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NATURE-ORIENTED TOURISM IN ECUADOR

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OVERVIEW

- **Assessment Basics**
 - Objective, Process and Lessons
- **Value Chain Characteristics**
 - End Markets
 - Enabling Environment
 - Interfirm Cooperation
 - Support Services
- **Competitive Strategy**
 - Strategic Vision and Potential Action Items
- **Tourism and Biodiversity: A Link?**

ASSESSMENT BASICS - OBJECTIVE AND PROCESS

OBJECTIVE

To provide information that helps key stakeholders develop a strategy and action plan for making Ecuadorian ecotourism a more competitive and sustainable industry

PROCESS

- Qualitative analysis of “nature-related tourism” in 3 regions:
 - Mindo, Puerto López/Parque Nacional Machalilla, Napo River basin
- Interviews:
 - 42 service providers (operators, lodging, support services)
 - 14 public sector entities
 - 8 associations
 - 27 tourists
- Stakeholder workshop

LESSON: VALUE CHAIN AND NWP FRAMEWORKS

Two important adaptations:

Resource Owners/ Managers

Actors in and out of sensitive zones

Functions

End market

Travel agents and wholesalers

Tour operators and service providers

Ownership

Input

High biodiversity areas

Foreign and/or Ecuadorian tourists

Foreign and/or Ecuadorian tourists

Outbound tour operators

Inbound tour operators

Local tour operators

Lodges, restaurants, other attractions

Eco-lodge

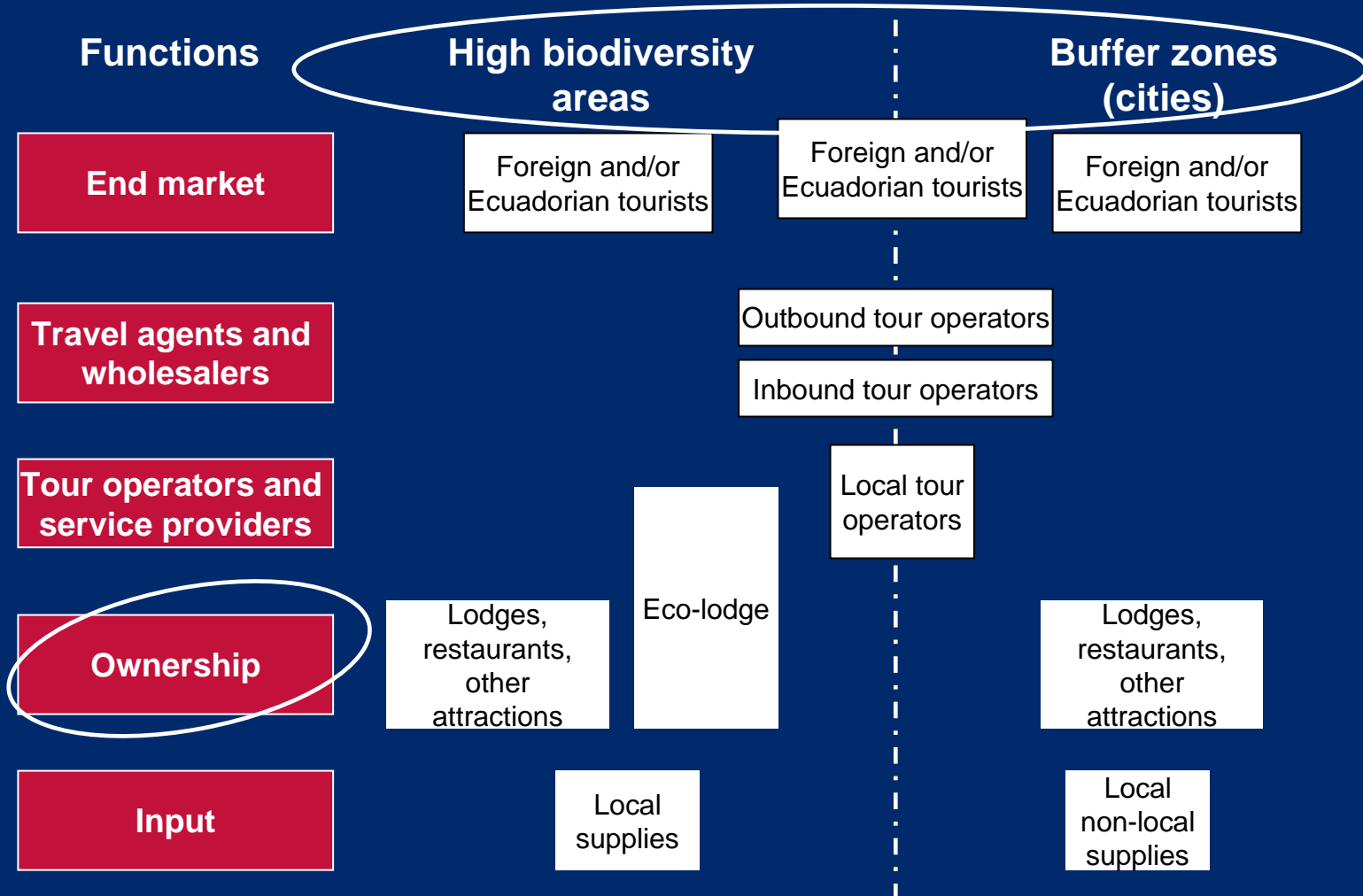
Local supplies

Buffer zones (cities)

Foreign and/or Ecuadorian tourists

Lodges, restaurants, other attractions

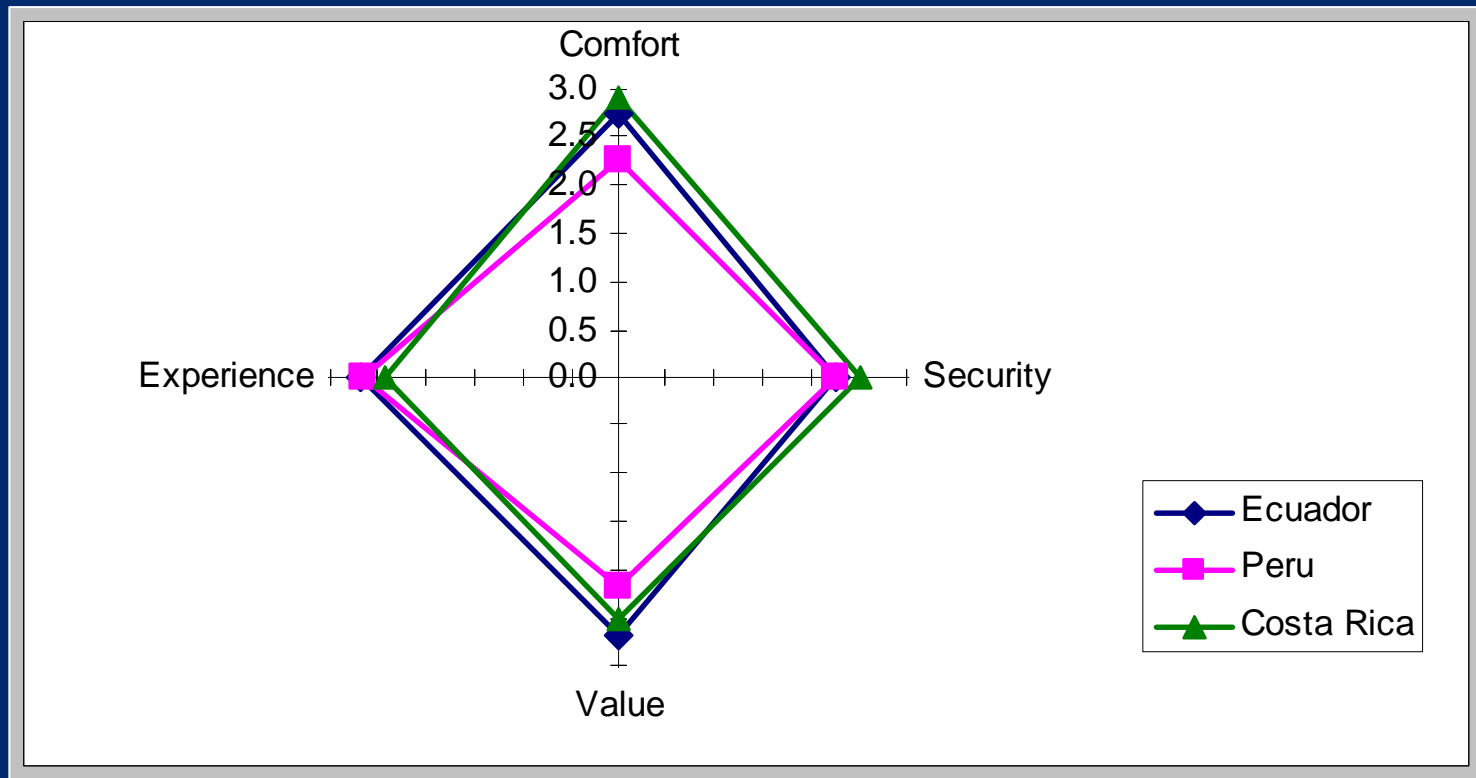
Local non-local supplies



LESSON: ECUADOR'S COMPARATIVE ADVANTAGE NOT TRANSLATED INTO COMPETITIVE ADVANTAGE

- Galápagos
- Megadiversity
- Indigenous cultures
- Proximity of coast, sierra and Amazon regions
- *But how about competitive advantage?*

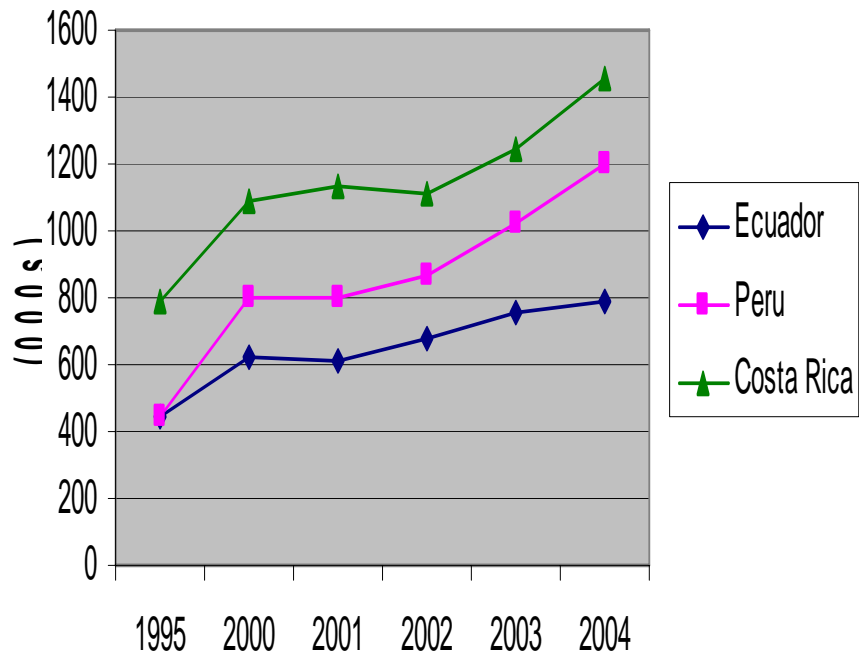
END MARKETS: RANKINGS FROM OUTBOUND OPERATORS



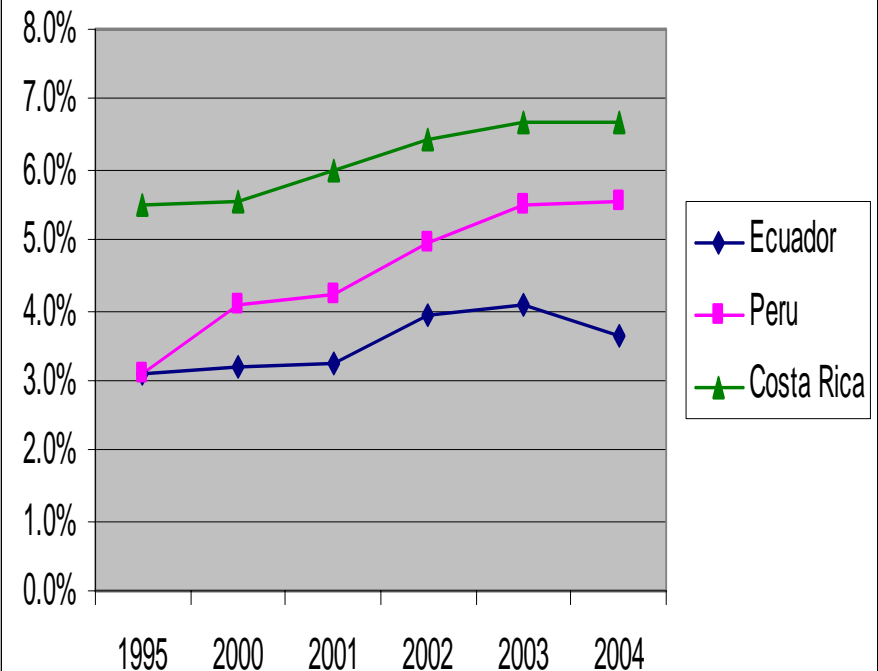
Operators' Perception: Ecuador is Competitive

END MARKETS: INTERNATIONAL TOURIST ARRIVALS

International Tourist Arrivals



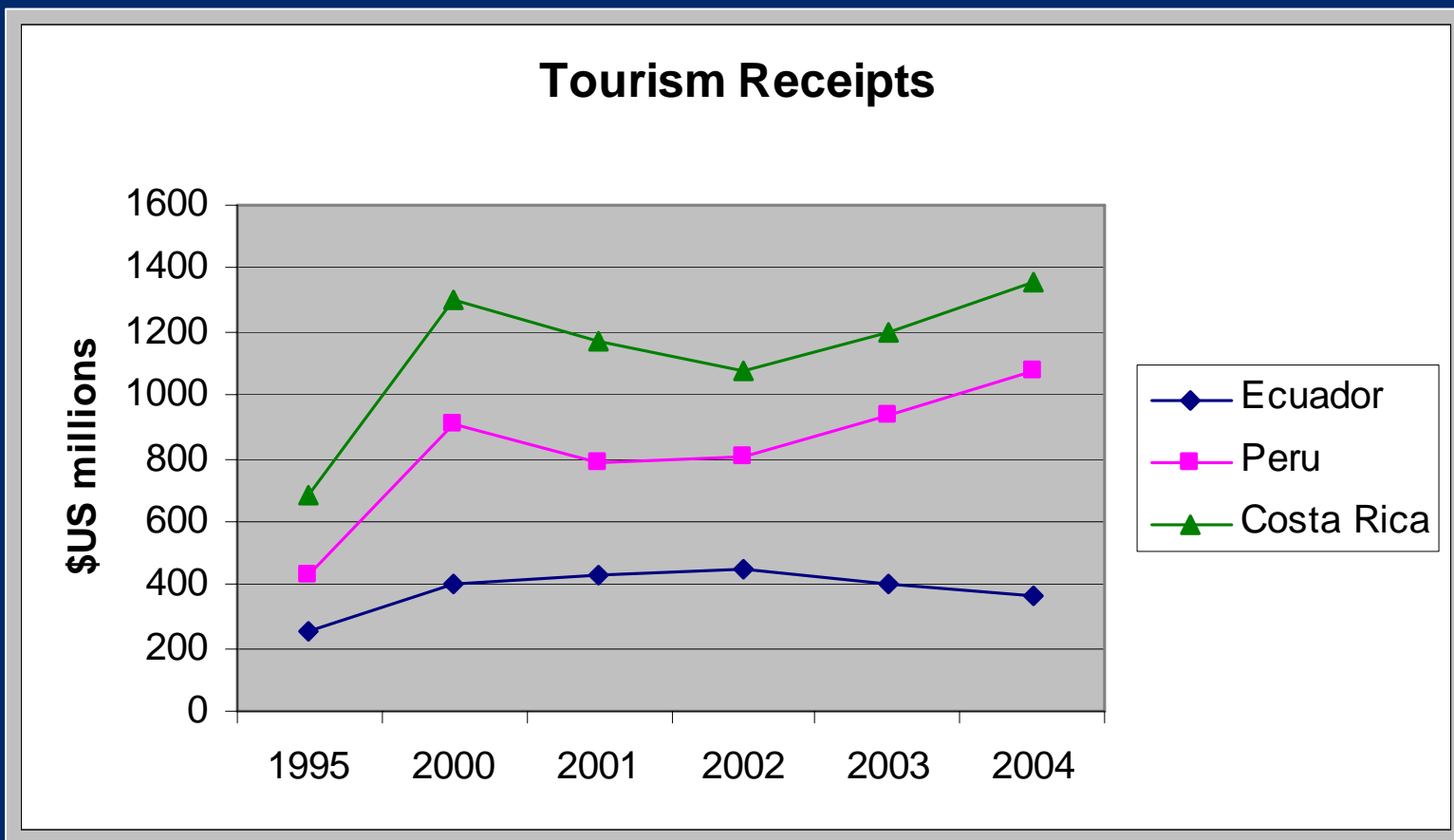
Market Share - Central and South America



Source: World Tourism Organization, 2005

- A slower growth rate, declining market share

END MARKETS: INTERNATIONAL TOURISM RECEIPTS



Source: World Tourism Organization, 2005

- A decline in earnings

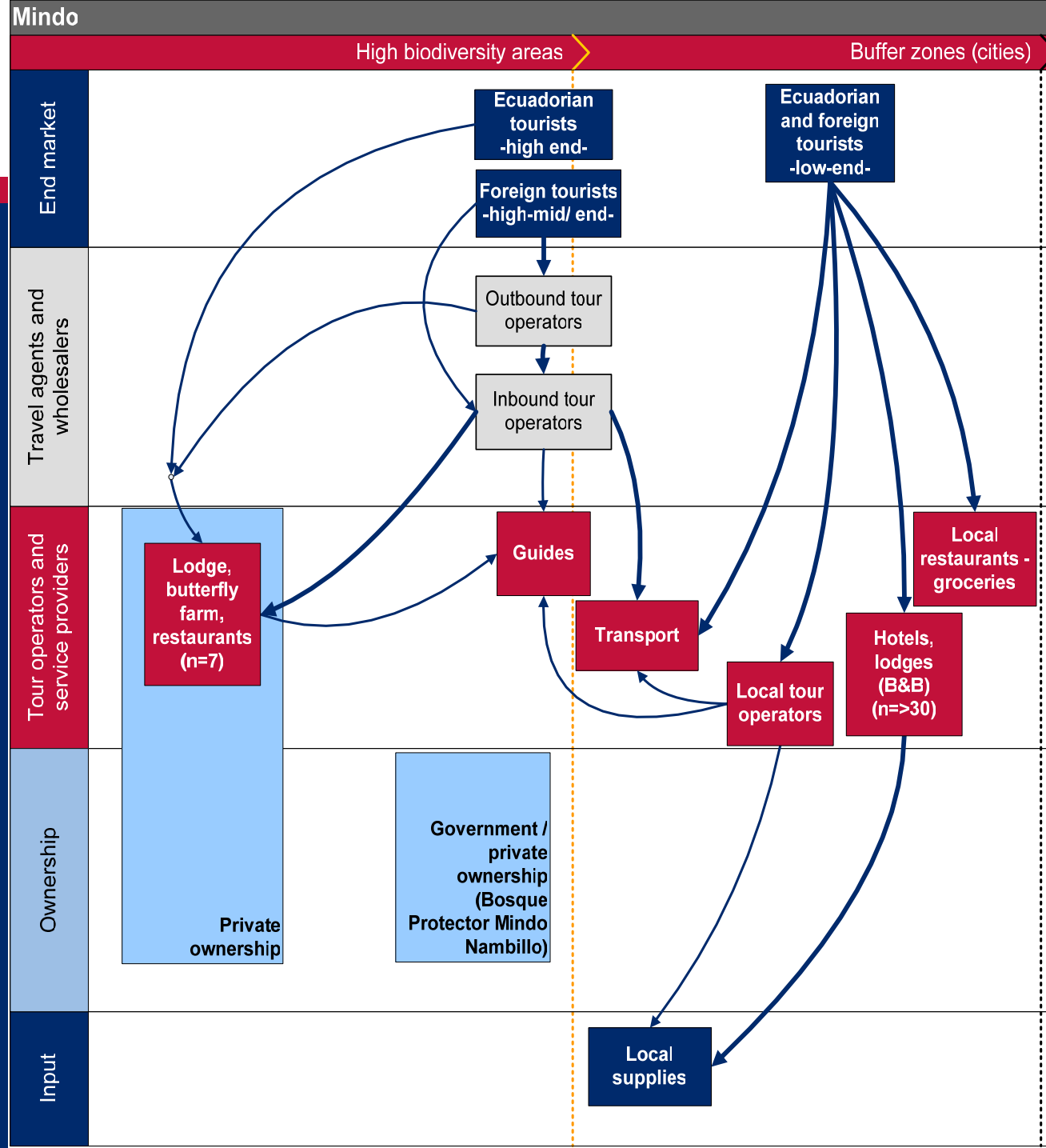
ENABLING ENVIRONMENT

- **Tourism infrastructure and related systems**
 - Potential high impact of targeted upgrades of facilities & infrastructure
- **Public sector capacity**
 - Planning, regulatory and enforcement capabilities, and resources for sustainable tourism across all levels of government
 - Tourism investment not proportional to its role in the economy
- **Limited public-private cooperation**
- **Decentralization**
 - Key to local empowerment?

INTER-FIRM COOPERATION MINDO

Linkages Along Two Market Channels

- The destination's disconnected anchor
- Higher end birdwatching meets lower end recreation
- Value chain learning and benefits vs. low-cost competition
- Congestion and litter
- Horizontal linkages – will they bridge the gap?



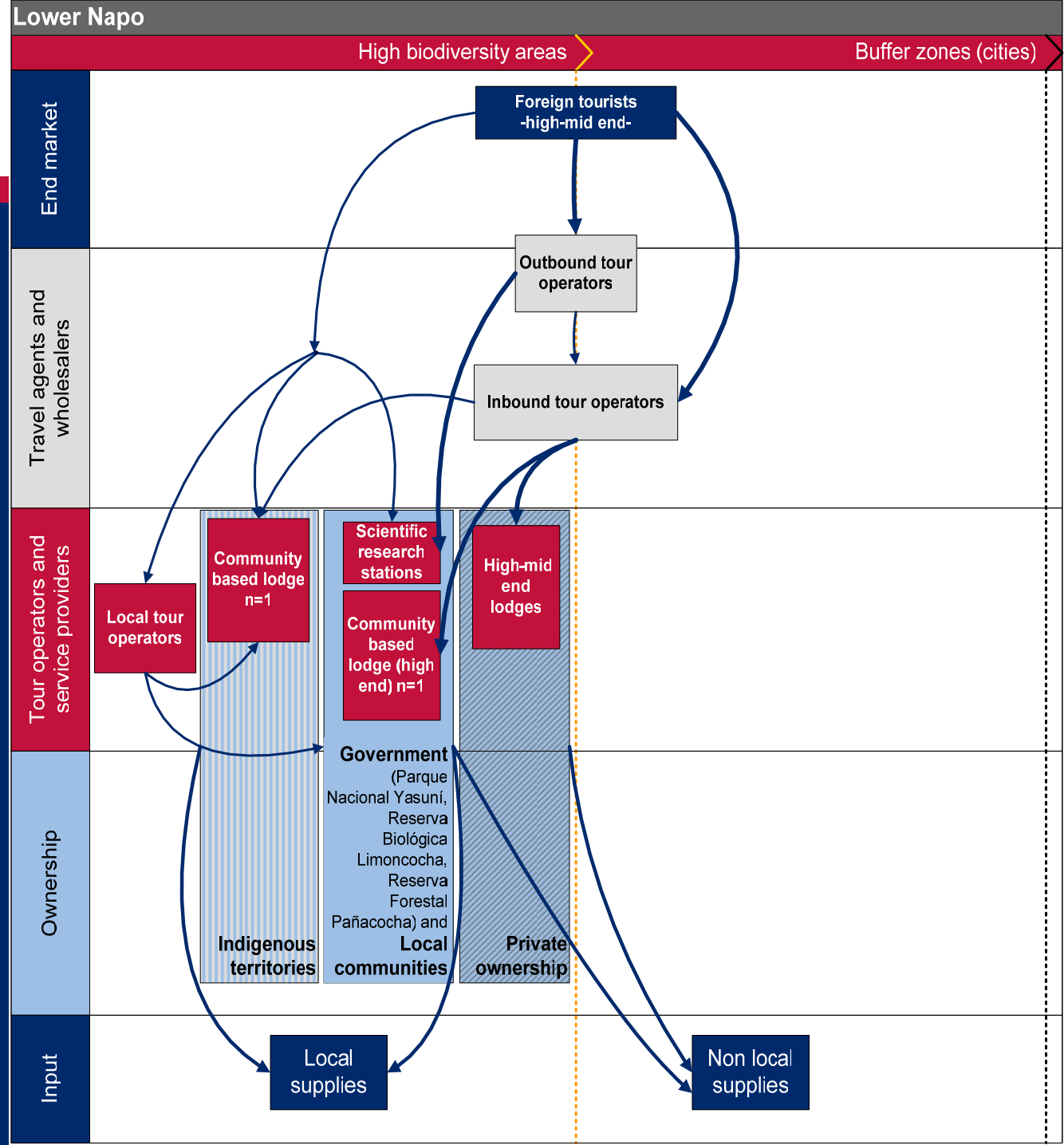
FIRMS SERVING DISTINCT END MARKETS



INTER-FIRM COOPERATION LOWER NAPO

Vertical Linkages, Niche Markets and Conservation

- Vertically integrated independent operations
- Public protected areas
- Key to success?—
Indigenous community + NGO = private joint venture



PRIVATE SECTOR INCENTIVES TO INVEST IN PUBLIC INFRASTRUCTURE



SUPPORT SERVICES

- Lack of ***lending products*** for tourism enterprises
- Paucity of ***market information***
 - International **marketing opportunities** through CORPEI & FondoMixto
- Availability of hospitality and business development ***training*** via NGOs, universities, vocational centers, GOE and others

STAKEHOLDER WORKSHOP

- Two Sessions
- Thirty Stakeholders
 - Operators
 - Community Associations
 - Ministry of Tourism
- Focus on Opportunities and Constraints
- Limitation – Not Ready for Strategic Plan

FOUR ELEMENTS OF A STRATEGIC VISION

1. A national **brand** as the leader in sustainable tourism
2. Responsive to **market demand**
3. Conscious link to more effective **natural resource management**
4. **Increased collaboration** between value chain actors



SHORT-TERM ACTION ITEMS

Enabling Environment Initiatives

- *E-efficiencies*
- Streamline *legalization process*
- *Concessions* and *differentiated fee* strategy in protected areas

...And not very short-term

- Clear *delineation of roles and responsibilities*
 - between ministries
 - between national and local levels of government
- *Zoning and planning*

SHORT-TERM ACTION ITEMS

Interfirm Cooperation

- **Targeted local collaboration**
 - *Local Stakeholder session*
 - *EcoRuta*
 - *Codes of conduct*
 - *limits of acceptable change* systems
 - *information services*
 - Collaborative **websites**, reservation systems
- **Upgrading** of key attractions
 - signage, interpretive trails, information and restroom facilities

Firm-level Upgrading

- **Business alliances**
- **Targeted training**
 - Guide training
 - Tourism and NRM training for key protected area sites
 - Specialized training

FINDINGS – SHORT-TERM ACTION ITEMS

Support Services

- ***Loan products*** for upgrades
 - e.g., software, safety or waste management investments
- ***Market analysis***
 - Local analysis of market segments and customer satisfaction
 - Feedback loop with *Fondo Mixto's* overseas analysis
- ***Longer term*** – contract firm to manage a ***statistical system***

ECOTOURISM AND NRM

CAN THEY SUPPORT EACH OTHER?

- Yes, if
 - Scarce natural resource is important element of the destination
 - Effective business/NR management capacity exists
 - Local communities benefit
- Think more ***broadly*** than ecotourism.
- Facilitate ***local planning and collaboration*** around immediate benefits
- Longer term, national level priorities:
 - Planning and enforcement,
 - Flow of market information, technical knowledge, and promotion services

QUESTIONS?





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THANK YOU!

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