed by professional and management skills.

#### Tanzania Examples Andrew Hurd

I've been trying to keep up with all the interesting and thought-provoking comments and have decided to throw my two cents into the mix, particularly in response to the ideas submitted by Messrs. Hinchberger, Robinson and Hillel. In my experience here in Tanzania, many existing and potential investors in tourism fully understand the market potential of eco-tourism and would like to either re-invent their existing lodges or programs to capture that market or develop new enterprises to do the same. However, they are facing some major obstacles:

First, limited technical capacity and understanding of what eco-tourism is. The term has been over-used to the point that it has too many meanings, and thus little meaning at all. Investors think that all they have to do is use natural materials, hire local people, provide nature guides and donate a small percentage to the local community development fund and they are doing eco-tourism. It's this last item that leads to the second obstacle.

Second, investors are fed up with local community politics, i.e. money is not used for purposes intended. Village leaders sign agreements with hoteliers stipulating that the money will be used for furnishing a school or building teacher houses, but more often than not, the money goes to other uses, including pockets. Investors get frustrated and stop payments, killing any chance for a mutual beneficial relationship. Their attitude becomes, "why should I be a bloody philanthropist when the community leaders just pocket the money?" It is important for all of us to keep in mind that not all local people/villagers/local communities are honest people and that the misuse of funds we see at top levels of government also trickle down to the local level. Investors are unwilling to take the time to work out a rigorous and transparent relationship with the village (the third obstacle).

Third, as many have written in this conference, doing eco-tourism right takes time. Often, in an effort to show the communities immediate, tangible results, the investor will make a good faith donation and buy building supplies or schoolbooks for the community. This raises expectations that most likely will never be met -- local communities get used to the idea that money will just keep coming in, regardless of how successful the tourism enterprise is. Linking tangible benefits to the success of the enterprise is extremely important, as is avoiding un-tied donations.

As a result, many hoteliers and tour operators realize after a time that they can run a successful business without the hassle of dealing with the local community (though many continue to advertise that they have excellent relationships with them). Let's be honest, the eco-tourism market, though growing, is still quite small and many, if not most, tourism investors will abandon the concept once they realize it isn't a quick, cheap and easy prospect. I would argue that lack of financing doesn't mean that an investor won't develop a tourism enterprise, but that the investor won't go the extra mile to develop it responsibly, using the triple bottom line as a guiding principle. It's this extra push (or is it pull?) that is needed.

That being said, if these frustrated investors, in partnership with local communities, could tap into some funds and technical expertise, most would be quite happy to give it a shot. An idea that I've been playing with here in TZ is to establish a private foundation (with a boring name like the Responsible Tourism Foundation) that provides small grants/loans and TA to coalitions of local communities, private investors and local government (a la Mr. Hillel's idea of establishing a platform to channel funds). Though I am hesitant to create a new institution (TZ has over 1,000 NGOs, the majority of which are briefcase in nature), the need for such a foundation is clear to me, at least in this context. I've seen too much donor (bi- and multi-lateral) aid tip-toe around tourism without committing funds to where it is needed the most -- getting responsible tourism enterprises up and running. Tourism Master Plans and Marketing Strategies are great, but it is time that a system is set up to 'incubate' and sustain strong tourism coalitions.

The Foundation would focus on the following four aspects: product development (I've seen too many good ideas being tried in the wrong places and vice versa); TA in areas of site selection, infrastructure provision and design of accommodations (green building) and business plans; assistance in developing strong, transparent relationships between all partners; and joint marketing efforts. Another activity (which I've already put in progress despite not having set up the foundation) could be establishing a Stewardship Awards for Tourism initiative to recognize the leaders in responsible (environmental and cultural/community) tourism and to encourage others to follow suit (the major incentive being marketing value). The Foundation would set eligibility criteria and assist coalitions in developing funding proposals (only coalitions of partners could apply for the funds and TA -- applications from sole communities, local governments or private investors would not be eligible). The Foundation would use models and experience that seems to be working (the Cultural Tourism Program, funded by SNV in TZ, is one such example).

Of course, the big question (that I have no answer to) is who is going to supply financial assistance to the Foundation? Mr. Hillel's idea of an inter-organizational system is good, but I worry about the ability of those organizations to 'let go' and work together (and agree on standards and eligibility criteria). Are CI, WWF, WTO, UNEP, UNESCO, World Bank and others ready for this? Boy, wouldn't that be nice ... Let me stop the rambling here. In short, I propose that country-specific private foundations (eventually networked globally) would be well-placed to give local communities and investors that little extra push to work towards developing, and sustaining, responsible tourism.

Three Notes  
Oliver Hillel

I could not agree more on the direction of your proposal, a network of community-based ecolodges. Only the economies of scale of a network like this can cover the challenges of operating and selling real ecotourism products. Three notes:

1) I would shape the proposal as a business incubator as well: for a couple of years, the budding ecolodge and sales management businesses will need a decreasing dose of four essential components of support: basic and practical business education (business management, financing, human resources management, marketing, etc - traditional communities often have a long learning curve to really understand the nature of business as a going concern, the concepts of economic capital, risk management, markets, etc), regular consultancies for business planning and feasibility studies, credit for development, and marketing assistance. Otherwise they might die on you... even with this, the risk is always there.

2) I've been involved in a model somewhat different from the one you describe, that in spite of difficulties has evolved well since 1998, in the Guatemalan city of Flores in the Peten. There, several independent community-owned businesses, ranging from ecolodges to Spanish schools and homestays and to forest products, are marketed by an enterprise called Ecomaya (see <http://www.ecomaya.com>), with shares held by the NGO ProPeten (associated to Conservation International) and by each individual community-based business - if it didn't happen already, the NGOs shares will eventually be bought back by the others. Ecomaya is then a kind of non-exclusive distributor (although some community businesses such as the Ecoescuela de Espanol have decided to grant Ecomaya exclusive contracts). Over time, this marketing business mostly became a tour operator (as non-timber forest products are harder to produce and market), and has been leveraged by some green credits. The model is somewhat different from the one Alan proposes as it is more independent - your chain of ecolodges seems to be more centrally managed, with communities having a predetermined share.

My experience is that it is hard enough to support the self-management of a single community, so if your model requires several communities to work together, coordinated under the guidance of some umbrella NGO or so, the risk of disaggregation and lack of ownership/commitment is big. Why not establish each of the ecolodges as a separate going concern, independently managed, and establish the management/reservation chain as one (probably the biggest and most efficient) marketing and distribution channel - but

let the communities figure precise relationships with the operator/marketing agent out by themselves as much as possible. Some will probably be more successful than others, and risk is always there, but the arrangement is much more sustainable as it develops management skills from the start, and independence from the project and grants scheme is much nearer. It would also be a sounder way to disburse the up-front profits you refer to: the big risk being that these "profits" be taken as salaries instead, creating the expectation of regular payment against a changing market... Non-exclusive arrangements with the reservations service/distributor would be good for two reasons: it would add the possibility of direct sales for each lodge, and it would open the way for the distributor to choose other products to increase its product portfolio.

3) I would factor in a conservation pay-back scheme from the start - it's much harder to do it later... Is there a plan for a community-run or private protected area close to the reserve you mention, financed from lodging rates? Will the lodges pay a fee to the reserve management? Are there clear standards for conservation?

Travel Learning Connections  
Carol Patterson

I would also like to comment on Andrew Hurd's wish list for Stewardship Awards for Tourism initiatives. The Educational Learning Conference organized by Travel Learning Connections has such a reward program. It is called the Responsible Tourism Showcase and is held in conjunction with the Education Learning Conference (formerly known as the NonProfit Travel Conference). Now in its fourth year, these awards recognize responsible tourism providers for their efforts and attempt to strengthen their viability by providing them with exposure and introductions to major travel planners at universities, libraries, zoos and museums. This year's focus will be on Africa, North America and Japan.

Awards can be effective  
Ron Mader

Awards can be effective -- often more so than any certification program, as Michael Kaye pointed out a few years ago. I've been able to develop more business contacts for Planeta.com having won Mexico's "Lente de Plata" and CI's Honorary Mention among other -- [awards](#). As a judge for Conde Nast Traveler magazine, I've been able to vote for global pioneers, and for the past two years Canyon Travel provided \$1,000 for Planeta.com's very own [Colibri Ecotourism Award](#) -- and it's great to see 2001 Colibri winner Antonio Suarez and 2002 winner Marlene Ehrenberg taking part in this event.

Business Concern?  
Rengyu

I fear to trek into this discussion as I imagine at least some of the other 'silent participants' are, as it does seem, as Paul has pointed out that the "tone of the discussion is heavily business [or intellectually] based".

However, I would like to question whether all ecotourism is really a business concern at all. Or if by being 'financed' by banks or institutions that demand so much, the 'look and feel' and tradition of the village is basically altered. Do ecotourists really wish to experience projects that have been financed by banks and institutions, that are subject to reports, statistics, master plans, ISO standards, et. al.? Perhaps in some cases, but perhaps not in all. In a worst case scenario -- after having trained up the indigenous tribal families in management, finance, marketing, internet skills and such, they would probably be inclined to leave the village and get a job at the UN (just an example, Hillel). It seems these discussion are either like this or heavily 'intellectual' in content - of course nothing like the non-virtual international conferences held in five-star resorts. But most probably I'm totally out of line here and beg forgiveness for sticking my head in where not appropriate. I did like Paul's suggestion that perhaps the question be seen on a local and indigenous level and we could "learn" other paradigms of business and finance, which seems to me to be an integral part of ecotourism. "Unfortunately, in many rural settings finding such people to lead ecotourism projects is one of our major challenges." Isn't that at least part of the attraction (and thus financial viability) of rural ecotourism 'projects' is that they are not the kind of people financiers would lend to? Of course this would also put a lot less need on consultants and experts in the field.

Response and a Question  
Desmond Kaplan

I would like to thank Mark Willuhn for his insightful, "feet on the ground" and business-like remarks that are so relevant to practitioners in the field. The point about funding regional infrastructure and its long term maintenance is particularly interesting in my view.

I am confronting identical questions in my own work and am sure that the issue is pretty universal. I would like to suggest to the participants and organizers of this conference that we explore the possibility of using this forum as a springboard for initiating the establishment of a database that includes case study and other research material that will provide a tool that can be used for explaining (and marketing/selling) to government or state institutions the economic contribution that can be made through investment in development and long term maintenance of environmentally special areas. One could imagine that convincing arguments and marketing strategies can be put together for this purpose, if we could coordinate our efforts. State investment in ecotourism infrastructure and its maintenance needs to be seen as no less important than investment in other economic infrastructure; in the long run it should also produce the kind of tax base that will make it sustainable. In other words I am suggesting that we work together in order to put together a convincing cost-benefit picture. Maybe Hillel Oliver could suggest sources for funding an initiative of this kind with the help of UNEP?

Responding  
Ana Garcia Pando

Once we invest public money in an infrastructure, who is going to care for it? And during the first years of the EU initiative (1991 to 1995) many investments died due to lack of continuity once the funding had disappeared. But since then, a good knowledge on local management has been created. I might have sounded very business-like in my last messages, but when we talk of business plan, we give it for granted that a realistic market approach is included, as well as a locally managed plan for continuity once the funding is over.

We are dealing with a more profound issue here: where local governments have the ruling over their territories, resources are found to pay for maintenance and conservation of infrastructures, for they are felt as owned by the community. Tourism, as a tool for land management is helping redesign the role of local governments in Europe, for they are the institutions which are closer to the territory and the people, and best results have been obtained by transferring both the funding and the actual ability to intervening in the territory to the local governments.

Thus, many publicly funded infrastructures have become a source of income for local governments who are obtaining economic resources from the touristic operation of such infrastructure, enough to attend their own maintenance and preservations. In other cases, public bids are called and local entrepreneurs get access to manage the infrastructures, paying an amount to the municipality and catering for the conservation needs of the infrastructures. No "business plan" , no "great idea" and no infrastructure funding project is admitted to public funding without a clear description on how it is going to operate once funding is over. This way, public infrastructure also become a new source of employment.

Yardsticks  
Rengyu

I'm afraid that I must admit to object to western or western-influenced people in the 'business' of tourism, or even people hiding behind a facade of a non-profit NGOs (while drawing fat salaries), exploiting the concept of ecotourism. It is to me on the same or perhaps a lower level as five star hotels saving on laundry costs and claiming to be green. This is what I believe has lead to much misuse and misunderstanding of the words of ecotourism, cultural tourism, sustainable tourism and community tourism etc. It is the eco, community, sustainable, that comes first and not the 'tourism'.

I realize there are no universal answers or solutions, but I do think there are and can be alternative world views and ways to do things, discovering and giving value to these are to me giving more value-added meaning to ecotourism. If it can lead to opening the eyes and minds of visitors to different paradigms of thinking and doing things (not just basket weaving and cheap handicrafts gimmicks, but even business management & finance and alternative social and political systems, etc.) then to me the ecotour program is a grand success. If we have to change the native people to become like western clones to compete in the international market economy as it is today (i.e. to compete for loans & financing to become profitable), to me -- that could mean the complete failure of ecotourism. I do

realize that this may seem to be a rather radical view, but that alone should not invalidate it. I appreciate Mary Finn's ideas a great deal.

There are other yardsticks by which to measure the success or sustainability of an ecotourism program other than financial.

### Exploitation and Greenwashing John Shores

Friends, I confess that I go even farther than Rengyu in objecting to the "exploitation of the concept of ecotourism," whether by Western, Eastern, Northern, or Southern people. While "green-washing" by luxury hotels technically may be a step in the right direction, it is the smallest step they can take instead of doing nothing. It accomplishes little other than confusing the travelers about what are the real paths to sustainability.

In work promoting the community-based tourism programs in the Peace Corps, we focused on community empowerment as the first goal (similar in many ways to the programs Mike Robbins recently described for Canada). A community that feels it is in control of its own destiny can then look farther into the future and shape its own development. In the case of Peace Corps, the Volunteers were not under any pressure to promote a particular program or initiative. Helping the community to analyze the opportunities, understand the consequences, and choose in an informed way was plenty. In some cases, communities approached the Volunteers for assistance. They might hear of a community bed & breakfast in a nearby town, or see tourists on the river passing their village in canoes owned by people from another village. They wanted to know why tourists were not stopping in their village, or they asked for help in building a rest house or buying outboard motors for their canoes. By using techniques like one called "appreciative inquiry" a village or community could identify its own strengths and decide to build new efforts around those strengths. Education was a part of nearly every program, often including business-related skills like literacy, numeracy, accounting, and management. Visits by village leaders (often with representatives for the men, women, and youth) to similar villages with more experience with a particular development project were extremely useful in providing concrete examples and building networks of peers.

When an empowered community decided on its own to take an incremental step into tourism, it often amazed me with the quantity of financial resources it was able to assemble to meet a chosen investment goal. In communities that seemed (to me) to have little or no cash moving through the economy, the family savings were sometimes astonishing. In no instance was anyone trying to force a change on a village or community. I agree with Rengyu that forced change would be a disaster, and from my perspective wouldn't meet the goal of cultural sustainability that I expect of a program that wants to qualify as community-based tourism.

At the same time, preparing a community for change is one way to buffer them from some of the negative effects of increased commerce with the outside world. While it is possible to present travelers with an "authentic" experience with the hope of educating



the traveler, it is probably more likely that a far greater social and cultural change will happen in the community itself. On a number of occasions a village leader has told me how she (or he) was saddened because so many of the young people moved to the larger cities or the capital to look for work, and almost in the same breath confided that she hoped her oldest child would be able to go to highschool and on to the university. We cannot stop these changes and we would be presumptuous even to think it was our decision to make. But we can help communities to foresee, understand, and make informed decisions about these changes as they approach. Community-based tourism gives communities a set of tools for participating in the travel economy. Self-financing gives some measure of control. Offering education and training so that members can participate in the travel economy at higher decision-making levels is crucial to their empowerment.

Rengyu Mru raises some very good questions about how we view "sustainable" and "profit" in a nature-based tourism setting. And I agree with Rengyu that it is possible to have a successful operation without "a well-defined master plan, trained managers, financing" -- but these examples often depend on one or two very enlightened individuals, are difficult to replicate, and are not really institutionalized. Counting on them as a model is not very useful.

But I think we need to keep in mind a few key things about financial profitability. There is no free lunch. If an operation is not profitable, it can only exist (once the initial capital is exhausted) if it is being subsidized. We need to be very careful where the subsidies are coming from (or being extracted) because these are not always obvious.

For example: A family might dedicate time to producing handicrafts to sell to tourists in order to generate cash income. But this takes time away from other productive efforts such as agriculture that might feed the family outside of the cash economy. There is a direct tradeoff of food for cash, but the new cash income may not really offset the lost food production. The family may now have to buy foodstuffs that otherwise they would have grown themselves. And sales of craft items by neighbors may put more cash into the local economy, causing inflation. Maybe a child is pulled out of school to tend to the craft sales. My point here is that there are consequences to the decisions to pursue tourism and many of the consequences, and costs, may not be obvious.

Rengyu also suggests that an ecotour may be successful (satisfied guests and benefits to the community) without itself being financially profitable. I would predict that while the community might be happy with that scenario, the particular ecotour operator would soon go out of business.

The sustainability issue is one that deserves more discussion. To qualify as sustainable tourism, a tourism system must not adversely affect the environment. Ecosystems must remain intact. Species diversity and richness must be maintained. The biosphere must not be degraded. Anything else is not sustainable. (I present this argument in more detail at [http://www.geocities.com/shores\\_system/ecot](http://www.geocities.com/shores_system/ecot)).

Economically sustainable essentially means that all of the affected parties would be willing to continue the particular activities, with the current distribution of benefits and costs, indefinitely.

Culturally sustainable is a more challenging concept. Tourists might be attracted to a community because of the agrarian, remote, and non-commercial quality of life there. The community members might look to tourism as a way to diversify the economy, end their remoteness, and bring more amenities to the community. Those two paths are rather divergent, especially if one heeds the words of tour packagers and operators who tell us that travelers are seeking an "authentic" experience.

#### Rural Community Perspective Mary Finn

I agree with much of what Rengyu, Paul Sanchez-Navarro and others have said -- I think there IS a viable model for community-focussed ecotourism which does not impose either western business standards of management and business planning, nor of quality standards. Of course, there must be some degree of planning and financial management, but it seems to me that should be tailored to the culture and the ways of the community, rather than artificially imposing specific methods used by outsiders. As an example, many of the people in our rural Ecuadorian community are extremely entrepreneurial, as the circumstances of their lives and the local economy make them of necessity good at bargaining, bartering, making do with scarce resources, adapting to changing circumstances, etc. Most would be intimidated and put off if you put a thick business plan in front of them -- but have no problem if you break it into component pieces of action lists for marketing, investments in infrastructure, training, etc.

And a business plan is after all nothing 'magical' or complicated, it's just a conventional tool used to make sure that important planning steps or actions are not overlooked (and to ensure that all stakeholders involved are equally informed and working on the same assumptions). It seems more appropriate to large, complex projects which need extensive planning coordination, and especially as a tool for proving to outside financiers that the project managers have done their homework, are well-organized etc.

Similarly with the quality element - as Rengyu and others have pointed out, you lose the authenticity of poor rural community if you impose western standards of luxury or try to meet the 'preferences and expectations of a wealthy New York business person' (as one of the participants remarked). My question is -- shouldn't ecotourists be thinking about meeting the preferences and expectations of the communities they visit, instead of the other way around?

I know in practice there usually must be a compromise between the two, but I do question whether 'luxury ecotourism' - which by definition caters more to visitors' high standards of comforts than to the local community's norms - isn't an oxymoron. If a fundamental tenet of ecotourism is to really learn about and interact with local community members, shouldn't 'eco-visitors' be ready to adapt to the community, or at least meet them half-way

in terms of standards? In conventional tourism, the more a client spends, the more luxuries they want -- but should that be the same in ecotourism? How can an experience be authentic if visitors are paying over a hundred dollars a day to enjoy gourmet meals served up in the midst of a poor community where incomes may be only a few dollars a day?

Having said all of this, and getting back to the small, community-run ecotourism model, I think that this can be sustainable, and also 'profitable' in the sense that Rengyu and others have pointed out. Not necessarily by the measurements used by conventional financing sources, but in terms of providing alternative incomes for poor communities, which allows them to conserve rather than use up their natural resources. I feel this has been the case for the community of Santa Lucia in rural Ecuador.

An approach that has worked well as far as financing Santa Lucia's startup (and that could potentially work for other communities) was to concentrate initially on receiving volunteer vacationers (university students and professionals on extended leaves of absence) instead of full-fledged tourists. Volunteers pay less, but stay longer, and are also more willing to tolerate less than perfect conditions or unfinished lodgings, and even help finish constructions, build trails, design pamphlets, etc. This type of approach also integrates well with other community projects, such as sustainable agriculture, reforestation, conservation etc., as volunteers provide labor/expertise as well as funds for these types of projects.

In this sense, the volunteer program has served as a phased-in approach to ecotourism, which allowed the community to self-finance part of their capital needs and provided an opportunity for the members of the community to get on-the-job training in various aspects of this new business. At the same time, it has served as a defacto barter system in the case of many professionals who have come and helped the community with conservation planning, English education, computer skills, etc.

And unlike most commercial institutions, and even many NGOs (whose systems are generally closed to unconnected outsiders), there ARE individuals and organizations open to helping previously unknown, rural, third world communities, especially in the area of volunteers. Just to acknowledge a few -- Ron and his Planeta.com, Ami Dar and Idealist.org, Workingabroad.com, and Earthfoot.org. I'm sure there are many more, but the problem for many third world communities still remains -- how to find out about these resources, and how to take advantage of them (since to do so requires some level of internet savvy and English ability, both fairly large hurdles).

I'd like to end with a short 'wish-list' of financing/startup/marketing mechanisms I think could be very helpful from a community ecotourism perspective:

- SME incubators and free or low-cost 'extension' and training services
- Sources of micro-credit, at lower international interest rates (as local interest rates in places like Ecuador are prohibitively high.)
- More open sources of information and technical and financial aid, something like an ecotourism consulting 'corps' (similar to Vista volunteers?) Even a clearinghouse or

listing of professionals with expertise who are willing to do pro-bona work for communities or offer their services via barter could be helpful.

- Inter-community networks for direct community-to-community exchange of information and experiences.
- Possibly the establishment community marketing cooperatives, to share internet expertise, advertising expenses, etc. (but with open membership and no exclusivity so that member communities retain control and it doesn't become a defacto marketing monopoly).

## Sustainability and Success

Ana Garcia

**SUSTAINABILITY:** continuity in time, with no endangering of resources. (including financial resources)

**SUCCESS.** Profitable (in whatever sense: spiritual, personal, economic, financial, cultural) enough to encourage the investor to maintain the operation

The scale of profit is what makes ecotourism businesses a choice for a special type of entrepreneur or a typical choice for "locals",. (for they don't need to move infrastructure, resources, headquarters, staff etc to a distant area, there is lesser capital cost). So what I mean is that to be sustainable, an ecotourism business needs to be successful -- success meaning generating a minimum return to cope with debt, to repay the investment, to sustain a minimum marketing strategy and to permit its workers (or owners, typically the same people) lead a decent life.

I have dealt with business plans in which cash flow was measured in "cows". But I do call that a business plan, for the person sat down, foresaw when he/she would have the need for money and when he would be able to sell that cow to cope with that specific need of financial resource for his/her project. I have also convinced bank managers to grant loans based on availability of cows to be sold. But I have never ever seen a person trying to start the most humble business without taking into account how much money he/she would have to invest, where that money would come from, and how much money he/she would need to get as return to cope with debt and to feel the effort worthwhile. That is why I call a business plan, and what I call sustainability.

## Strengthening Capacities

Cuahtemoc Cedillo

I agree with the view about the necessity to have a good business plan (or a Master plan, somebody said) , but also in my experience is more decisive for the survival and success of any project in the rural world, to get the adequate people, leader(s) and operator(s) with the abilities in conducting the project, as well as the people involved, in changing conditions (social, economics, politics) that are the normal situation in our undeveloped countries.

Thus, I think one of the most important financing objectives, to have success in this productive-conservative alternative that is ecotourism, is to identify and strengthen the capacities of such potential leaders and operators. So, I think is necessary to create and support some regional ecotourism schools, learning by doing, sharing knowledge, and constructing the bridges between different conceptions of life and cultural profiles.

NEWS: Ten years after the Earth Summit that was supposed to save it, Rio bay still stinks - Michael Astor/Associated Press

"RIO DE JANEIRO -- When world leaders were flying into Rio for the 1992 Earth Summit, their nostrils were assailed by a particularly nasty example of the ills they were here to debate: the dense, putrid stench of Guanabara Bay. Ten years later, after a huge internationally funded cleanup, and a week before another Earth Summit opens in Johannesburg, one thing hasn't changed: Guanabara Bay still stinks ... The Inter-American Development Bank and Japan's Overseas Economic Co-operation Fund have poured nearly \$800-million (U.S.) into cleaning up the bay. But a recent audit by the Japanese fund found the program ineffective and behind schedule."

Response  
Bill Hinchberger

One reason Bahia is displacing Rio as Brazil's primo tourist destination: state capital Salvador has begun to clean-up its act - both on and off shore. To be a top-notch tourist destination, a place must offer good quality of life to the locals. Doing some out-of-the-box brainstorming, I wonder whether foundations might be more likely to fund tourism projects that include broader social and/or environmental aims. Anybody know the answer?

Weaving the Web  
Ron Mader

As background to this short essay, I would ask readers to consult Crawford Kilian's essay "Why Don't Government Sites Speak Your Language?" -- <http://www.content-exchange.com/cx/html/newsletter/3-8/ck3-8.htm> -- in which he says that most government sites have predictable errors: "An absorption with the originator, clumsy navigation, and not much opportunity to respond. The intent is clearly to overwhelm the visitor with one-way information." The same is true in this niche.

Trying to find detailed information about specific tourism projects, upcoming contracts or evaluations is next to impossible on most finance institution, development agency and conservation group websites. A few weeks ago I attended a review of a World-Bank funded survey of ecotourism in Oaxaca. I asked at the meeting whether or not I would be able to find details about the contract online their website -- <http://www.worldbank.org>. The WB anthropologist said probably not. My opinion -- when such work is conducted in secrecy, the chances for synergies, coordination and success diminish.

A good example is the Organization of American States. A couple of years ago I was contracted by the contractor to develop a website for Central American tourism. It was to be part of a regional "Destination Management Service." -- [http://www.oas.org/tourism/TC\\_DMSCA/Bolet2.htm](http://www.oas.org/tourism/TC_DMSCA/Bolet2.htm) -- It failed. Though nowhere on the OAS website will you find a review of what happened, or -- looking forward -- what type of tourism work will be funded in the future.

It is easy to play the "what if" game, of course. But if the Central America DMS has been developed from the ground-up, with open communication among stake-holders, I have no doubt that the website project would have been a great success. Instead, it was developed (and funded) in a top-down manner that could not feed the base support of the companies and visitors.

The Interamerican Development Bank -- <http://www.iadb.org> -- has a fairly confusing website. IDB work in this field is notable, but articles about its ecotourism projects do not link to any background documents, nor is there a section about tourism. For those who can pay, the bank provides detailed information about upcoming projects <http://condc05.iadb.org/idbprojects> -- shouldn't this information be freely available?

Looking at foundations -- <http://www.planeta.com/ecotravel/links/foundations.html> - - we often see lists of projects that have been funded. Information is usually kept to the basics. Rarely do we see evaluations or even links to the grantees. And since foundations seem to change their mind quite frequently, we don't see any long-term commitment to sustainable tourism financing.

Suggestions: Institutional websites need to learn to speak the language of their visitors -- stakeholders who are not only consultants but also those affected by policy. These websites ought to provide more timely information and be more interactive. I would love to see public forums based on topic or region. And I have no doubt that big changes are under way. Frankly, I could not be more optimistic. This year I have had more positive contacts with executives and other top-level decision-makers who are using the Web for the first time. We might also consider forming a working group to provide a sounding board to evaluate the websites and provide practical suggestions.

Response  
Oliver Hillel

One response to Ron's evaluation of the inability of development agency websites to share the experiences they fund is that, most often, the agencies themselves do not coordinate (even among their own program officers) in specific areas such as sustainable tourism.

The Interamerican Development Bank only has a working group on tourism because some officers refuse to let go of this opportunity. The bank never created any exchange mechanism, nor does the existing informal group get any official recognition (imagine if they were given a few coordinating assignments, how much more efficient future

programs would be...). The World Bank produced a few papers on the subject, in specific geographical regions, but no coordination between regions, or across main theme areas, exists. Same with USAID. The OAS's tourism team, so efficient in the '70s and '80s (when they produced absolutely groundbreaking work in the Americas - the network of experts from those times still moves this field) is not functional anymore. What about Europe? Nothing much better. With the possible exception of DFID, who consulted with all its peers for the (now inactive) Tourism Challenge Fund, there is no real coordination among tourism experts from bilateral and regional organizations. People at GTZ, SNV, or the various Directorates of the European Union, have a hard time exchanging experiences in their own organizations, let alone international coordination. There still is a barrier across the Atlantic in terms of exchanging experiences in sustainable tourism projects.

The usual suspects meet with certain regularity (as they did in Quebec), helped by external agents such as Universities, NGOs and trade associations - informally. The institutions themselves are impervious, resistant, and suspicious of those coordinating activities, for various reasons explicit or not. One of the efforts of various IGOs and NGOs, using the opportunity of the IYE and the WSSD, is to coach and nudge these organizations into closer cooperation, joint standards to avoid past mistakes, and pooling of resources for increased efficiency. Little wonder that the websites do not share information and experience on sustainable tourism: the organizations themselves do not do it, and websites can at their very best only be as good as the institutions producing them...

#### Lessons Learned

Ana Garcia Pando

From my point of view, the report [Survey of Ecolodge Economics and Finance](#) is one of the most clarifying documents about what actually is this business. I would like to emphasize a few points that are key to future development:

First: the lack of data. It is very difficult to fill in the information gap with so little international agreement on statistics, and regulations and standards and so on. We need good information and accurate data on actual performance of these companies, good and bad practices, and mistakes not to be repeated.

Second: these businesses are outside of traditional capital markets. We guessed, but we are afraid to recognize it, lest it means that our business is not serious. It is, even if it is not attractive to huge investment or relies in non formal investors, such as family savings, mortgages or friends and relatives financial support through good and evil.

Third: surviving the first two or three years is as difficult as surviving the second two or three years. The financial fragility of these businesses makes it very difficult for them to grow at the needed pace. It is difficult to get more investment when most of your business belongs to the bank, and the return of the investment is uncertain within a reasonable deadline. So it is difficult to increase the number of beds, or strengthen the

marketing campaigns or being competitive in rates and discounts against bigger companies.

So, before entering this business, there are some questions that need to be answered honestly:

First: What do I expect from this business? A way of living, or big fast money? Second: Do I have the financial capacity to build it up, to market it and to operate it for the first three to five years? Third: Do I understand that this is going to be a self-demanding activity, with lots of personal dedication and little economic compensation (compared with regular jobs?) The answer to these questions lies in an accurate business plan, which depends on reliable market information, (accurate international data) a great deal of personal commitment, and a bank loan which should never be higher than 65% of the total amount of investment (at least in my experience, and considering average occupancy rates between 35 and 60% at rates ranging from USD \$60 on)

In our experience with EU-funded rural development programmes, training of prospective entrepreneurs was very important. Most of the times, grants were conditioned to obtaining a certain minimum level of training, which was completely or partly funded and provided by the local agencies which were promoting rural and ecotourism. When funding programmes were assessed, technical support offered by these agencies and training were items most valued -- over financing and grants. The fact is that providing people in the same region with the same tools allows them to speak the same language and naturally start networking and developing a similar standard of product, and environmental consciousness which is key to prevent mass developments and its disadvantages. Our training was devised the following way:

"Starting a Tourism business": 100 hours course comprising tourism legislation, financial issues, environmental and ethnological resources in the area and the approach to sustainable tourism. Product and service design. Sociology of modern tourists among others. A feasibility study was carried out for free for each participant, in order to evaluate each idea before it became an investment and help them devise the best approach with their own resources. Some other courses were carried out including technical exchanges with similar regions with higher levels of tourism development, and more specialized modules including traditional cooking, how to solve conflicts with guests, tourism distribution channels and once again, financial issues.

With at least 200 hours of basic training, people were ready to opening their businesses. As funding programmes lasted at least four years, some other courses were carried out, in response to expressed needs. Another useful experience was developing a distance-learning course for rural tourism start ups. It was financed by a Foundation and it combined written materials with classroom lessons (the least) in a highly depopulated area where transportation was very difficult. The public being rural women, most of which did not have their own car, distance learning proved a very useful tool, and also meant the only chance for these women to have access to some kind of education. In my opinion, non political or ideologically biased training is key to this. Next question is: who



is/should be financing this training? When training became a big business, many problems arose. The lesson learned is that training people to managing their businesses really help sustainability both in the short and long run.

Lessons learned  
Carol Patterson

As it's been my experience that banks can be very unfriendly sources of financing for ecotourism businesses, many people turn to family, friends or private investors to find money. When soliciting funds from private investors it is important to think carefully about how much money you ask for. Now the obvious reply to that question may be "As much as I can possibly get!" Of course, that would be ideal, but when deciding on how much to solicit from individual investors, the amount should be determined to some extent by the management control that an ecotourism business is willing to give up.

It's been my experience that it's better to solicit a little bit of money for a whole lot of people or, a whole lot of money from a few. Trying for medium size amounts of investments from a medium size number of investors doesn't work. People may have \$5,000 to put into an high risk investment (which is what most startup ecotourism ventures are) and they can be convinced to contribute without placing too many strings on the business owner. Conversely, people who you ask to put in more money, say \$100K+, often want greater assurance that the business will be well-run (and therefore pay their money back). They will often expect some input into the business management, at the very least asking for some control over key decisions. It is very difficult to work if the middle ground. If you ask people to contribute more than "play money" (say \$25-50K) they are often nervous about risking that size of investment without some type of say in ongoing operations. If you trying to raise enough for even a medium size ecotourism business, this will result in an unmanageable level of investor involvement/expectations. On a somewhat related note, I've found that creative approaches are needed when seeking financing. Although you need cash investments for many expenditures, you can often barter for services. Architects, engineers, lawyers, accountants, etc can sometimes be convinced to trade their time in exchange for use of your ecotourism facility or reduced rates on tours. Many professionals perceive ecotourism projects as fun and interesting; they can be very accommodating if they think your project will have some unusual benefit to them. One startup company I know was very successful in getting time from a retired architect for lodge construction at a significantly reduced rate in exchange for use of the lodge facilities when they were completed. I know from my previous experiences that accountants don't get enough fun (apologies to any accountants reading this). So if you as a business owner put forward an ecotourism concept supported by a well-crafted business plan you might be pleasantly surprised at how many people will be willing to help out without chewing up precious cash.

Lessons Learned  
Isabel Sebastian

I would like to share with you some insights that our company has gained over the past four years being involved in the adaptive re-use of one of Australia's largest heritage sites (European settlement heritage that is, from the early 1900s).

The site is the former Quarantine Station, which is a 30 hectare site within the Sydney Harbour National Park that features 65 heritage buildings and stunning views of Sydney Harbour and neighbouring bushland reserves. The site is only 7 miles from Sydney, but it feels like it is a world away. The Station was used from 1828 to 1984 to isolate ship-loads of passengers who may have been infected with infectious diseases during their voyage to Australia. Of the 13,000 people that have been quarantined there over the life of its operation some 500 died but the rest were healthy and went on to live their lives in Australia.

Since 1985, the National Parks and Wildlife Service (NPWS) of New South Wales has been managing the site and realised very quickly that the up-keep of the buildings and surrounding grounds was way beyond what their budget could afford. The NPWS started operating guided tours and a conference centre using some of the buildings, however the return was still only enough to maintain the buildings that were in use (about 12). The rest of the site and its beautiful heritage buildings has been falling into disrepair and only recently two of the oldest buildings burned down (one due to suspected arson and the other due to an electrical fault).

In recognition of the need for an on-going solution, the NPWS called for tenders (in 1993) from tourism operating and development companies to come up with proposals for restoring and using the site. After a lengthy selection process a company was chosen as the preferred tenderer in 1998, who we have been working with ever since to develop the proposed tourism product and operation and to finalise the Environmental Impact Assessment. The proposed operation is using all existing buildings (no new buildings are being constructed) as a hotel, conference centre, guided tours, sound & light tour, education centre and restaurant. The terms of the pending lease are still being negotiated, which is likely to be a 21 year lease and further 10 + 15 year options. The aim of the project is to run the Station as a private-public sector partnership setting up a tourism operation to generate enough funds to conserve the site for the long-term, while providing public access and offering experiences that appeal to a wide range of visitors. The project will require a AUD\$14 million investment (approx. US\$ 7 million) for refurbishment and fit-out. The Proposal features some of the latest visitor management techniques and an integrated monitoring and adaptive management system - one of the world's first to be produced by the private sector!

While the process seems straight forward to provide a 'win-win' solution for financing a eco/heritage tourism site, there are a number of lessons that we have learned that any private-public sector partnership should take into consideration before embarking on a leasing process of public land:

- 1) The public agency that is leasing a public site needs to be prepared with all necessary planning and management documents and needs to undertake extensive community consultation PRIOR to calling for tenders from the private sector.
- 2) It is unrealistic to expect a tourism development/operating company to go through a 9-10 year process before the operation can commence.
- 3) A combination of private investors and bank loan seems to be a good mix if a sound product and business case can be presented.
- 4) In the case of the Quarantine Station, the public/private partnership process would have not been able to be drawn to a conclusion unless the tourism operating/development company had the commitment to stick with the vision for the project. The company has invested over AUD\$1.5million over the 9 year period without any certainty of a return, which is a commitment (or risk) that most tourism development companies would not take.
- 5) Finding the right private sector partner is a crucial element for the public sector in such a partnership and there are very few companies around the world that offer the right mix of sustainable tourism philosophy, creative tourism development and operations expertise, preparedness to partner with the public sector and a commitment to operate AND actively conserve.

One of my suggestions for this forum would be to establish a database/directory of similar organisations to ours, along with a set of criteria that identifies potential private sector organisations (worldwide) that have the 'right' philosophy, business expertise and creative problem solving ability to establish cutting edge viable ecotourism projects. Anyway, that's a brief overview and I hope it provides some food for thought.

#### Lessons Learned

Ron Mader

I am surprised we have not heard more in this conference about what we learned during the World Ecotourism Summit or what events are planned in the upcoming Earth Summit. Reflecting on the Quebec Summit, the sessions on financing seemed a bit bland. Foundations and development banks announced what they had funded, but were reluctant to provide details about the type of work that would be funded in the future. I recall one conversation with a rep from a Canadian development agency. She complained about the quality of projects they receive. I asked if they explained how to apply on their website. "That's a good idea," she said (and I haven't heard from her since...) If institutions could simplify the process and show us what they are willing to fund, we'd see great progress. If we keep the process secret, then we will simply repeat the same mistakes.

Traditionally, development agencies and banks have funded infrastructure. The result -- abandoned visitor centers and hotels. In Mexico, the directors of Balam Consultants complain about the "cabañazation" of the country. Why is infrastructure easier to fund

than training, evaluation or promotion? I receive hundreds of requests each year for free promotion or training. I do what I can, but the fact is this work is under-funded. We may talk about "pro poor tourism" or "bridging the digital divide" but little is done in the field. I would like to see this changed ASAP.

#### Priorities

Desmond Kaplan

An ecotourism business that does not know how to function in a business like way is certainly not sustainable. There is often a very good case for subsidizing or otherwise assisting business where the overall cost benefit is clear. I would like to quote too mechanisms used in Israel to assist small scale tourism businesses.

Professional advice and business plans: The ministry of tourism, in combination with several NGO's, runs a program known as the "tourism incubator". Essentially it is a small business development promotion framework. A tourism operator wishing to start a new business or develop an existing one can apply for assistance through this framework. He ("he" could of course just as readily be "she") will be given a list of recognized consultants relevant to his business, be it a restaurant, lodge, b&b or whatever. He can then interview whoever he wishes from the list in order to choose the person that most suits him. The operator will pay 25% of the consultant fee, the rest is paid by the "incubator". The amount is set by a committee that monitors the process. For example an operator may be offered 20 hours of consulting services by the "incubator". This is usually enough for a basic feasibility examination and the production of a business plan for a small characteristic business. The consultant gets \$40 an hour of which the tourist operator pays \$10. In this way he is able to have a professionally processed business plan for \$200. With this he can go to lending institutions for financing. The system is made very efficient through the use of business plan computer programs developed for the purpose. One feeds in the data for the project and the program provides the analysis including pay-back scenarios, sensitivity checks and so forth. I have very positive personal experience with this system having once being on the receiving end of the advice when examining the feasibility of tourist businesses for the village in which I live (some 12 years ago). Later, after I gained more experience, I was taken on by the "incubator" as a consultant myself.

Subsidized financing or grants: The ministry of tourism and the ministry of agriculture both run programs of grants to tourism businesses in rural areas. This is based on recognition of the fact that the agricultural sector is not always sufficiently strong to fully support rural economies. A farmer or villager who is interested in building b&b facilities for example can have up to 30% or more of the capital outlay covered by grants, providing he implements the project according to agreed and supervised standards. A farmer who wishes to develop part of his farming operation as a tourist enterprise will also receive grant funds to subsidize his capital outlay; for example he may build a farm stall from which he sells produce to visitors. While these mechanisms or tools are good for any tourism activity, they obviously do not exclude ecotourism businesses. The ministry of agriculture is now actively involved in trying to encourage ecotourism in the

agricultural sector through running seminars and conferences on the subject for the agricultural community. I recently lectured on the subject of ecotourism at two of these meetings. One was to farmers who produce organic products and are interested in expanding their horizons to include tourism. The other was to a group of agricultural economics field advisors employed by the ministry of agriculture to assist farmers.

Comments

Paul Sanchez-Navarro

Thanks for the excellent discussions this week. I would like to add just two basic comments, both on tendencies (of perspectives and policies).

1. The tone of the discussion is heavily business based, as well it should be because we are talking about financing. However, we need to find a middle road where the perspective of the business side begins to recognize and respect that business must be done in an innovative and way, where it takes into account historical/cultural differences and tries to "learn" something from the local culture, just as so many of us expect the local culture to have realistic business plans, accounting, management, etc. realities of the Anglo-European economic culture. A sort of blending of perspectives must occur if ecotourism is to work for all parties involved and not end up as just nature tourism.

2. Perhaps we could begin to think of some of the limitations ecotourism has regarding country-level legal and policy frameworks, which might also be hindering elements of financing and project success, especially in a business sense. Many fiscal systems for example, do not allow for money earned locally to stay local, or land tenure systems don't foster good management at the local level, along with all the other resulting problems, which inherently produce poor project or business management from local people. I know these problems vary according to country but am sure they affect the success of ecotourism plans.

An interesting discussion

Oliver Hillel

Paul from WWF makes two very valid points, which were a clear conclusion in Quebec at the Summit:

1) While standards for the economic component of ecotourism are easy to find (we have the whole field of managerial accounting for this...), the social and economic aspects are much more difficult to manage: how much contribution to conservation and to local communities is enough for a project to be called ecotourism? Our vision should be that, in the near future, some clear and practical benchmarks for distribution of benefits and participation of host communities, and for biodiversity conservation, should be part of most funder's decision before a project is deemed acceptable. Indicators would have to be easy to measure by project managers regularly.

2) You are right - in Quebec I was under the impression that the private sector in ecotourism is doing quite a lot - most leaders in the field seemed to think that it now fell on the public sector's shoulders to do the most significant work. No amount of private sector contributions can substitute the sanitation infrastructure, access, credit facilities that can indeed be used by SMEs (in Brazil we say that credit is available only to those that do not need it...), and the flexibility in the usual red-tape, the inter-agency cooperation, and the policies that deal with the kind of bureaucracy that either closes SMEs or forces them to the so-called "informal" sector... Providing communities in rural areas with basic needs should not be the responsibility of those pioneers trying to do their best - at least, not all by themselves and often AGAINST the public sector's will.

How much financing is directly about money?

Antonio Suarez

Reading the forum posts, the main concern focuses on two issues: 1) Who is going to give me the money? and 2) The money has to come from abroad.

The real questions are 1) How much financing ecotourism is directly about money? and 2) How can we create local and national priorities that can focus on the developing of ecotourism without depending on the big players from abroad (NGOs, WB, IDB, etc)?

If we are at the core of ecotourism expecting sustainable business creation from local communities our main effort should enable these communities to create a minimum of self maneuvering, at the end base groups are the powerful players setting the countries priorities agenda. If we are trying to avoid the bad experiences of the past where multinational institutions gave money for conventional mass tourism infrastructure we should involve our existing country programs in to community ecotourism, in many countries there are some programs related to forestry, agriculture and other social issues.

In Mexico where already three government programs finance ecotourism -- in addition to many NGOs -- the main problem continues to be how these groups access to the funds since the idea they have is closely related to infrastructure such as hotels. Training is the **most important tool** to build capacities among locals. How do we get this message across?

Alternative Currencies

Ron Mader

On the conference center home page, you may have noticed a book titled [Money: Understanding and Creating Alternatives to Legal Tender](#) published by Chelsea Green. It explores how communities can create sophisticated bartering/exchange systems -- particularly useful where access to loans and money is limited. I have corresponded with author Thomas Greco who wrote the following:

Private currencies have the potential to empower, not only local communities, but also "communities" that are not geographically defined. I can envision an association of

operators of ecotourism facilities and services (booking, lodging, transportation, schools, parks, attractions, etc.) issuing a common currency as a way of financing their development, improvement, and expansion costs, as well as their working capital. The currency, up to some reasonable limit, would be spent into circulation by the participating businesses, which would redeem it (at par) by providing the services they customarily offer.

The basic outline plans provided in the second half of my book could be readily adapted to this situation. Ideally, a small group of operators in your industry should study that material and then discuss specifics of how to best implement it. I would be happy to answer questions once such a process is underway. To get things moving in the right direction, I would offer the following. Properly issued, such private currencies should be self-correcting, if the issuers are obligated to accept them at par in payment for their goods and services. If the currency should begin trading at a discount from par in the market, that would put pressure on the issuing business to reduce the amount issued until the discount disappears or is minimized. If they fail to do so, they lose out by the amount of the discount.

The key principle is to match the issuance of currency or credit to the delivery of goods and services to market. Timing is very important in applying this principle. Ordinarily, long term projects to bring new facilities on line would not be a proper basis for issuing new currency or credit into circulation, but by associating, the excess capacity of existing operations would allow for timely redemption while the new facilities are being built. Best wishes for a productive conference.

Thomas H. Greco, Jr., Director  
Community Information Resource Center  
<http://circ2.home.mindspring.com>

Final thoughts  
Ed Sanders

Thanks to the group for lots of interesting postings. As someone primarily involved with private sector ecotourism developers/entrepreneurs, the focus of much of the discussion on financing community ecotourism projects has been especially illuminating for me.

I have not, however, seen any explicit discussion of the advantages and disadvantages of community versus privately sponsored ecotourism ventures in terms of financing (or other aspects). As a general proposition (reinforced by experiences with a few Native American tourism projects) community run ecotourism projects seems to face some additional hurdles, especially in terms of financing, when compared with private ventures. Part of the challenge is that project management is often complicated by community/tribal politics that can adversely affect decisions on where to place facilities, how many people are involved in executive decisions, who and how many people get hired, and the like. These considerations not only affect potential project survivability but also the willingness of traditional lenders and investors to get involved.

More fundamentally, and at the risk of belaboring the obvious, in my limited experience the usual challenges of financing a project apply with particular force to communally-owned projects. For example, banks have a fiduciary responsibility to the people who have entrusted them to manage their money to make sure that they are repaid. As a result, most lenders will require collateral to cover the amount of their loan in case the project is not financially successful and cannot repay the loan. Most ecotourism projects provide relatively poor collateral in case of bankruptcy. Raw land is not attractive to most lenders because it can be hard to sell and most ecotourism facilities do not have good alternative uses if the venture fails. Accordingly, most bankers will only lend as much as can be covered by assets that can be readily sold (e.g., equipment) in case the venture fails. For community/tribal projects, there is the additional political risk and transaction cost of trying to foreclose on community-owned property (especially in cases, such as the United States, where indigenous peoples have sovereign rights).

Similarly, most equity investors want a high rate of return commensurate with the risks involved and want a say in the management of the project commensurate with their investment. They also typically want a way to get their money out (i.e., an "exit strategy") after a relatively short time, so that they can consider other investments that may appear more attractive at that time. Traditional exit strategies include selling stock or finding another buyer. This is difficult enough for privately held ecotourism projects. It is, of course, much more difficult for community ecotourism projects where the only politically-acceptable alternative buyer may be the community itself, which may not have the resources to buy out the investor within a reasonable time period.

The conclusion is clearly not that community ecotourism projects do not make sense. My only point is that going back to the basics of project financing suggests that community ecotourism projects will usually be even more difficult to finance from conventional debt and equity sources. As several commentators have indicated, the implication is that these projects will typically have to start small, seek technical and financial support from non-traditional sources, and expand through re-investing cash flow. Even private ecotourism projects have found it extremely difficult to access traditional sources of financing with the result that our study for The International Ecotourism Society found that 58% of the financing for ecolodges came from the owner's own funds and another 6% from friends and family, and over 80% had to grow incrementally, largely because of lack of start-up funding.

Thus, an important question that this conference has not really been able to answer is how quickly alternative sources of financing for community/tribal ecotourism projects have been developing and how quantitatively significant they are.

More generally, the clear need in my view, is to develop new sources of funding that explicitly recognize the contribution that good ecotourism (and other) projects can make in terms of protecting and adding to environmental and social as well as financial capital. Good progress is being made in measuring contributions to environmental capital formation (or depletion) through environmental accounting methodologies and a great



deal of effort is being made to measure social capital as well. The challenge is to create new financing programs that effectively combine financial, environmental, and social accounting methodologies to make investment decisions based on a project's ability to add to (or at least maintain) existing levels of economic, environmental, and social capital (i.e., to fund projects that truly are "sustainable").

SRI & investment guides  
Bill Hinchberger

As everyone in this discussion surely knows, investment in ecotourism is a subset of a larger universe called socially responsible investment. By chance, I came across the website of a nonprofit called the Social Investment Forum: <http://www.socialinvest.org>. The site contains a wealth of information, including something called a Community Investment Guide. I haven't had time to download and scour the PDF files, but the concept of a guide for this sort of thing seems very interesting. Ron compiled a list of resources for this conference, and I'm sure that they will find their way into the permanent Planeta archives. But perhaps there is room for something more systematic, perhaps even an Ecotourism Investment Guide. Or maybe the ecotourism financing gurus should just make more noise within the socially responsible investment universe and coordinate more closely with that movement.

Real Support  
Deborah McLaren

Oliver Hillel kindly pointed out that real ecotourism projects need sound infrastructure and possibly a monitoring agency in a region to make sure they are living up to their loan agreements, etc. If we are talking about "sustainable" tourism, then do we really want to go through loans and the euro-model of business development for indigenous communities? Is this undermining some of the traditional economies they want and depend on? For example, in Alaska there is a state-wide movement in support of subsistence economies. While "subsistence" is an ugly term for those of us who think it means barely surviving, in Alaska it means a long-term, sustainable economy in balance with nature. It is something so important, and so endangered that the Native Peoples and Eskimos are launching a well-publicized campaign to support it. Isn't it again euro-minded to think that sustainable or eco means to bring the communities into the globalized economy? Is there no way to get past this?

To respect local economies or work for some kind of common ground? Ana Garcia Pando suggested "Why not create a database of failed projects?" There is a vast amount of knowledge and models of unsuccessful projects within the Indigenous networks. In fact, at the International Forum on Indigenous Tourism in Oaxaca (March) there were over 120 community surveys/background papers that explored both the pros and cons of ecotourism. It is unfortunately that the euro-version of ecotourism continues to look at successful models only. Since there have been relatively few successful models, it is time to consider why there are repeated unsuccessful models. What is wrong? Again, I would like to volunteer that the top-down, euro frame of development does not necessarily

ensure "sustainable tourism" over the long term. In fact, as Ana Garcia pointed out, sustainable is often in the best circumstances considered to be successful if it survives 3-4 years.

And regarding comments from Rengyu at [Bangladeshecotours.com](http://Bangladeshecotours.com), who said "I did like Paul's suggestion that perhaps the question be seen on a local and indigenous level and we could "learn" other paradigms of business and finance, which seems to me to be an integral part of ecotourism. "Unfortunately, in many rural settings finding such people to lead ecotourism projects is one of our major challenges." Rengyu, despite efforts of Indigenous Peoples in Asia, Africa and the Americas (again I point to the Forum in Oaxaca) where hundreds of Indigenous leaders met to draft policy input for the World Ecotourism Summit and the WSSD, their comments were virtually ignored. There are good leaders, and more every year as they quietly, but determinedly move forward with training, technical assistance, forums and dialogues, participation in the international treaties, and raising their voices.

Antonio Suarez mentioned that "we should involve our existing country programs in to community ecotourism, in many countries there are some programs related to forestry, agriculture and other social issues. Training is the \*\* most important tool \*\* to build capacities among locals. How do we get this message across?" I could not agree more. Truly sustainable tourism/ecotourism would be interconnected and inter-dependent on sustainable agriculture, sustainable forestry, sustainable fisheries, and consider local environmental, social and economic issues. The top-down ecotourism financing seems to often ignore this. It also fails to see that training is really the most important tool... especially training by local and indigenous community leaders and technicians themselves. I don't know, Febo, how do we get this message across -- especially to those promoting ecotourism globally and those who are genuinely interested in financing or in other ways funding these community-based programs?

In sum, I believe that the well-structured financial loan package can work in some communities, but is certainly not a model of sustainability. Real support for long-term community goals, respect for local economies, and incorporating other bioregional sustainable plans can help when a community is in control - and has assistance and support from similar communities.

Comments  
Oliver Hillel

A few points:

\* on think big but act small with continuity: ahh, if only more NGOs and donor agencies listened to you... The problem with acting small is that only committed local agents can do this, and most big projects a) never involved small local agents from the start, and b) want to impose outside goals on them... I can tell you that much more money was invested in building Chalalan ecolodge in Bolivia (an IDB project), even if you only consider the lodge-building investment, than in building the Posada Amazonas in Peru with Rainforest Expeditions, a truly community-based venture (whatever that is in the

end..). Efficiency is always higher if locals have a say - although not all locals are efficient...

\* On the control point, I beg to differ: control is necessary, no doubt, and as you say, many project managers and community leaders lose sight of the original goal. In view of concrete experiences, we should not always believe that communities and local governance bodies do things better, or manage ecosystems in a wiser way - and corruption exists in Brazil as much as it exists in France or the US. On the other hand, one often forgets how much of a project's objectives are set (and imposed) by centrally located development agencies, by international experts, or by national governments (and authoritarian local authorities). Then we denounce local communities for not taking ownership of those assets, objectives and projects... If only these objectives would have been set from the beginning through careful, somewhat more expensive and longer processes of local consultation and capacity building...

Achieving local ownership is closely linked to: - choosing the right potential "owners" from the start out of the local stakeholder group (a group of local investors, even if this investment is work, representativeness/contacts and know-how, rather than financial). You need a deep knowledge of a community's structure, who's really influential and trustworthy, whose goals more or less match the project's - you don't get this understanding overnight... Long live good community extensionists, preferably local ones...

- going into deep negotiations with the potential owners, really being flexible on what they want out of the project - not only "selling" the original objectives to the local stakeholders... Very difficult for an outside donor to do from a distance.

- building trust, exchanging lessons, discussing values, and building the local investor's capacity to understand the business of tourism (risk, markets, capital, etc). Being very clear on the future (and current) benefits and risks is essential. It's unfair to leave an unfeasible business and assets at the end of their useful life for locals to "manage", and then complain they do a bad job...

- developing a contract with them - careful with written documents (especially ones written by project managers). In many cultures I know, the written word is less influential than an unwritten, verbal "word-of-honour" agreement. This also means ongoing and open communication, as the terms of the agreement may change over time as governance structures and circumstances evolve (hey, they do as well at the UN with the Kyoto Protocol...), even if it's not changed in the written text.

Then, if all these steps are taken, there will be ownership, and there is a good chance that someone will do the long-term maintenance. On this topic, a good example is the Conservation International project in Ghana, where ownership of a total of US\$ 750,000 in assets (the canopy walkway, a visitor center with restaurant and souvenir shop, etc) close to Kakum National Park, resulting from a USAID investment, was transferred to the Ghana Heritage and Conservation Trust over a 2-year long complex negotiation, along with the rights to manage the business (entry to walkway, concessions of shop, etc). The GHCT is managed by a Board of local scientists, tribal chiefs, park management authorities, NGOs, businessmen and other relevant local authorities. Participating in this was a great learning curve for all involved.

Alan's case on the ecolodge network in Bolivia is a Catch-22: starting with independent ownership of a network of ecolodges will make it more difficult to maintain quality and ensure ethical behaviour of each unit (as locals might react only to their own interest - who says communities are always cooperative??). It will, though, get buy-in from the start - and will force project managers to build capacity from the very start... Putting them under a common, more "outsider-driven" management will make overall quality better, might even create a higher-paying market that individuals would never achieve, but on the other hand may reduce ownership feeling from the start, creating a dependence from the project that will be difficult to get rid of at the project's end... I would still take the first option.

On Desmond's suggestion of a case study collection to convince state investors that community-based ecotourism is ALSO a tool to support, that's a good idea, we're trying to set this up. I will indeed get back to Ana Pando if we get the seed funds to start (as Ana says, unfortunately UN funds are rather scarce these days... maybe Joburg will bring us some relief...).

Finally, a word of caution on Renguy's heartfelt statement that either ecotourism conforms to what communities want, expect, and can offer, or it will be greenwashing. The basic and irrefutable reality is that the benefits of ecotourism depend on one basic action: a traveler with some money to spare has to be willing to spend it in the eco-destination of choice. While I understand (really, deeply) the frustration and anxiety in changing the perverse ways most of the tourism industry works, the reality is that, if communities want to receive visitors, to exchange views, learn from each other, and also to receive a contribution (financially or otherwise) to their well being, the offer has to be formulated in the spirit of hospitality - and commerce as well. Ecotourism will have a business side as long as host communities decide to receive some money from visitors. This is not necessarily "western" - caravansarais in Afghanistan many moons ago did the same. But I get your point, of course.

Also, there is no travel without learning, and no learning without travel, says my guru Michel Serres, the French philosopher. Ecotourism will change tourists and hosts alike, but communities will change culturally and economically, whether ecotourists arrive or not. TV, in this sense, is doing far more damage than any cruise line will ever do... What real ecotourism needs to ensure is that:

- communities are aware of the risks, changes and rules of the game, and - that they decide in full sovereignty to do it their way - also by compromising and negotiating with the realities of the market, if they so prefer. Native people do not have to change into western clones, but they have to be able to cross the cultural (and technological) river, to visit guests on the other side, to manage ecotourism. Don't we also want ecotourists to be deeply changed by their travels?

Donor Database  
Kristin Lamoureux

As I read Ron's final notes, particularly regarding the need for a single directly of tourism projects (failed and successful), I thought it might be prudent to share a summary report of the International Donor Agency Tourism Project Database which we are currently working on at the George Washington University. As I mentioned earlier in the conference, at present we have collected information regarding approximately 220 projects throughout the world that have been funded by donor agencies that involve a tourism component.

I thought I might highlight a few key findings here. I will note that all of these findings are in the preliminary stage and have not yet been validated. Of the 220 projects we have currently identified, there are only 30 projects where tourism is found as a stand-alone project. However, tourism components embedded in other areas such as environmental protection, social equity, among others, are often found. Environmental protection represented almost half of the tourism projects identified. In the LAC, Africa and Asia/Near East regions, tourism as a component of environmental protection projects dominated the other sectors.

Although the region of Asia and the Near East had the highest level of funding, with 47 identified projects, the region had almost half the number of projects as the Latin America/Caribbean region at 85 projects. In Africa and Europe/Eurasia, 54 and 30 projects were identified respectively. As this is an ambitious project, GW will seek to collaborate with additional universities or NGOs. At present, GW is working with the International Institute for Peace through Tourism (IIPT) Educators Network in building the Donor Best Practice database. From this collaborative effort, we plan to identify principles of "Best Practice", "Success Stories", and "Lessons Learned" and prepare a portfolio or guidelines manual for future projects.

In the relatively near future, we hope to convert the existing database to a web-based format so that this information can be viewed by a wider audience, including those directly involved tourism projects so as to maximize the utility of this tool.

Several members of this conference have mentioned the need to create a "clearinghouse" or directory of projects (failed or successful). As we have developed this database (and struggled to acquire information from donor agencies!), it has also become evident to us that a single source where those of us involved in tourism development could locate good and bad practices, examples, benchmarks, etc may have tremendous utility. Therefore, we are continuing to develop this database tool. As we move forward with this project, we welcome any thoughts/suggestions anyone might have on the best ways in which to continue to acquire information for the database, as well as appropriate avenues for the dissemination of the information.

The 00s  
Ron Mader

Please try the following thought experiment. Can you imagine all of these people in the same room? ... I would love to see an event in which we have Ed Sanders and Deb

McLaren are at the same table. I imagine Rengu, Antonio Suarez and Mary Finn discussing community ventures in the hallway. I see the project leaders from World Bank and IDB asking how to make project applications relevant to economic development, health and conservation work. And, of course, we're hearing different languages. It's not just English. I can dream. It's the 00s, after all. We're at the beginning.

One of the advantages to online conferencing is that we've created a virtual commons by our very presence -- active participants and "lurkers" alike. Even if we do not agree, we've had a civil discussion and probably been introduced to some new ideas, be they equity finance or community ownership. Plus, there's been far less carbon emissions and trash! ... though I hasten to add, I know that computers and the digital infrastructure are not quite green either. I agree with Ana Garcia that we need a directory of failed projects. Why is it easier to find movie reviews than assessments of development loans? That said, I am not seeking to sensationalize the failures. We do need a directory, or to paraphrase Bill Hinchberger, a Sustainable Tourism Investment Guide. Again, if I can imagine something that does not exist, the Guide would be written for investors at \*\* global and local levels. \*\* We ought to get away from writing one thing for NY investors and Beltway consultants and providing glossy brochures and posters for the locals. I'd like to use the conference center home page -- [http://www.planeta.com/ecotravel/tour/ecotourism\\_financing.html](http://www.planeta.com/ecotravel/tour/ecotourism_financing.html) -- as a starting point for a Sustainable Tourism Investment Guide.

I would remind participants that this conference -- with no registration fee -- is not financially underwritten. Your support is most welcome -- you can buy a book, become a sponsor and promote your tours or simply say good things about Planeta.com. Finally, I would to thank everyone who has shared insights via private email for ideas toward financial sustainability. We're all on the learning curve, including your conference host.