

INTERNATIONAL TOURISM
in
Central America



Development Concepts for Five Republics of

COSTA RICA
EL SALVADOR
GUATEMALA
HONDURAS
and
NICARAGUA



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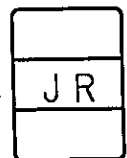


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This report summarizes the findings of a preliminary study conducted on behalf of the Japan International Cooperation Agency (JICA) by Manuel Knight and Susan Wood. Funding was provided through the technical cooperation program of JICA.

Mr. Knight visited each of the five Central American countries during the course of two field studies. The first study mission to Costa Rica, Guatemala, and El Salvador took place in September 1996 with Mr. Koichi Miyoshi, Resident Representative of the JICA-USA Office. The Second study mission to Honduras and Nicaragua took place in October 1996 with Mr. Reizo Murakami, Senior Research specialist with the International Tourism Development Institute of Japan (ITDIJ). In addition, discussions were held with relevant Washington-based international and multilateral organizations (including The World Bank Group, OAS, IADB, and The Nature Conservatory) and with some private sector members of the tourism industry.

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ABBREVIATIONS

CINCAP	Center for Information on the Culture, Nature and Arts of the Peten [Guatemala]
COCESNA	Central American Corporation for Air Navigation Services
CONAP	National Council of Protected Areas [Guatemala]
CONCULTURA	Cultural Council, Salvadorean Ministry of Education
CORSATUR	Salvadorean Tourism Corporation
EU	European Union [Brussels]
FEDECATUR	Federation of Central American Tourism Chambers
FIDE	Foundation for Investment and Development of Exports [Honduras]
ICT	Costa Rican Tourism Institute
IDB	Inter-American Development Bank
IFC	International Finance Corporation [World Bank Group]
IHT	Honduran Tourism Institute
INGUAT	Guatemala Tourist Commission
INVU	Town Planning Institute Of Costa Rica
ISTU	Salvadorean Tourism Institute
MIGA	Multilateral Investment Guarantee Association [World Bank Group]
NGO	Non-governmental organization
OAS	Organization of American States
PROARCA	Regional Environmental Program for Central America [US-AID]
SIECA	Central American Secretariat for Economic Integration
SITCA	Central American Secretariat for Tourism Integration
SPN	Salvadorean National Park Service
STC	Salvadorean Tourism Corporation [information]
UNEP	United Nations Environmental Program



INTRODUCTION

The following report has been prepared at the request of the Washington DC office of the Japan International Cooperation Agency. The purpose of this report is to identify a number of basic project concepts that could be effective in expanding international tourism into the region. These projects would also contribute to the attainment of the broader economic development objectives of each country, since a variety of actions for both government and the private sector is proposed. Field work for this report was completed in November 1996.

The project concepts proposed in this report are intended for the serious consideration of the respective governments, as guidance for them in formulating future programs in support of the tourism sector and national strategic development objectives. There is a bias towards projects that improve the supply side of the tourism equation; nearly all of the project proposals in some way relate to the improvement of attractions and receptive capacity of the countries to attract and handle incoming tourism. Very few of the proposed concepts are entirely original. Most have been drawn from existing reports and observations of tourism officials and entrepreneurs. The study identifies new segments of tourism which these five countries can attract.

Because tourism is a combination of services, many areas of activity are critical to its success. For this reason, the project concepts proposed in this report relate to a number of very different fields including :

- Institutional Strengthening
- Architecture and Historic Preservation
- Study & Preservation of Archeology
- Park Planning and Management
- Environmental Conservation
- Transportation Infrastructure - Air Traffic Control Systems
- Urban Planning and Development

The concepts that are simpler in nature and that can be implemented in one or two years, are considered short term ones; those requiring a longer time frame exceeding two years, are considered long term. This distinction is an imprecise one.

At present, there is already a great deal of involvement on the part of bilateral and multilateral agencies and NGOs in all of these countries. An effort has been made to identify the main relevant tourism programs in progress. Nevertheless, there is always a need for the coordination of interventions between different organizations, and care must be taken at the later phase of project formulation to eliminate wasteful duplication of effort.

Finally, it is significant that all five of the governments in this study have stated they assign a high priority to the tourism sector in their economic development strategies. Tourism is gaining increased importance in their national economies. At high level regional meetings held in 1995 and 1996, this message was announced by economic ministers. They cited the onset of peace in Guatemala as a key event in completing the process of pacification in Central America. With the recent signing of the final peace accord at the end of 1996 in Guatemala, the conditions could be ideal for international tourism to thrive in the region.

All these nations have also discussed the tourism sector with foreign development agencies. It was a topic discussed at the August 1996 summit meeting in San Jose, Costa Rica where Japan's prime minister met with some of the Central American heads of state. For this reason, JICA has commissioned this study by Mr. Knight and Ms. Wood. However, the ideas and opinions expressed in this report are solely those of Mr. Knight and Ms. Wood.

The organization of the report is as follows. Chapter 1 contains an Executive Summary. Chapter 2 deals with the regional perspective, citing conditions that are common to some or all of the five countries. Chapters 3 to 7 discuss the situation in each of the five reference countries, and set forth a rationale for the concepts for the projects. Chapter 8 presents recommendations that relate to the entire region.

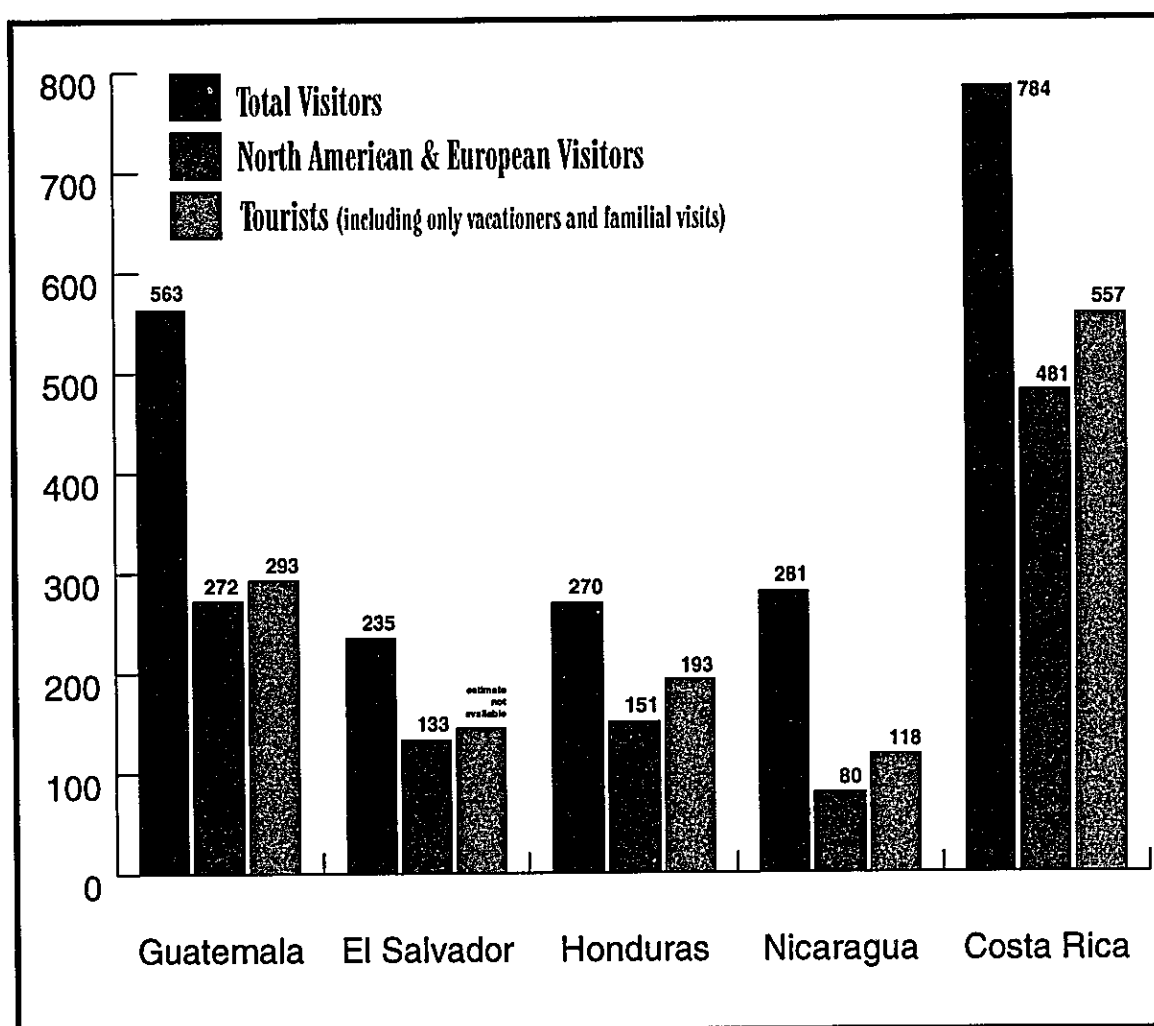


C h a p t e r 1

Executive Summary

Central America's 1995 Visitor & Tourist Volumes

(in thousands)



1. EXECUTIVE SUMMARY

This report sets forth clear steps for government to consider taking, and also clear directions for private sector investment. There is broad agreement in the region that a major expansion in tourism will require a private-public partnership in which the governments of the region are responsible for creating an enabling environment, conducive to raising substantial private investment in varied, related sectors. In this chapter, key aspects of the regional perspective are reviewed, followed by sections on each of the five countries covered in the study.

1.1 THE REGIONAL PERSPECTIVE

Although many areas in Central America have potential for tourism, it is only Costa Rica in this region that has succeeded in developing a positive image internationally. For this country, tourism is now a thriving industry attracting nearly 800,000 visitors per year, and it has grown to be a key export earner for the country. However, the other countries of the region generally recognize that they also have opportunities to develop different types of tourism products. There is particular optimism today because of the recent signing of the final peace accords in Guatemala which will begin an era of peaceful conditions throughout the region. This development should result in a stimulus in tourism to the region, not only to Guatemala but to the other countries in the region as well.

There is also general agreement that the role of the private sector is clearly the primary one and the role of the government should be restricted to a limited, regulatory one. The governments have the responsibility to create a favorable environment for the private sector to lead development. Tourism agencies must fulfill their regulatory roles, and also promote policies and regulatory reforms in many related sectors such as air and road transportation, urban and regional planning, immigration, foreign investment, natural resources management, and manpower development. These agencies have a responsibility to identify barriers and to promote reforms in other agencies, and even in neighboring countries, that will lift these barriers. For many years in Central America there has been a desire for economic integration; the tourism industry being international by definition, is a sector that requires regional collaboration and reform. There is broad recognition of this, which is why all of these governments have requested the aid of the development community in promoting tourism.

The tourism agencies are already fulfilling their well recognized function of international promotion in varying degrees, and are seeking ways to conduct joint efforts to augment the effectiveness of their limited resources. The *Mundo Maya* [Mayan World] effort is an example of effective promotion in the area of international promotion.

PROPOSED CONCEPTS FOR PROJECTS

In this report, many different types of projects are recommended, in areas such as regional and urban planning, architectural preservation, museum development, development of national parks, institutional strengthening of tourism organizations, tourism database development, among others. Some projects relating to transportation and related infrastructure are proposed, particularly regarding the region's air traffic system. Each subsection below focuses on one of the five reference countries and presents specific concepts for projects. In addition, each subsection also identifies suggested private sector projects. These are not treated in detail in the report. However, the underlying justification for their feasibility is presented in the country chapters of this report. At the end of this chapter, a number of projects are presented that relate to the entire region or that require joint implementation between two or more countries.

1.2 GUATEMALA

Despite its great potential, tourism in Guatemala has been directly hindered by the long term civil unrest, which appears to be finally coming to an end. However, because of its outstanding cultural and natural attractions, including the ancient Mayan city of Tikal, its highland lakes and distinctive indigenous peoples and traditions, with a favorable civil and business environment, the country could rapidly expand its tourism industry and draw a variety of types of visitors. The government's tourism agency INGUAT has defined strategies and projects for the private sector to undertake. In addition to the current base of cultural tourists already arriving, Guatemala can prepare its parks to attract adventure or ecotourists just as Costa Rica has. It could also become a favored country for retirement living by US and Canadian senior citizens, because of its year round spring-like weather.

In recognition of the varied potentials, the list of proposed concepts for projects itself is varied, including proposals for areas such as Tikal National Park, the lakes of Atitlán, Amatitlán, Peten-Itzá and Yaxhá, and the urban areas of Chichicastenango, Quetzaltenango, and Guatemala City. Airport improvements are proposed as well as a bridge over the Motagua River to open a gateway to the north coast of Honduras, and a tourist police corps to patrol key highways.

PROPOSED CONCEPTS FOR PROJECTS IN GUATEMALA

- G1 Assignment of Technical Experts.
Various Agencies.
Technical Assistance for Technology Transfer.

- G2 Tikal National Park Project.
INGUAT & Institute of Archeology & History of Guatemala.
Park Planning & Management.

- G3 Technical Assistance For The Nimajay Hotel School.
Nimajay Hotel School.
Manpower Training.

- G4 Quetzaltenango Ecotourism Project.
Quetzaltenango Departmental Government, NGOs.
Park Planning & Management

- G5 Lower Peten Ecotourism Development.
Peten Territorial Government, Adjacent Municipalities.
Park Planning & Management.

- G6 Quetzaltenango Spa Destination Project.
INGUAT.
Feasibility Study for New Product Development.

- G7 A General Archives for Central America.
Institute for Archeology & Education.
Preservation of Cultural Heritage.

- G8 Modernization of the National Archeological Register.
Institute for Archeology & Education.
Preservation of Cultural Heritage.

- G9 Creation of The Tourism Police Corps.
National Police Department.
Institutional Strengthening for Law Enforcement & Tourism.

- G10 Lake Amatitlán Rescue Project.
Adjacent Municipalities.
Environmental Management.

- G11 The National Palace Museum Of The Mayan Civilization.
Institute for Archeology & Education.
Preservation of Cultural Heritage.

- G12 Chichicastenango Urban Improvements Project.
Municipality of Chichicastenango.
Urban Revitalization for Tourism.

- G13 Quetzaltenango City Historic Center Preservation Project.
Municipalities of Quetzaltenango.
Urban Revitalization for Tourism.

- G14 Lake Atitlán Urban Improvements At Panajachel, Santiago De Atitlán.
Municipalities of Panajachel & Santiago De Atitlán.
Urban Revitalization for Tourism.
- G15 Guatemala City Historic Center Rehabilitation [RENACENTRO].
Municipality of Guatemala City.
Urban Revitalization For Tourism.
- G16 Lake Peten Itzá & Yaxhá Lagoons Management Plans.
Peten Territorial Government, Adjacent Municipalities.
Environmental Management.
- G17 Lake Atitlán Shoreline Rescue Project.
Adjacent Municipalities.
Environmental Management.
- G18 Lake Atitlán Scenic Road.
Highways Department.
Road Infrastructure.
- G19 Motagua River Bridge.
Ministry of Public Works, of Transport.
Transport Infrastructure.

PROPOSED PRIVATE SECTOR PROJECTS FOR GUATEMALA

- Restoration of old structures and conversion to inns, restaurants, galleries and workshops for arts & crafts in historic sections of Guatemala's older towns
- Development of a museum for traditional Guatemalan textiles and dress at Quetzaltenango
- Development of villas, retirement communities in highland and coastal areas
- Development of a full service international standard hot springs/spa resort with hotel in the highlands
- Operation of fast passenger boat services on Lake Izabal and to points in the Gulf of Honduras
- Development of docks to handle cruise liners at Caribbean and Pacific ports
- International airport upgrading & operation at Guatemala and Flores under privatized arrangements
- Construction of a toll bridge over the Motagua River for the highway to Honduras

1.3 EL SALVADOR

The smallest of the Central American countries, El Salvador also offers the most limited potential for tourism development in the region. International tourism to this country is in an incipient stage. However, there are some clear potentials for the development of some types of tourism, including cultural visitors seeking the attractions of the *Mundo Maya*, vacationers staying at its Pacific resorts, and participants in business, trade and cultural events held at hotels and meeting facilities in San Salvador. This small country's good international airline service, and easy proximity to Guatemala are major advantages. The dynamism of its business community is apparent in the recent development of new hotels and resorts in the capital city and at points along its coastline. There are plans to build a major integrated cultural and exhibition complex in San Salvador to handle future large scale events that will draw an international attendance. This project will reinforce the city's role as one of the region's top business centers.

At the institutional level, the government is in a period of transition between the tourism institute [ISTU] and a proposed tourism development corporation [CORSATUR]. Pending this restructuring, the activity of the government in support of the sector has been limited. However, there is a tourism development plan which provides guidance as to strategy and future development projects. A number of the project proposals for El Salvador in this report support planning and development of different types of facilities to be located in parks, at points along the Pacific coastline and in the area of its capital city.

PROPOSED CONCEPTS FOR PROJECTS IN EL SALVADOR

- E1 Assignment of Technical Experts.
CORSATUR.
Technical Assistance for Tourism Sectoral Development.

- E2 Alegria Lagoon Spa Feasibility Study.
CORSATUR, Usulután Departmental Government.
Health Oriented Tourism Facility.

- E3 Cruise Terminal Feasibility Study.
CORSATUR, La Libertad Departmental Government.
Transport Infrastructure for Tourism.

- E4 National Palace Renovation Project.
Cultural Council CONCULTURA, San Salvador Municipality.
Preservation of Architectural Heritage.

- E5 Gulf of Fonseca Land Use Plan.
CORSATUR, La Unión Departmental Government.
Regional Planning for Tourism.

- E6 Montecristo National Park Improvement Study.
National Park Service, Santa Ana Departmental Government & Metapan Municipality.
Infrastructure Improvements for Tourism.
- E7 The San Salvador Convention City.
CORSATUR, San Salvador Municipality.
Urban Infrastructure for Conventions and Exhibitions.
- E8 Lake Ilopango Tourism Village Feasibility Study.
CORSATUR, La Libertad Departmental Government.
Urban Infrastructure for Tourism.
- E9 Creation of The Tourism Police Corps.
CORSATUR, Salvadorean Police Department.
Institutional Strengthening for Tourism.
- E10 San Sebastian Island Resort Feasibility Study.
CORSATUR, Usulután Departmental Government.
Urban Infrastructure for an Integrated Resort Island.

PROPOSED PRIVATE SECTOR PROJECTS FOR EL SALVADOR

- Restoration of old structures in the old center of San Salvador near the National Palace for conversion to commercial uses such as inns, restaurants, shops, galleries, office space
- Development of an integrated convention complex for San Salvador with facilities for large scale business and cultural events and trade shows
- Creation of a private company to internationally market and manage the convention complex proposed for San Salvador
- Restoration of old structures in towns for conversion to inns, restaurants, shops, galleries and workshops for arts & crafts [Santa Ana, Suchitoto for example]
- Development of international standard resorts at San Sebastian Island on the Pacific Coast
- Development of Alegria spa and hotel in Usulután department
- International cruise ship terminal complex at La Libertad
- Operation of fast boat service across the Gulf of Fonseca to points in Honduras and Nicaragua
- Development of villa, retirement communities, golf courses at scenic areas such as the lakes of Ilopango, Coatepeque, Cerrón Grande

1.4 HONDURAS

This country has the advantage of possessing a diversity of resources suitable for different segments of tourists including seaside vacationers and divers, soft adventure and ecotourists, as well as culturally motivated and general sightseeing visitors. These resources include a long north coast with locations suitable for resort development, a group of Caribbean islands and adjacent coral reefs, and the ruins of an ancient Mayan metropolis at an inland location near the Guatemalan border. The country also has the most developed airport system in the region; however, the road links to Guatemala require improvement. Consequently, Honduras has resources to collaborate with Guatemala and Belize, to attract different segments of tourism. After Belize, Honduras has the best potential in the region to develop Caribbean style destinations drawing large volumes of vacationers.

The Honduran Tourism Institute and planning agencies recognize this potential, and are taking steps to promote development of both island and coastal projects, as well as some inland ones unrelated to seaside tourism. The local business community needs foreign capital and guidance in implementing projects as its own resources are quite limited. The project proposals for Honduras address many planning issues in areas critical for tourism. They also address the need for some institutional strengthening and capacity building for both the public and private sector. Some project locations include Copán Ruins town, coastal areas near Tela, parks and protected areas near Tela, La Ceiba and Trujillo, the Tegucigalpa city center, and numerous other inland villages with historic centers.

PROPOSED CONCEPTS FOR PROJECTS IN HONDURAS

- H1 Assignment of Technical Experts
IHT & others.
Institutional Strengthening.

- H2 Tela Bay Infrastructure Package
Tela Bay Trusteeship.
Infrastructure for Tourism.

- H3 Tourism Database
IHT & Tourism Chamber of Commerce.
Institutional Strengthening.

- H4 Establishment of a Hotel & Restaurant Trades School.
National Institute for Professional Training [INFOP].
Human Resources Development.

- H5 Arts & Crafts Training Center
National Institute for Professional Training.
Human Resources Development.

- H6 COCESNA Restructuring Plan
Secretariat for Central American Economic Integration.
Institutional Strengthening.
- H7 Tela Bay Master Plan
Government of Atlántida Department, Tela Municipality.
Regional Planning.
- H8 Town of Copan Ruins Urban Development Plan
SECOPT & Municipality of Copán Ruins.
Urban Development.
- H9 Tegucigalpa Historic Center Rehabilitation
Tegucigalpa Municipality.
Urban Revitalization for Tourism.
- H10 Historic Inns [Paradores] of Honduras
Honduran Institute of Archeology & History, IHT.
Preservation of Historic Structures.
- H11 Lake Yojoa Tourism Development Plan
Departments of Cortes, Sta Barbara, Comayagua & Eco-Lago Project.
Regional Planning.
- H12 General Land Use Plan for the North Coast
Ministry of Economy, Departments of Cortes, Atlantida & Colon.
Regional Planning.
- H13 National Park Development & Management Skills
Parks Division of the Honduran Forestry Department.
Institutional Strengthening for Parks Planning & Management.
- H14 Gateway Airports Upgrade Package
Honduran Civil Aeronautics Agency.
Transportation Infrastructure & Systems.

PROPOSED PRIVATE SECTOR PROJECTS FOR HONDURAS

- Creation of old world inns, shops and restaurants, galleries and workshops for arts & crafts through conversion of old buildings of architectural value, at numerous town across the country [Yuscarán, San Juancito, Trujillo, Copán Ruinas, Choluteca, etcetera]
- Creation of a chain of *Paradores* in historic structures containing restaurants and hotels [Tela, Choluteca, Tegucigalpa, Gracias, others]

- Operation of fast passenger sea services from the North Coast to the Bay Islands, Guatemala and Belize
- Tour operations in Honduras and neighboring countries, and guide services at national parks
- Development of villa, retirement communities at Lake Yojoa, La Esperanza, coastal locations
- Development of docks to handle cruise liners at Roatán and North Coast ports
- International airport upgrading & operation under privatized arrangements
- Shopping centers in coastal towns and historic districts
- Workshops and galleries for craftsmen and women for sale of arts & crafts in the Bay Islands, on the North Coast and at Copán Ruins

1.5 NICARAGUA

Tourism and the travel business generally are the least developed in Nicaragua, which is in the process of restructuring its government and economy along liberalized principles. Because of the policies of past governments, there has been no major private investment in tourism infrastructure outside of the capital city for many years. The unsettled conditions during and after the Sandinista period allowed for virtually no international tourism at all. Basically, the industry must start from zero and the private sector cannot rely on government for guidance or provision of planning or development resources in the near term.

However, Nicaragua does have significant potential; its core attractions are conveniently situated in the small area between the two large lakes and the Pacific coast. Nicaragua's unique combination of resources includes : national parks with volcanoes, the two beautifully preserved colonial towns of Granada and Leon, the immense Lake Nicaragua with its island groups, and the seaside resort area at Montelimar. The project proposals call for planning for infrastructure development, improvements in transportation, and a study on capital availability for tourism investment.

PROPOSED CONCEPTS FOR PROJECTS IN NICARAGUA

- N1 Assignment of Technical Experts
Ministry of Tourism & others.
Institutional Strengthening.
- N2 Capital Adequacy Study For Tourism Investment
Chamber of Commerce, Ministry of Tourism.
- N3 Facilitation of Border Procedures.
Nicaraguan Immigration Authority.
Regulatory Reforms for Immigration & Transport.

- N4 Granada Lakefront Development Plan.
Granada Municipal Government.
Urban Infrastructure Development for Tourism.
- N5 Historic Inns & Country Houses [Paradores] of Nicaragua
Nicaraguan Institute of Culture, Ministry of Tourism.
Preservation of Historic & Rural Structures.
- N6 Infrastructure Upgrading Plans for Granada & Leon Historic Cities
Municipal Government, Public Works Ministry
Urban Infrastructure Development for Tourism.
- N7 Destination Development Plans for Seaside Resorts.
[Montelimar, San Juan del Sur, Corn Island]
Ministry of Tourism.
Urban Infrastructure for Tourism.
- N8 Parks Development in the Lake Nicaragua Vicinity.
Parks Department. Parks Planning & Management.
- N9 Creation of The Tourism Police Corps.
National Police Department.
Institutional Strengthening for Law Enforcement & Tourism.
- N10 Nicaraguan Airports Upgrade Package.
Public Works Ministry.
Transportation Infrastructure.
- N11 Development of Integrated Border Crossings at El Guasaule & Peñas Blancas.
Public Works Ministry.
Transportation Infrastructure.

PROPOSED PRIVATE SECTOR PROJECTS FOR NICARAGUA

- Restoration of old structures and conversion to inns, restaurants, galleries and workshops for arts & crafts in historic sections of Granada, Leon, Rivas and other towns
- Operation of fast passenger sea services from East Coast ports to the Corn Islands & San Andrés Island
- Operation of fast boat services on Lake Nicaragua to Zapatera, Ometepe, Solentiname, San Carlos
- Operation of cruise ships on Lake Nicaragua
- Operation of seaplane services to the above lakeside points and for sightseeing
- Operation of fast boat service across the Gulf of Fonseca to El Salvador

- Tour operations in Nicaragua and neighboring countries, and guide services at national parks
- Development of vacation homes, retirement communities at coastal and highland locations
- Development of docks to handle cruise liners at Corn Island, Bluefields, and Pacific ports
- International airport upgrading & operation under privatized arrangements
- Workshops and galleries for craftsmen and women for sale of arts & crafts
- Better promotion of attractions at Montelimar

1.6 COSTA RICA

This country is unique in the region for its success in becoming one of Latin America's most successful destinations for North American and European tourists; in 1995 Costa Rica attracted a total of 784,000 visitors. It has established an image as a premier nature-oriented or *ecotourism* destination that presents its biodiversity for visitors to appreciate. It has accomplished this as a unique destination, intentionally in isolation from the region of Central America which has been known for decades for turmoil and unstable conditions. In a sense, Costa Rica does not need Central America, while Central America needs Costa Rica.

This situation is changing for both internal and external reasons. As the tourism industry in Costa Rica expands and matures, it will face bottlenecks and congestion at the most heavily visited parks and beach areas; fortunately, this situation is widely recognized and both government and industry are addressing the problems. One solution is for the country to open new areas to bring in new types of tourists. Costa Rica is pursuing this strategy by being the only Central American nation to compete for the broad international beach market that Mexico and the Caribbean islands already draw. It is proceeding with development of the Guanacaste coastline where some resorts are already in operation. Costa Rica is also formulating new tourist packages combining ecotourism with destinations offering ancient Mayan ruins, historic colonial towns and indian civilizations. For this purpose, Costa Rica does now need Central America to diversify its travel products. The set of project proposals for Costa Rica contains concepts for improved planning in areas of heavy tourist development, especially in coastal areas. Other proposals focus on infrastructure, park improvements and capacity building.

PROPOSED CONCEPTS FOR PROJECTS IN COSTA RICA

- C1 Assignment of Technical Experts.
ICT Institutional Strengthening.
- C2 Guanacaste Province Tourism Infrastructure.
ICT Infrastructure Development.

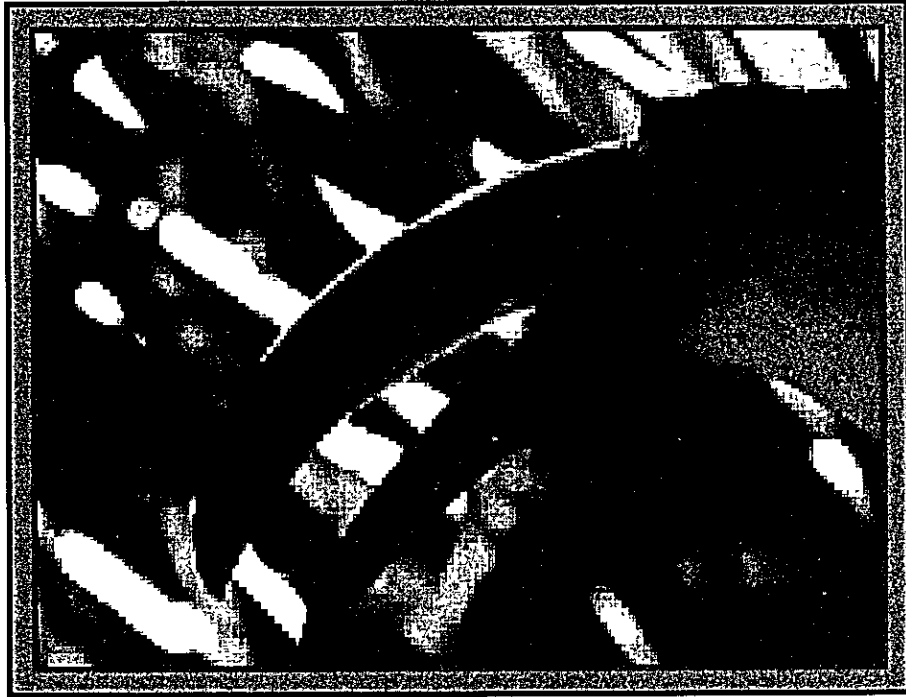
- C3 Coastal Land Use Planning & Management.
ICT Technical Assistance for Land Use Planning Studies.
- C4 Limón Cruise Port Feasibility Study.
ICT & Limón Municipality.
Investment Promotion in Tourism Infrastructure.
- C5 Limón Scenic Railroad Feasibility Study.
ICT Investment Promotion in Tourism Infrastructure.
- C6 Tourism Database Development.
ICT & Tourism Chamber of Commerce.
Institutional Strengthening.
- C7 Volunteer Services for National Parks.
National Conservation Areas System [SINAC].
Parks Planning & Management
- C8 National Parks Upgrading for Tourism.
National Conservation Areas System [SINAC].
Parks Planning & Management.
- C9 Urban Planning Short Course.
Municipal governments, Town Planning Institute [INVU] & ICT.
Technical Assistance for Urban Planning.
- C10 Pan-American Highway Improvement Feasibility Study.
Ministry of Transport. Road Infrastructure.

PROPOSED PRIVATE SECTOR PROJECTS FOR COSTA RICA

- Integrated tourist complex and cruise terminal at Limón port
- Rehabilitation of the inactive Limón railroad to create a scenic rain forest railroad
- Creation of a tourism corporation to rescue and complete the stalled Papagayo resort project
- Operation of jungle lodges and mountain lodges located inside national parks
- Granting of foodservice concessions inside national parks and protected areas
- Operation of riverboat excursions and camps along the Río San Juan and in Lake Nicaragua
- Operation of fast boat services along the Pacific coast to points around the Osa and Nicoya peninsulas

1.7 PROPOSED CONCEPTS FOR REGIONAL & JOINT PROJECTS

- R1** Tourism Investment Promotion
Sponsorship of Chambers of Commerce & Export Promotion Agencies.
Investment Promotion.
- R2** Seminar for Travel Entrepreneurs on New Market Development
SITCA and FEDECATUR Small Business Promotion.
- R3** Joint International Promotion Campaign
Tourism Related Trade Associations, FEDECATUR.
Trade Promotion.
- R4** COCESNA Restructuring Plan
Secretariat for Central American Economic Integration.
Institutional Strengthening.
- R5** Policy Reforms Package
SIECA, SITCA.
Tourism Related Regulatory Reforms.
- R6** Seminar for Tourism Officials
SIECA, SITCA.
Institutional Strengthening.
- R7** Workshop on National Parks Systems
Central American Commission on Environment and Development, SITCA. .
Institutional Strengthening for Parks Planning & Management.
- R8** Workshop for Municipal Officials on Urban Development Plans for Tourism
Urban Planning Agencies. Institutional Strengthening of Municipalities.
- R9** Construction of Welcome Plazas on the Pan American Highway
Public Works Ministries. Transportation Infrastructure.
- R10** Joint Management Plan for the Trifinio International Park
Central American Commission on Environment and Development, national park
agencies. Institutional Strengthening for Park Management.
- R11** Joint Environmental Management Plan for the Gulf of Fonseca
PROARCA ongoing project, environmental agencies. Environmental Planning &
Regional Development.



C h a p t e r 2

Tourism in Central America: The Regional Perspective

2 TOURISM IN CENTRAL AMERICA - THE REGIONAL PERSPECTIVE

Although many areas in Central America have potential for tourism, it is only Costa Rica in this region that has succeeded in developing a positive image internationally. For this country, tourism is now a thriving industry attracting nearly 800,000 visitors per year, and it has grown to be a key export earner for the country. However, the other countries of the region generally recognize that they also have opportunities to develop different types of tourism products. There is particular optimism today because of the recent signing of the final peace accords in Guatemala which will begin an era of peaceful conditions throughout the region. This development should result in a stimulus in tourism to the region, not only to Guatemala but to the other countries in the region as well.

2.1 COMMON CHARACTERISTICS

All of the Central American nations, with the exception of Costa Rica, are basically absent from the international tourism industry and lack a clear awareness or image among the travel trade, and the traveling public in North America and Europe. This absence is even more true as regards the travel trade in Japan and the rest of Asia. Where there is some knowledge of the countries, it is often negative, since it is often derived from past press coverage of the strife in each country, with the exception of Costa Rica. In summary, the region is basically bypassed by the main flows of holiday and vacation travelers from high income countries, with the exception of Costa Rica.

It is also noteworthy that the tourism institutes in these nations are relatively weak, and have not been successful in developing major flows of international tourists; for years they have had to face obstacles such as internal civil unrest and uncertain safety conditions for visitors. This picture has now changed substantially, the most recent case being that of Guatemala with the signing of the peace accords.

2.2 TRENDS IN INSTITUTIONAL REFORMS

The governments of the region have been undergoing major and sometimes radical restructuring of their bureaucracies. They have downscaled the size of government leading them to reduce the size and budgets of their tourism agencies. There has even been talk of dissolving the tourism institutes or ministries in some countries. Also, in the interest of decentralization, some governments have shifted the burden of some responsibilities onto the provincial and municipal governments. An example is that of the structuring of urban improvement projects, which formerly were formulated and funded through central government agencies. Now, some local governments are bearing greater responsibility in formulating public works projects.

The role of the national tourism agencies is now being limited to a reduced regulatory function, to development of new products, and to foreign promotion of the destination. In this context, there is greater scope for initiatives by non-governmental organizations

and private sector companies; they must bear a greater burden of development than in the past. It is increasingly important for collective action in the form of trade/business associations, chambers of commerce and other types of private business bodies, to advocate policy reforms to improve the business environment in the region. All of the countries in the region have business bodies that represent the interests of the tourism industry, and that are active in promoting reforms. Some of the concepts for projects contained in this report are intended for implementation by the private sector.

2.3 JOINT INITIATIVES

For many years the Central American governments have planned to collaborate in their efforts. They have created special consultative bodies to promote the region's economic integration, such as SIECA the *Secretaría para la Integración Económica de Centro América*. This body has a tourism section called SITCA, the *Secretaría para la Integración de Turismo en Centro América*, which serves as a forum for discussion and consensus building among the region's governments regarding strategy and government initiatives related to tourism. This secretariat has a semi-official status since the governments are its members; it is located in Managua.

Another case of joint initiative is the five country *Mundo Maya* [Mayan World] organization, described in Chapter 3, which is an effort to promote internationally the theme of the ancient Mayan world to attract international tourists to the region. Mexico and Belize are members of this body along with Guatemala, Honduras and El Salvador. The organization has the advantage of sending a distinct, effective message to the targeted markets of the unique attractions that the Mayan world offers in these five countries. The Yucatan part of Mexico serves as a gateway to this region through its major seaside resort destination of Cancun.

2.4 NGO ACTIVITY

NGOs are working with the donor community to carry out a number of aid programs that typically contain components for community development and environmental preservation. Some of these programs have ecotourism components designed to generate these kinds of benefits through promotion of low impact tourism to rural areas such as the Peten [Guatemala], the national parks in mountain regions of Costa Rica, and the tree-nation body of water, Gulf of Fonseca. One recent project is the *Paseo Pantera* project which focused on the development of improved environmental management techniques in the nations of Central America; the project has produced a number of materials related to ecotourism and its relation to nature conservation, as well as a tour book for the region. This project has been funded by the United Nations Environment Programme, and by USAID, and the main NGO involved is the Wildlife Conservation Society of the USA. Others are also mentioned in this report. However, such programs do not have tourism as a major objective, but rather include it as one of several components along with environmental management, wildlife conservation, community development or some other objectives. For this reason this report does not review them in depth.

As is the case with any sector, tourism development can aggravate problems or cause new ones for the environment or for affected populations, which is a reason for substantial NGO involvement in some areas, as an objective, outside party. A key reason for extensive NGO participation in development projects is that in the past, NGOs have highlighted two shortfalls of past development work, the failure to reach the lowest income populations, and a failure to be

environmentally sensitive. For these reasons NGOs excel in the areas of community awareness and involvement, and in environmental sustainability. Many of the measures recommended in this report are intended to benefit disadvantaged populations, both remote ones [in the Peten, or Bay Islands] and urban ones [old sections of Guatemala City, Quetzaltenango, Tegucigalpa and Limón, for example]; they could require substantial NGO involvement.

2.5 ROLE OF THE PRIVATE SECTOR

There is broad agreement in the region that the expansion of tourism is the responsibility of the private sector. There is evidence across the region of investor interest in tourism, in the form of recent construction of hotels and inns at locations outside of the capital cities, and in the form of the creation of small airlines now providing passenger service to nearly thirty local airports. As an indication of the types of investment that are needed, a list of investment opportunities in profit-making activities of different kinds appears at the end of each country chapter. It is not intended to be a complete listing, but rather one that indicates the diversity of investments that make up a destination meeting the expectations of international vacationers. Central American officials that are managing investment incentive schemes must seriously consider extending incentives to include these types of investment.

2.6 TRENDS IN TRAVEL & ECOTOURISM

OVERVIEW OF MARKET CHANGES

Recent trends and tastes in international travel have changed dramatically over the last twenty years. These trends have brought on changes in marketing, tourist products, and even in resort design. France's Club Med is one of the most influential leaders in tourism development. In the 1970s Club Med travel products enjoyed tremendous success. The company understood the changing social trends regarding leisure. In the 1970s, the travel industry was perceived to focus on the youthful traveler, having a relaxation and pleasure orientation. Resorts were designed with these needs in mind, and tour packages promoted accordingly. Environmental concerns had little or no priority in design, as reflected in many of the large, modern beachfront hotels in the USA, Mexico and the Caribbean. The natural environment was often a minor consideration. Interestingly, while Mexico and the Caribbean built considerable new hotel capacity during this decade [including some Club Med resorts], Central America was largely bypassed by the industry.

The "Go-go" 1980s brought in a bullish economy in the USA, and perceptions further changed to a stronger emphasis on privilege and exclusivity. This era is remembered as the decade of selfishness. Some hotel developers like Rock Resorts foresaw the shift in the 1970s and developed refined, full service resorts in secluded locations suitable for a select clientele. They offered their clientele not only gourmet food but also a pristine nature experience. Some of these resorts were built in the Caribbean, but again the trend virtually bypassed Central America with a few exceptions. This decade also saw the rise of *all-inclusive* resorts in the Caribbean, especially in Jamaica.

Again in the 1990s there has been a shift in perceptions and tastes, away from the conspicuous consumption and status orientation of the 1980s and towards more traditional values and interests. Much resort design now emphasizes interaction and harmony with the natural environment, and successful nature and beach resorts and inns feature beautiful, simple architecture with generous use of greenery and local materials,

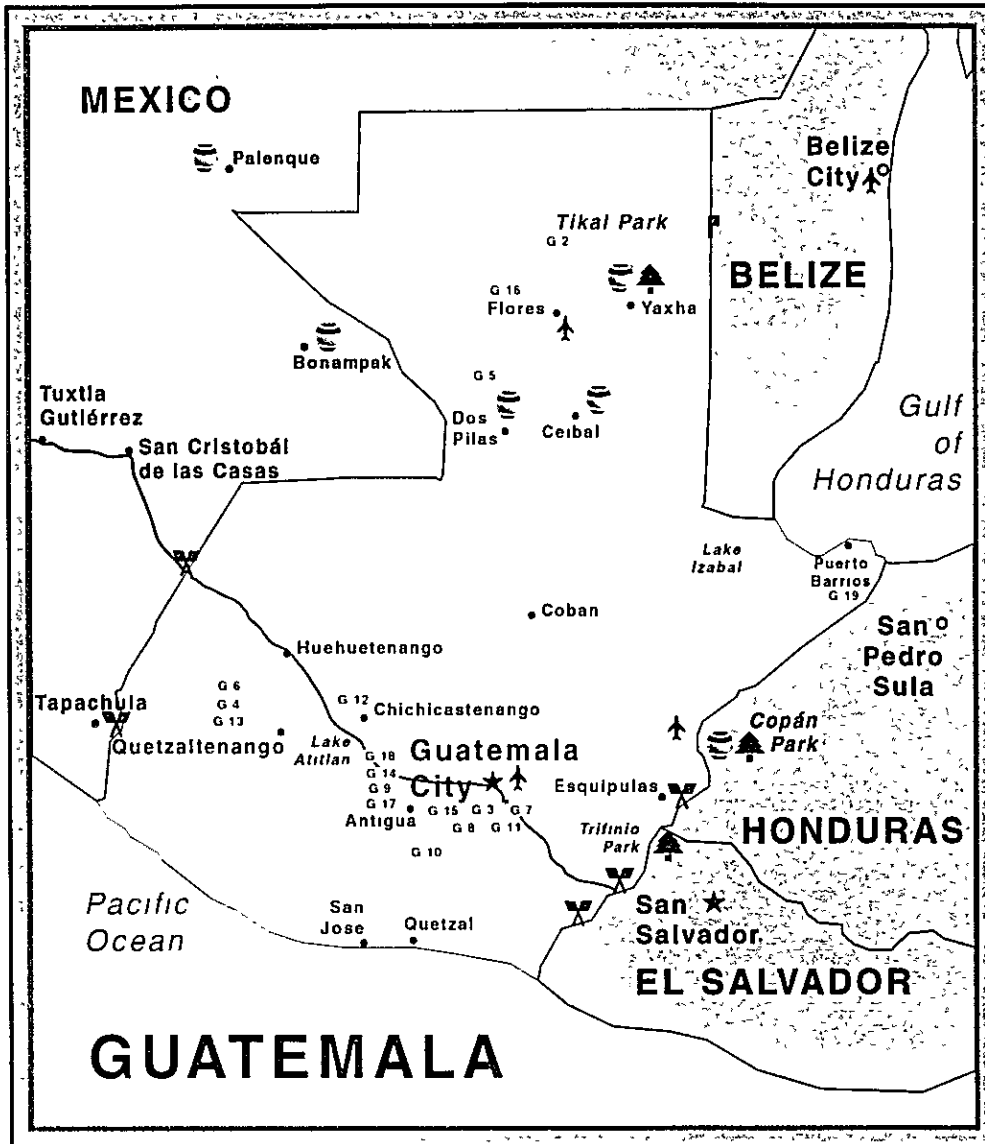
fashioned by local craftsmen, to provide tasteful furnishings throughout the resort that reflect the local culture. Guest products such as handmade soaps and lotions from indigenous plants are provided to enrich the visitor's experience. Recent resort design gives the visitor the chance to enjoy the local flora and to learn about the ecology as a central part of the travel experience; nature hikes and trails have become quite popular. This emerging trend in travel and leisure is referred to as ecotourism. Organizations such as the American Society of Travel Agents, the World Wildlife Fund and The Nature Conservancy foresee that this trend will extend into the 21st century.







ECOTOURISM

The term "ecotourism" has been misused over recent years. This term has been used to describe any outdoor activity which relates to nature; regardless of the impact on the environment. Many planners and developers feel ecotourism requires a traveler to be *in* the wilderness, doing something which is physically rigorous (hiking, diving, spelunking, birding etc.) Also, some people have the mistaken notion that an "ecotourist" thrives on risk and does not require first class accommodations and does not spend money. In fact, according to The Ecotourism Society most ecotourists travel in groups, are between the age of 35-67, are highly educated, have high incomes and like to buy souvenirs. They like stylish accommodations and generally speaking, are not in top physical condition. They will accept a stay in a lodge which does not have electricity as long as it is very clean, stylish and the food is delicious. Currently, good ecolodges can cost almost as much as a four or five star hotel. Also, ecotourists are aware of their negative impact on the environment and are happy to take a "peek" at nature. Over 70% of ecotourists make charitable contributions to environmental programs which preserve major tourist attractions. They are interested in meeting local guides and seeing other cultures as much as anything else. They spend more money on souvenirs and excursions than traditional beach tourists. Costa Rica has positioned itself perfectly to attract ecotourists. It is currently a prime destination for international ecotourism.

IMPLICATIONS FOR CENTRAL AMERICA

The implications of these trends for the region are several. First, the natural areas of extraordinary beauty need to be managed as protected areas such as national parks; they need to be equipped with interpretive and service facilities that will provide an enriching experience, one that meets the expectations of the foreign visitor. Moreover, mountain and jungle lodges can be designed to complement their natural surroundings, even in locations inside parklands. Secondly, the local environment and culture can be amply reflected in the choice of building materials, in building decor and in the design of arts and crafts. Local craftsmen, designers and manufacturers have a direct stake in tourism. Thirdly, Central America must learn to professionally present the unique attractions it has to offer as contained in the ancient Mayan cities, the preserved colonial towns or in the present day Mayan villages. Urban environments need to be made attractive, functional for pedestrians as well as for vehicles, and safe from crime. Planning by both the public and private sector needs to be sensitive to these trends. With its rich flora and fauna, the region can plan for major tourism growth if it takes the proper steps. Many of the recommendations made in this report will address aspects of these implications.



- | | | |
|--|---|--|
|  Beach waterfront |  Archaeological site |  Colonial towns |
|  Road Crossing |  Park |  Airport |

Chapter 3

Guatemala

3.1 PRESENT SITUATION OF TOURISM

3.1.1 MAGNITUDE OF TOURISM

Guatemala is an example of how fragile tourism can be. The volume of foreign visitors in 1995 was over 563,000, continuing a general trend of growth that started after 1984, when the volume hit a low point of under 200,000. Arrivals first reached the half million mark in 1979, only to plunge during the troubled years that followed to below 192,000 in 1984. Visitor volume regained the half million level in 1990 and has been growing 2% per year since then. It is notable that travel has largely recovered despite intermittent hostilities over past years, even though no lasting peace has yet taken effect. Approximately 300,000 visitors arrived by air in 1995, nearly all through Guatemala City's La Aurora International Airport. The average length of stay is 7.1 days.

Of the total visitor volume, travelers arriving as tourists meaning vacationers or visiting friends and relatives, are estimated at 293,000 for 1995. These include cultural visitors, ecotourists, and a limited number of retirees. Guatemala's tourism industry, initially Central America's strongest, has fallen to second place behind Costa Rica. Average spending per visitor is estimated at \$462 per visit, and for visitors arriving by air, \$672. As a foreign currency earner, tourism ranks second, after coffee, for the Guatemalan economy.

Arrivals by Road

Guatemala has road links with all four of its neighbors. In 1995, 242,000 visitors entered by road, and the ratio to total visitor arrivals has approximated one half over the years. Half of this inflow [122,000] entered from El Salvador, and less than one third entered from Mexico [72,000]. A total of 113,000 visitors entered through the three entry points along the Guatemala City-San Salvador corridor in 1995, the most heavily used single entry point of any is the Valle Nuevo/Las Chinamas crossing [77,000 visitors], one of the routes to San Salvador. There have been complaints of bandits victimizing travelers on the highways, to the point that it has discouraged road travel for pleasure purposes.

At the entry point from Belize, near Flores and Tikal at the town of Melchor de Mencos, only 12,000 visitors entered via this gateway in 1995. This is the equivalent of less than one busload per day [30 persons]. With peace and safe conditions, Guatemala could draw in a much larger overland flow of tourists from the popular holiday destinations of Belize and Cancun in the Yucatan. By upgrading the road, and improving the border checkpoint, this route could become a primary route of the *Mundo Maya*, linking Guatemala to Belize and to Mexico's Yucatan peninsula.

3.1.2 INSTITUTIONAL CONSIDERATIONS

INGUAT

Like other governments in the region, Guatemala is downscaling government, and has already substantially cut personnel at INGUAT, the Guatemala Tourist Commission, to approximately 200, with further major cutbacks planned. Its structure has been simplified, but the final form that it will take is not yet known. With EU assistance, INGUAT prepared a strategy entitled *Sustainable Tourism Development Towards The Year 2005* based on identification of seven zones in the nation to offer different travel products. These zones are listed below.

<u>tourist zone</u>	<u>relevant themes</u>	<u>location</u>
Colonial & Present Day Guatemala	colonial history	capital city & central
The Mayan Highlands	indigenous life	western highlands
Adventure in the Ancient Mayan World	ecotourism, ruins	Peten
A Different Caribbean	waterside life	Lake Izabal, east coast
A Natural Paradise	ecotourism, indigenous life	central highlands
Undiscovered Guatemala	ecotourism, antiquities, religion	eastern interior
The Pacific Coast	seaside resorts, ecotourism	coastal lowlands

Five of the zones are indicated on the map. International tourism is presently flowing into the first three zones, and could be drawn into the fourth zone in the future. It could also be drawn in limited volume into the others. The extent to which INGUAT or the travel trade will use this framework in the future is not clear at this point.

3.1.3 NGO ACTIVITY

Numerous NGOs are particularly active in Guatemala. This is because of the extreme poverty of the lower classes, the disadvantaged status of the indigenous groups, and because of the dire condition of homeless populations, fleeing the violence on both sides of the Guatemala-Mexico border.

Another focus for NGOs is conservation of the extraordinary biodiversity found in the vast and [until recently], relatively intact Petén region. This area is in danger of total deforestation through unplanned immigration. These organizations are creating environmental preservation projects containing components of community development, and including sustainable, low impact, small scale ecotourism projects for foreign currency earnings. US and European funding is supporting some projects that are developing jungle circuits linking sites with ruins, in the general vicinity of Tikal and the upper and central Petén. These are efforts to introduce tourism's benefits to populations found deep inside the region beyond the Tikal-Lake Petén Itzá core. They are setting up an environmentally sensitive form of tourism that matches the capabilities of the local communities.

Guatemala - Keystone of the *Mundo Maya*

Mundo Maya is an intergovernmental organization linking INGUAT with the tourism agencies of Belize, Honduras, El Salvador, and Mexico. Its goal is to coordinate actions of policy and promotion. The case of Mexico's popular Yucatan Peninsula, and its Cancun-Merida axis, is an example of the effectiveness of the Mayan theme as a magnet in stimulating cultural tourism from North America and Europe. The *Mundo Maya* organization itself has limited resources and appears to focus primarily on joint promotion actions. It sought official recognition from the Organization of American States [OAS, in Washington DC] and from the UN-recognized World Tourism Organization [WTO, in Madrid]. It has received support from NGOs such as the National Geographic Society [Washington DC], an American educational non-profit organization. If *Mundo Maya* can obtain more resources, it could be an effective international promotional tool for the region, with Guatemala as prime beneficiary.

3.1.4 INTERNATIONAL AIRPORT FACILITIES

Guatemala has two international gateways with commercial air service, La Aurora airport in Guatemala City itself, and Santa Elena airport near Flores, Petén. Formerly Central America's premier air gateway, La Aurora is now overshadowed by the better international airports at San Salvador and San Jose in El Salvador and Costa Rica. Both La Aurora and Santa Elena airports fail to meet International Civil Aviation Organization standards in certain respects. The Guatemalan authorities are seeking assistance for improvements to the safety of the country's air traffic control system. Authorities already have signed an umbrella agreement with the Federal Aviation Agency of the USA through which it is obtaining training services. They have also studied airport improvement feasibility with the IDB. Guatemala announced its desire to withdraw from Central America's regional air traffic control corporation, COCESNA, because of dissatisfaction with the corporation's performance.

Profile of International Tourism to Guatemala

International Visitors

1995 total	563,478	up 5%
1994 total	537,374	down 4%
1993 total	561,917	up 4%
1992 total	541,025	up 6%
1991 total	512,620	up 1%
1990 total	508,514	
<i>annual change 1990-1995</i>		<i>up 2% per year</i>

International Visitors - Air Only

1995 total	299,538	up 2%
1994 total	292,917	down 1%
1993 total	295,983	up 4%
1992 total	284,546	up 13%
1991 total	251,227	up 2%
1990 total	247,135	
<i>annual change 1990-1995</i>		<i>up 4% per year</i>

1995 Visitors by Geographic Origin

USA & Canada	170,285	30% share
Europe	101,562	18% share
Central America	200,195	36% share

1995 Visitors by Motive of Travel

vacation [tourism]	225,000	40%
visiting friends & relatives	68,000	12%
business	203,000	36%

1995 Visitors by Mode of Transport

air	299,538	53%
road/sea	263,940	47%
<i>main gateway - La Aurora Airport</i>	286,487	51%

1995 Hotel Capacity

1995 capacity nationwide	12,033 rooms	
1995 capacity - Guatemala City only	3,865	32% of nationwide
1991 capacity nationwide	8,962	
<i>annual change 1991-95</i>		<i>up 8% per year</i>

Image Highlights :

- no clear image or awareness of Guatemala as a travel destination
- growing awareness in North America of the ancient Mayan civilization per popularity of Yucatan
- in the USA recent negative publicity and State Dept *travelers advisory* discouraging travel

Top Attractions :

- ancient Mayan city of Tikal in Petén jungle [127,000 visitors]
- distinctive culture and village life of the Mayan peoples in the highlands historic Spanish colonial town of Antigua Guatemala
- great natural beauty of the highlands featuring mountain landscapes with lakes and volcanoes
- year round spring-like weather in the highlands

International Accessibility :

- good air links to several major North American cities on West, Gulf and East coasts
- limited direct air service to Europe
- absence of direct service to South America, Asia
- insignificant charter air services
- very good air links within Central America
- growing second air gateway in Petén's Santa Elena Airport
- poor air and road access to/from Belize City
- easily accessible by road from San Salvador in 3-4 hours over 3 different routes
- poor road access from key cities in Mexico and Honduras
- limited cruise ship activity at its Pacific ports

3.2 STRENGTHS

Guatemala has outstanding tourism potential, some believe the best of any Central American nation, for the following reasons.

- **A Unique Combination Of Distinct Appealing Attractions** : For its small territory Guatemala contains a unique diversity of cultural and natural attractions including different civilizations and types of natural beauty.
- **Location In The Heart Of A Fascinating Region** : Guatemala is the heart of the well known Mayan World, and is adjacent to Belize and its famed barrier reef, an established Caribbean destination.
- **A Capable Travel Trade** : Guatemala's travel industry is already collaborating with Mexican, US and European counterparts for both incoming and outgoing tourism.
- **Good International Accessibility** : Guatemala City can function as an international gateway to the region with direct scheduled flights to several US cities. As the market grows, international service into Flores will also expand.

- **Adequate Highway System** : Driving conditions to all key sectors of the country excepting the Petén, are fairly good.
- **Spring like Climate Year Round** : This is significant for general tourism, and additionally for the US retirement community seeking warm climates for winter or second homes.
- **Abundant Low-cost Labor** : Recent returnees from Mexico, as well as the underemployed in Guatemala provide a source of inexpensive labor.

3.3 WEAKNESSES

The following factors highlight weaknesses that are reducing the country's potential to attract larger numbers of tourists.

- **Poor Management Framework For Tikal National Park:** With the benefit of modern park management techniques and funding, the carrying capacity of the park can be increased from present visitor levels. The entrance fee to Tikal can be increased and a modern visitor center can be developed. The visitor center would give an orientation to the history of Tikal as well as instruct tourists on how to safely view this precious and fragile cultural resource. Guides should be trained on how to work with tourists. Tikal can then serve as the Petén's flagship attraction, from which to distribute tourism.
- **Safety Fears:** Petty crime in cities and on highways, and mistreatment of some foreign visitors have raised fears of crime and brought on a *travelers advisory* by the US State Dept, [recently lifted] that discouraged tourist travel to Guatemala. Negative word of mouth is hurting tourism potential.
- **Poor Communications With Yucatan, Belize & Honduras:** No direct air links exist with neighboring Belize and Honduras. Road links to the Yucatan, and to the North Coast of Honduras are totally absent. This makes the design of varied tour circuits very difficult.
- **Poor Waste Management Creating Unhealthy & Unsightly Conditions:** Local governments particularly in the tourist towns need to implement waste management programs in neighborhoods and especially in marketplaces.
- **Accelerating Migration To The Petén:** Voluntary migration, expected to accelerate once the road to Petén is completely paved, is leading to entirely unplanned "spontaneous" settlements and increased deforestation in that region. This is reducing forestland, a tourism resource, and is swelling fringe neighborhoods in the Lake Petén Itzá vicinity.
- **Poor Management Of Lake Resources:** There is visual evidence of solid and liquid waste entering the urban areas of lake Atitlán, Amatitlán, and Petén Itzá. If these poor conditions grow worse, it will reduce their suitability for watersports, for waterborne touring, and in extreme cases, for waterside development of city areas for tourism and recreation. The fluctuation of water level is making the problem more difficult.

3.4 STRATEGY

A logic is provided below which supports the series of project concepts that follows. These are designed to promote long term growth in international tourism. First, the potential types of tourist segments or user groups are reviewed, followed by a brief discussion of spatial dynamics, indicating how these flows of tourists can best be drawn into and through Guatemala, by use of magnets, cores and corridors. Then, short term and long term measures promoting tourism are presented. In the fifth section, specific concepts for development projects are presented. All of the proposed measures are intended to address one or more of the deficiencies identified above, and to broaden potentials for new segments of tourism. Short term measures can be accomplished within a 1 to 2 year time frame because many require only policy reforms. Longer term measures require longer periods of time because they consist of major policy reforms, new forms of planning, or major infrastructure work, requiring years for planning and financing.

3.4.1 POTENTIAL SEGMENTS

The statistics suggest that the country's tourist industry has generally been able to recuperate from the severe decline of the early 1980s by reaching new highs in arrivals by the early 1990s. The present challenge is to continue this growth sustainably, and to expand the economic benefits spatially to new areas of Guatemala. North America and Europe will remain the country's main markets. A review of the target segments follows. Short term measures can be accomplished within a 1-2 year time frame, as many require policy reforms. Longer term measures require longer periods of time because they consist of major policy reforms, new forms of planning, or major infrastructure work requiring years for planning and financing.

- Cultural Tourists : Guatemala and Mexico's Yucatan Peninsula make up the heart land of the ancient Mayan civilization, through the main air gateways of Cancun and Guatemala City. The crossing point of Melchor de Mencos on the border with Belize is also an important entry point. This culture tourist group is Guatemala's prime established market, and it has strong growth potential as conditions improve to open more circuits with Belize, Yucatan and Honduras.
- Meetings, Exhibitions And Conventions : As the economies of Central America develop, the frequency of business and culturally related events with participation of hundreds of persons [or more], will increase, and the travel trade must manage the organization of such forms of business related or *quasi*-tourism. This kind of tourism requires some technical capabilities in terms of logistics and planning, and international coordination. Successful Meeting, Exhibitions and Convention tourism can generate high average expenditure often exceeding \$100 daily per person. Guatemala's travel trade is already promoting this type of tourism, and is expanding it as specially designed facilities for events are opened. For this segment, Guatemala City is probably competing with San Salvador as the leading convention city in the region.

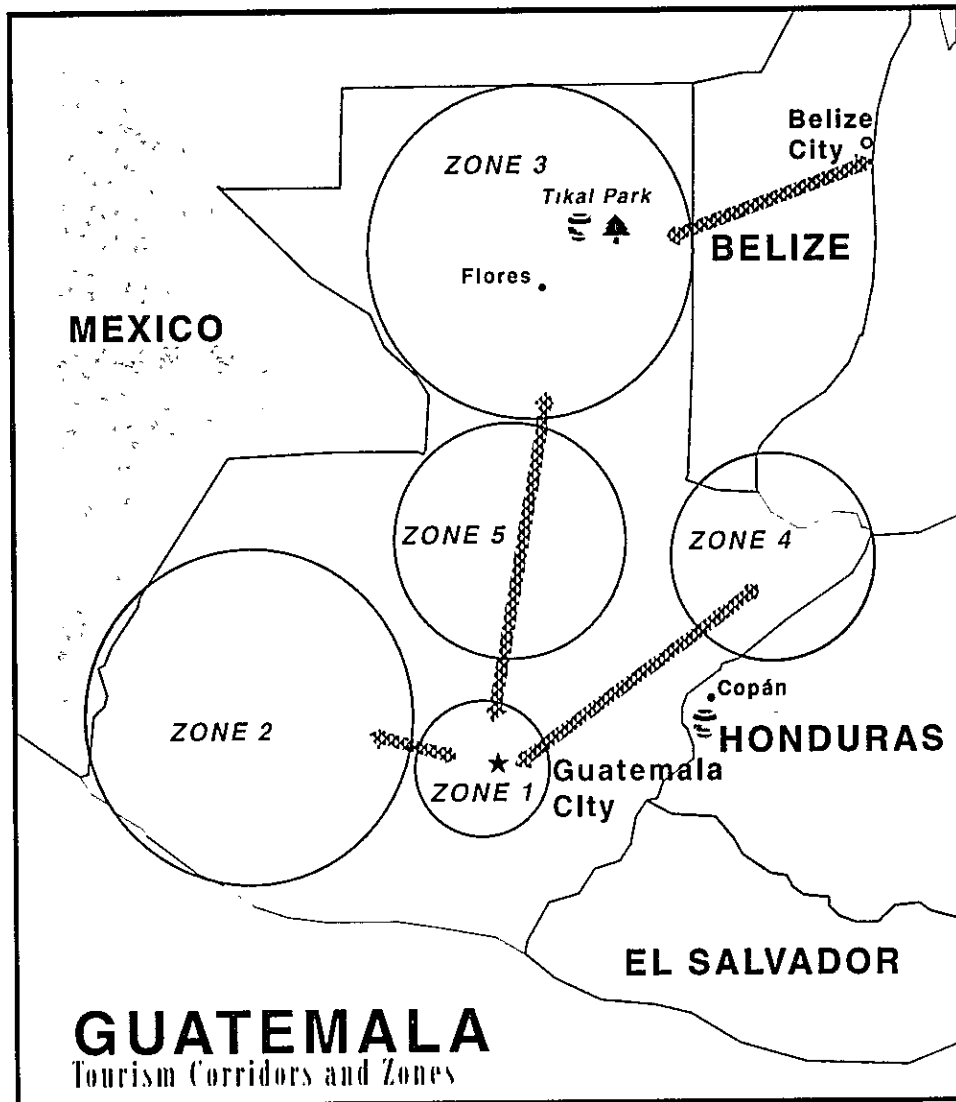
- Soft Adventure & Eco-Tourism : In direct competition with Costa Rica, private firms and NGOs in Guatemala are already developing and marketing circuits in newly opened areas of the Petén and western highlands, linking national parks and other protected areas, and combining nature tours with visits to remote and little known archeological sites and indigenous villages. Guatemala can excel in this field, particularly by structuring circuits that combine antiquities and present-day indigenous life along with tropical nature. These are combinations that Costa Rica, the leader in ecotourism in Latin America, cannot offer, since it lacks the archeological and cultural resources.
- Retirement & Self Improvement Tourism : Mexico leads in attracting senior citizens from the US and Canada seeking warm weather vacations and second homes. Guatemala has limited success in this market, and has potential to offer spa services to complement it. In addition, Guatemala can serve as a center for Spanish language education and for courses on the Spanish and Indigenous cultures and crafts. Costa Rica is also successful in this type of tourism.







3.4.2 CORES AND CORRIDORS

The main hub for international tourism in Guatemala is Guatemala City, which together with nearby Antigua, forms the country's primary tourism core. A corridor extends along the Pan American Highway into the western highlands to the key areas of Lake Atitlan, Chichicastenango and Quetzaltenango. The town of Panajachel on Lake Atitlan is also a major attraction. The city of Quetzaltenango is also emerging as a core attraction in the highlands. Another corridor extends from Guatemala City to the Lake Izabal-Caribbean coastal zone [zone 4], it is not heavily traveled by international visitors and is relevant only for domestic tourism.

The main innovation in Guatemala's tourism industry is the ongoing emergence of Tikal Flores as a hub for cultural tourism and for ecotourism in the heart of the Peten. Tikal Flores will serve effectively as an alternative gateway for Guatemala and for the *Mundo Maya*. A north-south corridor between Guatemala City and Tikal Flores is emerging as air service expands between the cities and as the Izabal-Flores road is improved. If political conditions were more favorable, a Peten-Belize east west overland corridor would already be thriving. A summary of these corridors appears below [see map].

GUATEMALA TRAVEL AND TOURISM CORRIDORS



- | | | |
|--|---|--|
|  Beach waterfront |  Archaeological site |  Colonial towns |
|  Road Crossing |  Park |  Airport |

3.4.3 SHORT TERM MEASURES

Certain short term measures that are mainly policy oriented, are indicated below. The first is a rapid solution for the final arrangement of the tourism commission, INGUAT. The government's role is vital in improving policies and in promoting infrastructure development; a clear definition of the capabilities and resources of the future INGUAT is needed.

Secondly, Guatemala can establish a tourism police, possibly as a corps within its existing national police or highway patrol, to provide safe travel conditions along key routes and at key crossing points. This is a measure to eliminate the fears of travel by bus or private vehicle, particularly at night. This force could be introduced in phases, initially on the heavily traveled routes to El Salvador, to Belize, then to Mexico. This measure would promote more tour circuits into provincial areas, and also make possible the increased use of rental cars by visitors, as already is the case in Costa Rica.

Regulatory reform is needed for the streamlining of border procedures for travelers, both regional ones [ie Central American ones] and overseas ones; this is the *Univisa* proposal currently under discussion. Rather than await the consent of all 5 Central American governments to this arrangement, which is complicated in nature, Guatemala and El Salvador could quickly introduce reforms on a bilateral basis, and later extend them to neighboring nations. These two countries may be the ones to most benefit from an *open borders* arrangement because of the heavy regional travel by road and air between them.

INGUAT, along with the nation's travel trade, can increase its participation in joint foreign promotional efforts of the Mayan World theme with the sponsor organization *Mundo Maya*, and with private companies such as TACA, American and Continental airlines. Private sector bodies such as the Guatemalan tourism chamber, chamber of commerce and other relevant trade associations can pool funds with counterparts in other countries to fund promotional campaigns that build valuable awareness in source markets on the basis of this powerful theme. The delay in the redefinition of INGUAT need not slow any joint actions of the private sector and of *Mundo Maya*.

A related factor is the imminent final peace accord between rebel groups and the Guatemalan government. Once a lasting peace is established, there will be a *peace dividend* for Guatemala's tourism with a substantial rise in visitor arrivals beyond past levels as has been experienced in other war-torn nations. Increased promotional measures in preparation for this event should already be planned by Guatemala's travel trade. In the absence of a peace accord, and especially if hostilities continue in Guatemala or in the troubled adjacent Mexican state of Chiapas, no such stimulus to tourism can be achieved.

3.4.4 LONG TERM MEASURES

For tourism to thrive and spread to new areas of Guatemala, a planning capability within a government body such as INGUAT is necessary. It is needed to ensure that the infrastructure improvements and planning for an expanding tourism industry are recognized at both national and local government levels. There is still great unfamiliarity with the needs of international tourism.

In this context, INGUAT must fulfill its responsibility as official regulator of the industry. This is its minimal role. However, because the country could be at the beginning of major expansion in tourism, it must clarify strategy, and plan for the development of the extensive infrastructure that will be needed to attract the different segments of tourists listed above. As the official voice for the industry, it must provide guidance at both national and local government levels, on the many public projects related to tourism. It must also advise the private sector on investment opportunities and possible new tourist products that it can offer. In so doing, INGUAT must orient other agencies in numerous areas in which it bears no direct responsibility to undertake relevant programs. Some areas include urban development, environmental management, park planning, architectural heritage, manpower training and airport management for example [listed below]. This is a difficult but important function of facilitation for any tourism agency.

The following list of concepts for projects contains a variety of types of projects for INGUAT to promote. Guatemala has the potential to offer a variety of tourism experiences if it prepares the infrastructure to do this. Its work is to steer public and private investment to accomplish this. Coordination of government actions with NGOs and private sector interests is also an essential function.

The concept of sustainability is already understood at the NGOs and at the national level, but less so at the local level of government. In Guatemala, private interests as well as local governments are involved in operating protected areas and in preparing them for tourism. Continued efforts by INGUAT, by NGOs and by environmental agencies must be made to instill an awareness of sustainability in the formulation and execution of their programs. In this way, tourism will be able to expand in the country unhindered by major degradation of resources.

3.5 PROPOSED CONCEPTS FOR PROJECTS

The following list of proposed concepts is provided to indicate the variety of types of projects that can improve conditions for a growing international tourism industry. They are all intended to improve the different tourist products that Guatemala can provide. They call for strategic planning, capacity building and technology transfer; they specify action in a number of different agencies, both national and local. Foreign assistance is already providing comparable services in other countries. INGUAT will have at least a minor role to play in nearly all of these proposals. Projects are listed beginning with the easiest ones for funding and implementation.

G1 ASSIGNMENT OF TECHNICAL EXPERTS

VARIOUS AGENCIES

TECHNICAL ASSISTANCE FOR TECHNOLOGY TRANSFER

From the above proposals, various areas of expertise can be identified for the posting of advisors to work alongside local officials and experts. Possible areas and relevant host organizations are listed below.

Archeological Database Development

Institute for Archeology & Education [archeology]

Museum Development

Institute for Archeology & Education [museum]

Urban Revitalization

RENACENTRO, Quetzaltenango Municipality

Parks Projects [3] in Petén, Quetzaltenango

Parks Management Department

Document Restoration

Institute for Archeology & Education [archives]

G2 TIKAL NATIONAL PARK PROJECT

INGUAT & INSTITUTE OF ARCHEOLOGY & HISTORY OF GUATEMALA PARK PLANNING & MANAGEMENT

Tikal is the premier cultural site for Guatemala and one of the key attractions of the entire Mayan world. Tikal is being monitored for degradation by The World Monuments Fund program called *Monument Watch*. Preservationists, archaeologists and tourism industry leaders are very concerned about the rapid structural decline of Tikal's monuments and sites. As the major attraction in the Petén, park management must increase its income (ie carrying capacity) while protecting the ancient monuments and environment within the park and its surroundings. A new, integrated development program is needed to set forth infrastructure improvements, visitor services, major upgrades in the museums and interpretive trails among the monuments, and new methods to provide through private concessions more satisfactory visitor services [food, lodging, retail and guiding services]. The park needs physical upgrading and management reforms reflecting modern park management methods.

G2(A) -VISITOR CENTER & INFORMATION

Tikal desperately needs a modern visitor center which could serve as a starting point for tourists to orient themselves with the history of Tikal. An audio/visual presentation in multi-languages would be ideal. This presentation would describe the Mayan dynasties, the decline of the Mayan empire, the importance of preserving the site and the negative impact of looting and antiquities theft. Maps should be designed for the visitor to orient themselves within the large site. The hand-held maps should be designed beautifully so that tourists would keep them as valued souvenirs of their experience at the park (versus discarding them at the site). The maps could include a pencil for tourists to record their

observations and propose various challenges for tourists to observe subtle key archaeological attractions. One goal of these maps and of the visitor center is to somewhat control the activities of tourists at such a fragile site - while providing a satisfying tourism experience.

Technical assistance from interpretive specialists, designers, architects and museum specialists would be ideal for the development of a world class visitor center. International consultants should work with Guatemalan designers and architects to ensure some cultural integrity to the presentation. Also, one or more high quality films on the Maya along with audio/visual equipment, is necessary for a world class visitors center.

G2(B) - COMMUNITY PARTICIPATION

The Tikal National Park needs to work with the local community to orient local leaders on the importance of tourism to the economy and the growth of their region. It is absolutely vital in this region since there has been so much reported political hostility centered here. With successful community participation in tourism to Tikal National Park, Guatemala could begin to overcome the negative public image it currently has as a dangerous place. There is a variety of ways to ensure community participation in tourism development. Technical assistance from social marketing specialists, social anthropologists and training experts would be ideal for a community participation project.

G2(C)- STRUCTURAL & PARKING FACILITIES

It has been reported by The Nature Conservancy, Monuments Watch and The International Council on Monuments and Sites (ICOMOS) and National Geographic that tourist busses are coming too close to fragile archaeological structures and dig sites. The heavy shifting of gears and noise is shaking and rattling some basic structural components of the Tikal pyramids. Since increasing the carrying capacity of Tikal is a possible objective it is imperative that a parking facility be built to accommodate busses, cars and 4-wheel drive vehicles. An archaeologist, landscape architect and traditional architect can provide technical assistance in such a project.

G3 TECHNICAL ASSISTANCE FOR THE NIMAJAY HOTEL SCHOOL. NIMAJAY HOTEL SCHOOL MANPOWER TRAINING

This institution is a nonprofit entity producing mid-level management in the fields of hotel management and food service, with training facilities in Antigua and Guatemala City. It aspires to develop skilled personnel for the entire Central American region, and has received limited support from INGUAT, which itself has officially withdrawn from the area of training. Grants of equipment for a teaching kitchen, laundry service, foreign language laboratory, or accounting/auditing instruction are needed. A strong partnership agreement with a hotel school in a developed country would be ideal.

G4 QUETZALTENANGO ECOTOURISM PROJECT.
QUETZALTENANGO DEPARTMENTAL GOVERNMENT, NGOS.
PARK PLANNING & MANAGEMENT

This department contains indigenous communities, scenic mountain beauty highlighted by volcanoes, areas with hot springs, and proximity to Solola and other departments of tourist interest. In different locations, panoramic trails and visitor centers can be developed to present local indigenous history and to interpret the natural history of this volcanic area. A component for this purpose could be added to an existing program such as the Swiss funded Helvetas program, which is already in progress.

G5 LOWER PETÉN ECOTOURISM DEVELOPMENT.
PETÉN TERRITORIAL GOVERNMENT, ADJACENT MUNICIPALITIES.
PARK PLANNING & MANAGEMENT

A number of sites containing archeological ruins are dispersed across the lower part of the Petén. Limited infrastructural improvements including roads, trails, signage, park management offices, are required at protected areas such as Dos Pilas, La Ceibal and the Usumacinta River, which are within easy reach of Tikal/Flores, and which are experiencing rising visitor volumes, and pressures from the rising population of settlers entering the Petén. Plans for improved park management methods are required, that additionally provide for increased protection of biodiversity, and more economic opportunities for local community members, in the form of employment and limited agro-forestry activities.

G6 QUETZALTENANGO SPA DESTINATION PROJECT.
INGUAT.
FEASIBILITY STUDY FOR NEW PRODUCT DEVELOPMENT.

Preliminary research conducted by JICA assistance to INGUAT has identified possibilities for spa resort development in Quetzaltenango Department suited for both local and foreign clientele. Market research into the international competitive situation for this type of tourism needs to be conducted to assess the international market for one or more such spas in Guatemala. The effectiveness that spa tourism can have in strengthening Guatemala as a destination for retirement travel, and for self improvement tourism, must also be assessed. Foreign technical expertise familiar with research in tourism trends from North America and Europe is required for this task. Positive findings would enable INGUAT to promote foreign investment in spa development as a new product for Guatemala.

G7 A GENERAL ARCHIVES FOR CENTRAL AMERICA.
INSTITUTE FOR ARCHEOLOGY & EDUCATION.
PRESERVATION OF CULTURAL HERITAGE.

The region is reported to have no archival institution for the academic study and preservation of precious historic documents, such as the original document of the famous account of the Spanish Conquest, *History of New Spain* written by Bernal Díaz del Castillo. Many such documents remain in Guatemala since it was the colonial capital of the Spanish captaincy. A strong partnership between a Guatemalan university and a foreign one, is recommended together with technical assistance to create a curator's laboratory for storage and restoration of historic documents. An equipment grant can be a related component of this initiative.

G8 MODERNIZATION OF NATIONAL ARCHEOLOGICAL REGISTER.
INSTITUTE FOR ARCHEOLOGY & EDUCATION.
PRESERVATION OF CULTURAL HERITAGE.

A scientifically compiled and computerized register of archeological data is an essential academic and regulatory tool for proper study and management of cultural resources in nations having extensive archeological resources. An obvious application is the need for an accurate record of the contents of heavily visited archeological sites such as Tikal National Park, where future improvement programs will include construction of additional physical infrastructure features such as roads, trails and expanding visitor services in the immediate areas of the antiquities. A database or register of this kind exists in Jordan and some other nations with antiquities; it needs to be established initially to catalog data regarding sites like Tikal where development activity is increasing. In Jordan, The American Center for Oriental Research (US based NGO) has been doing this for many years. Technical assistance and grant of equipment are required; the posting of an academic advisor in archeological registers would be ideal for such a project.

G9 CREATION OF THE TOURISM POLICE CORPS.
NATIONAL POLICE DEPARTMENT
*INSTITUTIONAL STRENGTHENING FOR LAW ENFORCEMENT
& TOURISM.*

A specially trained corps within the existing national police or highway police will be developed and introduced on key highway routes, at key border crossing points, and at other points with heavy tourist traffic. Members will be trained in areas such as : sensitization to foreign travelers needs, tourist information, emergency assistance, complaint resolution, effective coordination with the standard police force. Technical Assistance for the creation of a training program, and provision of equipment [patrol vehicles, communications, etc] are required. [See companion proposal E9.]

G10 LAKE AMATITLÁN RESCUE PROJECT.

ADJACENT MUNICIPALITIES.

ENVIRONMENTAL MANAGEMENT.

This lake has long been a favored location for residential and second home development because of its scenic beauty and proximity to Guatemala City. A thorough diagnosis of the water quality and water level trend is needed to develop a long term management plan to reverse the severe pollution problems that it now faces from residential and industrial actions. A land use plan governing shoreline uses, a system for sewage treatment, and a framework for an enforcement mechanism, are all required in the rescue project. Private participation in the creation of a water utility entity must be evaluated.

G11 NATIONAL PALACE MUSEUM OF THE MAYAN CIVILIZATION.

INSTITUTE FOR ARCHEOLOGY & EDUCATION.

PRESERVATION OF CULTURAL HERITAGE.

The partially restored National Palace, located in the heart of the city's historic center [see proposal G15] is under consideration for the development of a national museum that would present the history of the Mayan civilization, just as the famed National Museum of Anthropology of Mexico City presents Aztec history. Neither the theme for the museum, nor the feasibility of this structure for museum use, has been evaluated. A complete feasibility study of this concept is needed, and must be prepared with foreign assistance. Expertise in methods of design, institutional organization and funding for long term financial health is needed for such a project. A strong partnership between the Archeology Institute and a foreign cultural organization is recommended to introduce foreign expertise on curatorial skills and modern museum development techniques.

G12 CHICHICASTENANGO URBAN IMPROVEMENTS PROJECT.

MUNICIPALITY OF CHICHICASTENANGO.

URBAN REVITALIZATION FOR TOURISM.

An integrated plan is needed to define and implement improvements for public spaces, traffic management, solid waste management and sewage treatment. As the country's most popular indigenous town featuring twice-weekly marketplaces in its central square, it is now apparent that in the interest of safety and functionality, an improved traffic management system for pedestrian, vendors and vehicles is required. Specific rescue improvements to the central plaza and some of the surrounding buildings including churches and the museum, are urgently needed in the interest of safety.

**G13 QUETZALTENANGO CITY HISTORIC CENTER
PRESERVATION PROJECT.**

**MUNICIPALITIES OF QUETZALTENANGO.
URBAN REVITALIZATION FOR TOURISM.**

This city requires an integrated plan containing a strategy for long term architectural preservation, and historically sensitive urbanism including a building code, and an incentives program to achieve compliance of private property owners. The purpose is to preserve the numerous examples in the city center of neoclassical architecture, to improve the attractiveness of the entire city center, reinforcing its appeal for tourism. International expertise in urban planning and architectural heritage preservation, relying on regulation and an incentive system is needed. A major feature of this project could be the development of the Museum of Traditional Guatemalan Textiles in a historic building in the city center.

**G14 LAKE ATITLÁN URBAN IMPROVEMENTS AT PANAJACHEL,
SANTIAGO DE ATITLÁN.**

**MUNICIPALITIES OF PANAJACHEL & SANTIAGO DE ATITLÁN.
URBAN REVITALIZATION FOR TOURISM.**

These two lakeside communities require a land use plan and framework for regulation of future development in their waterside neighborhoods which suffer from unorganized construction patterns, water pollution, erosion in key areas, visual pollution, and some congestion of vehicle and pedestrian traffic flows. The plan must include measures to address the issues of waterlevel fluctuation and declining water quality, as well as sewage treatment systems. The need for public amenities such as infrastructure, parklands, marketplaces, and stricter building codes, also need to be addressed.

**G15 GUATEMALA CITY HISTORIC CENTER REHABILITATION
[RENACENTRO].**

**MUNICIPALITY OF GUATEMALA CITY.
URBAN REVITALIZATION FOR TOURISM.**

Already in initial planning, the city intends to use an integrated approach to revitalize the decaying historic center by reworking the road system, public areas, pedestrian zones, and utilities systems, as has been done in other world capital cities. Components of the plan include architectural preservation and use of a building code and incentives system to steer private investment. The assistance of experienced urbanists who can develop an integrated plan and an institutional framework for implementation is required.

G16 LAKE PETÉN ITZÁ & YAXHÁ LAGOONS MANAGEMENT PLANS.
PETÉN TERRITORIAL GOVERNMENT, ADJACENT MUNICIPALITIES.
ENVIRONMENTAL MANAGEMENT.

A land use plan defining acceptable activities along the shorelines of these lakes, defining a framework for management of solid and liquid waste, and defining a regulatory framework for construction, is required. Both of these lagoons, and most especially the Petén Itzá Lake, are valuable tourist resources endangered by pollution from the surrounding communities. Flores is developing as a tourism center, and its lake is the focus of increased investor interest for hotel and other commercial types of development. Solutions to the drinking water supply for this region, including the Tikal Park vicinity, need to be developed that will not be detrimental to water availability in the urbanized areas along these bodies of water. The need for such planning is urgent at Lake Petén Itzá where waterside construction is proceeding. [see related project concept G17]

G17 LAKE ATITLÁN SHORELINE RESCUE PROJECT.
ADJACENT MUNICIPALITIES.
ENVIRONMENTAL MANAGEMENT.

The shoreline communities on this lake are suffering from the effects of the lake's changing water level, which makes construction of docks difficult for passenger vessels, promenades, launching ramps and any infrastructure at the water's edge. There has been a proliferation of docks at Panajachel by different users, causing some erosion of the shoreline. An assessment of construction requirements at waterfront locations is needed, along with a building code, and framework for enforcement by municipal officials. Regulations regarding the construction of shore walls should be developed. Any shoreline stabilization work in urban areas needs to be defined. [See related project concept G16.]

G18 LAKE ATITLÁN SCENIC ROAD.
HIGHWAYS DEPARTMENT.
ROAD INFRASTRUCTURE.

There is increasing development pressure on the lakeside town of Panajachel and the surrounding area for development of the shoreline, and elevated areas with panoramic views over the lake. A feasibility study is needed to open up new lands for future development and to create a second access route from the Pan American Highway to Lake Atitlán. Another study should be conducted to create an additional attraction of a scenic drive designed with spacious overlooks and prepared land for public and private development, for a major upgrading of the roads linking Panajachel to San Antonio Palopo and to Godínez.

G19 MOTAGUA RIVER BRIDGE

MINISTRY OF PUBLIC WORKS, OF
TRANSPORT. TRANSPORT INFRASTRUCTURE.







Guatemala's coast along the Gulf of Honduras lacks a good overland link to Belize and to Honduras. In order to overcome its isolation, and to link Guatemala to the growing North Coast of Honduras where several resort areas are developing, a Motagua River Bridge is needed east of Puerto Barrios. This would create the first conveniently located road link between the two countries, because the existing road crossings are far from San Pedro Sula and Tegucigalpa. This project can be undertaken by a private company under concession to the government; it can be combined with new town development at either end of the bridge to make it a profitable venture, and to promote orderly development along the river.

3.6 LIST OF PRIVATE SECTOR PROJECTS

The different proposals contained in this report refer to many types of investments that private sector parties can undertake. These proposals relate variously to both large business, foreign investment, and also to small business development by local entrepreneurs. Projects like these can be used in international investment promotion efforts. INGUAT can conduct prefeasibility work on the most unusual and unproven of these. Some of these business opportunities are listed below.

- Restoration of old structures and conversion to inns, restaurants, galleries and workshops for arts & crafts in historic sections of Guatemala's older towns
- Development of a museum for traditional Guatemalan textiles and dress at Quetzaltenango
- Development of villas, retirement communities in highland and coastal areas
- Development of a full service international standard hot springs/spa resort with hotel in the highlands
- Operation of fast passenger boat services on Lake Izabal and to points in the Gulf of Honduras
- Development of docks to handle cruise liners at Caribbean and Pacific ports
- International airport upgrading & operation at Guatemala and Flores under privatized arrangements
- Construction of a toll bridge over the Motagua River for the highway to Honduras



- | | | |
|--|---|--|
|  Beach waterfront |  Archaeological site |  Colonial towns |
|  Road Crossing |  Park |  Airport |

Chapter 4

El Salvador

4. EL SALVADOR

4.1 PRESENT SITUATION OF TOURISM

4.1.1 MAGNITUDE OF TOURISM

Compared to prior years, visitor volume in 1995 and 1996 has been growing strongly, compared to prior years, and reached a level of 235,000 in 1995. The pattern in arrivals has been uneven since 1992 when the peace accord was signed putting an end to 14 years of conflict; that event produced a surge in visitors to over 314,000, a level not since attained. Visitor volume has dropped considerably since then. However, in 1995, the US & Canadian market alone grew by 40% and now makes up 46% of total visitors [1995]

It is critical to understand that these figures contain few *bona fide* tourists, traveling on their own budgets on leisure travel. The vast majority consists of businessmen, official visitors, and visiting friends and relatives. The Salvadorean travel trade indicates that it is handling insignificant numbers of true foreign tourists on leisure trips, it survives mainly on outbound tourism [Salvadoreans traveling abroad]. TACA reports that 90% of its traffic into San Salvador is the ethnic market of Salvadoreans living in the USA, on home visits. Logically, there is an absence of tour operators specializing in inbound tourism, although there are a number of quite capable travel agencies that intend to develop inbound business. However, the strong rise in arrivals from points in North America and Europe is a very positive development in building awareness of the country abroad. As regards the economic benefits of international tourism to the country because of the absence of major flows of *bona fide* tourists, no claim of major economic benefits can be made. ISTU estimates that in 1995, tourism generated \$41 million in hard currency earnings for the economy, as compared to the nation's top agricultural export, coffee, which brought in \$362 million.

ARRIVALS BY ROAD

Highway travel into El Salvador is significant, because of the short travel time from Guatemala City to San Salvador, approximately 3-4 hours. In 1995, 154,000 visitors entered by air while 81,000 entered by road from Guatemala or Honduras, of these, just under 60,000 visitors, mainly Guatemalans, entered through the three crossing points used for travel between these two capital cities, San Cristobal [for the Pan American Highway], Las Chinamas, and La Hachadura. The Guatemala City-San Salvador route is actually the most heavily traveled corridor between any two major cities in Central America by air and by road. There are complaints regarding security conditions along the highways in this corridor, where some crime preying on travelers has been reported. This fear for personal safety is an obstacle to further growth of motor travel.

4.1.2 INSTITUTIONAL CONSIDERATIONS

The Salvadorean government's institutional arrangement to promote tourism is in a state of change, while the Salvadorean government determines how to best restructure its different agencies as part of down-scaling government and decentralizing some functions to local levels. The government's official position is to strongly support tourism; however, the Salvadorean government intends to cut the size and activities of ISTU, the Salvadorean Tourism Institute, and to launch the Salvadorean Tourism Corporation CORSATUR to handle foreign promotion and domestic development.

However, on a practical level, CORSATUR was not yet operating by late 1996, and the long term roles and outlooks for ISTU and CORSATUR are not clear. In the meantime, ISTU continues to handle a number of programs oriented to recreation and domestic tourism, and undertakes only very limited foreign promotion work. ISTU's focus on mainly domestic tourism, education and recreation is logical, since there was a total absence of international tourism in the country during the years of conflict.

RESTRUCTURING ISTU

The final arrangement for the government's tourism agency needs to be implemented for the agency to undertake its essential functions of regulation, of planning for the sector, and of vigorous foreign promotional efforts. Fortunately, despite this uncertainty, some developers have proceeded with construction of hotel projects. In addition, trade groups, the America Central Corporation and the *Mundo Maya* organization have undertaken joint promotional actions of their own, an example being the ACC's recent series of educational seminars on Central American travel products, in different North American cities. Therefore, it is apparent that the delay in the restructuring of the Salvadorean government's tourism body is not delaying efforts of the country's travel businesses to expand the industry.

4.1.3 INTERNATIONAL AIRPORT FACILITIES

El Salvador is served by Central America's best international airport, located at Comalapa some 45 minutes drive south of San Salvador on the Pacific coastal plain. This facility can handle aircraft of all sizes, and serves as the home base for TACA, the multi-national airline group of Central America. It is operated by an autonomous airport authority. An expansion is currently under way to add apron space and passenger gates for additional passenger aircraft. There is also a radar modernization program in progress. There is no evidence of any imminent congestion of any kind at this facility. There is very little air charter traffic into El Salvador. A manager of COCESNA indicated that the navigational equipment for this airport requires updating.

Profile of International Tourism to El Salvador

International Visitors

1996 [6 mos] total	121,587	up 13%
1995 [6 mos] total	107,328	
1995 total	235,007	up 30%
1994 total	181,332	down 32%
1993 total	267,425	down 15%
1992 total	314,482	up 58%
1991 total	198,918	up 2%
1990 total	194,268	
<i>annual change 1990-1995</i>		<i>up 2% per year</i>

International Visitors - Air Only

1995 total	153,528	up 60%
1994 total	95,908	

1995 Visitors by Geographic Origin

USA & Canada	108,604	46%share
Europe	24,652	10% share
Central America	72,760	31% share

1995 Visitors by Mode of Transport

air	153,528	65% share
road/sea	81,479	35% share
<i>main gateway - San Salvador Airport</i>	<i>151,708</i>	<i>65% share</i>

Hotel Capacity

1995 capacity - classified & nonclassified	—	
1995 capacity - classified	3,331	
1993 capacity - classified	2,419	
<i>average growth 1993-95</i>		<i>17% per year</i>

Image Highlights :

- limited awareness in North America of El Salvador as a nation in civil war
- no clear image or awareness in North America of El Salvador as a travel destination
- lack of outstanding attractions on which to build any strong image/message for foreign promotion

Top Attractions :

- absence of outstanding attractions
- numerous accessible minor attractions including archeological sites, lakes, volcanoes and beaches
- extensive & unused gray sandy beaches along the Pacific coast

International Accessibility :

- good air links to several major North American cities on West, Gulf and East coasts
- limited service to Europe
- absence of direct service to South America, Asia
- insignificant charter air services
- very good air links within Central America
- easily accessible by road from Guatemala City in 3-4 hours over 3 different routes
- accessible by road from Tegucigalpa, San Pedro Sula in 6-7 hours
- limited cruise ship activity at its Pacific ports

4.2 STRENGTHS

The strengths on which El Salvador must depend in crafting a strategy for tourism are summarized below :

- **A Variety Of Attractions:** These include scenic areas with lakes, volcanoes, seashore and beaches, some parklands, and some archeological ruins. Although none is of outstanding importance, they are easily accessible; most are in the western half of the country.
- **Proximity to the Mundo Maya :** Tour operators can structure itineraries for archeological/ cultural groups into nearby Honduras, Guatemala and up to the Mexican Yucatan by originating or terminating circuits at San Salvador. They can package Salvador's lesser known archeological sites along with the internationally known ones in the other countries.
- **Good International Accessibility:** Good access via the international airport, and good road links to Guatemala and Honduras will enable immediate creation of tour packages into Salvador once attractive areas are developed.

- **An Expanding Domestic Economy:** The expanding Salvadorean economy will stimulate business and official travel to the country creating needs for business related quasi-tourism in the form of conferences, conventions, trade shows, and exhibitions. This will expand the need for lodging, catering services, meeting planners, tour operators and the like.
- **A Capable Salvadorean Travel Trade:** Many local travel agents handling outbound tourism are already familiar with world tastes in international tourism, and are prepared to start incoming departments once the country can offer tourist products of an international standard.

4.3 WEAKNESSES

The following factors are cited as key weaknesses slowing tourism in El Salvador:

- **No Distinctive Cultural Uniqueness Or Outstanding Attraction :** Guatemala has the ancient Mayan city of Tikal, Lake Atitlán, colonial Antigua, and the colorful, unique Mayan peoples; Honduras has the Mayan city of Copan and the Bay Islands in the Caribbean. Costa Rica has its famed biodiversity showcased in its national parks. El Salvador has no such distinctive attraction with which to draw foreign tourists.
- **Unfamiliarity Of El Salvador In North America And Europe :** Years of reporting the civil war in the Western press are now followed by an absence of any coverage in the press at all. There have been few if any positive before and after news stories about El Salvador.
- **Crime On Travelers :** A rise in crime in the major cities and along main highways has created fear among local populations, restricting the easy movement of travelers; a trend of robberies have been reported along the roads to Guatemala.
- **Poor Highway Infrastructure :** The poor physical condition of roads and poor signage discourage travel with private automobiles and discourages nighttime travel. These are major problems in the eastern section of the country.
- **High Air Fares :** The travel trade contends that the scheduled airlines do not offer sufficient discount capacity for tour programs. Some charge that TACA, the main airline in El Salvador, has a near monopoly on commercial air service to El Salvador. There is little air charter service into San Salvador.
- **High Cost Of Capital :** Businessmen complain of high interest on loans, exceeding 15% and even 20%, and of strict related restrictions. Some comment that soft loans from foreign sources are channeled through local banks raising the cost roughly to commercial levels, with no benefit to the end borrowers.

There are management solutions for all of these weaknesses so that on the whole, they can be largely overcome. Some of them will be directly addressed by proposed project concepts presented below.

4.4 STRATEGY

The strategy and measures explained below focus on the creation of flows of overseas tourists into El Salvador, who will have a far larger average expenditure than regional or domestic tourists. It is certain that there is a significant potential for regional tourism, particularly between Guatemala and El Salvador where family and economic links are close and where distances are short. However, in the interest of the creation of hard currency earnings, the creation of incoming tourism from overseas points, particularly from North America, Europe and Asia, is the objective.

Three potential types of tourism to El Salvador are identified below. Several strategic actions, both short term and long term in nature, follow. This explanation is not intended as a full national tourism strategy, but only as a brief treatment to highlight key potentials and actions relating to the most lucrative form of tourism, the overseas tourist.

All of the proposed measures and concepts for projects are intended to address one or more of the deficiencies identified above, and to broaden potentials for new segments of tourism. Short term measures can be accomplished within a 1 to 2 year time frame because many require only policy reforms. Longer term measures require longer periods of time because they consist of major policy reforms, new forms of planning, or major infrastructure work, requiring years for planning and financing.

4.4.1 THE POTENTIAL

Possible new types or segments of leisure travelers to El Salvador include the following three groups.

- Cultural Tourists : Guatemala and Mexico's Yucatan Peninsula make up the heartland of the ancient Mayan civilization, with the main air gateways of Cancun and Guatemala City. Along with Belize and Honduras, El Salvador is a secondary or peripheral member of the Mayan World, which is promoted abroad as the *Mundo Maya*. This segment of demand can be promoted now, using San Salvador as a southern gateway to the region.
- Meetings, Exhibitions And Conventions : As the economies of Central America develop, the frequency of business and culturally related events with participation of hundreds of persons [or more], will increase, and the travel trade must manage the organization of such forms of business related or *quasi*-tourism. This kind of tourism requires some technical capabilities in terms of logistics and planning, and international coordination. It also can generate high average daily expenditure often exceeding \$150 per person. The travel trade can promote this type of tourism at present, and expand it as specially designed facilities for events are built in the future.

- International Beach Tourism : This is the very large scale, high profile industry that the Mexican destinations and the Caribbean islands compete for, through sale of tour packages in the northern countries of North America and Europe. It relies on commercial real estate development in seaside areas of appealing new towns and resorts that meet international standards. The country does not yet offer such capacity, but must plan the infrastructure and organization now to complete construction and launch new resort areas by the year 2000.

4.4.2 SHORT TERM MEASURES

The Salvadorean government must provide resources for the proposed CORSATUR corporation and officially launch it, enabling it to start its needed foreign promotion efforts and to support infrastructure projects without further delay. This will serve as proof to the travel trade and to the investment community of the high priority that the Salvadoran government claims to assign to tourism. It will also serve as proof that there is a credible basis or framework to equip the country for international tourism.

As suggested for Guatemala, El Salvador could establish a tourism police, possibly as a corps within its existing civilian police or highway patrol, to provide safe travel conditions along key routes and at key crossing points. This force could be introduced in phases, initially on the heavily traveled routes to Guatemala, then to Honduras. This measure would promote more tour circuits into provincial areas, and increase use of rental cars by visitors.

A regulatory measure is the streamlining of border procedures for travelers, both regional ones [ie Central American ones] and overseas ones; this is the *Univisa* proposal currently under discussion. Rather than await the consent of all 5 Central American governments to this arrangement, which is complicated in nature, Guatemala and El Salvador could quickly introduce reforms on a bilateral basis, and later extend them to neighboring nations. These two countries may be the ones to most benefit from an *open borders* arrangement because their capital cities are so close, and because there are so many attractive areas between them.

El Salvador's travel trade and tourism agency can already actively participate in joint foreign promotional efforts of the Mayan World theme with the sponsor organization, and with American Central Corporation (ACC) and other companies actively promoting it. Private sector bodies such as the Salvadoran tourism chamber, chamber of commerce and related trade associations can pool funds with counterparts in other countries to build valuable awareness in source markets on the basis of this powerful theme.

4.4.3 LONG TERM STRATEGY

The long term strategy consists of equipping the country with the appropriate tourist infrastructure . The existing national tourism plan, prepared in 1994, already identifies a number of projects aimed at regional and overseas markets, which will require major planning and investment by the private sector. These are aimed at drawing international beach tourism into the country, and also the participants in meetings and events [*quasi-tourism*].

There is an immediate need for planning expertise in the government to guide local governments and private investors in structuring projects and securing the long term financing for design and construction work. The official Central American Bank [in Tegucigalpa] and other foreign entities have shown interest in supporting projects; both infrastructure and specific hotels projects. The government's tourism agency can serve as an effective intermediary between projects and funding sources. Moreover, CORSATUR can itself provide concessional funding for projects if it is endowed with adequate resources to do so. Once it starts operation, it must attempt to improve access to capital for Salvadoran ventures.

4.5 PROPOSED CONCEPTS FOR PROJECTS

A series of proposed concepts for foreign assistance is presented below. The primary executing agency within the Salvadorean government is identified. The designation of the new Salvadoran Tourism Corporation CORSATUR as the sucesor body to ISTU has been made even though it is not yet functioning. The interventions stated below reinforce the vital planning function that either the existing ISTU or future CORSATUR must fulfill to promote development of the needed infrastructure for the foreseeable future.

E1 ASSIGNMENT OF TECHNICAL EXPERTS CORSATUR.

TECHNICAL ASSISTANCE FOR TOURISM SECTORAL DEVELOPMENT.

A Project Specialist experienced in formulating both private and public sector tourism projects with knowledge of the financing of such projects, is needed to assist CORSATUR in accomplishing feasibility studies and advising developers. A Tourism Statistics Expert can assist CORSATUR with standardizing and computerizing data on the various tourism related industries, for accuracy and conformity with international norms and with the tourism bodies of the other Central American nations. An Immigration Expert can assist the immigration department in streamlining clearing procedures at road crossings, seaports and at the international airport, for nationals of targetted countries. In addition, he/she can design a phased program for full border opening with Guatemala [the *Univisa* concept].

E2 ALEGRIA LAGOON SPA FEASIBILITY STUDY.

**CORSATUR, USulután DEPARTMENTAL GOVERNMENT.
HEALTH ORIENTED TOURISM FACILITY.**

Located near a volcano crater, this would complement the San Sebastian beach resort proposed at a location in the same area. The concept, fully explained in the 1994 Tourism Strategy, calls for the development of a full service health spa on the crest of a volcano near Santiago de María in the middle of coffee producing country. The project would stimulate additional investment for tourism in the region. A feasibility study is needed to assess its suitability for private sector investment.

E3 CRUISE TERMINAL FEASIBILITY STUDY.

**CORSATUR, LA LIBERTAD DEPARTMENTAL GOVERNMENT.
TRANSPORT INFRASTRUCTURE FOR TOURISM.**

The concept calls for the development of a dock and passenger terminal with full services to handle one or more cruise ships operating on Pacific routes, needing a southern terminus to originate or terminate cruises. The proximity of La Libertad to San Salvador's international airport, a short 40 minute drive away, and the natural beauty of the adjacent Bálsamo Coast where regional tourism is developing, are two factors in favor of feasibility. A third is the absence of a similar port between Mexico and Panama, with good airport access. A feasibility study is needed to assess the concept's suitability for private sector investment.

E4 NATIONAL PALACE RENOVATION PROJECT.

**CULTURAL COUNCIL CONCULTURA, SAN SALVADOR MUNICIPALITY.
PRESERVATION OF ARCHITECTURAL HERITAGE.**

This structure, nearly 100 years old, has great symbolic importance in Salvadoran history, and occupies a prominent location in the heart of the city's old city center. Containing over 100 rooms and a beautiful central patio with a collection of tall *araucarias* trees and lesser plants, the Salvadorean government has completed renovation designs and actual renovation work on only 8 of the rooms, since it is proceeding at a slow pace. Its intent is to use it as a national museum for conservation of national treasures, and as a showplace for formal events held within its walls and in the adjacent city plaza and national cathedral. Once successfully completed, this structure could constitute a major component for an urban revitalization program for the city's old and decayed center. International assistance in the form of planning and funding, to strengthen the city's existing revitalization plan and to complete this specific project, is needed.

E5 GULF OF FONSECA LAND USE PLAN.
CORSATUR, LA UNIÓN DEPARTMENTAL GOVERNMENT.
REGIONAL PLANNING FOR TOURISM.

This region, currently remote and seriously damaged during the civil war, forms the western flank of the tri-state Gulf of Fonseca, which has not yet seen any major development for tourism. In the long term, because of its natural beauty and fair accessibility to the international airports near San Salvador and Tegucigalpa, a land use plan for the department's coastal areas and islands, is needed to identify potential economic uses, and to guide local government in implementing with the private sector a compatible pattern of land use. Technical Assistance can assist with the preparation of this plan; it must be coordinated with the ongoing PROARCA project that is promoting collaboration among the three nations that share this body of water.

E6 MONTECRISTO NATIONAL PARK IMPROVEMENT STUDY.
NATIONAL PARK SERVICE SPN, SANTA ANA DEPARTMENTAL
GOVERNMENT & METAPAN MUNICIPALITY.
INFRASTRUCTURE IMPROVEMENTS FOR TOURISM.

This national park, containing terrain situated from 800 meters to over 2,400 meters in altitude, is the Salvadoran section of the tri-state *Trifinio* protected area that includes land in Guatemala and Honduras. The park service attaches high priority to it for its biodiversity, its symbolic value as the sole location shared by three friendly nations, and for its location in the Mayan World, along the *Ruta Maya*, which joins the points of interest of Esquipulas [Guatemala] and Copan [Honduras].

Already a destination for domestic tourism, Montecristo park with proper improvements can also draw international tourism that is circulating among these three countries. Technical Assistance for the updating of the existing park management plans is required. Infrastructure improvements within the park perimeter, as well as in the nearby locations of Metapan town and Guija Lake, also need to be planned and funded.

E7 THE SAN SALVADOR CONVENTION CITY.
CORSATUR, SAN SALVADOR MUNICIPALITY.
URBAN INFRASTRUCTURE FOR CONVENTION AND EXHIBITIONS.

San Salvador could become the *Convention Capital of Central America* if it developed this project as proposed in the 1994 Tourism Strategy. The project consists of several components including a convention complex 63,000 sq meters in area, exhibition hall and fair grounds, and cultural components, combined on a landscaped urban campus. A private-public partnership is required to organize the project, which would stimulate business tourism to the city directly benefitting numerous businesses. Because it is designed to attract a new type of tourism to the country, and because of its complexity, planning assistance from a development agency to secure financing can be instrumental in launching this project.

E8 LAKE ILOPANGO TOURISM VILLAGE FEASIBILITY STUDY.
CORSATUR, LA LIBERTAD DEPARTMENTAL GOVERNMENT.
URBAN INFRASTRUCTURE FOR TOURISM.

The concept calls for the creation of a hotel/resort zone along the shoreline and on the slopes overlooking Lake Ilopango which is located at the eastern end of the San Salvador metropolitan area, 15 km from its center. This area may have potential for development as a lakeside resort for international tourism, to include hotels and other forms of commercial accommodation and recreation. Creation of a retirement community is an additional use for evaluation. Technical Assistance including an internationally experienced urban development team for tourism, can prepare the study on behalf of the local government and the tourism corporation.

E9 CREATION OF THE TOURISM POLICE CORPS.
CORSATUR, SALVADOREAN POLICE DEPARTMENT.
INSTITUTIONAL STRENGTHENING FOR TOURISM.

A specially trained corps within the existing national police or highway police will be developed and introduced on key highway routes, at key border crossing points, and at other points with heavy tourist traffic. Members are to be trained in areas such as : sensitization to foreign travelers needs, tourist information, emergency assistance, complaint resolution, effective coordination with the standard police force and language training. Technical Assistance for the creation of a training program, and provision of equipment [patrol vehicles, communications, etc] is required.

E10 SAN SEBASTIAN ISLAND RESORT FEASIBILITY STUDY.
CORSATUR, USULUTÁN DEPARTMENTAL GOVERNMENT.
URBAN INFRASTRUCTURE FOR AN INTEGRATED RESORT ISLAND.

This project is proposed on an unusual location between lagoons and the open ocean, on Jiquilisco Bay, some 80 km east of San Salvador's international airport. If properly planned it will require substantial foreign participation and financing to produce a totally new product for Central America, an international standard resort community. Development banks have a history of supporting this type of tourism infrastructure, including projects in Mexico and the Caribbean. The scale of the project is major, covering 2,800 hectares and accommodating up to 11,000 tourists; a new town for support staff is proposed on the mainland at Puerto Parada, some 10 km to the north.

4.6 LIST OF PRIVATE SECTOR PROJECTS

The following list of projects is intended to present an idea of the variety of projects that private developers can undertake in El Salvador. In some cases, specific locations have been identified, but in others, many locations in villages, towns or along lakeshores or beaches, would be suitable. A number of the ideas are taken from the 1994 national tourism development plan which contains some prefeasibility information.

- Restoration of old structures in the old center of San Salvador near the National Palace for conversion to commercial uses such as inns, restaurants, shops, galleries, office space
- Development of an integrated convention complex for San Salvador with facilities for large scale business and cultural events and trade shows
- Creation of a private company to internationally market and manage the convention complex proposed for San Salvador
- Restoration of old structures in towns for conversion to inns, restaurants, shops, galleries and workshops for arts & crafts [Santa Ana, Suchitoto for example]
- Development of international standard resorts at San Sebastian Island on the Pacific Coast
- Development of Alegria spa and hotel in Usulután department
- International cruise ship terminal complex at La Libertad
- Operation of fast boat service across the Gulf of Fonseca to points in Honduras and Nicaragua
- Development of villa, retirement communities, golf courses at scenic areas such as the lakes of Ilopango, Coatepeque, Cerrón Grande
- Development of hotel products such as soaps, lotions, loofa, shampoos etc. The natural ingredients such as coconut and palm oils as well as fragrance should be available.



Chapter 5

Honduras

5. HONDURAS

5.1 PRESENT SITUATION OF TOURISM

5.1.1 MAGNITUDE OF TOURISM

Compared to agricultural products, tourism is not a leading industry for Honduras. In 1995, the Honduran Tourism Institute estimates that tourism generated only about 5% of total foreign currency earnings for the economy, some \$80 million of \$1.6 billion. Since 1991, the volume of international visitors to Honduras has averaged 5% growth per year [see exhibit below]. In 1995, over half of the total visitor volume [151,000 of 270,000] was made up of US, Canadian and European visitors entering mainly by air. This visitor total has been growing at a faster rate of 13% per year over this same period. Honduras has been benefiting from the prosperity in the industrial world that is boosting world travel, and from the peaceful climate now reigning in the Central American region. However, its share of European visitors is small, only 33,000 compared to over 100,000 Europeans for both Guatemala and Costa Rica.

A more accurate measure of *bona fide* tourism is travelers on vacation/holiday, including visiting friends and relatives. According to surveys, 71% of visitors fall into these categories, which would equal 193,000 for 1995. This places Honduras in the middle rank in Central America, behind the leading nations of Costa Rica and Guatemala [551,000 and 293,000 tourists respectively in 1995]. Because of its variety of attractions, Honduras attracts a variety of categories of tourists, including divers and resort tourists, cultural tourists, adventure or ecotourists in addition to visiting friends and relatives.

None of the major well known North American tour operators are marketing travel to Honduras. There are no international hotel chains affiliated with Honduran hotels at present. However, there is some foreign investment in the hotel industry by American, Costa Rican and Salvadorean capital, and there are some hotel projects under way in Tegucigalpa and San Pedro Sula aimed mainly at the business market. Some of these involve foreign investment, and it was reported that one will be affiliated with the Holiday Inn chain and another with the Camino Real chain. Some American investment is also reported in the Ceiba based airline Caribbean Air. Therefore, some foreign capital is already investing in hotels and air transportation.

ARRIVALS BY AIR

Commercial aviation has grown dramatically in Honduras, both for internal services as well as for international ones. In 1995, 205,000 visitors arrived by air through the country's four gateways of which three, San Pedro Sula, La Ceiba and Roatan Island are located along the North Coast region. The fourth is the capital city airport Toncontin at Tegucigalpa. With 90,000 visitor arrivals last year, the airport at San Pedro Sula has become the first gateway for visitors to the country. Many of these travelers are making

connections to La Ceiba or to the Bay Islands, and do not visit San Pedro Sula. This inflow of visitors by air has been growing at an average 19% per year since 1991, in part because there are now 4 air carriers offering regular flights between the North Coast and points in the USA. Another reason is because the airports at La Ceiba and Roatan Island have been improved to allow direct flights by jet aircraft to three USA cities.

However, there is no direct air service between the North Coast and Guatemala, the second largest tourist destination in Central America. Nor is there any one plane air service between Honduras and any point in Europe or South America. Moreover, air services to Nicaragua have been absent or very limited over the past few years. In contrast, internal services along the North Coast, to the Bay Islands and to the Mosquitia in the east, have expanded steadily with 3 or 4 local carriers now covering the region. New international routes to Belize and Grand Cayman have recently been opened.

5.1.2 THE NORTH COAST AS PART OF THE WESTERN CARIBBEAN

The 250 km stretch of Caribbean coastline from the Guatemala border to Trujillo is probably the most suitable coastline from Guatemala to Costa Rica for large scale tourism development in the manner of Acapulco or Cancun [Mexico], Montego Bay, Ocho Rios [Jamaica], Puerto Plata [Dominican Republic] and other such Caribbean destinations. The beaches are beautiful and this area shares the second largest coral reef in the world with Belize. Because the Pacific beaches are of gray sand, they are less suitable for resort development. As a result, for many years, large scale development has been proposed at Tela Bay, without any great success.

Today, there is limited hotel and vacation home development from west to east at the following points: Omoa, Puerto Cortes, Tela Bay, La Ceiba and Trujillo. A share of this development is a result of US and European capital, but little of it is up to international standards. Moreover, in some of the past years, cruise ships have called at Puerto Cortes and Roatan, as well as at Santo Tomas de Castilla nearby in Guatemala. However, cruise activity to the region has proven to be irregular. It is apparent that the Gulf of Honduras, also known as the Western Caribbean, is becoming internationally known for the splendid coral reefs off Belize and around the Bay Islands, and is attracting limited foreign investment.

5.1.3 INSTITUTIONAL CONSIDERATIONS

The IHT is the statutory body assigned the responsibility of developing and regulating tourism to Honduras. The government's official policy is to strongly support international investment in tourism, and the Honduran Planning Secretariat has undertaken some development studies for specific locations with foreign assistance. The highest priority is assigned to the 100 hectare Tela Bay project, calling for an investment in infrastructure of roughly \$18 million, and superstructure development to include up to 1,600 rooms of international standard. An entity called the Tela Bay Trusteeship has been created as an organ of the IHT for implementation. This project is the largest scale one currently

proposed in Honduras; to date, the Trusteeship has made no progress in securing the needed investment. It reports that it does not have a distinct marketing plan to approach sources of capital in foreign countries to secure investment, but is in discussions with several private developers. The IHT held the chairmanship of the *Mundo Maya* organization for two years and recently turned it over to Mexico.

5.1.4 INTERNATIONAL AIRPORT FACILITIES

There is great growth in the airline industry within Honduras with at least ten airports currently receiving scheduled flights; five of these airports are located along the North Coast, three in the Bay Islands; most of them are rudimentary, with minimal or no communications or navigational equipment. Operations at all airports including San Pedro Sula and Tegucigalpa's Toncontin international airports are limited to daylight hours because of insufficient capability for nighttime operation. Toncontin is the region's most dangerous airport because of its proximity to mountains, and because it has no functioning radar. With the increasing volume of flights, and with the imminent need for direct air services from Europe, there is a critical need to bring the four gateway airports at Roatan, La Ceiba, San Pedro Sula and Tegucigalpa up to a minimal acceptable ICAO safety standard. This is necessary for obvious safety reasons, and would avoid any harmful designation by ICAO or the US Federal Aviation Administration that would cause any restriction or cancelation of commercial flights.

In addition, there are problems with the region's air traffic control system. COCESNA is the regional air traffic control corporation headquartered at Toncontin in which the governments of the seven regional countries are shareholders [including Belize and Panama]. At least one member government [Guatemala] has expressed strong discontent with its operation on a technical level citing managerial and financial problems. At present, the corporation is installing an Italian designed computerized air traffic control system with a related technical assistance package through funding from the European Union. This represents a major technological advance for the region's air traffic system.

However, it appears that the weakest link in Central America's air traffic control is the control towers at each airfield. This is because airports either are entirely lacking navigational equipment or use archaic and poorly maintained equipment that is informally and irregularly maintained by COCESNA, who bears no legal responsibility for it. This problem is particularly acute in the case of Honduran airports where airport management is so weak. For the country to have 24 hour operations and eventually flights from Europe, more competent airport management is essential

Profile of International Tourism to Honduras

International Visitors

1995 total	270,549	16%
1994 total	233,516	down 11%
1993 total	261,475	up 8%
1992 total	243,544	up 7%
1991 total	226,121	—
<i>average change 1991-1995</i>		<i>up 5% per year</i>

International Visitors - Air Only

1995 total	204,911	up 26%
1994 total	162,655	up 10%
1993 total	147,616	up 26%
1992 total	116,770	up 16%
1991 total	100,728	—
<i>average change 1991-1995</i>		<i>up 19% per year</i>

1995 Visitors by Geographic Origin

USA & Canada	117,958	44% share
Europe	33,523	12% share
Central America	87,140	32% share
Asia	7,169	3% share

1995 Visitors by Motive of Travel

holiday/vacation [tourism]	193,418	71% share
business/official	43,743	17% share

1995 Visitors by Mode of Transport

air	204,911	76% share
road/sea	65,638	24% share
main gateway - San Pedro Sula Airport	90,287	33% share

1995 Hotel Capacity

1995 capacity nationwide	10,022 rooms	
1995 capacity - Tegucigalpa only	2,080	[21% of nationwide capacity]
1991 capacity nationwide	7,529	
<i>average growth 1991-95</i>		<i>7.4% per year</i>

Image Highlights :

- Emergence of Roatan and Guanaja islands as diving destinations like Belize, Bonaire, Cayman
- Long time awareness of the ancient city of Copán
- Lack of awareness of any other attractions in Honduras

Top Attractions :

- Ancient Mayan city of Copán [97,000 visitors in 1995] in the rural west at Guatemalan border
- Coral reefs, marine life and solitary beaches of Roatan and Guanaja islands
- Beaches and colonial ruins along the North Coast at Omoa, Tela Bay, La Ceiba and Trujillo

International Accessibility :

- Good air links to several major North American cities on West, Gulf and East coasts
- No direct flights to Europe [only Miami/Houston connecting services] South America or Asia
- Four international airports- at Tegucigalpa, San Pedro Sula, La Ceiba and Roatan Island
- No nighttime air service per substandard navigational/landing systems at all airports
- Virtual absence of air charter air services
- Isolation of North Coast from Guatemala and Belize in absence of Motagua River bridge

5.2 STRENGTHS

Honduras has good potential for international tourism for the following reasons.

- **A Caribbean Coastline Suitable for Tourism Development :** Several points along the North Coast lend themselves for development as seaside resort destinations in competition with established ones in the Caribbean basin. This is relevant for the resort and retirement markets.
- **A Diversity of Attractions :** Mayan ruins, colonial villages, sandy beaches and coral reefs, tropical islands, mountain parks and unique cultures such as those of the Garifuna and Miskito peoples, all represent quite different and complementary resources on which to build marketable tour products.
- **Mundo Maya Membership :** Joint promotion efforts and tour packaging with other members of this organization can be effective tools to build cultural tourism volume to Honduras, particularly from European nations. The promotional efforts of this organization are already under way.

- **Improving Air Access from the USA :** There is frequent scheduled air service from cities on the Pacific, Gulf of Mexico and Atlantic coasts of the USA to Honduras. All Europe service is via connection in the USA.
- **Knowledge of The Government's Tourism and Archeology Institutes :** The IHT and Honduran Institute of Archeology are aware of the varied potential contained in the country's towns and villages for historic preservation of old buildings, urban rehabilitation and study of archeological sites.
- **An Abundant and Affordable Labor Supply :** Honduras contains a labor force that is inexpensive, and that is ready to relocate for employment at coastal and even island locations. The success of the *maquila* factory system in the North Coast is evidence of labor mobility and trainability.
- **A Lack of Stigma Related to Civil Unrest :** Unlike its three neighboring countries, Honduras has not suffered recent civil strife or insurgency leading to a reputation for violence through the world media. Its image building efforts can focus on positive messages without any need to counteract negative stereotypes.
- **Biodiversity :** The mountainous regions and tropical waters of the North Coast, and the mountains of central Honduras are diverse in their ecosystems. Biodiversity is a necessary component in promoting successful ecotourism and adventure tourism.

5.3 WEAKNESSES

The following factors highlight weaknesses that are hindering expansion of tourism in the country.

- **No Positive Differentiating Image Within the International Travel Trade:** Honduras has not developed a successful cultural or environmental image or theme to use in its promotion. A clear image is vital for Honduras to differentiate itself from competing destinations in Central America and the Caribbean.
- **An Unclear Legal Environment :** Planning and permitting of projects has proven to be unduly long and difficult because of legal problems related to foreign investment and land tenure, institutional red tape, and inconsistent application of incentives. This is probably one reason why debt financing is prohibitively expensive.
- **Weak Municipal Capacity To Structure And Implement Projects :** Towns such as Copánán Ruins, Omoa, Tela, La Ceiba, Trujillo and Roatan are getting increased investor interest in hotel and commercial development. Their capacity to upgrade infrastructure and to guide private building projects for an optimal pattern of urban expansion is limited.
- **Prohibitively High Cost of Capital :** Possibly more than in any other Central American nation, loan terms in Honduras are prohibitively high, with short term commercial interest rates ranging as high as 40% at present. Loan terms, collateral and guarantee conditions are highly unfavorable and the banking system cannot be used for long term financing in most cases.

- **Unfamiliarity With International Service Standards :** Hoteliers, restaurant operators and service providers generally are unfamiliar with the requirements of foreign visitors regarding hygiene, service and convenience. This is a result of the low level of tourism in Honduras until recently.
- **Poor Road And Air Links With Guatemala :** There is no road link to Guatemala along the North Coast, and the road from Copán Ruins to Guatemala is in poor condition. There is no direct air service between the two countries at present. Therefore, possibilities to structure circuits along the Mundo Maya theme linking the two countries are limited.
- **Poor Links With Belize :** There is no fast boat service [hydrofoil, hovercraft or other technology] between the two countries across the Gulf of Honduras. Such links would again facilitate the creation of interesting tour circuits, particularly since there is no coastal road along the Gulf of Honduras.
- **No One Plane Air Link with Europe :** One reason for the relatively low arrival count of European visitors is the absence of one plane service from Europe, particularly from Germany, France and Spain. Another reason is because links to Guatemala, which is popular with Europeans, are so poor [see above].
- **A Dangerous International Airport :** Tegucigulpa's Toncontin International airport is one of the most dangerous airports in all of the America's. Because it has no radar it presents a major safety problem for incoming and outgoing passengers.

5.4 STRATEGY

An explanation of potential markets for which Honduras can compete appears below, followed by an enumeration of short term measures to build up these markets.

Comments regarding a long term strategy follow. All of the proposed measures and concepts for projects are intended to address one or more of the deficiencies identified above, and to broaden potentials for new segments of tourism. Short term measures can be accomplished within a 1 to 2 year time frame because many require only short policy reforms. Long term measures may require longer periods of time because they consist of major policy reforms, new forms of planning, or major infrastructure work, requiring years for planning and financing.

5.4.1 POTENTIAL SEGMENTS

One of the strengths of Honduras is its diversity of attractions and resources for tourism. A direct result of this is a diversity of potential types of tourists for which Honduras can compete.

- **Cultural Tourists :** Copán is the star attraction for cultural tourism, but the country also offers numerous other inland villages with colonial architecture. With improved links to Guatemala and better internal roads, tour operators can create interesting circuits to extend the stay of cultural tourists in Honduras beyond current levels. The Mundo Maya theme can be most effective for this purpose. Improved air service to Europe will also facilitate growth of this segment from Germany, Italy and Spain.

- **Sightseeing Tourism** : This type of tourism is by nature itinerant rather than stationary, moving by motor coach or auto through scenic countryside and colonial villages. With scenic views and uncongested roads, Honduras like Guatemala, has clear potential for this kind of tourism. This market is currently nearly nonexistent, but will develop as road conditions improve and as border procedures are streamlined. Both Central American and foreign groups make up this market
- **The International Beach Resort Market** : Honduras already has a good reputation in diving tourism. As it builds international beach resorts in its Bay Islands, Honduras can use this good name to capture a share of beach resort tourism in direct competition with Mexican and Caribbean destinations. North American and European nations are the primary markets.
- **The Regional Beach Resort Market** : There is evidence of unsatisfied demand in Guatemala City and San Salvador for Caribbean vacations on the North Coast of Honduras [white sand beaches] in preference to the Pacific beaches. Once a Motagua River bridge is built, tourist traffic along the Gulf of Honduras will then be able to develop. The opportunity to market this coastal region as a destination in itself, through use of a theme such as the Alvarado Coast or the Mayan Riviera can then be realized as a joint Guatemalan-Honduran effort.
- **Cruise Market** : Once a variety of interesting attractions on the North Coast is completed, cruise ships can call at ports in Cortes, Tela, La Ceiba, Roatan or Puerto Castilla [near Trujillo]. Moreover, one day air excursions from ports of call to the ancient Mayan sites at Copán Ruins and Tikal can be offered to increase the marketability of the cruises, and the daily expenditure of the passengers.
- **Soft Adventure & Eco-Tourism** : There are several national parks and reserves located in close proximity to points of tourism potential including Omoa, Tela [3 areas] La Ceiba [2], Trujillo [2] and Roatan [3]. With a limited investment, these areas can be improved for recreational and educational purposes for both local users and foreign visitors. The professional preparation (clean-up, signage and proper interpretation) of some of these parks will improve these locations as tourism destinations.
- **Vacation Home & Retirement Villages** : As attractive areas along the coast, at Lake Yojoa and near picturesque inland villages are developed with infrastructure, private sector developers will build vacation home projects for Hondurans and foreigners alike. There is already some development of this kind at some of these locations, particularly along the North Coast and at the villages of Valle de Angeles and Santa Lucia east of Tegucigalpa.

5.4.2 SHORT TERM MEASURES

All of the proposals in this section can be accomplished in the short term. Many of the recommended measures call for reforms in regulation and procedures. The most important is to clarify the investment environment regarding permits and requirements where foreign capital is involved. There is a need to streamline procedures and to create a

well functioning organization where investors can get information on all aspects of Honduras; probably at IHT or the Foundation for Investment and Development of Exports (FIDE), to facilitate project development. Promotion of investment is critical, not only in hotels and restaurants, but also in nontraditional areas such as motorcoach companies, fast boat [hydrofoil/hovercraft] services, tourist railroads, airport privatization, and in historic inns [*paradores*].

Another area for reform is immigration procedures for travelers at highway border crossings. Joint collaboration is needed with neighboring governments to simplify procedures for travelers and for vehicles, and to expand operating hours at borders to give travelers maximum flexibility.

As regards accessibility, Honduras must improve road links with Guatemala in the interest of offering attractive *Mundo Maya* circuits by motorcoach, and also in the interest of facilitating regional tourism. Moreover, it can overcome a major access obstacle for Copán Ruins which has no airport, by negotiating arrangements with the owner of the nearby private airfield in Guatemala to allow Honduran excursion flights to use it to provide sorely needed air access from any Honduran points to Copán. At present, access to Copán from Honduras is only by road, and at times the road conditions are poor.

5.4.3 LONG TERM STRATEGY

The following points are offered not as a complete strategy for tourism development of Honduras, but rather as essential elements of a long term strategy for the country. They are designed to improve the government's ability to develop infrastructure and receptive capacity up to international standards, in order to attract greater visitor volumes from the regional markets, and from international markets in North America, South America and Europe.

The measures proposed below focus on three areas, that of improved planning in critical locations, improved formulation of projects for public and private funding, and improved road and air access for Honduras to broaden all of its markets. The IHT can play an important role in the areas of planning and formulation of projects. The IHT as the official government voice for the tourist industry, is responsible for asserting the need for better planning and for infrastructure projects defined with an awareness for the needs of the tourism industry. For example in the area of improved road conditions between Honduras and Guatemala, it must deal with the relevant authorities and local governments in both Honduras and Guatemala. IHT can also bring in foreign assistance agencies to participate in many projects.

Improved Planning Capabilities

To clarify needs for both public and private investment in infrastructure and superstructure along the North Coast, this report recommends preparation of a General Coastal Land Use Plan covering the coastal zone extending from the Guatemalan border

on the west to the Guaimoreto Lagoon to the east, a distance of approximately 250 km in length. This plan will define optimal zoning, density and pace of development, as well as basic urban, transport and environmental infrastructure needs [map scale 1/5,000]. The benefit is to identify the optimal development pattern along this coastline for competing and incompatible uses such as resort and recreational development, protected areas, urban centers, seaports, fishing ports, industrial estates and factories, plantation agriculture, and other uses. The proposed plan will provide needed guidance to local governments, central agencies and to private developers, both Honduran and foreign, as to specific uses with the greatest long term potential. Such a plan will help to lift a major obstacle to foreign investment, that of an unclear legal and regulatory environment.

A second, complementary planning tool is likewise proposed at several critical locations along the North Coast and in the Bay Islands, that of Local Area Master Plans. Specific areas are already attracting investor interest, such as Omoa, Puerto Cortes, Tela Bay, La Ceiba, Trujillo Bay and the three Bay Islands. A clear plan specifying the most rational pattern of development at a more detailed level [map scale 1/1,000] for each of these sectors, will reveal potentials in these areas, and serve as a tool to manage future development. The plans will also signal any special measures needed for sustainable environmental management in each area.

An additional critical area requiring improved planning and oversight of development is that of the town of Copán Ruins and its adjacent archeological park, at a remote location in western Honduras. There are currently problems of river pollution, encroachment of new settlers near the archeological park, and unplanned commercial development in the town. Transport problems include the lack of a working airfield, the poor condition of the road to the Western Highway, and the poor road to the Guatemalan border through which many foreign tourists pass. Although a local area master plan exists, enforcement of this plan is lacking. A revision of this plan is recommended, with a clear definition of a framework for enforcement.

Improved Project Formulation and Implementation

To attract foreign investment that will produce hotels, resorts and related facilities up to international standards, the IHT has an important function to advise public authorities in the case of infrastructure projects, and also to advise private investors in the case of superstructure [profit-making] projects. In addition, the IHT must identify needed reforms in incentives and in authorizations [permitting] for projects, and also serve as an advocate before the Honduran Government for these reforms. Furthermore, the IHT must assist bodies such as FIDE to promote direct foreign investment in projects in Honduras. Commercial real estate development, travel trade businesses, and transport companies, arts and crafts, and training schools are some of the key targets for investment.

For the purpose of investment promotion, IHT can prepare prefeasibility reports for high priority projects, such as for the Tela Bay project or the historic inns. The Institute is already doing much of this work, but as tourism grows, its capacity to fulfill these functions must also expand.

Improved International Access to Honduras

Honduras needs better road links with Guatemala. The key innovation in the region's road system is completion of the coastal highway linking the two countries, from Cuyamel in Honduras to Puerto Barrios in Guatemala, a distance of approximately 40 km. A road connection at this location would open up the North Coast of Honduras to tourism arriving from Guatemala, and also make possible tour itineraries combining the beaches of Honduras with Lake Izabal and the Mayan city of Tikal. The link would make possible some integration of tourism between the two countries. Once an onward road to Belize is opened, a coastal road link around the Gulf of Honduras would be complete. The expensive part of this link is the bridge that is needed over the Motagua river.

Regarding the standard of air service, this report recommends a focus on improving the safety of the air traffic system in Honduras. Currently the air traffic system is unsafe and must be improved for obvious reasons. However, in order to make possible 24 hour operations, to establish flights from Europe, and in order to obviate safety warnings or restrictions by any foreign aviation agencies, the IHT must demand major reforms in airport operations and air traffic control. These could include forms of privatization.

5.5 PROPOSED CONCEPTS FOR PROJECTS

A list of specific concepts for projects follows. They relate to several locations along the North Coast as well as inland. Many are proposed to address the need for careful planning of future investment projects that will build up the country's receptive capacity and provide diverse travel products. The simpler projects, those involving one location or jurisdiction, or just one agency, are listed first.

H1 ASSIGNMENT OF TECHNICAL EXPERTS

IHT & OTHERS.

INSTITUTIONAL STRENGTHENING.

Foreign technical experts in various fields are recommended. An Investment Expert can work with IHT and FIDE to transmit skills such as cofinancing, investment promotion, effective incentives, and other innovations in common use in tourism development.

An expert in management information systems can work in the area of database development. Experts in regional and urban planning assigned to IHT can assist with the above planning proposals by also aiding local government agencies.

H2 TELA BAY INFRASTRUCTURE PACKAGE

TELA BAY TRUSTEESHIP.

INFRASTRUCTURE FOR TOURISM.

An objective review of this project is recommended for a development agency to verify the attractiveness of the existing legal framework for private developers, the density and underlying profitability of the venture, and to assess the suitability of concessional development finance for any part of the \$18 million investment required for the basic infrastructure. An additional point for study is the likely external stimulative effect of this specific project on foreign investment elsewhere in Honduras. In the event of positive findings, this project may qualify for below-market finance from official or private sources, without which the project may remain stalled.

H3 TOURISM DATABASE

IHT & TOURISM CHAMBER OF COMMERCE.

INSTITUTIONAL STRENGTHENING.

A database team is required. It would consist of a computer database specialist and a tourism data expert. The Database will have a twofold purpose. The first is a promotional function making available all information in real time to the travel trade and press and to the traveling public, regarding attractions, events, transportation, lodging, the park system, and related travel conditions throughout the country. The second function is a management one producing business data accessible only to specific agencies and trade entities in tourism. Sectors to be included in the database are : international travel, domestic travel, immigration & customs conditions, lodging, national parks & reserves, weather, holiday & cultural events calendar, directories to memberships of relevant trade associations and chambers of commerce [airlines, hotels, travel agencies & tour operators]. A password component will contain confidential trade data not for public release, such as current statistics on hotel occupancy, park visitor volumes, immigration, passenger air traffic, and visitor volumes at key cultural and general interest attractions. The single database can serve multiple functions and users in this way. Coordination of this program with similar ones in neighboring countries is recommended.

H4 ESTABLISHMENT OF HOTEL & RESTAURANT TRADES SCHOOL.
NATIONAL INSTITUTE FOR PROFESSIONAL TRAINING [INFOP].
HUMAN RESOURCES DEVELOPMENT.

The tourist industry has increased needs for mid level and low level skilled labor in the various trades required by the lodging, restaurant, tour operating and entertainment industries. They must be met by an increased training capability for these skills [waitering and food preparation, housekeeping, English language training, etc]. Because the expectation is for increased hotel development and employment in San Pedro Sula and at various points along the North Coast, and in the Bay Islands, a vocational training institution on the North Coast at La Ceiba or San Pedro Sula may be feasible on a for profit basis. Assistance from the Nimajay Hotel School in Guatemala City, or from another hotel or catering school, must be arranged to establish this school. The possibility of any subsidy or equipment grant must also be studied.

H5 ARTS & CRAFTS TRAINING CENTER
NATIONAL INSTITUTE FOR PROFESSIONAL TRAINING.
HUMAN RESOURCES DEVELOPMENT.

Crafts and souvenirs are an important part of developing a positive image for a destination and of generating employment and income. Except for Valle de Angeles [located near Tegucigalpa] there is no interesting arts and crafts center in Honduras. An increased capability to produce commercially acceptable arts and crafts from natural products found along the north coast [woods, grasses and hennequin, natural marine substances] is required as tourism to the region expands. An internationally experienced crafts specialist is required to develop a program to define products, to train local labor and to define marketing channels, such as has been done in Valle de Angeles in central Honduras. An additional ideal location would be the town of Copán Ruins, since many of the local townspeople are skilled at restoring and reconstructing pottery and shards from the archeological digs. Copán could be a very successful location for high-end arts and crafts.

H6 COCESNA RESTRUCTURING PLAN
SECRETARIAT FOR CENTRAL AMERICAN
ECONOMIC INTEGRATION.
INSTITUTIONAL STRENGTHENING.

This organization, located in Tegucigalpa, needs a management audit to diagnose the root problems that hinder its operating efficiency, that keep it unable to fund capital improvement, and that cause occasional interruptions in service. An international management consultant is to develop proposals for major reforms in the corporation, including partial or full privatization, that will produce greater safety, financial viability, improved labor relations and productivity, and the elimination of political meddling from the government shareholders. The regional organization to request this assistance could be SIECA, the regional body responsible for promoting economic growth.

H7 TELA BAY MASTER PLAN

GOVERNMENT OF ATLÁNTIDA DEPARTMENT, TELA MUNICIPALITY.
REGIONAL PLANNING.

The 20 km expanse of this bay extending from Tornabé across to its eastern edge requires a master plan defining the optimal pattern of development for all land uses, including possible major hotel and vacation home development in addition to other uses. Historically, Tela port has served for fruit processing and export. The town and beaches along this bay will undergo substantial investment once the 1,600 room Trusteeship project to the west is under way. The master plan will set forth a zoning scheme for diverse uses such as urban commercial, industrial port and cruise port, industrial estate, residential areas, a local airport, resort areas, plantation areas and the like.

H8 TOWN OF COPÁN RUINS URBAN DEVELOPMENT PLAN

SECOPT & MUNICIPALITY OF COPÁN RUINS.
URBAN DEVELOPMENT.

The existing urban development plan for the town needs to be strengthened and broadened to address additional problems such as : unclear land tenure, inadequate sewage treatment, incompatible building styles in the city center [visual pollution], poor buffer zone management around the archeological park, river pollution, site selection for an airfield, insufficient reforestation of surrounding valley areas, as well as other problems. A clear mechanism for monitoring development activity in the town is required. The assistance of experienced urbanists is required for this work. Also, the participation of an organization such as the World Monuments Fund would be extremely helpful since they raise awareness and funding for the preservation of monuments and sites.

H9 TEGUCIGALPA HISTORIC CENTER REHABILITATION

TEGUCIGALPA MUNICIPALITY.
URBAN REVITALIZATION FOR TOURISM.

The Honduran Institute for Archeology has assisted the city in developing rehabilitation for key streets and buildings in the city center. It has already undertaken some demonstration projects that include some building and park restoration. Much further work remains to be accomplished, through both public and private funding. Some components of work could include improvement in urban services to better meet the basic needs of the central city population. The assistance of experienced urbanists is needed, to develop an integrated plan and institutional framework for phased implementation over the long term.

H10 HISTORIC INNS [PARADORES] OF HONDURAS

HONDURAN INSTITUTE OF ARCHEOLOGY & HISTORY, IHT.
PRESERVATION OF HISTORIC STRUCTURES.

Old structures of historic importance, some abandoned and some still in use, can be renovated and recycled for use as hotels, restaurants, banqueting halls, retail, art galleries, office space, and workshops for craftsmen. Potential structures are located in many different cities throughout Honduras, and many are already identified by the Archeology Institute. Prefeasibility plans already have been developed for some of these properties. These two executing institutes can promote investment in historic preservation by private sector developers according to guidelines that will ensure fidelity to historic style, the adoption of compatible uses for the buildings, and improvement of the urban fabric around each structure. With the assistance of the European Union, the Archeology Institute has developed a plan to attract foreign investment for these projects.

A seminar or workshop on the development of "eco-lodges" might be a good way to kick-off this project. For example, currently in The Philippines the tourism market is booming and the most popular sites and inns are renovated old Spanish and U.S. Colonial buildings. The use of recycled materials has given many Philippine architects well-deserved recognition for their cutting-edge designs. Also, these sites are generating income. A seminar with presentations from other international destinations would be very helpful. An expert in real estate development is needed to assist these agencies in preparing bilingual information packages on selected building renovation projects for use in investment promotion campaigns.

H11 LAKE YOJOA TOURISM DEVELOPMENT PLAN

DEPARTMENTS OF CORTES, STA BARBARA, COMAYAGUA &
ECO-LAGO PROJECT.
REGIONAL PLANNING.

This lake has potential for several types of tourism and recreational activity including fishing and water sports, cultural excursions to the nearby waterfalls, to the El Cajon dam complex and to its archeological site of *Los Naranjos*. It also serves as the main scenic attraction on the important San Pedro Sula-Tegucigalpa highway. A land use plan defining optimal areas for uses such as recreation, parkland, resorts and vacation homes, industrial activities, commercial and urban, is needed. Key problems as to water level change, water quality, shoreline rights and the land titling situation need also to be addressed in a coherent development plan. A building code for shoreline areas with enforcement mechanism is required.

H12 GENERAL LAND USE PLAN FOR THE NORTH COAST
MINISTRY OF ECONOMY, DEPARTMENTS OF CORTES,
ATLANTIDA & COLÓN.
REGIONAL PLANNING.

A general land use plan of the North Coast of Honduras extending from the Guatemala border to the Guaimoreto Lagoon east of Trujillo, and defining an optimal zoning system for it, is recommended. The zoning system is to define a compatible pattern of land uses and densities, as portrayed on maps of sufficiently large scale [1/10,000 or 1/5,000]. The plan is to provide not only maps, but also instructions as to interpretation, updating, monitoring by local governments of land uses and environmental effects, and conditions determining the need for local area master plans at specific locations.

H13 NATIONAL PARK DEVELOPMENT & MANAGEMENT SKILLS
PARKS DIVISION OF THE HONDURAN FORESTRY DEPARTMENT.
INSTITUTIONAL STRENGTHENING FOR PARKS PLANNING &
MANAGEMENT.

Current trends in international tourism indicate rising interest in the natural environment and parks systems of destination countries. To complement the attractiveness of the resort areas to be developed on the North Coast and in the Bay Islands, a program for improved planning capability of the parks division, and for the improved management capability of the division, is recommended. A program to train skills of modern recreation and parks management techniques, possibly in conjunction with a parks service or NGO from Costa Rica, is needed to raise the educational and recreational value of these parks.

H14 GATEWAY AIRPORTS UPGRADE PACKAGE

HONDURAN CIVIL AERONAUTICS AGENCY.

TRANSPORTATION INFRASTRUCTURE & SYSTEMS.







The gateway airports all handle international flights and are those serving Tegucigalpa, San Pedro Sula, La Ceiba and Roatan. This program is to contain a managerial component to assess the current management structure and operating procedures at each. It is also to contain an aeronautical safety component that will diagnose deficiencies and assign priority to remedial measures regarding fire and rescue, communications and air navigation. In addition, it will contain an assessment of functionality of the passenger terminals, and develop action programs for the terminals at Tegucigalpa and at San Pedro Sula. It will also develop a workable solution for 24 hour operation at one of these facilities, and for an instrument landing capability at San Pedro Sula.

5.6 LIST OF PRIVATE SECTOR PROJECTS

The different proposals contained in this report refer to many types of investments that private sector agents can undertake on a for profit basis. These proposals relate variously to both large business, foreign investment, and also to small business development by local entrepreneurs. Some of these business opportunities are listed below.

- Creation of old world inns, shops and restaurants, galleries and workshops for arts & crafts through conversion of old buildings of architectural value, at numerous town across the country [Yuscaran, San Juancito, Trujillo, Copán Ruinas, Choluteca, etcetera]
- Creation of a chain of *Paradores* in historic structures containing restaurants and hotels
- Operation of fast passenger sea services from the North Coast to the Bay Islands, Guatemala and Belize
- Tour operations in Honduras and neighboring countries, and guide services at national parks
- Development of villa, retirement communities at Lake Yojoa, La Esperanza, coastal locations
- Development of docks to handle cruise liners at Roatan and North Coast ports
- International airport upgrading & operation under privatized arrangements
- Shopping centers in coastal towns and historic districts
- Workshops and comprehensive training on high-end crafts and galleries for craftsmen and women for sale of arts & crafts



- | | | |
|--|---|--|
|  Beach/Waterfront |  Archaeological site |  Colonial towns |
|  Road Crossing |  Park |  Airport |

Chapter 6

Nicaragua

6. NICARAGUA

6.1 PRESENT SITUATION OF TOURISM

6.1.1 MAGNITUDE OF TOURISM

The relative stability of the post-Sandinista era has witnessed a boom in travel to the country, which can be considered rebound or regrowth in business and tourist travel to the country. The recent growth rates in total visitors, visitors arriving by air, and in North American & European visitors are very high. The count of total visitors reached 281,000 in 1995, and has averaged 21% yearly growth since 1990. Growth rates for air visitors and the North American & European count are respectively 12% and 14% over the same period. The resumption in regional travel is responsible for the much higher rate of growth in the total visitor volume.

Central Americans make up by far the largest group, 180,000 or 64% of the total in 1995. In that year, the European visitor count was 29,000 in 1995, and the US & Canada count 51,000, among the lowest for any Central American country. A recent survey indicated that about 42% of all visitors, some 118,000 persons, were visiting the country on vacation or to see family/friends. Industry experts indicate that these tourists are mainly regional ones often staying in private homes, and are not from the high income countries. They indicate that *bona fide* tourism is largely nonexistent in Nicaragua for lack of prepared attractions and hotel capacity.

There are foreign hotel companies active in Nicaragua, specifically Inter-Continental Hotels [of the UK] and Camino Real [of Guatemala] both in Managua. These hotels however are serving mainly business and official visitors rather than vacationers. Barceló of Spain operates the Montelimar Pacific resort, but reports that only a minor share of its business is foreign. This is further evidence that tourism to Nicaragua is still in an embryonic stage.

ARRIVALS BY AIR

The country has only one air gateway, the Sandino airport serving Managua. It is a fairly modern facility that operates 24 hours, and that is currently being expanded. Virtually all traffic is carried on scheduled services, since there is minimal air charter traffic. Of all the Central American countries, Nicaragua has the least extensive international air service. There is direct service to Miami and Houston in the USA. All other service to the USA and to Europe is via connection at these two cities or via San Salvador. Further improvements in service will occur as traffic continues to grow. Some small local airlines also operate into Managua, mainly to Bluefields, Corn Island, Puerto Cabezas and to San Carlos.

ARRIVALS BY ROAD

With the three border points with Honduras, and the fourth with Costa Rica, regional traffic by auto and bus over the highways is growing at a fast pace. The visitor volume arriving from the north is larger than that arriving from the south since it represents the total of Honduran, Salvadorean and Guatemalan traffic. Because of the intermittently poor road conditions in Costa Rica, the trip between Managua and San Jose often exceeds 10 hours. Duty free shopping at the borders attracts some visitors. Relatively few North Americans and Europeans enter by road.

6.1.2 THE WEST CENTRAL REGION AS TOURISM CORE

Visitors to Nicaragua enter either by air into Managua airport, or by road through any of three border points with Honduras, or the Peñas Blancas border point with Costa Rica. Tourists focus their time in the west central region between the two lakes, using Managua as a base. Few tourists visit the Miskito region along the Atlantic coast or Coco River to the north, because of remoteness and lack of infrastructure. The only location with international standard lodging outside of Managua is Montelimar on the Pacific shore southwest of Managua. The government estimates that foreign currency earnings from foreign visitors amounted to \$50 million in 1995.

Profile of International Tourism to Nicaragua

International Visitors

1995 total	281,254	up 18 %
1994 total	237,652	up 20 %
1993 total	197,565	up 18 %
1992 total	166,914	up 14 %
1991 total	145,872	up 37%
1990 total	106,462	
<i>average change 1990-1995</i>		<i>up 21% per year</i>

International Visitors - Air Only

1995 total	94,534	up 9 %
1994 total	87,113	up 22 %
1993 total	71,385	up -1 %
1992 total	71,921	up 7 %
1991 total	67,279	up 24 %
1990 total	54,104	
<i>average change 1990-1995</i>		<i>up 12% per year</i>

1995 Visitors by Geographic Origin

USA & Canada	51,068	18% share
Europe	29,034	10 % share
Central America	180,428	64 % share

1995 Visitors by Motive of Travel

holiday/vacation [tourism]	118,127	42 % share
business/official	126,564	45 % share

1995 Visitors by Mode of Transport

air	94,534	34% share
road/sea	86,720	66 % share
<i>main gateway - Managua Airport</i>	<i>94,534</i>	<i>34 % share</i>

1995 Hotel Capacity

capacity nationwide	1,942 rooms	
capacity - Managua only	1,267 rooms	[65% of nationwide]

Image Highlights :

- Unfamiliarity with Nicaragua in source markets of North America & Europe except for war strife
- Continuing fear in Central America because of continued security problems in northern Nicaragua

Top Attractions :

- The largely restored colonial cities of Leon in the west and Granada on Lake Nicaragua
- Vast Lake Nicaragua with several interesting island groupings, volcanoes and parklands
- The remote Rio San Juan corridor linking Lake Nicaragua with the Caribbean Sea and Costa Rica
- The unique gray sand Pacific beach resort areas of Montelimar and San Juan del Sur
- Corn Island in the Caribbean Sea 50 km east of Bluefields

International Accessibility :

- Limited air service to the USA, with single plane service only to Miami, Dallas & Houston
- No direct flights to Europe [only Miami/Houston connecting services] South America or Asia
- Virtual absence of air charter services
- Road travel northward hindered by fear of crime in the northern section of the country

6.1.3 INSTITUTIONAL CONSIDERATIONS

The Ministry of Tourism has received substantial assistance from foreign aid sources in developing plans for expansion of tourism to serve international markets. A recent strategy study emphasizes the long term potential of the oceanside beaches at Montelimar and San Juan del Sur on the Pacific coast, and of Corn Island on the Caribbean. It proposes a strategy focusing on beach oriented resort tourism, with cultural tourism to the colonial cities and into the highlands; ecotourism to the Lake Nicaragua vicinity and Rio San Juan area would play only a minor role. The ministry is relying on maximum private sector involvement to drive the expansion for tourism, with a minimal role for the government. This position reflects the priority the government is forced to give to more basic sectors and needs, and the general downscaling of government activity.

6.2 STRENGTHS

Nicaragua has a relatively limited potential for international tourism. Its tourism advantages are summarized below.

- **Scenic and Interesting Lake Nicaragua:** This vast lake, said to be the largest fresh water lake in the world, together with its scenic environs and various groups of islands has great potential as a destination for sightseeing excursionists and ecotourists.
- **Authentic Spanish Colonial Architecture at Granada & Leon :** These are two historic towns that offer plenty of genuine colonial architecture such as that found in some popular tourist towns of Mexico, Guatemala and other Latin American countries. They can attract culturally oriented tourism.
- **Easy Proximity of Attractions Within The West Central Core:** The attractions of Masaya volcano, the Apoyo Lagoon, colonial Granada, the Montelimar beach resort, and Lake Nicaragua itself are all located in close proximity to each other making touring easy; all of these locations are within easy reach of the Managua air gateway to the country.
- **An Abundant and Affordable Labor Supply:** With its high unemployment, Nicaragua is a labor surplus country, and currently exports labor to Costa Rica and the USA. The cost of labor is relatively low, a factor which is in favor of labor intensive projects such as hotels and resorts.

6.3 WEAKNESSES

The following factors highlight weaknesses that are hindering expansion of tourism in the country.

- **No Positive Differentiating Image Within the International Travel Trade:** Like Honduras, Nicaragua has not developed a successful cultural or environmental image or theme to use in its promotion. There is no positive image or association which differentiates Nicaragua uniquely for the travel trade and traveling public. On the contrary, there is a lingering memory of the past turbulence in the country.
- **Lack of Any Outstanding Attraction:** Nicaragua lacks an attraction of outstanding appeal for the international tourist markets. By comparison, Costa Rica offers its rainforests and volcanoes in prepared national parks and some popular Pacific resorts, while Guatemala offers a unique living indian culture and ancient Mayan ruins, all in a scenic natural backdrop. Nicaragua has not yet developed any major resources to attract tourism.
- **Security Fears in the North of Nicaragua:** Touring in the highlands of northern Nicaragua is hindered by criminal activity in that region. Overland travel between Honduras and Nicaragua through this picturesque mountain region is discouraged for the same reason.

- **The Prohibitively High Cost of Capital :** Loan terms in Nicaragua are prohibitively restrictive, with short term commercial interest rates commonly exceeding 30% at present. Loan terms, collateral and guarantee conditions are highly unfavorable and the commercial banking system cannot provide long term financing in most cases. The high cost of capital and political uncertainty are deterrents to foreign investment.

The lack of a clear image of Nicaragua as a travel destination in source markets is not an insurmountable weakness, since there are proven image management techniques that can be applied to remedy this situation once the government and travel trade coordinate efforts to do so. The lack of any outstanding attraction can be directly addressed through development of interesting attractions that will draw foreign markets. The latter two factors cited above are not specific to tourism but rather are hindering economic progress generally throughout the country and require social and macroeconomic reform.

6.4 STRATEGY

Nicaragua can plan to overcome these weaknesses in order to attract specific segments of foreign tourists. Below follows an explanation of potential markets for which Nicaragua can compete, followed by an enumeration of short term measures to build up these markets. Comments regarding a long term strategy follow. All of the proposed measures and concepts for projects are intended to address one or more of the deficiencies identified above, and to broaden potentials for new segments of tourism. Short term measures can be accomplished within a one to two year time frame because many require only policy reforms. Longer term measures require longer periods of time because they consist of major policy reforms, new ways of planning, or major infrastructure work, requiring years for planning and financing.

6.4.1 POTENTIAL SEGMENTS

Cultural Tourists : The colonial towns of Learding a long term strategy follow. attract specific segments of foreign tourists. Below follows an explanation of potential markets for which Nicaragua can compete, followed by an enumeration of short term measures to build up thesing numbers of groups and individual tourists will chose to visit these towns. They can also become centers for education for foreign students.

The International Beach Resort Market : The Pacific beaches have gray sand, opaque waters and in some cases unsafe swimming conditions. However, because of the scenic beauty of some coastal areas, and because of the proximity to Costa Rica's growing resort area of Papagayo Gulf, Nicaragua's resorts can capture a limited share of this market. It consists largely of price sensitive segments such as Canadians, South Americans, Spanish and Eastern Europeans.

Cruise Market : Once docking facilities are offered at one or more Pacific ports, and provided interesting inland excursions are available, such as to the attractions in the West Central Core, a higher volume of cruise ships can be handled.

Soft Adventure & Eco-Tourism : .The Lake Nicaragua area, and also the Rio San Juan area are ideal ones for these types of tourism. The clean-up, interpretation and professional management of these areas will prepare them for increased tourism and recreational activity on a sustainable basis.

Sightseeing Tourism : This type of tourism is by nature itinerant rather than stationary, moving by motor coach or auto through scenic countryside and colonial villages. This market could develop in the scenic northern highlands as safety and road conditions improve and as border procedures with Honduras are streamlined.

Vacation Home & Retirement Villages : As attractive areas along the Pacific coast, overlooking the lakes, and near the picturesque villages in the highlands are developed with infrastructure, private developers will build vacation home projects for locals and foreigners alike. In the mid to long term, provided there is a peaceful climate in the country, Nicaragua can cater to the market for retirees from the USA and Canada.

6.4.2 SHORT TERM MEASURES

Investment Facilitation

Many of the recommended measures require reforms in regulation and procedures. The most important is to clarify the investment environment as regards permits and procedures where foreign capital is involved. There is a need to streamline procedures and to create a well functioning *one stop shop* to facilitate project development. Promotion of investment not only in hotels and restaurants, but also in nontraditional areas such as motorcoach companies, fast boat [hydrofoil/hovercraft] services, airport privatization, and in historic inns [paradores] and architectural preservation, is also recommended. All such investments will greatly improve conditions for tourism in the country.

Transport Innovations

Innovations in internal transport are also desirable. If investment incentives are made available for tourism projects, their applicability can be broadened to include nontraditional forms of transport ventures such as seaplane, hydrofoil and hovercraft or other fast boat vessels to stimulate more fast passenger services across Lake Nicaragua and down the Rio San Juan. These forms of transport are popular with tourists in some other tropical countries, and will open up new areas of the Lake to new groups of international visitors. They will also improve the marketability of the Rio San Juan area to tourists arriving from Costa Rica.

Improved Conditions for Road Travel

Another area for quick reform is in travel conditions for road travelers to and from neighboring countries. To address safety worries, a special tourism police corps or highway patrol can be created to patrol key highways, and also the main border areas, as

has been done in other countries. In addition, as regards the much criticized troublesome border formalities for travelers and their vehicles, these require streamlining and simplification. Nicaragua can start planning for the progressive introduction of *one stop checkpoints* to be operated jointly by Nicaraguan authorities with Honduran and Costa Rican counterparts. There have already been official announcements of broad agreement on this principle of border facilitation at regional forums, but the nations need to work out and put into effect details. Finally, as regards the operating hours at borders, these need to be progressively broadened to 24 hour schedules to give travelers [and shippers] maximum flexibility.

6.4.3 LONG TERM STRATEGY

The following points are offered not as a complete strategy for tourism development of Nicaragua, but rather as essential elements of a long term strategy for the country. They are designed to improve the nation's marketability for the above defined segments of foreign tourism. Foreign assistance agencies can assist in most of these areas in collaboration with the Ministry of Tourism and other relevant agencies.

Complementarity with Costa Rica

One objective is to develop complementarity between Nicaragua and Costa Rica. With this strategy, Nicaragua's colonial cities of Leon and Granada, and its lake archipelagos can be combined in packages with Costa Rica's seaside and national park attractions to form marketable tourist products. Costa Rica lacks the striking colonial architecture of these two towns. It is essential that these towns step up their efforts to improve their architectural integrity to build up cultural tourism. A second match is an ecotourism circuit extending from Costa Rica's Tortuguero National Park, up the Rio San Juan from Greytown to San Carlos, and onward across the lake to Managua. In this case, Nicaragua offers unusual waterside parks, history and villages that Costa Rica also lacks. It is essential that local government and park authorities undertake careful development and management of these areas, some of which are located in national parkland.

User Friendly Borders

As road travel across Nicaragua's borders grows, and as innovations in border formalities are introduced, there will be a need to redesign and expand the border stations at the key crossing points, to create jointly operated Welcome Plazas which combine in one integrally designed compound a variety of official and commercial services typically offered at borders including complexes for duty free shopping, arts & crafts and other retail services. Binational collaboration and advanced planning are essential for the long term development of these user friendly border stations. Private investment can be used under a concession basis to develop these projects.

Improved Project Planning

In order to clarify needs for both public and private investment in infrastructure and superstructure in pioneer areas such as Corn Island or San Juan del Sur, this report recommends the formulation of updated master plans with foreign technical expertise, for these areas. The proposed plans will provide needed guidance to local governments, central agencies and to private developers, both Nicaraguan and foreign, as to the specific tourism projects with the greatest long term potential. Such plans help to lift a major obstacle to foreign investment, that of uncertainty as to the compatibility of a project with its broader environment, and of uncertain government support for such projects.

6.5 PROPOSED CONCEPTS FOR PROJECTS

A variety of different concepts for projects is presented below. They include proposals for planning assistance, related to the development of urban areas, lakes, national parks, and of transport infrastructure. Some measures also propose forms of institutional strengthening and regulatory reform.

N1 ASSIGNMENT OF TECHNICAL EXPERTS. MINISTRY OF TOURISM & OTHERS. INSTITUTIONAL STRENGTHENING.

Foreign technical experts in various fields are recommended. An Investment Expert can work with ministry personnel to transmit skills such as cofinancing, investment promotion, effective incentives, management, and other innovations in common use in tourism development [see N2 following]. An expert in management information systems can work in the area of database development. Experts in urban planning and historic preservation can assist local entrepreneurs with planning proposals for renovation projects; they can also aid local government agencies in promoting and approving projects of this kind.

N2 CAPITAL ADEQUACY STUDY FOR TOURISM INVESTMENT. CHAMBER OF COMMERCE, MINISTRY OF TOURISM. CAPITAL MARKETS, INVESTMENT PROMOTION

In the postwar era, business conditions have been particularly restrictive, with little investment in tourism projects up to now outside of the Managua metro area. The government needs an analysis of capital sources in Central America and abroad to learn which perceptions and factors are blocking private investment in tourism. The analysis will profile investment patterns in Costa Rica, Guatemala and Honduras, and propose alternative sources of private and official funding for Nicaragua. It will identify regulatory bottlenecks and suggest reforms governing local and foreign investment in businesses related to tourism.

N3 FACILITATION OF BORDER PROCEDURES.

NICARAGUAN IMMIGRATION AUTHORITY.

REGULATORY REFORMS FOR IMMIGRATION & TRANSPORT.

In the interest of improving conditions for international travel by road to and from Nicaragua, simplification of entry and exit formalities for travelers and their vehicles is necessary. Joint efforts are already in progress with neighboring Central American nations for regional reforms, and bilateral measures with the Honduran and Costa Rican authorities are also necessary. An additional objective is to facilitate movement for travelers from key tourism markets such as the USA, Canada, and European nations.

N4 GRANADA LAKEFRONT DEVELOPMENT PLAN.

GRANADA MUNICIPAL GOVERNMENT.

URBAN INFRASTRUCTURE DEVELOPMENT FOR TOURISM.

On the northern end of Lake Nicaragua, the city of Granada can fulfill a function of the main departure port for water transport to the various island groups spread across the lake, as well as for San Carlos and Rio San Juan. In addition, the lakefront can serve as an attractive urban amenity to complement the nearby historic urban core. A mixed used development scheme is needed to combine sea terminals, fishing port, waterside promenade along with retail, residential and other commercial uses. Foreign planning assistance is required to ensure overall functionality of the scheme and to ensure suitability for major private sector funding.

N5 HISTORIC INNS & HOUSES [PARADORES] OF NICARAGUA.

NICARAGUAN INSTITUTE OF CULTURE, MINISTRY OF TOURISM.

PRESERVATION OF HISTORIC & RURAL STRUCTURES.

Old structures of historic importance, some abandoned and some still in use, can be renovated and recycled for use as hotels, restaurants, banqueting halls, retail, art galleries, office space, and workshops for craftsmen. Potential structures are located in Granada and León, as well as in some additional locations such as Rivas. The tourism and cultural authorities can promote investment in historic preservation by private sector developers according to guidelines that will ensure fidelity to historic style, the adoption of compatible uses for the buildings, and improvement of the urban fabric around each structure. An expert in historic preservation projects for commercial purposes is needed to develop a plan to attract local and foreign investment for projects of this kind.

N6 INFRASTRUCTURE UPGRADING PLANS FOR GRANADA & LEÓN HISTORIC CITIES

MUNICIPAL GOVERNMENT, PUBLIC WORKS MINISTRY.

URBAN INFRASTRUCTURE DEVELOPMENT FOR TOURISM.

As the two prime locations for architectural heritage in the country, these cities require upgrading plans to attract private and foreign investment in future years. Their infrastructural deficiencies need to be addressed in preparation for increasingly heavy usage in their city centers as tourism expands. Additional improvements are needed in the areas of : development of public spaces, solid waste management, sewage treatment, power systems, streetscape improvements and traffic management.

N7 DESTINATION DEVELOPMENT PLANS FOR SEASIDE RESORTS. MINISTRY OF TOURISM.

URBAN INFRASTRUCTURE FOR TOURISM.

A critical review of the existing studies followed by additional prefeasibility work, is required to develop a clear strategy for the ministry as to the suitability of selected locations to attract international beach tourism. Areas for analysis include Montelimar, San Juan del Sur and Corn Island. There are major pros and cons related to each location including aesthetic value and overall appeal. Because infrastructure development is costly, public infrastructure development should probably proceed at only one of these locations at a time. With the benefit of this plan, the government can proceed with infrastructure work and promotion of private investment. Without this plan there is no strategy for developing sustainable tourism growth. It is absolutely vital.

N8 PARKS DEVELOPMENT IN THE LAKE NICARAGUA VICINITY.

PARKS DEPARTMENT.

PARKS PLANNING & MANAGEMENT.

A number of areas in and around this lake have protected status, including Zapatera Island, Ometepe Island, the Solentiname Archipelago, and parts of Rio San Juan. Because the lake represents a major tourism resource, the park management plans for each of these locations need to be strengthened. They also need to specify the specific visitor services that can be offered on a commercial basis within the parks through concessions. These include lodging, restaurants, guide services and tour operations, vehicle rental, watersports and other services that tourists use in national parks. Foreign expertise in park planning in tropical marine and lake environments is required.

N9 CREATION OF THE TOURISM POLICE CORPS.

NATIONAL POLICE DEPARTMENT. *INSTITUTIONAL*

STRENGTHENING FOR LAW ENFORCEMENT & TOURISM.

A specially trained corps within the existing national police or highway police will be developed and introduced on key highway routes, at key border crossing points, and at other points with heavy tourist traffic. Members are to be trained in areas such as : sensitization to foreign travelers needs, tourist information, emergency assistance, complaint resolution, effective coordination with the standard police force. Technical Assistance for the creation of a training program, and provision of equipment [patrol vehicles, communications, etc] are required. [See companion proposals E9 & G9.]

N10 NICARAGUAN AIRPORTS UPGRADE PACKAGE.

PUBLIC WORKS MINISTRY.

TRANSPORTATION INFRASTRUCTURE.

A package of improvements at several airports is proposed to raise the level of safety for domestic air travel, and also to make possible all weather operation at Managua airport [category III capability]. The regional airports include Puerto Cabezas, Bluefields and Corn Island. An assessment of the private airfield at Montelimar on the Pacific coast is required to determine the feasibility of any upgrading of that facility to handle scheduled air services or for general aviation purposes. This package is to include provision of basic safety equipment and navigation aids, and related training in operation and maintenance.

N11 DEVELOPMENT OF INTEGRATED BORDER CROSSINGS AT EL GUASAULE & PEÑAS BLANCAS.

PUBLIC WORKS MINISTRY.

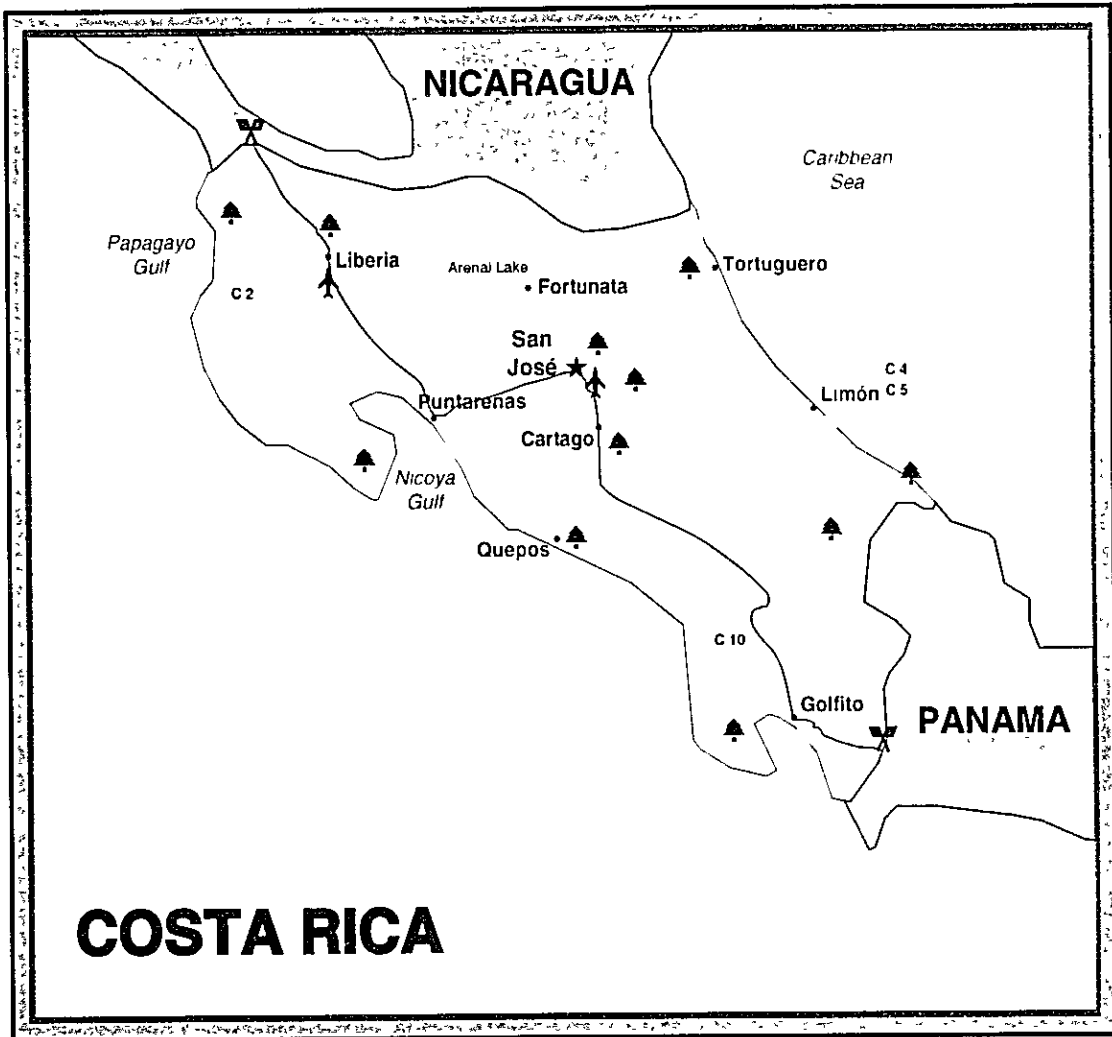
TRANSPORTATION INFRASTRUCTURE.







A plan for the phased development at each of these crossings of large capacity integrated border stations reflecting the expected regulatory innovations is needed. The government can define the physical specifications and request designs on a competitive basis. Functional improvements could include *one stop checkpoints*, and separate channels for passenger and cargo traffic. The operation of the facility by a private party under joint concession to the governments, as is done for airport terminals and toll roads, can also be planned.

6.6 LIST OF PRIVATE SECTOR PROJECTS

The different proposals contained in this report refer to many types of investments that private sector agents can undertake on a for profit basis. These proposals relate variously to both large business, foreign investment, and also to small business development by local entrepreneurs. Some of these business opportunities are listed below:

- Restoration of old structures and conversion to inns, restaurants, galleries and workshops for arts & crafts in historic sections of Granada, Leon, Rivas and other towns
- Operation of fast passenger sea services from East Coast ports to the Corn Islands & San Andrés Island
- Operation of fast boat services on Lake Nicaragua to Zapatera, Ometepe, Solentiname, San Carlos
- Operation of cruise ships on Lake Nicaragua
- Operation of seaplane services to the above lakeside points and for sightseeing
- Operation of fast boat service across the Gulf of Fonseca to El Salvador
- Tour operations in Nicaragua and neighboring countries, and guide services at national parks
- Development of vacation homes, retirement communities at coastal and highland locations
- Development of docks to handle cruise liners at Corn Island, Bluefields, and Pacific ports
- International airport upgrading & operation under privatized arrangements
- Workshops and galleries for craftsmen and women for sale of arts & crafts



- | | | |
|--|---|--|
|  Beach waterfront |  Archaeological site |  Colonial towns |
|  Road Crossing |  Park |  Airport |

Chapter 7

Costa Rica

7. COSTA RICA

7.1 PRESENT SITUATION OF TOURISM

7.1.1 MAGNITUDE OF TOURISM

Costa Rica has earned the position of second strongest destination for tourism in Latin America, after Mexico, Costa Rica is known for its lush biodiversity and peaceful history. The growth in foreign arrivals over 1990-95 has averaged 12.5% per year, reaching 785,000 in 1995. Of this total, approximately 557,000 [71%] consists of vacationers, according to a visitor survey in early 1995. Costa Rica has achieved this distinction despite the past political turmoil in Nicaragua and Panama, its immediate neighbors, and in the rest of Central America, which has generated very little tourism. Many and possibly most overseas visitors travel only to Costa Rica in the Central American region, rather than to two or more countries on the same trip. These figures indicate also the sophistication of the Costa Rican travel trade in collaborating with the tour operators in North American and Europe to expand this industry.

Spatially, tourism is concentrated in San Jose and other towns in the Central Valley, and also on the central Pacific coast to the west of San Jose mainly in the form of beach tourism. In addition, much tourism activity is spread across the parks and reserves of the central mountain range. The Caribbean coastal region is flat and attracts little tourism, although Puerto Limón to the west of San Jose mainly in the form

THE NATION'S NUMBER ONE EXPORT

Tourism is now estimated to be the country's top foreign currency earner, producing \$660 million in 1995. In 1995, 45% of visitors came from USA & Canada, and 17% from Europe. Several foreign air carriers provide scheduled flights from both of these areas to San Jose, and there are also some charter airline services. In a recent survey, approximately 71% of interviewed vacationers indicated that sun & beach were the top attractions. The hotel capacity has expanded to accommodate tourism, at an average rate of 13% per year over the period 1990-95. The capacity is concentrated in the Central Valley where the San Jose metro area lies, with another concentration on the mid Pacific coast in Puntarenas province. In 1995, 74% of visitors entered by air into San Jose airport, by far the nation's main gateway. Because road conditions on the Pan American Highway to Panama and Nicaragua are so poor, road travel is light and visitor volumes from those countries are not high.

IMAGE OF SAFETY

The image of safety is evident in different statistics. Nearly half the visitors use rented or private cars, indicating confidence in the roads, and in the traffic management system. Approximately half the visitors visit one or more national parks or reserves, indicating high interest in the parks and also confidence in park management and safety. However,

because of some highly publicized kidnappings of Europeans this year, and with the rise in crime across the country, many industry members have a growing fear of a coming downturn in tourism because of crime, and cite crime as the reason for weak growth in tourism in 1996.

7.1.2 INSTITUTIONAL CONSIDERATIONS

The Costa Rican government has a various bodies that collaborate with foreign agencies and NGOs to improve environmental management and the country's extensive system of public and private protected areas and conservation lands. This is not only for conservation purposes but also for economic reasons including tourism development. These organizations include the Nature Conservancy, Wildlife Conservation International, Global Environment Fund, UNEP and others. As a result, because of careful environmental management, the country's well presented flora and fauna will continue to reinforce the positive image of an ecotourism destination.

The future role of the ICT is to be more limited than in the past. It is the primary body responsible for foreign promotion of the country in source markets. A second role is that of planner and promoter of new types of tourism to the country where it must work with both the private and public sectors. ICT is pulling out of other activities such as training of personnel and classification of hotels, which are now handled by the private sector. It also has closed all foreign representation offices and has centralized PR and promotion at its headquarters. ICT will probably withdraw from operation of rest houses and duty free shopping in the near future.

7.1.3 INTERNATIONAL AIRPORT FACILITIES

Costa Rica is served through two international airports, *Juan Santamaría International Airport* near San Jose, and *Oduber Airport*, near the city of Liberia in the northwest. *Santamaría's* main terminal is somewhat overloaded by current volume and a study for an overall upgrade of the airport was recently completed by an American firm, funded by the Trade Development Administration [USA government]. The complete relocation of the airport to a different location is a long term possibility under consideration; however, short term projects are being designed to extend the useful life of the existing airport beyond the year 2000.

In Guanacaste province, Liberia's *Oduber Airport* has been improved by public and private funding, and recently saw the inception of an international service twice weekly to Managua and Miami. The main purpose of *Oduber Airport* is to provide international access to the Guanacaste coast where new resort hotels are under development along the expanding Papagayo Gulf tourism corridor. Further improvements are expected in order to bring the facility into compliance with International Civil Aviation Organization standards. There may be a need for an upgrade project for this purpose.

Image Highlights :

- Top Ecotourism destination in Latin America, famed for park system.
- Known as peaceful and democratic society in Latin America.
- Second most popular Latin American destination for North America after Mexico.
- Reinforcement of image as a beach destination per resort development in Guanacaste Province.
- No link to ancient civilizations having interesting archeological sites.
- No link to troubled neighbors, Nicaragua & Panama.

Top Attractions :

- Irazu, Arenal, Poas volcanoes and other national parks and reserves around the central highlands.
- Manuel Antonio Park and other seashore parks and hotel areas on the mid-Pacific coast.
- Tortuguero National Park on the Caribbean, featuring turtle nesting grounds.
- The growing Papagayo Gulf resort area on the Pacific coast.

International Accessibility :

- Good air service to San Jose airport from key US metropolitan areas on both East and West coasts.
- The most air service from Europe of any Central American country.
- Air hub at San Jose airport for Central American countries for flights to South America
- Limited volume of charter flights, operating mainly to/from European points.
- Recent startup of scheduled international air service to Liberia on the Pacific coast, a second air gateway for the country.
- Limited cruise ship activity at Limit [Caribbean port] and Caldera [Pacific port].
- Crippled road access to Panama due to poor condition of Pan American Highway to south.
- Poor road access to Nicaragua's cities due to poor condition of Pan American Highway to north.

7.1.4 IMMIGRANT LABOR

The Costa Rican travel trade, as well as other sectors of the economy, employs many Nicaraguan workers as unskilled or low skilled labor. This trend can be expected to continue as tourism expansion continues throughout the country, and especially in Guanacaste province in the northwest, which borders Nicaragua and is directly linked to it via the Pan American Highway. The continued availability of affordable and capable labor is a condition for continued growth in tourism.

7.2 STRENGTHS

Major strengths contributing to a positive outlook for the industry include :

- Continued positive image in source markets
- Growing variety of tourist products [spas, beach resorts, jungle experiences
- Private sector dynamism bringing in new foreign hotel management chains a varied park system developed by both public and private initiatives
- Expanding Pacific coast capacity in Guanacaste's Papagayo Gulf, the region's only international standard seaside resort
- Broad awareness of the need for careful environmental management
- Application of a national tourism development strategy, prepared with EU assistance

An increased role for private sector involvement is a goal of the Costa Rican government, which is promoting private development of infrastructure projects [such as Tempisque River Bridge] and of reserves and other protected areas. An additional positive development is the continued rise in popularity in the source countries, of different types of soft adventure or ecotourism products and tour offerings that are adapted to new market segments such as nature lovers, thrill seekers, retirees, semi-academic groups and other types of leisure travelers.

7.3 WEAKNESSES

Problems facing the industry often cited by travel leaders include the following :

- Poor highways isolating South Puntarenas province, Guanacaste province from San Jose
- Declining safety of visitors per recent kidnappings and petty crime
- Poor quality service through use of inexperienced personnel arising from fast growth
- Lack of good visitors services and conveniences inside national parks

There is progress being made on all of these problems, and no particular one of them is deemed to represent a long term threat. The road system is deficient because of mountainous terrain, and heavy rains each year, requiring improved maintenance efforts. The rise in crime cannot be interpreted as a long term threat, since relative to crime in North America, it is not perceived to be high. The fall in quality of service can be reversed as the pace of construction of new hotels and restaurants slows after the recent building boom.

Also, additional training of staff can solve that problem. Finally, several projects, some with foreign official development assistance, are improving conditions for visitors and local people alike in parks and other protected areas.

One threat that some observers have cited is a chaotic pattern of commercial development in some coastal areas of tourist interest, and in the Arenal volcano area near the town of Fortuna, another popular tourist area.

7.4 STRATEGY

Costa Rica needs to take steps to reduce the damage of growing visitor volumes on its environment. It also is steering greater volumes to its Pacific coast resort areas, where more careful planning is needed to guide investment in an optimal pattern. Suggestions to achieve these objectives follow in this section. All of the proposed measures are intended to address one or more of the deficiencies identified above, and to broaden potentials for new segments of tourism. Short term measures can be accomplished within a one to two year time frame because many require only policy reforms. Longer term measures may require longer periods of time because they consist of major policy reforms, new forms of planning, or major infrastructure work, requiring years of planning and financing.

7.4.1 SHORT TERM MEASURES

The travel trade would like to attract new markets from Eastern Europe, South American and from Asia in the short term to reduce its dependence on the US, Canadian and German markets. It is already having some success with South America through the recent opening of commercial air services with the main South American countries. In the longer term, the travel trade intends to create packages combining other interesting points in Central America, such as archeology in Guatemala or Honduras, with a beach holiday in Costa Rica, as these other countries develop their capabilities. This is already becoming possible through mechanisms such as TACA Airline's Visit Central America Airpass promotional airfare. In this way, it will be possible to offer a larger variety of products, which is a way to maintain a high volume of repeat visitors.

International Beach Tourism

As regards physical planning and development of new tourist areas, the concept of sustainability is already firmly understood in Costa Rica with essential elements such as environment and community welfare already reflected in current planning practices. This is clear in ICT's close management of the long term Papagayo Gulf shoreline development, to cover 2,100 hectares and to contain ultimately as many as 35,000 rooms [room equivalents] on the upper Guanacaste coast. This project signifies a major strategy move by ICT : to enter the year round mass tourism market of the "sun & sand" vacationer for which Mexico, Florida and numerous Caribbean destinations intensely compete. Mexico has already developed Cancun on the Caribbean, and ten or so Pacific resort cities to compete internationally for this broad market. However, no other Latin American country has yet entered this market, excepting the island nation of the Dominican Republic, which did so with World Bank assistance.

A total of under 1,000 rooms is under construction or recently finished in this project. Considerable shoreline work and road and utilities work has been finished, as well as the recent opening of Liberia's airport to its first international flights, currently to Managua and Miami. Private investors have funded part of the infrastructure works in recent years, and some foreign hotel chains are involved in resort projects. However, as in most parts

of the country, this part also suffers from infrastructure problems such as poor roads and limited public services. Plans ultimately call for the creation of Papagayo as a premier seaside destination with nonstop flights into Liberia from numerous North American points, drawing different segments of high income tourists, the first such destination in Central America. This goal seems achievable, despite problems with funding infrastructure and with the project's largest developer, Situr of Mexico, responsible for 800 hectares. The overall outlook for this project is quite positive.

7.4.2 LONG TERM STRATEGY

ICT and the travel trade intend to increase existing segments of tourism while fully supporting the growth of Papagayo Gulf as hotel capacity there expands. The pace of expansion at Papagayo will be set by the real estate developers according to profitability. No enduring obstacles to the continued growth of Papagayo are apparent. All segments of tourism can be expanded harmoniously without creating bottlenecks at the parks or other beach areas. However, major expansion in visitor volumes will require continued improvement in services and infrastructure inside the parks and reserves that are the most heavily used.

The ICT is already taking steps to improve the government's capability to guide commercial development in coastal areas to minimize environmental damage, and to avoid incompatible land uses in close proximity, such as industrial or port developments at locations ideal for resort or urban uses. The tourism industry is beyond its incipient stage in the country, and the government has recognized that improved land planning and management methods are needed.

Coastal Planning Responsibility

The Costa Rican government has vested in ICT by law the responsibility to prepare *coastal land use plans* for the nation's entire coastline territory, extending some 1,250 km in length. These plans are to cover a land fringe of 200 meters, and require maps of a scale of 1/50,000. This suggests that the government anticipates significant tourism development on the nation's coastlines and wishes to avoid incompatible uses and pollution reducing the long term development potential along its coastlines. The ICT is proceeding with preparation of these plans for some portions of the coastline. Tentative arrangements have already been made for the north Guanacaste coast where the expanding Papagayo project is located.

Costa Rica is fortunate in that some areas have already been mapped and surveyed, and because there is a pool of qualified technicians in government and in NGOs. Some *Integrated Coastal Zone Management Plans* have already been prepared for parts of the coastline. However, from the standpoint of good land use planning principals, it may be necessary for the ICT's *coastal land use plans* to cover a larger coastal fringe area than 200 meters, with a possible minimum being one half or one full kilometer in width. It also appears necessary to prepare maps in a larger scale, say 1/5,000, to clearly portray different

land uses in close proximity. In this way the coastal plans can adequately accommodate relevant uses in the adjacent hinterland as well as on the immediate shoreline [within 200 meters of waterline]. This report recommends that in the interest of good planning, future coastal land use plans be prepared along broader parameters than those stipulated by the law.

7.5 PROPOSED CONCEPTS FOR PROJECTS

A series of very different proposals is presented below. It is intended to indicate the large variety of types of projects that can be effective in making possible the continued expansion of tourism well beyond current levels, in a sustainable fashion. In addition to these proposals, some existing environmental programs which have ecotourism components, could be expanded to include other communities and conservation areas, through new sources of funding. These have not been listed below.

C1 ASSIGNMENT OF TECHNICAL EXPERTS.

ICT.

INSTITUTIONAL STRENGTHENING.

Technical experts in the following fields can be assigned to ICT for one to two year periods to familiarize ICT staff and private sector interests with the latest developments and technology in various fields : management information systems, health-spa related tourism, resort development in coastal environments, and urban planning.

C2 GUANACASTE PROVINCE TOURISM INFRASTRUCTURE.

ICT.

INFRASTRUCTURE DEVELOPMENT.

The Guanacaste North coastal region has the potential to become Central America's first international beach resort destination. The region's premier project is an integrated tourism one called Papagayo, and its lead developer, a Mexican firm called SITUR, is responsible for the project's core. However, because of financial difficulties, SITUR has ceased all activity, and the core project remains paralyzed. With the help of a foreign investment advisor for tourism, the Papagayo office of ICT will devise a strategic plan to transfer rights to a new company in exchange for additional urban and road infrastructure works to create serviced sites for other developers. This plan will contain a strategy to seek an investor, and to identify any possible sources of foreign debt from development agencies. The successful resumption of this core project will be a stimulus for investment in the surrounding areas.

C3 COASTAL LAND USE PLANNING & MANAGEMENT.

ICT.

TECHNICAL ASSISTANCE FOR LAND USE PLANNING STUDIES.

ICT by law must complete general land use plans indicating nature and density of uses, for all coastal regions in the country. The coastal sectors of Guanacaste South and Puntarenas South require such studies. An aid agency can field a team to include a land use planner, a marine environmentalist, tourism expert, and GIS expert to prepare the plans for these two regions. Outputs will include a land use plan on maps of minimum 1/5,000 scale, an adapted coastal GIS database covering the marine areas and land areas within 1,000 meters of the coast. These maps and database will serve as permanent planning and management tools for ICT, coastal municipalities, and the Ministry of Environment. They will serve as valuable tools of coastal management, providing a basis for area development plans, and for managing permit issuance for all types of development in coastal regions. This program can serve as a pilot one for later extension to other coastal regions, and possible application to other Central American nations.

C4 LIMON CRUISE PORT FEASIBILITY STUDY.

ICT & LIMON MUNICIPALITY.

INVESTMENT PROMOTION IN TOURISM INFRASTRUCTURE.

This study will evaluate the feasibility of operation on a for profit basis of a full service cruise terminal and retail complex at Limon serve as a pilot one for later extension to other coastal regions, Limon to establish itself as a cruise base in the Western Caribbean. A market analysis will assess the willingness of cruise operators to use the facility, and an economic analysis will estimate incremental tourism, job creation, and increased income generation. With the recent labor settlement for Limón port workers, the economics of port operation have improved. Some urban beautification of public spaces can be included in this project. In addition, outfitting of the existing Limón airport to provide limited passenger flights to San Jose, the Pacific coast and for sight-seeing excursions, will also be evaluated.

C5 LIMÓN SCENIC RAILROAD FEASIBILITY STUDY.

ICT.

INVESTMENT PROMOTION IN TOURISM INFRASTRUCTURE.

There are many successful scenic railroads in the USA, and Mexico has the Copper Canyon Route crossing the Sierra Madre, which is a well known tourist attraction. This study will evaluate the feasibility of the reopening and operation on a for profit basis, of all or part of the San Jose-Limón rail line as a tourist railroad, to spur increased tourism to Costa Rica's Atlantic coast, and possibly to enable Limón to establish itself as a cruise base in the Western Caribbean. The study will also evaluate feasibility for freight traffic, particularly for container traffic, using Limón port.

C6 TOURISM DATABASE DEVELOPMENT.

ICT & TOURISM CHAMBER OF COMMERCE.

INSTITUTIONAL STRENGTHENING.

A team is required, comprising a computer database specialist and a tourism data expert. The Database will have a twofold purpose, a promotional function making available all information in real time to the travel trade and press and to the traveling public, regarding attractions, events, transportation, lodging, the park system, and related travel conditions throughout the country. The second function is a management one producing business data accessible only to specific agencies and trade entities in tourism. Sectors to be included in the database are : international travel, domestic travel, immigration & customs conditions, lodging, national parks & reserves, weather, holiday & cultural events calendar, directories to memberships of relevant trade associations and chambers of commerce [airlines, hotels, travel agencies & tour operators]. A password component will contain valuable trade data not for public release, such as current statistics on hotel occupancy, park visitor volumes, immigration, passenger air traffic, and visitor volumes at key cultural and general interest attractions. The single database can serve multiple functions and users in this way. This project can serve as a pilot project to be replicated in the other Central American countries to form a regional tourism database.

C7 VOLUNTEER SERVICES FOR NATIONAL PARKS.

NATIONAL CONSERVATION AREAS SYSTEM [SINAC].

PARKS PLANNING & MANAGEMENT

Through the established volunteer expert programs sponsored by several of the donor nations, specialists in natural resources management and parks & recreation development can serve in the Park Service to improve techniques of management of tropical rain forests and coastal environments, and to devise ways to reduce the impact of visitor volumes on park environment. In addition, they can identify employment opportunities within the parks for local labor, in monitoring, maintenance, foodservice, visitor guide and management, and other area.

C8 NATIONAL PARKS UPGRADING FOR TOURISM.

NATIONAL CONSERVATION AREAS SYSTEM [SINAC].

PARKS PLANNING & MANAGEMENT

A park management advisor and visitor facilities expert will provide the technical assistance. An equipment component is to include motor vehicles for park rangers, telecommunication systems for remote communication, and PCs for database management and visitor reservation system, to improve the research and monitoring capabilities of the Park Service, to improve security, and to manage visitor volumes at the most heavily visited parks. A second component of technical assistance and interpretive equipment will increase educational value and visitor satisfaction by improving interpretation in the parks and reserves, including bilingual signage. A third component of road improvements [road widening, expanded parking, etc] for safe handling of tour buses is proposed. Candidate parks for upgrading include Braulio Carrillo, Tapanti, Santa Rosa and Rincon de la Vieja.

C9 URBAN PLANNING SHORT COURSE.

**MUNICIPAL GOVERNMENTS, TOWN PLANNING INSTITUTE
[INVU] & ICT.**

TECHNICAL ASSISTANCE FOR URBAN PLANNING.

Certain towns in scenic areas, many along seashores or lakeshores, are experiencing building booms and real estate speculation because of increased tourist traffic and heightened developer expectations of further growth. The municipalities are responsible for managing all urban development activity, and to most effectively conduct urban planning, they require knowledge of a) the dynamics of tourism and the different types of commercial development that it causes, and b) new planning tools such as the Coastal Land Use Plans that are currently in preparation, and the Area Development Plans for which local government is responsible. Management tools such as zoning, building codes, protection of scenery, special designations such as monuments and historic sites, protected areas and parks, project finance, are to be explained with particular reference to producing ideal urban environments for tourism and recreation.

**C10 PAN-AMERICAN HIGHWAY IMPROVEMENT
FEASIBILITY STUDY.**

MINISTRY OF TRANSPORT.

ROAD INFRASTRUCTURE.

Of vital economic importance to both Costa Rica and Panama, the stretch of the Pan American Highway which crosses the Talamanca Range has suffered extensive degradation and intermittent closures, the most recent being in mid 1996 caused by Hurricane Cesar. The realignment of the problem stretches of Cerro Muerte and Terraba River is needed. The incorporation of flattened roadside sites designed for commercial development of restaurants, scenic lookouts, parking lots is to be studied as part of the road project. A further study component is the completion of the 105 km Quepos-Palmar Norte section of the Pacific coast road which would open up south Puntarenas province to tourist development, and would serve as a safe alternate route for the Pan American Highway.

7.6 LIST OF PRIVATE SECTOR PROJECTS

A list of different tourism related investment opportunities is presented below. It is intended to indicate nontraditional types of businesses not often thought of. There are many additional investments in the well established activities of hotel and resort operation, restaurants and arts and crafts workshops and galleries.

- Integrated tourist complex and cruise terminal at Limón port
- Rehabilitation of the inactive Limón railroad to create a scenic rain forest railroad
- Creation of a tourism corporation to rescue and complete the stalled Papagayo resort project
- Operation of jungle lodges and mountain lodges located inside national parks
- Granting of foodservice concessions inside national parks and protected areas
- Operation of riverboat excursions and camps along the Río San Juan terminating in Lake Nicaragua
- Operation of fast boat services along the Pacific coast to points around the Osa and Nicoya peninsulas



C h a p t e r 8
Regional Recommendations

8. REGIONAL RECOMMENDATIONS

In the first section, comments are provided on tourism strategy for the region. In the second section implications of tourism development for the alleviation of poverty and for basic human needs, are reviewed. The chapter closes with a list of specific concepts for projects and policy reforms that require joint or region-wide collaboration.

8.1 STRATEGY IMPLICATIONS FOR THE REGION

The Central American region itself does not constitute a single travel destination. However, the region has the potential to offer several quite distinct travel experiences that will draw the different types of travelers that are identified in the preceding chapters. For this reason, this report does not set forth any unified strategy for these five countries. It encourages all five of the government tourism agencies to perform three needed functions in the spirit of public-private collaboration, to enable the private sector to expand the industry.

REGULATORY REFORMS

A key responsibility of each government is to provide an enabling business environment in which the private sector can take the lead to expand tourism. Therefore, the tourism agencies are responsible for regulating fairly, and for eliminating counterproductive regulations. They must also dynamically seek policy reforms in related areas such as air transportation, immigration processing, national park development, and urban planning. Where reforms can be regional ones, they must advocate for reforms through the regional bodies such as SIECA and SITCA to develop consensus. A number of such actions are recommended below as regional measures.

NEW PRODUCT DEVELOPMENT

The tourism agencies can also conduct some preparatory or prefeasibility work on possible new types of tourism products for the region such as convention centers, cruise terminals, health spa resorts, beach resort hotel complexes, arts & crafts villages and the like. Many such new product ideas are included in this report, specifically in the list of private sector projects for each country. The planning departments or product development departments of these agencies must be aware of external sources at multilateral development agencies for funding of such feasibility work. There will be a direct benefit for the private sector in assisting them in formulating sound investments.

INTERNATIONAL PROMOTION

In addition, the tourism agencies are assisting the travel trade of the region in conducting foreign promotion through well known methods already in use in the region. Joint promotional campaigns representing all Central America or special groupings such as the *Mundo Maya* can be effective in stimulating new tourism. This is an area where public-private collaboration can be ideal by pooling limited government and private sector funds to augment scarce resources. A project of this kind is recommended below [See related "Outline for A Seminar for Tour Operators", in the Appendix].

In order to ensure coherence among the different functions of regulatory reform, of new product development and of promotion, the tourism agencies must prepare annual plans setting forth their strategies.

8.2 IMPLICATIONS FOR POVERTY ALLEVIATION & BASIC HUMAN NEEDS

There are clear implications of some of the proposed measures for the objectives of poverty alleviation and basic human needs. In a general sense, tourism projects typically create low skill jobs that employ labor from the lower income levels and draw them into the formal sector of the economy. Long term job security and income expectations will improve, alleviating poverty. Projects involving arts and crafts training in villages, or job creation in national parks and protected areas, benefit the rural poor in relatively remote areas in the same way. Urban improvement projects are often structured to meet multiple objectives, including improved street safety, public drinking water systems, and sewage treatment, all of which directly address basic needs of local populations. Another example of improved living conditions is the group of projects that improve environmental conditions for local populations established around the lakes in Guatemala and Nicaragua.

8.3 CONCEPTS FOR POSSIBLE REGIONAL OR JOINT PROJECTS

Because the region consists of countries that are similar in size, in culture, and to some extent in stage of economic development, the countries share many problems of organization and development. It follows that they also can profit from some joint solutions. SITCA and SIECA, the two official regional entities concerned with tourism, can assist in organizing these projects. Some proposals consisting of workshops and seminars can benefit all five countries; some of these are proposed below. Three additional projects involving cross-border collaborations between neighboring countries are also indicated.

R1 TOURISM INVESTMENT PROMOTION

SPONSORSHIP OF CHAMBERS OF COMMERCE & EXPORT PROMOTION AGENCIES. *INVESTMENT PROMOTION.*

The purpose of this program is to define and implement a strategy to get the message to the investment community and commercial real estate industries in North America and Europe, that there are profitable investment opportunities in Central America. A team of experts is to

- a) develop a strategy that will identify target audiences and how to present this information to them;
- b) prepare promotional materials [print, videos] on project opportunities such as those listed as private sector projects at the end of each of the five preceding chapters;
- c) identify sources of equity and debt funding willing to support tourism projects in the region and related conditions;

- d) conduct promotional private calls and stage trade events such as investment forums in key money centers such as Miami, Los Angeles, Frankfurt [Germany] where hotel companies, insurance companies, pension funds; and,
- e) through one or more seminars in Spanish, educate the investment community in Central America on potential sources of capital at the key world money centers.

Funding for the program can come from local chambers of commerce and business promotion organizations, MIGA, the IFC and other agencies.

R2 SEMINAR FOR TRAVEL ENTREPRENEURS ON NEW MARKET DEVELOPMENT

SITCA AND FEDECATUR.

SMALL BUSINESS PROMOTION.

This is a practically oriented educational event arranged for Central American tour operators and airlines to teach them how to develop new markets such as meeting and conferences, the senior citizen markets, the secondary European countries, Asian markets such as Japan, Korea and Taiwan. The seminar will explain which niche markets can be drawn to Central America, and how to negotiate partnership agreements with tour operators from the target markets. The Federation of Central American Travel Agents FEDECATUR can assist in sponsoring this event [See related "Outline for A Seminar for Central American Tour Operators" in Appendix D].

R3 JOINT INTERNATIONAL PROMOTION CAMPAIGN

TOURISM RELATED TRADE ASSOCIATIONS, FEDECATUR.

TRADE PROMOTION.

If the peace process is successful in Guatemala, a regionally sponsored foreign promotion campaign can take full advantage of this historic event to create a favorable awareness of the region in targeted source countries. The campaign is designed to undo the harmful reputation caused by the past violence in the region. The campaign would be designed by a public relations firm. Funding would come from various industry sources including business groups and airlines, as well as from the national tourism agencies and one or more development agencies funding export promotion.

R4 COCESNA RESTRUCTURING PLAN

SECRETARIAT FOR CENTRAL AMERICAN ECONOMIC INTEGRATION.

INSTITUTIONAL STRENGTHENING.

A well managed air traffic control system is essential for any tourist destination. This organization is responsible for managing the airspace for the Central American region. Its owners are the governments of the seven countries of Central America. It has faced serious problems for many years because of poor management and political meddling. An outside consultant is to develop a restructuring plan that will provide solutions for all of the problems of this organization, including some aspects of privatization if feasible. [see H6]

R5 POLICY REFORMS PACKAGE

SIECA, SITCA.

TOURISM RELATED REGULATORY REFORMS.

These two organizations exist to promote reforms in the member countries that will increase efficiency and stimulate investment in the region. They can circulate background papers on problem issues, and formulate practically oriented action plans for their member governments to officially approve and implement. Problem areas needing attention include :

- a) improved international air service for Central America in terms of safety and pricing;
- b) liberalization of immigration requirements for target nationalities
- c) facilitation of immigration requirements for Central American nationalities within the region through an open borders policy; and,
- d) adoption of simplified procedures for licenses and permits required of tourism businesses such as hotels, inns, restaurants, souvenir manufacture and retailing, etc.

R6 SEMINAR FOR TOURISM OFFICIALS

SIECA, SITCA.

INSTITUTIONAL STRENGTHENING.

A seminar for tourism officials will give them the opportunity to consider with the help of experts, the major issues that they are facing. These can include :

- a) the role of tourism planning in an era of decentralization
- b) how to simplify and improve regulation of the hotel and restaurant industries
- c) characteristics of new markets such as retirees, convention participants, spa tourists
- d) how to advocate infrastructure projects like a Rio Motagua bridge, infrastructure for Trifinio Park, major airport upgrading or new construction, etc
- e) how to get maximum advantage from foreign aid funding in support of tourism sectoral projects
- f) cost effective methods of promotion in source markets

Tourism institutes and ministries tend to be weak compared to other such bodies. A seminar of this kind, ideally would be held each year in Central America [See related Outline for a Seminar for Central American Tourism Officials" in Appendix C].

R7 WORKSHOP ON NATIONAL PARKS SYSTEMS
CENTRAL AMERICAN COMMISSION ON ENVIRONMENT
AND DEVELOPMENT, SITCA.
*INSTITUTIONAL STRENGTHENING FOR PARKS PLANNING
& MANAGEMENT.*

Strengthening of the region's parks will be needed to handle increased visitor volumes from tourism. The development of ecotourism in Costa Rica, largely because of that country's extensive system of protected areas and parks, can be repeated in other parts of the region. All countries of the region have park management agencies that need strengthening. Legal issues related to land tenure are hindering parks in all of these countries. A workshop to focus on key problems can be held with participation of an experienced NGO such as The Nature Conservancy or the Wildlife Conservation Society. Strengthening of the region's parks will be needed to handle increased visitor volumes from tourism.

**R8 WORKSHOP FOR MUNICIPAL OFFICIALS ON URBAN
DEVELOPMENT PLANS FOR TOURISM**
URBAN PLANNING AGENCIES.
INSTITUTIONAL STRENGTHENING OF MUNICIPALITIES.

The responsibility for formulating and funding urban development plans is falling increasingly on the local governments. A workshop is needed to train officials in the fundamentals of programs that preserve architectural heritage through the creation and management of historic districts in city centers. There is a need for a review of methods of planning and incentives schemes that encourage cooperation of private property owners in compliance with building codes. Case studies from successful cities such as Antigua Guatemala, Cartagena [Colombia] or Granada and Leon in Nicaragua, can be presented to illustrate relevant techniques.

**R9 CONSTRUCTION OF WELCOME PLAZAS ON
THE PAN AMERICAN HIGHWAY**
PUBLIC WORKS MINISTRIES.
TRANSPORTATION INFRASTRUCTURE.

These are integrated border crossing stations on heavily traveled highways such as those of the Pan American Highway. They can include in a functionally planned complex a combination of services such as travel information, banking and retailing, duty free shopping, food and beverage and others. These stations can be jointly operated by both governments to simplify procedures [through *one stop checkpoints*] and expedite traffic flows. Private developers can be awarded the projects on a competitive basis, to build and operate these facilities as concessions from the two governments. Key locations include crossings between Guatemala & El Salvador [possibly three], El Salvador & Honduras at El Amatillo, between Honduras and Nicaragua [possibly three], and between Nicaragua and Costa Rica.

**R10 JOINT MANAGEMENT PLAN FOR THE TRIFINIO
INTERNATIONAL PARK**

**CENTRAL AMERICAN COMMISSION ON ENVIRONMENT
AND DEVELOPMENT, NATIONAL PARK AGENCIES.**

INSTITUTIONAL STRENGTHENING FOR PARK MANAGEMENT.

All three governments of Guatemala, El Salvador and Honduras have accorded national park status to this mountainous and remote tri-state location. The Salvadorean section is the most developed of the three sections. Park planning experts are to formulate a long term operating plan defining a management framework and plan for development of facilities and human resources for educational, recreation and tourism purposes, as well as for preservation of flora and fauna. Participation of NGOs and possibly the Global Environmental Fund is recommended.

**R11 JOINT ENVIRONMENTAL MANAGEMENT PLAN
FOR THE GULF OF FONSECA**

PROARCA ONGOING PROJECT, ENVIRONMENTAL AGENCIES.

ENVIRONMENTAL PLANNING & REGIONAL DEVELOPMENT.

This gulf is shared by three nations, and has potential for the fishing industry, fish farming, and for recreation and tourism. There is already investor interest in the Salvadorean portion of the Gulf for hotel and resort development. This proposal calls for the evaluation of recreational and tourism potential around this body of water; it also calls for formulation of a land use pattern and an environmental management framework that will ensure a compatible pattern of land uses that will not eliminate or reduce the Gulf's potential for tourism development.

APPENDICES



- A Illustration of Community Mapping for Tikal National Park, Guatemala [G2]
- B Museum of Traditional Guatemala Textiles [G13]
- C Outline for A Seminar for Central American Tourism Officials
- D Outline for A Seminar for Central American Tour Operators
- E List of Persons Interviewed

Appendix A

ILLUSTRATION OF COMMUNITY MAPPING FOR TIKAL NATIONAL PARK, GUATEMALA

The following example is provided as a possible sub-component of Project G2. It illustrates how this project could meet objectives of community participation and preparedness in the Tikal community.

COMMUNITY MAPPING - (COMMUNITY PARTICIPATION METHODOLOGY)
Participants from various parts of the community prepare a graphic representation of the community as they see it. The goal is to uncover their view on the environment and the community's self perceptions. The results can be surprising. For example, many children in poor areas view plastic as part of their natural environment. If they paint or draw plastic garbage into their own landscape it may be an indication that they don't see it as garbage. If they draw foreign visitors into the most beautiful parts of their towns it could mean they don't feel they have any control of their landscape. Drawings and graphics are helpful since many times the community participants are illiterate. Afterwards, careful analysis, group discussions and community seminars are carefully crafted. Actual training materials on tourism are presented to the community. The method may be role-playing through theater, dance, flat panel displays, comic books or brochures.

Appendix B

MUSEUM OF TRADITIONAL GUATEMALAN TEXTILES [G13]

Project G13 could contain one or more sub-components that are based on unique cultural themes of Guatemala. An interpretive component could include development of the Museum Of Traditional Guatemalan Dress, at a downtown location. As a kick-off project a writer/historian and designer could develop a book on the history of Guatemalan textiles and apparel. The first edition of this book could coincide with an exhibit of antique clothing and decorative wear. The opening of the traveling exhibit could be in Quetzaltenango. Such a show could travel throughout Latin America and North America - thus enhancing the public awareness of cultural resources in Guatemala. The Smithsonian Institution Traveling Exhibit Service (SITES) produced a similar show in 1990 about the Rainforest. They initially designed the show to travel throughout North America only, but modified it for Spanish speaking and low-literacy audiences for additional shows. It was extremely successful. Technical assistance in design, interpretation, museum curation, exhibitry and museum management would be ideal for such a project.

Appendix C

OUTLINE FOR A SEMINAR FOR CENTRAL AMERICAN TOURISM OFFICIALS

PURPOSE

The seminar is designed to give tourism officials from each country an opportunity to discuss with international tourism experts the problems hindering tourism in the region, and also possible future actions [projects] that foreign agencies can take to assist the Central American region.

PARTICIPANTS

2-4 persons from the tourism institutes and tourism chambers of each of the Central American countries
2-3 persons from SITCA, the regional tourism agency [Managua]
3 ITDIJ experts in tourism planning, commercial air service, Asian markets
1 person from the Organization of American States
2 persons from the sponsor development agency
various travel trade and press observers
total attendance of 35-40 persons

Presenters can include representatives from organizations such as :

- World Bank Group IFC/MIGA
- Inter-American Investment Corporation [Inter-American Development Bank]
- World Travel & Tourism Council
- American Airlines or TACA Airlines

TIME & PLACE

A Central American Capital City, in 1997, covering 3.5 days.

SCHEDULE

- Day 1* - Focus on the Core Responsibilities of National Tourism Institutes
- Tourism Planning in an Era of Decentralization
 - Cost Effective Methods of Promotion in Source Markets
 - Preparing for new markets of retirees, convention participants, spa tourists,
 - Effective Investment Promotion to Capital Markets

Day 2 - Focus on improving Transportation & Infrastructure

- How to get better airline service into Central America - Open Skies ?
- How to ease border formalities - Open Borders ?
- How to deal with safety worries for tourists and tourism workers
- International infrastructure projects like Río Motagua bridge, Gulf of Fonseca, Trifinio Park -
(are they practical ?)

Day 3 - Focus on the Core Attractions of Parks, Architecture & Archeology

- Techniques of Architectural Preservation [case study of Antigua, Guatemala]
- Techniques of Archeological Restoration [case study of Copán, Honduras]
- Management techniques for Parks and protected areas [Costa Rican framework]
- The Japan Perspective

Day 4 - Focus on New Asian Markets and seminar conclusion

- Characteristics of the Japanese tourist and travel industry
- Characteristics of Korean, Taiwanese and Hong Kong tourists and travel industries
- Effective marketing in Japan for Central American nations
- Summary of key conclusions and project concepts

COMMENTS

The seminar is intended to be small in order to provide participants with a maximum opportunity to exchange ideas with themselves to learn of their common experiences, and to dialogue as much as possible from the representatives of the sponsors.

Appendix D

OUTLINE FOR A SEMINAR FOR CENTRAL AMERICAN TOUR OPERATORS

PURPOSE

This 3 day seminar is designed to educate the tour operators about the Asian travel industry so that they are prepared to negotiate inclusive tour packages with major Japanese and other Asian tour operators wishing to market travel from the Orient to Central America. It is a practically oriented seminar that will familiarize Central American tour companies with business practices, price and profit levels, itinerary planning, and other topics related to creating package tour programs suited for Asian markets.

PARTICIPANTS

15 persons from tour operators of each of the Central American countries	75
persons from SITCA, the regional tourism agency [Managua]	2-3
ITDIJ experts in tour packaging, Japan & other Asian markets	3
additional observers [WTO-Madrid, SITCA-Managua]	5
persons from the sponsor agency	2
various travel trade and press observers	3

total attendance of 90 persons

Presenters can include representatives from organizations such as :

- JTB, Japalpak, ANA Travel, Kinki Nihon, American Express Travel
- TACA, American, Japan, United Airlines package tour divisions
- Japan Credit Card company

TIME & PLACE

A Central American Capital City, covering 3 days, in 1997.

SCHEDULE

Day 1 - Getting to Know the Japanese Travel Industry

- general orientation
- Japanese outbound tourism profiled [17 million], key segments, expectations of Japanese tourists
- habits of Japanese businessmen, how to build relationships, and negotiate with them
- description of Japanese tour operators [JTO] and their manner of working [promotion, retailing, etc]

Day 2 - Selecting Your Business Partners

- description of JTOs specializing in North America, Caribbean, Latin America
- description of Japan's special interest clubs, associations & tour operators : archeology, soft adventure, sports [golf, deep sea fishing], culture, educational travel, Latin America, etc
- the role of Mexican & USA tour operators and airlines

Day 3 - The Costs of Entering the Asian Travel Markets

- negotiating local representation contracts with Japanese and other travel companies
- promotion costs to sell Central America including choice of USA/Asia trade shows
- financing promotion materials and trips for Asian markets [cost sharing with airlines, national tourism institutes, chambers of commerce, etc]
- conclusion of seminar

COMMENTS

1. The seminar is intended to be small in order to provide participants with a maximum opportunity to learn to negotiate deals with Japanese tour operators as ground operators in Central America.
2. The seminar can alternatively be held in the individual countries on a smaller scale.
3. This seminar will prepare the tour operators to plan a practical strategy to enter the Japanese market, with full knowledge of the costs required. Participants can select actual partners from lists provided during the sessions.
4. ITDIJ means the International Tourism Development Institute of Japan, a semi-governmental body that conducts studies worldwide on tourism development.

Appendix E

LIST OF PERSONS INTERVIEWED

GUATEMALA

1. Richard Callaway, Director	Guatemalan Tourism Institute
2. John W Carroll, Subdirector	Guatemalan Tourism Institute
3. Lucía Barreda de Hurtado, Planning Department	Guatemalan Tourism Institute
4. Hiroshi Ishioka, JICA Advisor	Guatemalan Tourism Institute
5. Flor Segura de García, Bilateral Cooperation	Genl Secretariat for Economic Planning
6. Estuardo Castellanos, Petén Office	Genl Secretariat for Economic Planning
7. Juan Francisco Asturias Fajardo, National Coordinator	Natl Commission for the Environment
8. Juan de Dios Calle, Subcoordinator	Natl Commission for the Environment
9. Mercedes Flores, Subdirector	Institute for Archeology & History
10. Enrique Rodríguez, Mayor	Panajachel Municipality
11. Edna Hernández, Cultural Advisor	Quetzaltenango Municipality
12. Jorge Enrique Vargas M, Academic Director	Nimajay Hotel School Antigua
13. Rolando Pernillo O, Park Administrator	Tikal National Park
14. Francisco Bonifaz, President	Guatemala Chamber of Tourism
15. Sharon Flynn, Director of Proyecto ProPetén	Conservation International
16. Thomas H Pierce, Office of Natural Resources	US Agency for International Development

EL SALVADOR

1. Camilo Bolaños, President	Salvadorean Tourism Institute
2. Eduardo Lopez Rivera, Director	Salvadorean Tourism Institute
3. Ranulfo A. Escobar Macall, Director for Planning	Salvadorean Tourism Institute
4. María Teresa de Rendón, Vice Minister Foreign Affairs	Ministry of Foreign Relations
5. Héctor González Urrutia, Director General for Promotion	Ministry of Foreign Relations
6. Roberto Galicia, President	National Council for Culture and Art
7. Andrés Sánchez, Officer National Parks Service	Natural & Renewable Resource Directorate
8. Kenneth Ellis, Deputy Director	USAID in El Salvador
9. Eddie Roberto Gonzalez, President	Salvadorean Chamber for Tourism
10. Graciela de Hollman, President Tourism Committee	Salvadorean Chamber of Commerce
11. José Antonio Calderón M, General Manager	Central American Corp for Air Navigation
12. Nelson Rodríguez, El Salvador Manager	Central American Corp for Air Navigation
13. Antonio Carbonero, Attorney	TACA International Airlines
14. Estuardo Riley, Corporate Marketing Director	America Central Corporation
15. Oscar Antonio Safie, Owner	Hotel Presidente
16. Carlos Castaóeda, President	Hotel Terraza

HONDURAS

1. Tatiana Siercke, Planning Director	Honduran Tourism Institute
2. Luis Sarmiento, Planning Engineer	Honduran Tourism Institute

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| 3. Céleo Posas N, National Consultant | Planning Secretariat |
| 4. Moises Starkman, Chief Advisor Cooperation | Ministry of Foreign Relations |
| 5. Olga Joya, Director | Institute for Anthropology & History |
| 6. Dr Carlos Cordero S, Exec Director | Bay Islands Development Commission |
| 7. Ricardo Merren F, Mayor | Roatan Municipality |
| 8. Tatiana de Pierson, Coordination & Marketing | Tela Bay Trust Fund |
| 9. Tanya Lazarus Beyl, Coordinator | Copán Association |
| 10. Rigoberto Hernandez, Town Councilman | Trujillo Municipality |
| 11. Alejandro Andino, Park Manager | Jeannette Kawas National Park |
| 12. Norma Luz Vega, Director | Honduran Chamber for Tourism |
| 13. Salvador Jimenez, Project Analyst | Central American Bank for Economic Integration |
| 14. Rodolfo Stechmann, Administrative Manager | Central American Air Navigation Corporation |

NICARAGUA

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|--|--|
| 1. Fernando Guzmán, Minister | Nicaraguan Ministry of Tourism |
| 2. Bayardo Granados, Planning Director | Nicaraguan Ministry of Tourism |
| 3. Lucy Valenti, Secretary General | Secretariat for Central American Tourism Integration |
| 4. Mario Molina C, Director | Nicaraguan Cultural Institute, Cultural Heritage |
| 5. Raul F Calvet, Director | Nicaraguan Chamber for Tourism |
| 6. Juan Marques, Genl Director | Barceló Playa Montelimar Hotel |
| 7. Luis A Molina, Director Asia | Ministry of Foreign Relations |
| 8. Eloy Francisco Isaba, Sub-Director | Ministry of External Cooperation - Bilateral |

COSTA RICA

- | | |
|--|--|
| 1. Marta Vega Rodríguez, International Cooperation | Ministry of Planning |
| 2. Désirée Segovia, International Cooperation | Ministry of Foreign Relations |
| 3. Ing Carlos Roesch, Minister | Ministry of Tourism |
| 4. Cecilia Sánchez de Flores, Director | ICT - Planning Department |
| 5. Melchor Marcos H, Advisor | ICT - Planning Department |
| 6. Arq Javier Bolaños Q, Exec Director | ICT - Papagayo Gulf Project |
| 7. Carlos Manuel Rodríguez, Subdirector | National System of Conservation Areas |
| 8. Miguel A Rosales R, Country Expert | Inter-American Development Bank in San Jose |
| 9. Jorge E Montero, Transport Expert | Inter-American Development Bank in San Jose |
| 10. Jacques Quillery, Director for Ecotourism | FUNDECOR |
| 11. Carlos Quesada, project architect | Global Environmental Fund Project |
| 12. Juan Borloz O, Executive Director | ACAV, Costa Rican Association of Travel Agents |
| 13. Anabelle Granados S, President | ACAV, Costa Rican Association of Travel Agents |
| 14. Manuel Ortiz Dueñas, Project Director | Ecodesarrollo Papagayo |
| 15. Arturo Vizcarra E, Admin & Financial Director | Ecodesarrollo Papagayo |
| 16. Jyuntarou Shimizu, Manager | Japan Airlines |

