

PRACTITIONER LEARNING PROGRAM

Local Tourism in Guatemala, Honduras, and Nicaragua

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Getting to Win-Win in the Ecotourism Value Chain

LESSONS FROM CENTRAL AMERICA

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THE PRACTITIONER LEARNING PROGRAM IN LOCAL TOURISM:
Creating employment based on the development of local tourism in
Guatemala, Honduras, and Nicaragua

Getting to Win-Win in the Ecotourism Value Chain

Lessons from Central America

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About The SEEP Network

The SEEP Network is a global association whose members committed to reducing poverty through the power of enterprise. Its membership of more than 80 organizations creates a network that is active in more than 140 countries and reaches over 35.4 million microentrepreneurs and their families.¹

SEEP's mission is **Connecting microenterprise practitioners in a global learning community.**

About the Practitioner Learning Program

The Practitioner Learning Program (PLP) is a SEEP Network initiative that explores key issues facing the microenterprise field. The PLP methodology was developed by SEEP as a way to engage microenterprise practitioners in a collaborative learning process to document and share findings and to identify effective and replicable practices and innovations to benefit the industry as a whole. The PLP combines a small-grant program with an intensive facilitated-learning process, usually over a period of one or more years, and utilizes workshops, e-mail discussion groups, conference calls, and distance learning. As participants implement activities in the learning network, they identify effective, replicable innovations and document these findings to benefit the industry as a whole.

The PLP's model of "learning by doing" maintains a focus on results, with the added benefit of increased institutionalized knowledge. The PLP focuses on learning at three levels: the individual organization, the PLP group, and the industry at large.

At the individual level, organizations have the opportunity to share with other organizations and to revise their individual work plans. At the group level, all participants involved in the PLP share experiences and ideas. Participants come to consensus on common themes they want to explore as a group, called the learning agenda. At the industry level, the PLP participants develop learning products (publications) documenting their lessons learned, challenges, and promising practices, to benefit the microenterprise and microfinance industry.

For more information on SEEP PLP initiatives and SEEP's more than 100 learning products, please see The SEEP Network website: www.seepnetwork.org.

About the Argidius Foundation

SEEP would like to thank the Argidius Foundation for providing the funding for this PLP. The Argidius Foundation provides financial support to a number of organizations to fund projects focusing on employment creation for low-income populations. Founded in 1956, the Foundation follows a strategy of support for market-driven enterprise development initiatives to alleviate poverty around the world. Recognizing that poverty is multidimensional, the Argidius Foundation seeks to create sustainable employment and leverage additional positive social impact through areas such as education, health, and the environment in Eastern Europe and West Africa, as well as in Latin America where the foundation has focused its efforts in Guatemala, Honduras, and Nicaragua.

1. Source: member self-reporting to SEEP or from members' websites and annual reports. Figures include association members of SEEP and their member MFIs. Some double-counting may occur.

About the Authors

Lendell Foan is the Director of New Business Development and Operations at Making Cents International, a Washington, DC–based consulting and training firm that equips youth and adults with the vision, confidence, and skills to create and grow their own businesses. Mr. Foan is an experienced business development specialist, having managed long-term technical programs in Asia, Africa, and Central Europe in the areas of enterprise development, value chain analysis, program design, and practical ICT applications for business training centers and small business. Prior to joining Making Cents he was a Development Specialist at Development Alternatives, Inc., for 12 years, most recently serving as its Deputy Chief of Party on the USAID Private Sector Development Program in Timor-Leste where he was working closely with the public and private sectors on the development of the Tourism Association of Timor-Leste.

Kim Jessen provides support to the SEEP Network's Member Services and Network Development Services teams and manages the Ecotourism Practitioner Learning Program. In this role, she traveled to Guatemala and Honduras for PLP workshops and to Nicaragua to conduct research for the Finca Esperanza Verde case study. Prior to joining SEEP, Ms. Jessen worked for more than four years in Colorado, completing a fellowship in non-profit management with El Pomar Foundation and serving as Metro Market Relationship Manager for the American Cancer Society. Her experience abroad includes directing summer programs at an orphanage in the Dominican Republic, conducting research in Panama, and studying in Spain. Ms. Jessen is currently pursuing a M.A. in International Development with a focus on enterprise and natural resources at George Washington University's Elliott School of International Affairs. She holds a B.A. in International Studies from the University of North Carolina at Chapel Hill, where she was a Morehead Scholar.

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Abstract

There is an extensive body of knowledge on the importance of win-win relationships in value chains. This technical note explores the unique lessons learned by key actors along the tourism value chain, noting where this differs from relationship building in product value chains. The note highlights key recommendations in building win-win relationships in the tourism value chain, illustrated by five practitioner organizations from Central America: the Rainforest Alliance, Mesoamerica Travel, Vivamos Mejor, Finca Esperanza Verde, and La Ruta Moskitia. These organizations participated in a two-year Practitioner Learning Program on Ecotourism in Guatemala, Honduras, and Nicaragua during 2007–2008, funded by the Argidius Foundation.

As one of the fastest-developing industries in Central America, ecotourism offers many countries and rural communities the promise of economic growth and conservation. Lessons from these participants along the way provide guidance to other practitioners in building win-win value chain relationships, which are central to the success and sustainability of ecotourism projects.

Introduction

Ecotourism, defined as “responsible travel to natural areas that conserves the environment and improves the well-being of local people,” is a growing phenomenon around the world.¹ As one of the fastest developing industries in Central America, ecotourism offers many countries and rural communities the promise of economic growth and conservation. Given the region’s natural assets and low skilled labor, Central America is poised to capture substantial growth in the market.

The Ecotourism Practitioner Learning Program (PLP) enabled focused learning from the following Central American organizations in the ecotourism value chain:



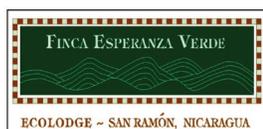
The **Rainforest Alliance** works to conserve biodiversity and ensure sustainable livelihoods by transforming land use practices, business practices, and consumer behavior. The Rainforest Alliance Tourism Program works with tourism businesses to boost local economies, minimize their environmental footprints, and respect local societies and cultures. In 2003, the organization began its Sustainable Tourism Program to promote best practices in Central America, reaching out to hotels and tour operators throughout the region. Rainforest Alliance branding is attractive to partner businesses due to the potential for increased market share and revenue.



Mesoamerica Travel, a private wholesale tour operator bringing groups to Honduras. Among other programs, Mesoamerica is working with Parque Nacional Cusuco and an eco-lodge in Buenos Aires, Honduras, to commercialize the community’s tourism offerings. In addition, Mesoamerica has adopted a strategy of building and strengthening the Tourism Commission of Buenos Aires.



Vivamos Mejor Guatemala (VM), a local tourism services provider and non-profit civil association working to improve the quality of life in some of Guatemala’s poorest indigenous communities. The organization operates within the department (equivalent to a province or state) of Sololá, located in southeast Guatemala, focusing on social and economic development and environmental protection. Vivamos Mejor works closely with municipal agencies to implement its ecotourism program, including the national park and cultural museum in San Pedro, part of a tour route called Descubre (“Discover”) San Pedro.



Finca Esperanza Verde (FEV) is a local provider of sustainable tourism services in San Ramón, Nicaragua. Finca Esperanza Verde is part of the Sister Communities of San Ramón, a non-profit organization headquartered in Durham, North Carolina. The eco-lodge, organic coffee farm, and nature preserve provide environmentally friendly sources of income for the local community, as well as financial resources for development projects in rural communities within the municipality of San Ramón.



La Ruta Moskitia (LARUMO) is a tour operator and local service provider in Honduras. This private ecotourism association works with four microenterprises, one from each community in the Moskitia region along the northeast coast of Honduras. The member businesses function independently, and one rep-

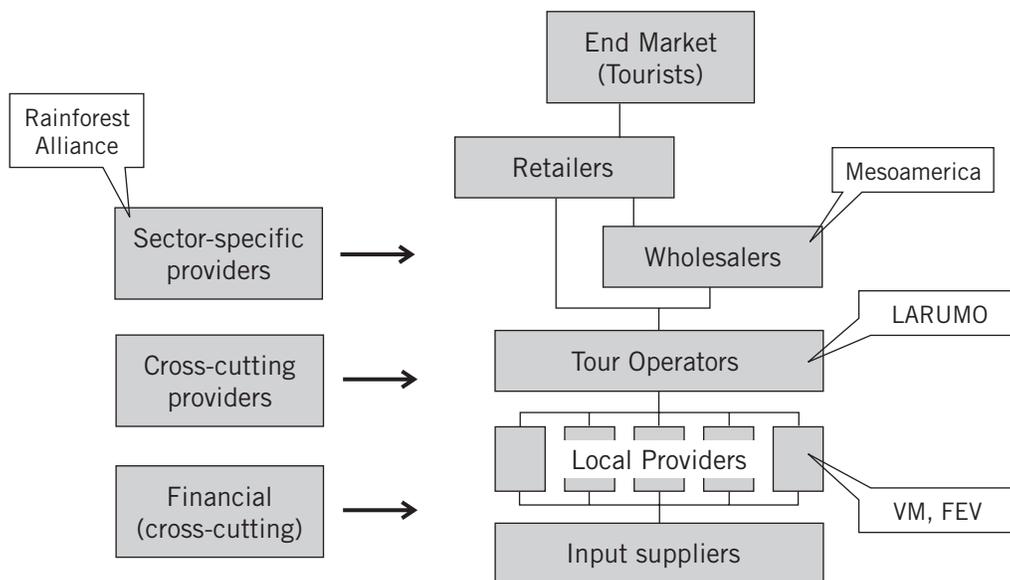
1. International Ecotourism Society, www.ecotourism.org

representative from each business sits on the LARUMO board. LARUMO has essentially contracted their tourism services since 2006. By selling products and paying salaries through these community businesses, LARUMO is helping to alleviate poverty in the area.

The study of these organizations reveals key lessons on how to get to win-win relationships in the ecotourism value chain.

While engaging in this study of the ecotourism sector it became clear that differences in building relationships within the value chain occurred due to the different nature of the sector. The value chain concept was developed and disseminated (as shown below) by USAID’s Microenterprise Office and has served as a key tool in mapping and understanding the relationships within a sector. The following is a general map of the tourism sector. Please note the different roles of the five organizations included in the Eco-tourism PLP within the value chain:

Tourism Value Chain



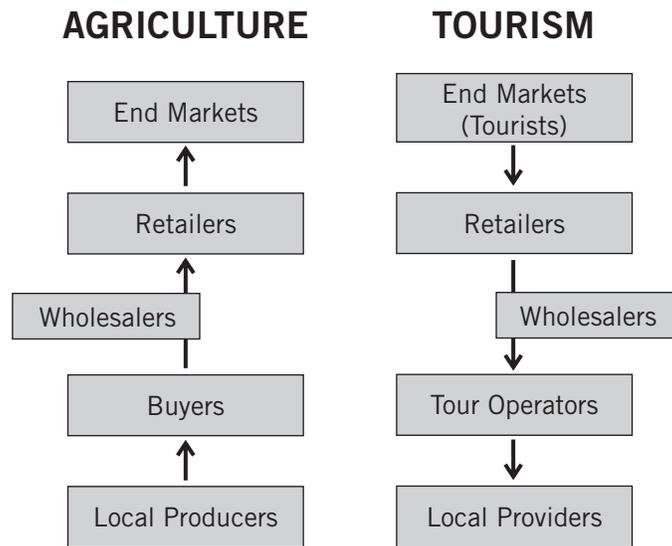
Traditionally within this model products move up through the chain from inputs to producers (providers) to buyers (tour operators), etc. to the various end markets. These commercial relationships are supported by market feedback traveling back down the chain which allows for the modification of a product or business strategy to meet the changing demands in the market. The commercial relationships governing the value chain can either be

- **Win-Lose:** typically a one-off, “winner takes all” attitude where one party clearly benefits from the transaction/relationship and the other does not. This is typified by a buyer exploiting market dynamics to get the cheapest price from competing producers; or
- **Win-Win:** where both parties benefit from the relationship. For the development of any value chain it is proven that sectors become more adaptive to market changes through the advent of win-win relationships where the buyer of a service or a product provides direct feedback to the producer on market trends, or even provides technical or financial assistance to enable the producer to increase or improve production to meet the needs of the market. This creates active, positive feedback loops that allow both businesses to successfully grow.

Ecotourism Value Chain: What's Different?

The value chain for ecotourism differs from traditional models, such as for agriculture, since the end market—tourists—have to travel to the “product,” which is a tour service or destination. This in essence inverts the model, as the end market is actually traveling down through the value chain to the point of production, rather than, say, vegetables, which move up through the value chain to the consumer.

End Market Access to Products: Agriculture vs. Tourism



The tourist presents an ever-present feedback loop, as they interact and assess the players within the sector, whereas with a commodity or product the end market’s only interaction and relationship is typically with the retailer. For example, a client walks into their travel agent (a retailer) to book an eco-tour to Central America. It is in the interest of the travel agent to provide the client not only the best trip for their budget, but also to provide them with such a positive travel experience that they return to book additional trips and/or refer the agent to their friends. In essence, this is the same basic relationship between a customer of a local supermarket purchasing a tomato and the grocer. However, the difference is that the grocery shopper has no interaction with the vegetable wholesaler, buyer, and farmer that all had a hand in delivering that tomato to the grocery store. The tourist will hold the local travel agent liable (through client satisfaction and referrals) for not only the services he/she provides but also for the experiences, quality of service, etc. that they receive from the tour operator, hotel, and local provider. Conversely, the shopper only judges the grocer on the quality and price of the tomato. This unique, direct interaction between the market and the multitude of actors within the value chain enhances the importance of the development of win-win relationships for the success of all actors within the ecotourism sector.

The Importance of Win-Win Relationships

The participants in the PLP were active at multiple levels of the value chain: as local providers (Vivamos Mejor, Finca Esperanza Verde), tour operator (LARUMO), wholesaler (Mesoamerica Travel), and as a market facilitator (Rainforest Alliance). All participants expressed the importance of creating and maintaining win-win relationships as a key factor to their successes.

As ecotourism is designed to be conducted harmoniously with nature, so too are the principles of carrying out business within this market. Relationships exist in the form of interactions between tourists, local communities, private businesses, public agencies, and non-governmental organizations (NGOs). With this multitude of actors, win-win relationships are central to the success and sustainability of ecotourism projects. The PLP participants encountered challenges in the course of their development of win-win relationships and devised the key lessons learned below.

1. Be Patient and Keep a Long-term View

Long-term vision is perhaps the single most significant aspect of creating and maintaining win-win relationships. The interconnectedness, unique in the ecotourism sector, creates mutual benefits if involved parties have an eye on future demand and are patient. Whether implementing best practices for sustainable tourism (Rainforest Alliance) or developing a tourism commission in a small rural community (Mesoamerica Travel), patience is critical to the success of these relationships. A seemingly obvious feature of win-win relationships is the ability to engage partners with similar missions, especially evident in the case of Finca Esperanza Verde.

Long-Term View: *Finca Esperanza Verde*

Based on its geographic location and natural resources, Finca Esperanza Verde has the makings for a top ecotourism destination. FEV ownership and management knew that they needed to draw on a competitive advantage to maximize its potential. Their motivation led them to a partnership with Ecoquest Travel, a high-end global ecotourism company based in North Carolina.

In 2000, Ecoquest founder Dave Davenport was just starting his business and FEV flew him to the eco-lodge to evaluate its tourism potential. Davenport saw the natural beauty, combined with the unique cultural connection to the community, as an enormous ecotourism opportunity. However, Davenport noted the need for serious upgrades, including creating a bilingual staff, additional accommodations, improved transportation options, and other infrastructure enhancements.

Davenport understood the opportunity for Ecoquest to provide clients the unique experience that FEV offered tourists. He consulted with FEV on trail design, helped train local guides on biology and natural history, developed a bird inventory for the lodge, and even brought the first set of binoculars to them.

Ecoquest currently takes up to three tour groups a year to FEV. Besides the natural wildlife resources that attract Ecoquest Travel's birding clients, FEV also offers the rare opportunity to interact with local people and see the direct, positive impacts of tourism that most birding trips do not. This combination brings Ecoquest financial returns in terms of new and repeat customers. In exchange, FEV gets the business from these tour groups, plus word-of-mouth publicity and international recognition from being associated with Ecoquest Travel.

It is important to note that it is not only the vision that is long-term. These strategies or solutions were not a “quick fix” as Ecoquest Travel is only now benefiting from the returns on its investment after a few years of development, and the success of the first few Ecoquest tour groups travelling to FEV. Both parties must share the vision and patience to see the reward of their efforts and cooperation. The benefits, as highlighted above, from the long-term vision of Ecoquest led to the successful growth to scale for both the company and FEV.

2. Make the Benefits Explicit

The foundation of win-win relationships is that both partners must benefit—typically financially. This is achieved by creating clear relationships based on transparency so that prices, fees, and codes of conduct are clearly represented by the two parties. This is a universal key to success for any value chain. However, its importance is amplified by the interconnectedness of all players in ecotourism due to the fact that the consumer—the tourist—moves down through the value chain and provides direct market feedback to the different actors within.

There is an increased need for the transparency of relationships and benefits at the community level. Most eco-destinations involve the sharing of natural or community resources. Local service providers therefore need to work closely with local communities, businesses, and/or government to not only protect the natural resources that the tourists are coming to see, but to include and be forthright with the community in their business operations utilizing those natural resources. Failure to do so will cause conflict that is potentially debilitating for the local provider or operator.

Transparency, Trust, Success: *La Ruta Moskitia*

La Ruta Moskitia is a private tourism association that works with four microbusinesses, one from each community in the Moskitia region of Honduras. Since 2006 LARUMO has been contracting its tour services through these community businesses. This outsourcing of their tours was based on LARUMO's technical support to these business, full disclosure as to the process and governance, financial transparency and accountability. These measures built the trust of the communities and the microbusinesses which led to this initiative's success.

The process of building this trust was complex. Even though LARUMO assured the communities that they would see the direct benefits of ecotourism, many residents had serious doubts. When LARUMO first contacted the four communities about involvement with this project, local people were skeptical for a variety of reasons. First of all, they doubted their own ability to create and run a business; most had never participated in tourism, or in any type of activity in which they could actually be paid for their work. As community-based businesses, each member of the community is considered a part-owner; this concept was new to local people, and they were not clear about how income would be distributed.

To address these issues LARUMO provided technical assistance on business management and skills and focused on ensuring a fair allocation of profits among all community members, guaranteeing transparency by asking each business to keep books documenting contributions made to the community. To standardize the process, LARUMO developed simple data collection forms for the businesses. The four microbusinesses are now responsible for tracking and submitting detailed and accurate information about the work performed by each person in the community. LARUMO then produces its own report for the same activity, allowing management to compare the two sets of information. After the accounts are reconciled at the end of the year, LARUMO processes payment for the microbusinesses.

The transparent process provides overall accountability between LARUMO and the communities, supported and reinforced by the economic benefits derived from tourists coming to their communities—a promise LARUMO made when they first started this program.

In 2007 a conflict arose about La Ruta Moskitia's distribution of benefits to the local community businesses. Although LARUMO had signed agreements with each of the businesses, the manager of one of the communities was not following the policies nor providing monthly financial reports. This was settled in a transparent fashion when LARUMO management, including representatives from each of the four communities, decided to discipline this community business by not sending any additional tourists while providing them time to comply with the agreed processes. This led to action and a renewed sense of ownership in the affected community, which after three months were reconnected with LARUMO. The collective decision to create accountability to enforce the rules is based on the benefits the communities receive by LARUMO being true to its business model, which touts that it is an alliance of ecotourism enterprises that are a part of La Ruta Moskitia are 100% community-owned and operated, and therefore all of the financial benefits of La Ruta Moskitia go directly to local communities.¹

1. La Ruta Moskitia website: www.larutamoskitia.com

3. Don't Overlook the Small Actors—or the Big Ones

As a development tool, value chain mapping identifies all the participants in a sector, their relationships, and new markets or other opportunities to expand business within the sector. The exercise identifies all the actors, no matter the size, and their impact on the overall sector. Enterprises, large and small, have critical roles to play in maintaining and growing a particular sector. This is especially true for ecotourism.

Too small? No, LARUMO is working with four microbusinesses, one from each community in the Moskitia region of Honduras. The member businesses function independently, and LARUMO has essentially contracted their services since 2006. By selling products and paying salaries through these community businesses, LARUMO is helping to alleviate poverty in the area. Their partnership with the community businesses allows LARUMO to promote exclusive ecotourism packages to Honduras' Rio Plátano Biosphere Reserve. They therefore provide a marketing niche for LARUMO, which in turn provides direct financial benefits to businesses that are all **100-percent community-owned and -operated**. Though the businesses may be small, their impact is great, with one of the microenterprises generating approximately 75 percent of the total revenues for one of the four communities.

Too big to be eco-friendly? The Rainforest Alliance works with tourism businesses to boost local economies and minimize their environmental footprint. In 2003, the organization began a Sustainable Tourism Certification Program to promote best practices in Central America by reaching out to hotels and tour operators throughout the region. In addition, the Rainforest Alliance provides technical assistance on environmental sustainability best practices and provides promotional and marketing benefits for participating hotels. To achieve their mission,² Rainforest Alliance initially targeted small and medium hotels, including family-owned companies and indigenous or community-based cooperatives, in areas where the risk between the economics of tourism outweighing the protection of the environment are at the highest. Over time, large hotel chains expressed interest in the program as they saw the cost and marketing advantages of being certified for environmental sustainability. Partnership with large hotel chains benefits the Rainforest Alliance and their smaller partner organizations because it creates visibility to sustainable tourism and the Rainforest branding. Rainforest Alliance is now working with these large chains, starting with their hotels in one country at a time to minimize risks and challenges.

4. Partner with Multiple Actors

Partnership with multiple actors from different sectors—public institutions, private companies, NGOs, and community-based organizations—gives an ecotourism operation flexibility and stability. One advantage of partnering with multiple actors is risk reduction, so that an ecotourism project is not dependent on any one entity.

Multiple Partners Provide Flexibility: *Vivamos Mejor Guatemala*

Vivamos Mejor is a non-profit civil association working to improve the quality of life in some of Guatemala's poorest indigenous communities. The organization operates within the province of Sololá, working closely with municipal agencies to implement their ecotourism program, including a national park and a cultural museum in San Pedro.

November 2007 elections yielded a new municipal government that took office in January 2008. To allow for a smooth transition, incumbent officials stayed in their respective positions while decisions on whether or not they would keep their posts were decided. By the end of February, the new government was formed and all the directors and officials working on tourism had been replaced. Although the new government understands the importance of tourism and the benefits that it offers the region in terms of jobs, taxes, income, and overall economic development, their priority appears to be delivering on political favors and implementing promises made during the campaign.

Though municipal governments are certainly a key partner in tourism development, it shows that they should not be the determining actor due to the risks of politics and turnover. Vivamos Mejor is now working to strengthen the attractions themselves. In addition, they are identifying other private service providers as alternatives to the municipal attractions. By selecting multiple partners, Vivamos Mejor has more options from which to choose. Part of this effort includes the formation of a private travel agency/tour operator. This operator can energize sales for the area by promoting a package and sending tourists to zones with both government-run and privately run programs. Vivamos Mejor is now working with community associations and cooperatives that contribute to sustainable local development. For example, Corazon del Bosque is a group of hotels, restaurants, and natural attractions. This cooperative has 75 individual members and is run by a manager and advisory board. Another example is an association of coffee producers in Santa Clara de Laguna. This group has a 90-member general assembly and a Coffee Tour Committee that offers tours of the coffee production process to tourists. Vivamos Mejor is striving to involve new community-based actors and systemize their processes so that future changes in government do not have such a drastic impact on *Discover San Pedro* and other tourism routes.

5. Build Associations and Councils if None Exist

As an emerging industry, ecotourism lacks the self-organization that has occurred in other sectors such as agriculture (cooperatives) and trade sectors with their professional associations and unions. These organizations are key instruments in creating sector development plans, representing local, regional, or industry interests and promoting common standards of practice.

2. Rainforest Alliance's mission is to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices, and consumer behavior.

Ecotourism creates value upon land and/or natural resources that before may have been taken for granted, or were misused or mismanaged by the community. However, as the demand for ecotourism increases and with the depletion of natural resources accelerating, there is a risk of competition and exploitation of the very resources ecotourism seeks to protect. This can cause direct land-use conflict (say, with loggers in a rainforest) or property rights issues once the attraction, or land around it, has been developed. Therefore local councils or associations setting standards, approaches, or a structure to rally around critical industry issues become paramount.

Building Collective Interests: *Mesoamerica Travel*

As a private tour company, Mesoamerica was looking for an opportunity to expand its product offerings into a new market. Using the grant funding from the PLP, Mesoamerica was able to invest in developing a new tourist destination. This project required significant up-front investment and a long-term vision for future revenue and impact on community employment. Mesoamerica saw that Parque Nacional Cusuco and the community of Buenos Aires, Honduras, had great natural potential for commercialization. The Cusuco forest is known for its biodiversity, and the park is close enough to San Pedro Sula to be a day trip. Mesoamerica chose to work directly with the community and establish a new legal entity—the Tourism Commission of Buenos Aires. The commission is composed of seven individuals working to advance tourism in the area and ensure that the benefits remain in Buenos Aires. Almost all of the commission members are subsistence farmers growing coffee, corn, and beans; most do not have education beyond primary school. In addition to agriculture, some work as forest rangers and fire-fighters in the park.

Benefits for the community of Buenos Aires include employment opportunities, market access, and infrastructure improvements. Management at Mesoamerica Travel understands that, beyond helping families in Buenos Aires and the community by attracting tourists, the company's work also helps its own business by increasing sales. It is somewhat of a risk for Mesoamerica to put time and money into developing Buenos Aires and increasing tourist traffic since there is no exclusivity contract; any tour operator could also take advantage of those investments, and Mesoamerica would essentially be helping the competition. However, by investing in the eco-lodge and developing local services, Mesoamerica is setting itself up for future financial gain. Travel agencies in the United States and Europe are beginning to seek this type of experience for their clients, so it is in Mesoamerica's interest to develop the product. As more tourists visit the eco-lodge, staff and volunteers there will improve their skills in cooking, cleaning, and guiding tours. Eventually, the three surrounding municipalities might decide to improve the road from Cofradía (the closest town) to Buenos Aires and Parque Nacional Cusuco. In return, Mesoamerica will have a better product to offer its own domestic and international customers, differentiating the tour operator from its competitors.

There are inherent challenges to creating or developing an association. The structure of the organization must be focused on a common goal, have mutual interests, transparent governance, and the ability to become self-sustaining. Though as the developer this is in time may create a different approach or view, to adhere to the long-term vision one must step aside and allow the association or group organization to learn through experience, even when the results may not be positive.

6. Know When to Act and When to Step Back

In business all relationships are judged based on the level of benefit in the immediate term (point of transaction) and with a longer view. With ecotourism many organizations are also working directly with local communities to develop their businesses (LARUMO), municipal development programs (Vivamos Mejur), and social programs. This role of mentor/developer can lead to paternalism and dependency if the local organizations are not allowed to attempt their own initiatives. The challenge is to know when to act to encourage a positive endeavor, or prevent a negative one, and when to step back to allow an experiential lesson be learned.

Mesoamerica's approach to this was to establish boundaries and separate the administrative responsibilities between the company and the Tourism Commission of Buenos Aires they helped create. As an example, the United States Peace Corps has a division focused on tourism in Honduras and would likely be willing to send a volunteer to help develop the tourism potential at the eco-lodge in Buenos Aires. This was presented to the Commission but Mesoamerica did not coordinate the logistics to the follow up, and the opportunity was lost. Mesoamerica believes that if Buenos Aires wants assistance in the form of long-term partnerships with Peace Corps, NGOs, or other partners, community leaders can and should seek out the appropriate resources. Mesoamerica has sought to make its role clear—the tour operator is a valuable partner, but Buenos Aires cannot depend solely on Mesoamerica.

7. Don't Be Afraid to End Relationships When Necessary

The interconnectedness and dependency of businesses within the ecotourism value chain can create a challenge when choosing to end a relationship because it no longer is win-win, or beneficial. This becomes more complicated at the local level, where many eco-lodges or local tour companies are also developing the local businesses and communities they are working in. However, due to the fact that the end market—the tourist—is traveling through the value chain, a company's branding, reputation, and future growth and livelihood depend on the need to conduct business with organizations that share the same respect for quality and services expected by clients. At the community level, LARUMO had to enforce strict sanctions for a community that was not following the procedures established in their business agreement, as detailed in the box on page 5. The community was able to see the real value of their relationship with LARUMO, correct their actions, and re-establish ties with the program. Though such an action could be viewed as austere, the approach protected LARUMO's branding and strategy to bring business into the communities. Rainforest Alliance also applies this discipline equally with larger companies, as described below.

Maintaining Quality and Reputation: *Rainforest Alliance*

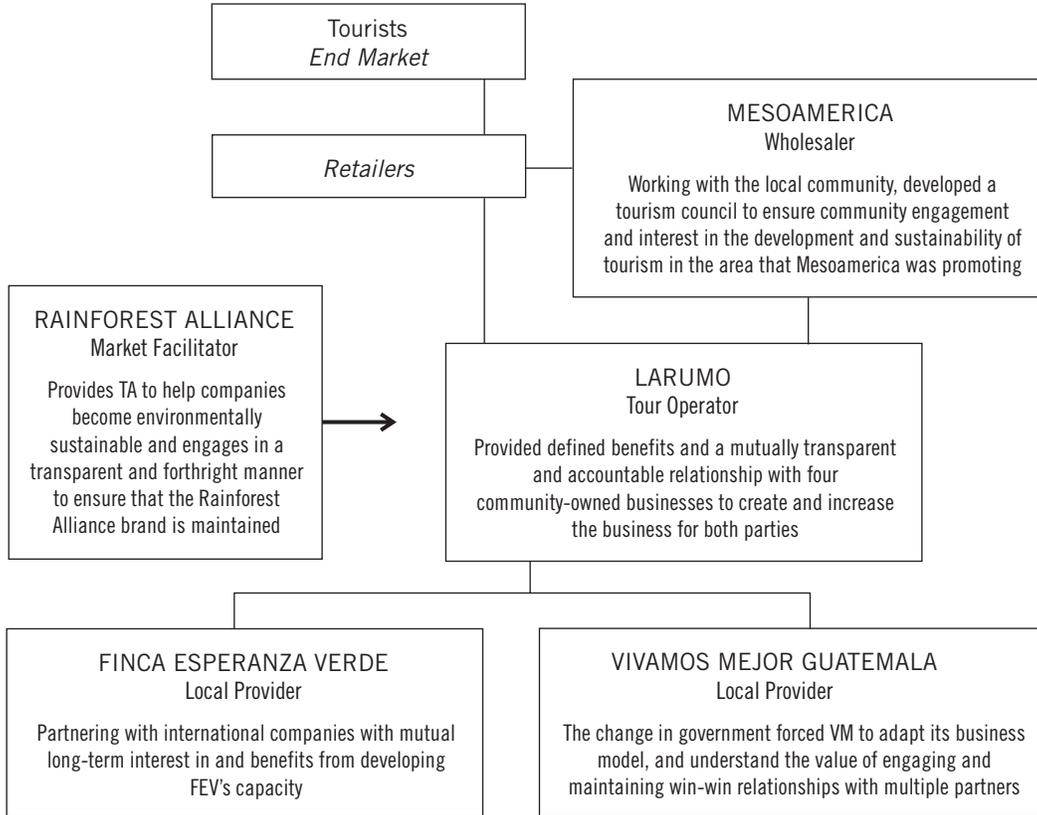
Written procedures and process formalization helped advance Rainforest Alliance's relationships with businesses participating in the Sustainable Tourism Program. By implementing measurable targets and more formal policies, RA is able to control the quality of its brand and track improvements among participants.

As a result of Rainforest Alliance's original goal of including as many businesses as possible, the program grew too large during the period between 2005 and 2006. Several participants that started the project ultimately abandoned it in their first stages, due to a variety of reasons, particularly a lack of time or resources. Rainforest Alliance realized that tourist trust and market credibility were necessary to strengthen its field work, so shifted its focus from quantity to quality. Using a diagnostic tool, the Alliance now has a policy that only hotels and tour operators achieving a passing score on the tool can join the program and receive associated marketing and promotional benefits. If an operator does make the score, Rainforest provides technical assistance to make the benchmark. Once a hotel is certified, it receives guidance from Rainforest Alliance on structuring a continued improvement plan. If the hotel or tour operator does not maintain its rating, or comply with its other commitments, the contract is broken and the business can no longer use the Rainforest Alliance logo or designation for publicity.

In 2008, these changes were implemented to make the program requirements more demanding. It is too early in the implementation stage to assess all of the results and reactions to these recent modifications. Rainforest Alliance continues to learn and make progress; most businesses that start the project now stay in the program. Many hotels that abandoned the program several years ago have approached RA about participating again, realizing that they missed a competitive opportunity.

Conclusion

The Ecotourism PLP allowed a detailed look into various actors in this emerging and growing sector. As a unique sector that has the end-market traveling down through the value chain to the various actors, increased importance is placed on creating mutually beneficial relationships between market actors. Though the organizations filled different roles in the value chain, each recognized the importance of and sought win-win relationships as an integral part of their path toward success.



The ecotourism industry is growing at a substantial rate and has the opportunity to address and alleviate poverty in many rural communities, while providing economic incentives to protect and manage fragile environments. This creates an industry filled with businesses large to micro, environmentally conscious to bottom-line focused, and from profit to non-profit, with a lot of small and/or community-owned enterprises in between. In an industry where the end markets (tourists) are mobile and moving down through the chain, providing an additional challenge, the most successful route to being successful and delivery to the bottom line (social and financial) is through the proven importance of building win-win relationships.

