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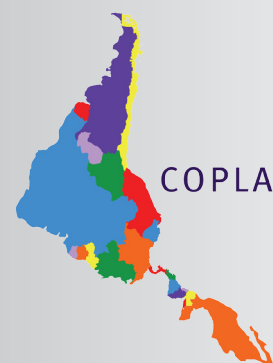
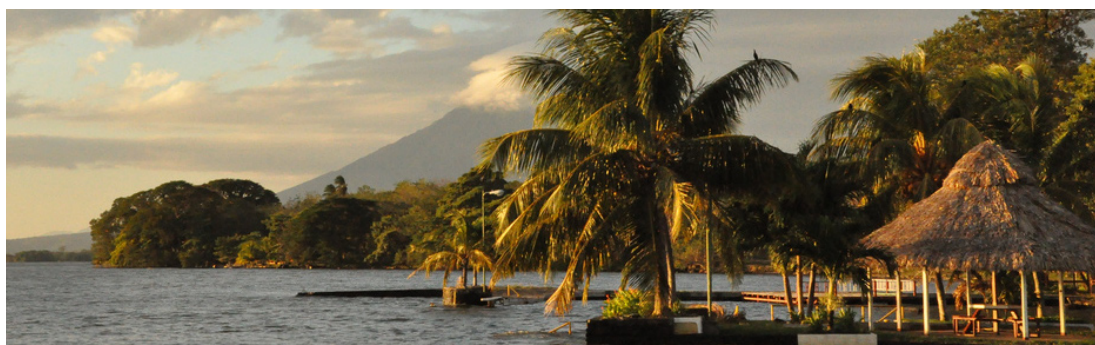
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RURAL COMMUNITY-BASED TOURISM IN CENTRAL AMERICA



Trade and Poverty in
Latin America

Case study December 2009

Overview

This case study evaluates the outcomes of rural community-based tourism in Nicaragua (five communities) and Guatemala (four communities), as an alternative to more mainstream tourist development. Despite strong community organisations (co-operatives) and some tourism natural assets (caves and culture) – and, in the case of Nicaragua, reasonable infrastructure and access to markets – the financial sustainability of initiatives has been badly affected by an inability to link with the main distribution channels (tour operators and hoteliers). The initial investment costs are high and barriers to entry are significant. Notwithstanding poor tourist flows, these have brought some economic and other benefits to the destination areas.

In Central America, tourist numbers exceeded 4.7 million in 2002 and 8 million in 2007. Guatemala has a tourist industry worth \$1.012 billion per annum, compared with \$239 million in Nicaragua. As a result, Central American governments have focused their efforts on attracting foreign investment to this sector (including through agreements in services).

The agrarian crisis of the period between 1990 and the early 2000s resulted in a re-evaluation of the role of agriculture in the rural economy in both countries. Concurrently, there was a search for non-agrarian alternatives that would, on the one hand, sustain the rural population in their communities of origin and, on the other, elevate the standard of living in these communities. The latter goal has been the basis for the promotion of rural tourism, initially in the European Union (EU) and subsequently through international cooperation, as an alternative approach for rural poverty reduction in developing countries. Nonetheless, not all of the options for rural tourism generate the necessary synergies to stimulate endogenous rural development.

As a result, there is a debate regarding the roles of collective action and leadership as well as the sustainability of initiatives. As a complement to this, we explore how the implementation of policies has impacted incentives for tour-

ism and cooperation. For this analysis, we selected the countries where tourism has grown most rapidly: Guatemala and Nicaragua. In the Guatemalan case, we chose to systematise the experience of Rural-based Community Tourism (RCT) in one of the regions that is richest in natural and cultural resources, which, paradoxically, is also one of those reporting the highest indices of poverty and extreme poverty.

Fundamentally, the methodology seeks to systematise the experience of RCT in five communities in Nicaragua and four in Guatemala. To this end, two national teams shared methodologies, analysis of the initial results and comparative analysis of their experiences. Here, we present a comparative analysis of the tendencies identified in both studies, in order to determine the trends and policies at the regional level that facilitate the establishment of these alternatives for rural poverty reduction.

The experience of Guatemala and Nicaragua

Tourism as a generator of employment is polarising; that is, high salary jobs are few and require high levels of education, (languages, administration, accounting), whereas the remainder of the jobs are low income, such as in cleaning, security, waiting tables and cooking in rural areas. In RCT, it is assumed that participants

Table 1: Initiatives from the analysis of RCT and poverty reduction in Nicaragua

Initiative	Year	Organisation	Role of women
Rural Cooperative and Community Tourism Las Pilas – El Hoyo	1998	Cooperative	Management of finances
Community House La Granadilla	2002	Cooperative	Tourist services, food, management of finances
La Paloma, Pueblo Hotel, Ometepe	1995	Women's association	Leadership, organisation and rotation of roles, management of finances
Quetzalcóatl Cooperative	1985	Cooperative	Artisanal goods, distribution and administration of income
Guardatinaja Ecological Park	1994	Indigenous community, area association	Tourist services, food

Source: Barrera and Pérez (2008).

are not employees but managers, protagonist actors throughout the organisation and management of the process. RCT initiatives that function as collective enterprises favour poverty reduction not only through increased income but also by strengthening the management of development by relevant stakeholders. With this definition of RCT, it is possible to analyse the propensity of these initiatives to fully utilise the advantages of globalisation in Central American countries, specifically Guatemala and Nicaragua.

Guatemala

For the Guatemalan case, we selected the experience of the Candelaria Caves in Alta Verapaz. This is a complex where four indigenous Q'eqchi communities have organised a tourist product around the Sepalau Lagoon and the caves, which are an attractive geological formation, located in an area with substantial greenery and many water sources. To date, a sufficiently stable flow of visitors has not yet been achieved, which would enable residents to dedicate more of their time to the activity, thereby increasing their income. In this case, the promotion link is failing: participants do not benefit from a marketing strategy that would allow tourists in Guatemala City as well as foreigners to become aware of the opportunities offered in the locality. Nor have they managed to develop links with the network of national tour operators. Moreover, there is a need to develop peripheral products or complementary activities for those visitors who can spend the night and more than one day in the communities, which could be developed through a 'community route', allowing visitors to experience the customs and cosmology of the Maya-Q'eqchi.

Nicaragua

In Nicaragua, five communities that have taken advantage of different rural attractions were selected, including those related to volcanoes, islands, indigenous communities, artisanal products and sightseeing. In contrast with the Guatemalan initiatives, which operate as an association of communities, the Nicaraguan initiatives are independent from one another and have a very low level of linkages between them and/or with other actors and services. Despite being located in the zone of greatest integration in terms of infrastructure and markets, the Nicaraguan initiatives tend to face the same challenges regarding market access as the Guatemalan ones, although some have begun to integrate with hotel chains, mainly near the city of Granada. Community leadership also tends to be a key element in the allocation of roles, allocation of individual income and community investment.

Comparison of the effectiveness of RCT initiatives in Guatemala and Nicaragua

A review of experiences in the nine communities identified some positive processes, such as increases in household income, improvements in consumption, mainly clothes, and improvements in social investment related to basic infrastructure, such as schools, roads and health posts. According to community interviews in Guatemala, the extra income from RCT has led to an increase in family spending, on agricultural supplies and clothing for the family. In addition, there have been increases in planting areas and levels of food security, as well as improvements in the housing of those who participate. Income from RCT depends on the role and the rotation of each family, which can be in the kitchen,

Table 2: General changes since the implementation of RCT in indigenous communities in Guatemala

	Use of funds	Situation of the community before RCT	Situation of the community after RCT
Candelaria Camposanto	Maintenance and expansion of the site. Agricultural products and household expenditures.	Planting in small areas. Significant out-migration of labour. Distrust of tourists. Land sales.	Greater institutional presence. People are no longer afraid of seeing and attending to tourists. Conservation of trees. Greater income. Job creation. Land has increased in price.
Sepalau Cataltzul	Paying guides, cooks, etc. Maintenance of the ranch. Personal consumption and household expenditures.	People were excluded from communication because there was no road.	Elaboration of artisanal goods. Renting of equipment (kayaks). Promotion of culture through. Investment in highway, market. School repaired. Greater income.
Bombil Pek	Maintenance. Doing business.	Production was very limited. Small landholdings and community disconnected. The communal house had been destroyed.	Path made to small landholdings. The small landholdings are producing. Cultivation and sale of sugar cane. Communal house repaired.
Candelaria Mucbilhá	Maintenance of the site. Personal consumption and household expenditures.	The only income was from the sale of agricultural products. Women did not have an income. Houses were in very poor condition.	Work and income for women. Families spend more on clothing and food. Income in dollars. People purchase more tools. Improvement in infrastructure of houses and the community centre.

Source: Peláez et al. (2008).

Table 3: General changes since the implementation of RCT in Nicaraguan communities

Initiative	Impact	Projects
Rural Tourism Cooperative and Community Las Pilas – El Hoyo	Participants have transitioned from day labourers on landholders' property to working for themselves.	Taking advantage of the resources of the reserve and avoiding deforestation. Development of beekeeping. Elaboration and implementation of a management plan. Declaration of a national park. Implementation of National Plan already being managed in Spain.
La Granadilla Community House	Library built. Co-op members' children get university scholarships. Branded produce, e.g. beans. Youth receive English classes. Dance group. Health post built.	Increasing the capacity of lodgings. Incorporating other nearby attractions within the RCT Network. Sale of products generated and packaged (e.g. beans packaged in the UCA Tierra y Agua) in the community for tourists and/or other partners.
La Paloma, Pueblo Hotel, Ometepe	Reforestation of the lake coast. Improvement in family income.	Increasing organic communal gardens. English–Spanish school. More tourists and support from other international organisations.
Quetzalcóatl Cooperative	A competition takes place where participants display ceramic pieces. There is space for the sale of individual products and access to shipments to external markets.	Maintaining the identity of local artisans. Development of San Juan de Oriente brand. Integrating San Juan de Oriente into the tourist supply of Catarina. Open spaces (local municipalities).
Guardatinaja Ecological Park	Improvement of houses. Improvement in income.	Construction of country lodgings. Interpretation centre, school in Nahual. Utilising area for the cultivation of pitahaya.

Source: Barrera and Pérez (2008).

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About COPLA

Comercio y Pobreza en Latino América (COPLA, or Trade and Poverty in Latin America) is a two-and-a-half year project that explores the linkages between trade, poverty and social exclusion in Latin America.

Find out more on: <http://www.cop-la.net>

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laundry or services to tourists, or in working as an area guide. Although participation in the service is voluntary, selection depends on the quantity of visitors and the social capital of the family. In contrast with their Nicaraguan counterparts, for Guatemalan indigenous communities language is the main factor of exclusion.

In Nicaragua, the common funds generated by RCT go towards scholarships for the children of members to attend university, school repairs and the establishment of cultural and athletic groups, as well as communal medical posts. This is correlated with distance from urban centre: initiatives that are closer to the city allocate money towards improving business conditions, such as for grocery stores, and developing the area and/or infrastructure. At the individual level, improved income has been reported and, in Guatemala, income driven by the tourist season is common.

Lessons learnt

Although tourism is a growing economic alternative, the initial investment is high and the barriers to entry to the market are rather high for rural communities. To date, in both countries, cooperation has been the motor that has driven the establishment and development of initiatives to utilise the benefits of globalisation to enable the commercialisation of such services. In the case of Guatemala, the initiative was begun and is financed by USAID through the Peace Corps, and involves a series of services for community training. In the Nicaraguan case, each initiative is associated with a different source of cooperation, which have invested not only in physical infrastructure but also in funding, training and access to markets, both international and domestic.

The role of the state has been different in each country. In the Nicaraguan case, although the Institute of Tourism (INTUR) has defined a series of tourist routes as part of the Strategic Plan

2005-2009, the state does not have access to funds to support a direct plan of initiatives. The Guatemalan experience demonstrates that the state can support initiatives through investment in human capital, language programmes and client services. Moreover, it is possible to promote a certification process and standards that includes conservation of water sources, minimisation and treatment of waste and linking local providers with local job creation.

Investments in RCT in both countries have stimulated a process of growth in tourism to rural areas. Some barriers to entry for SMEs that offer services in the tourist market have been overcome to some extent by public-private initiatives. However, Guatemala and Nicaragua have experienced different degrees of success in the development of RCT, in part because of the (in)ability of communities to link in vertically with tour operators.

Leadership at the community level, clear rules and transparent collective decision making are fundamental elements in the success of this type of local development initiative. The initiatives reviewed in Guatemala and Nicaragua have reached a point of maturity, which has enabled them to connect to the market. This connection continues to be developed, for example in Nicaragua through promotion of the rural tourism network, making individual contact with hotel enterprises and marketing.

This case study summary was prepared by Jodie Keane with Alberto Lemma and Jane Kennan and is based on longer studies originally undertaken by Francisco Perez, Welbin Romero, O. Barrera and A. Palaez at Nitlapan in Nicaragua. The full study is available in Spanish on the COPLA website: <http://www.cop-la.net>.