

Japan International Cooperation Agency (JICA)
Ministerio de Industria, Turismo, Integración y Negociaciones Comerciales Internacionales (MITINCI)

Master Plan Study on National Tourism Development in the Republic of Peru (Phase 2)

Final Report
Volume 1: Summary



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Master Plan Study on National Tourism Development in the Republic of Peru (Phase 2)

Abstract

Study period: November 1999 - December 2000

Counterpart agency: Ministry of Industry, Tourism, Integration and International Trade (MITINCI)

1. Outline of the Study

1.1. Objectives

- To conduct a feasibility study of projects chosen from the priority projects proposed in the Phase 1 Study of National Tourism Master Plan, to make it a case study that would facilitate implementation of other proposed projects of the Phase 1 Study, and
- To transfer the skill and know-how of tourism planning to the Peruvian counterparts.

1.2. Study Areas

- Tourism corridor formulation between Trujillo and Chiclayo,
- Archaeological park development in Chan Chan,
- Historical towns conservation and development in Pacasmayo and Zaña,
- Nature tourism development in Iquitos and its surrounding areas, and
- Beach resort development and tourism corridor formulation in Tumbes and Piura.

The Study Areas are organized into three Tourism Corridors as follows:

- Trujillo – Chiclayo Tourism Corridor,
- Tumbes – Piura Tourism Corridor, and
- Amazon River Tourism Corridor.

1.3. Target Year

- Short-term: Year 2005 (the target year of the priority project),
- Long-term: Year 2015.

2. Planning Framework

2.1. Review of Tourism Demand Framework

The volume of actual hotel bed-nights was estimated using the immigration statistics and survey data in other countries. Tourism demand framework set by the Phase 1 Study was revised based on the estimated tourism demand as shown below.

Table 1 Revised tourism demand framework at the national level

(Unit: 1000)	1997	2005	2015
International border arrivals	747	1,300	2,700
International hotel arrivals	2,655	4,620	8,167
Domestic hotel arrivals	19,375	28,750	42,500
Total hotel arrivals	22,030	33,370	52,096
International hotel bed-nights	5,226	9,100	18,900
Domestic hotel bed-nights	25,815	38,238	56,525
Total hotel bed-nights	31,041	47,338	75,425
Available rooms/ room requirement	90	115	184

Source: JICA Study Team

2.2. Institutional Arrangements for Project Implementation

The following institutional arrangements are necessary to implement the priority projects using soft loan from donor agency.

- The Government of Peru should specify a government agency for the Supervising Organization that is responsible for the project implementation.
- Respective components of the priority projects would be implemented by organizations such as MITINCI, INC, INRENA, and local governments under the supervision of the Supervising Organization.
- The Supervising Organization would set up the Project Coordination Unit for the Northern Tourism Region as a mechanism to coordinate among relevant government agencies.
- There are two alternative ideas as to the organization that undertakes the role of Supervising Organization: MITINCI or Ministry of Presidency.
- Assigning MITINCI for the Supervising Organization is more preferable from the long-term perspective although it assumes participation of the Ministry of Presidency, which has expertise and experiences for implementing physical development projects funded by international donor agencies, in the Project Coordination Unit.

2.3. Promotion of Tourism-related SME

Incubating tourism-related SMEs would increase tourist spending and distribute tourism benefits to a wider range of people. The following measures should be taken:

- To provide financial supports combined with non-financial supporting services.
- To develop/improve producers' market with considerations for tourism, and construct handicraft training center.
- To set up a fund to support tourism SMEs.

2.4. Establishment of a System to Support Local Participation

- Community Support Fee: 1% of the priority project cost would be spared for a budget to promote local participation.
- Subproject Implementation Committee: A committee made up of members from relevant organizations and local community members is to be set up to coordinate among stakeholders and to promote local participation. It is intended to utilize the implementation of physical development as an opportunity to organize and activate local community members.
- Participatory Tourism Support Program: It is a program funded by the Community Support Fee, which would provide tourism consultancy and training to promote local participation.

3. The Trujillo- Chiclayo Tourism Corridor Development Plan

3.1. Development Strategy

Archaeological tourism should play a central role in the Trujillo- Chiclayo Tourism Corridor to attract visitors from all over the world. Therefore, tourism improvement of archaeological sites such as improvement of access road, construction of visitor center and site museum, and other tourist amenities should be given a high priority to be chosen as sub-projects included in the priority project.

3.2. Projects and Programs

The total project cost for the Trujillo – Chiclayo Tourism Corridor Development Plan is US\$46,665,800. Outlines of sub-projects that are included in the priority project are the followings.

(1) Construction of the New Trujillo Bypass Roads (US\$12,835,400)

It is a sub-project to construct New Trujillo Bypass Roads with the purposes of, 1) replacing the existing airport road for the conservation of the Chan Chan Complex, 2) reducing traffic in the historic center of Trujillo, and 3) providing an access to the Huacas del Sol y la Luna.

(2) Development of the Chan Chan Archaeological Park (US\$2,788,00)

It is a sub-project to improve visitor facilities for the World Heritage Site, restore archaeological sites, and to restore prehispanic techniques for agriculture and handicraft with a focus on local participation.

(3) Tourism Improvement of the Huacas del Sol y la Luna (US\$3,921,600)

It is a sub-project to develop/ improve an access road, install infrastructure and visitor facilities, as well as equipment for “sound and light show.”

(4) Development of the Parque del Baluarte (US\$4,510,700)

It is a sub-project to develop a public park with the aims to reduce traffic volume in the historic center of Trujillo by constructing a parking building, to promote handicraft production by constructing a handicraft training center, and to provide a green area for local residents and tourists.

(5) El Brujo Archaeological Site Tourism Improvement (US\$3,725,200)

It is a sub-project to improve visitor facilities and infrastructure for El Brujo archaeological site that is famous for its painted relieves.

(6) Beautification and Conservation of the Historic Center of Pacasmayo (US\$2,409,900)

It is a sub-project to improve tourist amenities such as museum, restaurant complex, and promenade in Pacasmayo, which is expected to increase importance as a traffic node in the Tourism Corridor and as a exploration base for archaeological sites in its vicinity.

(7) Circuit Road Improvement: Ferreñafe – Huaca Rajada - Cayalti (US\$7,940.900)

It is a sub-project to improve a circuit road connecting several important tourism sites in the Zaña Province of the Lambayeque Department including the Sipan Archaeological site.

(8) Development of the Sipan Archaeological Park (US\$3,979,700)

It is a sub-project to develop an archaeological park for the Sipan Archaeological Site including infrastructure installation in the Huaca Rajada village, construction of a visitor center, a site museum, and a park for visitors.

(9) Tourism Improvement of the Batan Grande Reserve Zone (US\$3,098,400)

It is a sub-project to improve infrastructure and visitor facilities for the Batan Grande Reserve Zone including trail, pedestrian bridge, re-excavation of the Sicán Tomb, and improvement of the existing visitor center.

(10) Sign System Program (US\$84,300)

It is a program to install signs and interpretation boards written in Spanish and foreign languages in airports, roads, and major tourism sites. Trujillo City is a target area for an intensive sign system improvement.

(11) Participatory Tourism Support Program (US\$427,800)

It is a program to support local participation by providing advice, consultancy, and training.

(12) Tourism Promotion (US\$944,000)

Tourism promotion activities should be directed to increase market awareness of Pre-Inca cultures once thrived in the Tourism Corridor. Introduction of a naming of the Tourism Corridor, and establishment of a system to allow volunteers to participate in archaeological excavation would be effective measures for awareness creation.

4. The Tumbes – Piura Tourism Corridor Development Plan

4.1. Development Strategy

The Tumbes – Piura Tourism Corridor should focus its development efforts on beach resort tourism targeting at the domestic and Ecuadorian markets in the short-term, and the long-haul market in the long-term. For that purpose, it is proposed to implement a pilot project of an integrated beach resort development. Piura should focus its efforts on handicraft-based tourism with an outlook for the Tourism Corridor formulation with Tumbes in the long-term.

4.2. Sub-projects and Programs

The total cost for the Tumbes – Piura Tourism Corridor Development Plan is US\$15,501,40. Outlines of the sub-projects included in the priority project are as follows:

(1) Development of an Hermosa Beach Resort Estate (US\$7,027,600)

It is a sub-project to develop a beach resort estate as a pilot project to introduce an integrated tourism development. Establishment of the Northern Tourism Region Development Corporation makes a prerequisite to implement this project.

(2) Mangrove Tourism Improvement in Puerto Pizarro (US\$59,000)

It is a sub-project to improve the access road to Puerto Pizarro, which is a port for a mangrove cruise that is an anchor tourism attraction in Tumbes.

(3) Improvement of Tumbes Airport (US\$5,296,700)

It is a sub-project to improve an access road to, and the airport terminal building for, the Tumbes Airport to cope with an expected increase in demand due to the proposed Hermosa Beach Development.

(4) Community Development of La Encantada Ceramic Art Village (US\$2,443,200)

It is a sub-project to develop basic infrastructure for La Encantada village that is a center of Chulucanas pottery production, and to build an Art Center that displays masterpieces of pottery as a core facility for community development.

(5) Sign System Program (US\$50,600)

It is a program to install signs and interpretation boards written, at least, in a few languages in airports, roads, and major tourism sites.

(6) Participatory Tourism Support Program (US\$141,300)

It is a program to provide supporting measures to promote local participation. Providing training for hotel employees for the Hermosa Beach development may have a special importance in the Tourism Corridor.

(7) Tourism Promotion (US\$483,000)

Tourism promotion activities should concentrate on promoting the domestic and Ecuadorian markets in the short-term.

5. The Amazon River Tourism Corridor Development Plan

5.1. Development Strategy

The Amazon River Tourism Corridor should focus its development efforts on nature tourism to attract visitors from all over the world. Iquitos should enhance the function to provide interpretation of the Amazon's ecosystem, while Nauta should improve its port since it is expected to be the transportation hub to the Pacaya – Samiria. "High-income low-impact" policy should be applied to the Pacaya – Samiria National Reserve.

5.2. Sub-projects and Programs

The total cost for the Amazon River Tourism Corridor Development Plan is US\$9,795,000. Outlines of the sub-projects included in the priority project are as follows:

(1) Development of the Allpahuayo – Mishana Museum (US\$1,468,300)

It is a sub-project to build a museum in the newly established Allpahuayo Mishana Reserve as the headquarters of Amazonium – a concept to develop a network of museums in the Amazon area. This sub-project is necessary to enhance Iquitos' function to provide interpretation of the Amazon.

(2) Tourism Improvement of the Quistococha Complex (US\$1,716,800)

It is a sub-project to enhance Iquitos' interpretation function for visitors to better appreciate the Amazonian ecosystem by improving an existing zoo.

(3) Tourism Improvement of San Juan Market (US\$1,222,000)

It is a sub-project to improve the facilities of a handicraft market in Iquitos, and to build a handicraft training center with an aim to improve the quality and design of locally produced handicraft.

(4) Construction of the Nauta Tourist Pier (US\$3,609,900)

It is a sub-project to construct a tourist pier in Nauta that is expected to be a transportation hub for tourism in the Pacaya – Samiria National Reserve.

(5) Construction of “Training Lodges” for the Pacaya–Samiria National Reserve (US\$337,600)

It is a sub-project to construct “Training Lodges” in the Control Posts of INRENA in Veinte de Enero and San Martin de Tipishca as a base to provide tourism know-how for, and to learn from, people in the Pacaya – Samiria National Reserve.

(6) Sign System Program (US\$25,300)

It is a program to install signs and interpretation boards written in a few languages in airports, roads, and major tourism sites.

(7) Participatory Tourism Support Program (US\$507,100)

It is a program to provide supporting measures, in particular, to promote participatory tourism plans in the Pacaya – Samiria National Reserve.

(8) Tourism Promotion (US\$908,000)

Tourism promotion activities should be directed to increase awareness of “Peruvian Amazon” in the international tourism market.

6. Project Evaluation**6.1. Economic and Financial Feasibility**

A cost benefit analysis is made for the 3 priority projects based on the estimated benefits and costs. The results show that each priority project is economically feasible.

Table 2 Summary of the cost – benefit analysis

	Trujillo – Chiclayo Tourism Corridor	Tumbes – Piura Tourism Corridor	Amazon River Tourism Corridor
EIRR	15.3%	12.8%	17.0%
NPV at 12% of Discount Rate	24,575	8,870	29,402
B/C Ratio at 12% of Discount Rate	1.10	1.03	1.18

Source: JICA Study Team

A financial analysis is made for the following two categories of sub-projects that would earn revenues:

- Sub-projects proposed to be implemented by Northern Tourism Region Development Authority: Hermosa Beach Resort Estate, Parque de Baluarte, and Training Lodges, and

- Fee-charging visitor facilities: Chan Chan Archaeological Park, Huacas del Sol y la Luna Archaeological Sites, El Brujo Archaeological Site, Sipan Archaeological Site (INC), Batan Grande Reserve Zone, Allpahuayo - Mishana Museum (INRENA), Quistococha Tourism Complex (CTAR-Loreto).

The former analysis shows that FIRR values are from 3.5% to 5.4%, which is higher than the level of interest rate in the assumed loan (3.0%). Therefore, it can be said that financial conditions are acceptable. The latter analysis shows that FIRR values for respective implementation bodies are from 3.4% to 9.3%, which also shows that these sub-projects are financially acceptable.

6.2. Environmental Impact Assessment

According to EIA, the priority projects will give no serious impact to the surrounding of the project areas. Implementation of the priority projects should comply with the environmental management plans as described in the Volume 4 of this report.

Table 3 Principal negative impacts for the priority projects

Priority Project	Principal negative impact(s) on:
Construction of the New Trujillo Bypass Road	Population distribution and resettlement in the planning stage, and public pollution in the construction stage
Tourism Improvement of Chan Chan Archaeological Complex	Population distribution and resettlement in the planning stage
Tourism Improvement of Huacas del Sol y la Luna	Water pollution and soil contamination in the construction stage
Development of Parque de Baluarte	Traffic in the construction stage
Tourism Improvement of El Brujo Archaeological Site	Noise and vibration in the construction stage
Beautification of Historic Center of Pacasmayo	Traffic congestion in the construction stage
Development of the Sipan Archaeological Park	Public pollution in the construction stage
Tourism Improvement of Batan Grande Reserve Zone	Flora and fauna in the construction and operation stages
Development of the Hermosa Beach Resort Estate	Coastal zone in the construction and operation stages
Mangrove Tourism Improvement in Puerto Pizarro	Coastal zone in the construction and operation stages
Improvement of the Tumbes Airport	Topography in the construction stage
Community Development of La Encantada Ceramic Village	No highly considered negative impact
Development of Allpahuayo - Mishana Museum	Flora and fauna in the construction and operation stages
Tourism Improvement of the Quistococha Tourist Complex	Flora and fauna in the construction and operation stages
Tourism Improvement of the San Juan Handicraft Market	No highly considered negative impact

Source: JICA Study Team

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1. Introduction

1.1. Study Objectives

The objectives of the Study are as follows:

- To conduct a feasibility study of projects chosen from the priority projects proposed in the Phase 1 Study of National Tourism Master Plan, to make it a case study that would facilitate implementation of other proposed projects of the Phase 1 Study, and
- To transfer the skill and know-how of tourism planning to the Peruvian counterparts.

The Study will place special importance to introduce measures to alleviate poverty and regional imbalance, and make considerations to achieve tourism development harmonious with local communities.

1.2. Phasing

Phasing of the Phase 2 Study are set as follows, taking into account the consistency with the development framework set in the Phase 1 Study:

- Short-term: Year 2005 (target year of the priority projects),
- Long-term: Year 2015.

1.3. Study Areas

Types and locations of projects for the Phase 2 Study are as follows:

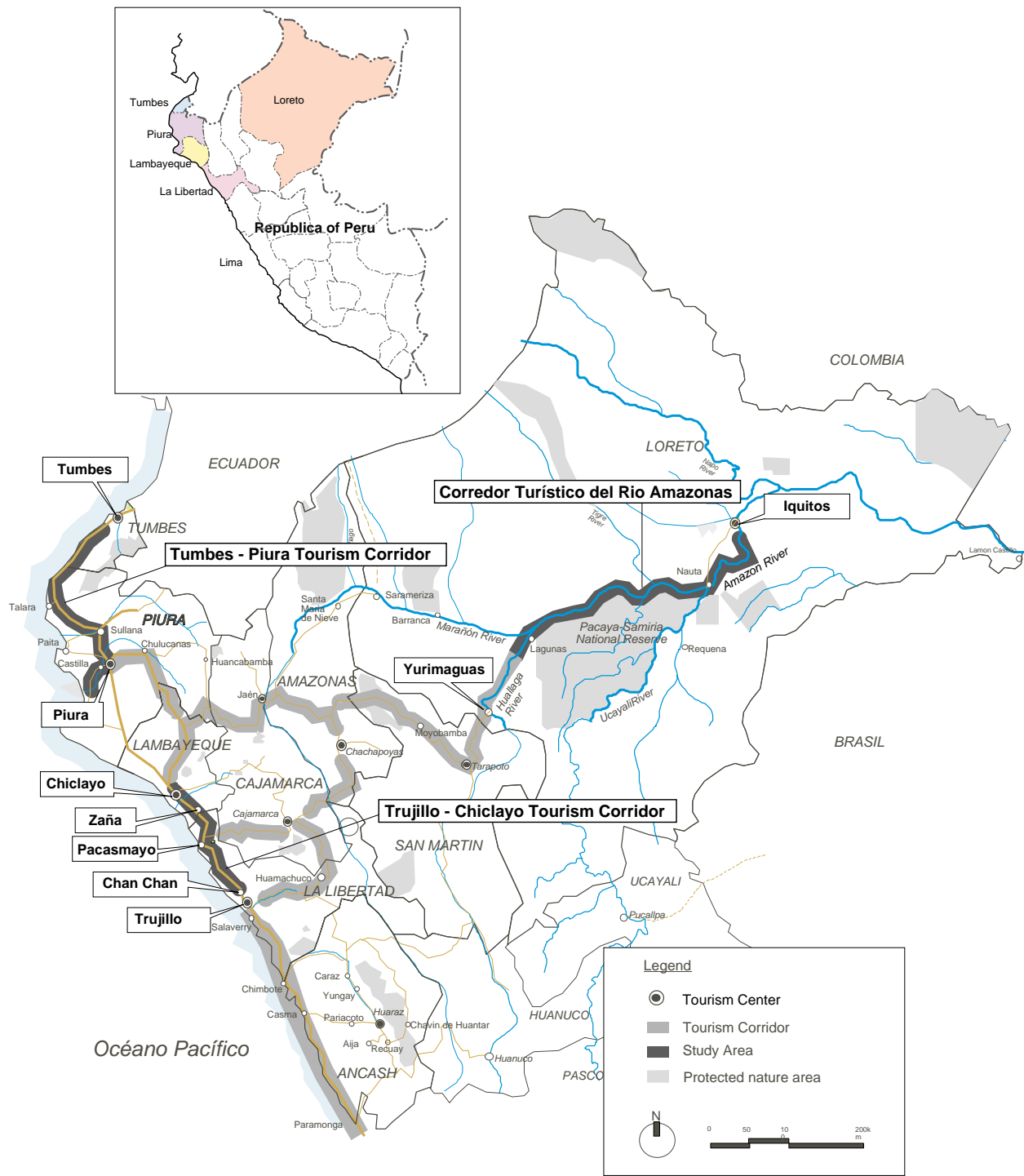
- Tourism corridor formulation between Trujillo and Chiclayo,
- Archaeological park development in Chan Chan,
- Historical towns conservation and development in Pacasmayo and Zaña,
- Nature tourism development in Iquitos and its surrounding areas, and
- Beach resort development and tourism corridor formulation in Tumbes and Piura.

The Study Areas are organized into three Tourism Corridors as follows:

- Trujillo – Chiclayo Tourism Corridor,
- Tumbes – Piura Tourism Corridor, and
- Amazon River Tourism Corridor.

Figure 1.1 shows the location of the Study Areas.

Figure 1.1 Study Areas

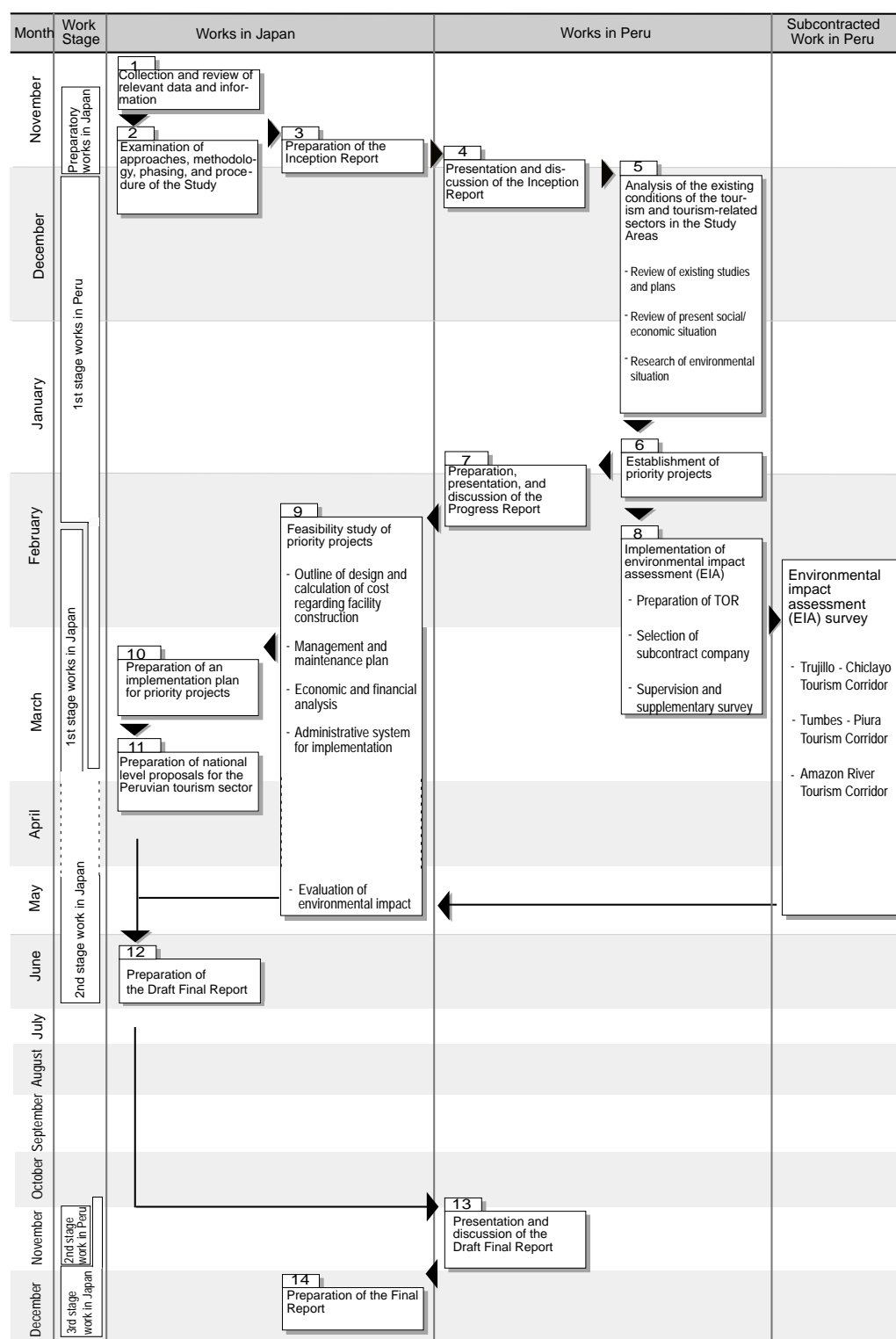


Source: JICA Study Team

1.4. Work flow of the Study

The Study, which was composed of 14 tasks in 6 stages, was conducted from November 1999 to October 2000 according to the following flow chart.

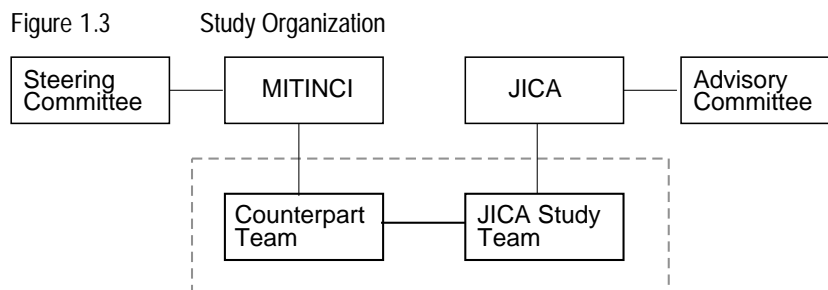
Figure 1.2 Workflow of the Study



Source: JICA Study Team

1.5. Study Organization

The Study was conducted by the JICA Study Team and its Counterpart Team from MITINCI with close collaboration with the Steering Committee and JICA's Advisory Committee as shown in Figure 1.3.



Source: JICA Study Team

The Steering Committee was composed of members from the following organizations:

- Ministry of Presidency
- Ministry of Transport, Communications, Housing and Construction,
- Ministry of Energy and Mining,
- Ministry of Economy and Finance,
- Ministry of Gender,
- Tourist Police/ Ministry of Interior,
- National Institute of Natural Resources (INRENA)/ Ministry of Agriculture,
- National Institute of Culture (INC)/ Ministry of Education,
- Center of Tourism Training (CENFOTUR),
- PROMPERU,
- National Chamber of Tourism (CANATUR),
- Peruvian Association of Tour Operators (APOTUR), and
- Peruvian Association of Adventure and Ecotourism (APTAE).

Members of the Peruvian Counterpart Team are shown in Table 1.1.

Table 1.1 Peruvian Counterpart Team

Name	Organization
Ms. Maria Lucio del Vesga	Vice-ministry of Tourism, MITINCI
Mr. Guillermo Noriega Massa	Vice-ministry of Tourism, MITINCI
Mr. Jose Soto Lazo	Vice-ministry of Tourism, MITINCI
Mr. Orland Camarena	Vice-ministry of Tourism, MITINCI

Members of the JICA Advisory Committee and the JICA Study Team are shown in Table 1.2 and Table 1.3.

Table 1.2 JICA Advisory Committee

Name	Organization
Mr. Gokichi Ogawa	Executive Director, National Organization for Automotive Safety and Victim's Aids
Mr. Yuji Seki	Associate Professor, Department of Social Research, National Museum of Ethnology
Mr. Joichi Toda	Professor, Hiroshima University
Mr. Kiichi Kaneko	Transport Policy Bureau, Ministry of Transport
Mr. Mitsunori Kondo	Transport Policy Bureau, Ministry of Transport

Table 1.3 JICA Study Team

Name	Assignment
Mr. Yoshiki Hirabayashi	Team leader / Demand forecast
Mr. Kazunori Seki	Deputy team leader / Tourism facility planning (1)
Mr. Hiroshi Matsuo	Tourism resource evaluation / Regional planning
Mr. Alfonso Jimenez Martinez	Marketing research / Tourism product development planning
Mr. Masatoshi Kaneko*	Economic and financial analysis
Mr. Shingo Sato**	Economic and financial analysis
Mr. Reizo Murakami*	Tourism administration planning
Mr. Yasuhiko Maeno**	Tourism administration planning
Mr. Tatsuo Harada*	Tourism promotion and advertisement planning
Mr. Susumu Ishizaki**	Tourism promotion and advertisement planning
Mr. Elmer Atalaya Huerta	Cultural tourism resource preservation
Mr. Takeshi Omura	Tourism facility planning (2)
Mr. Yoshio Kawasaki	Tourism infrastructure planning (1)
Mr. Naoyuki Minami	Tourism infrastructure planning (2)
Mr. Milton Guerrero	Project Implementation Planning (1)/ Tourism-related SME Development
Mr. Hideaki Yamakawa	Project Implementation Planning (2)
Mr. Masafumi Ikeno	Social Considerations/ Social Development
Mr. Shunji Usui	Environmental Considerations
Mr. Akio Odani	Administrative coordinator

Note : *Assigned until the Second Stage Work in Japan、 ** Assigned for the Second Stage Work in Peru

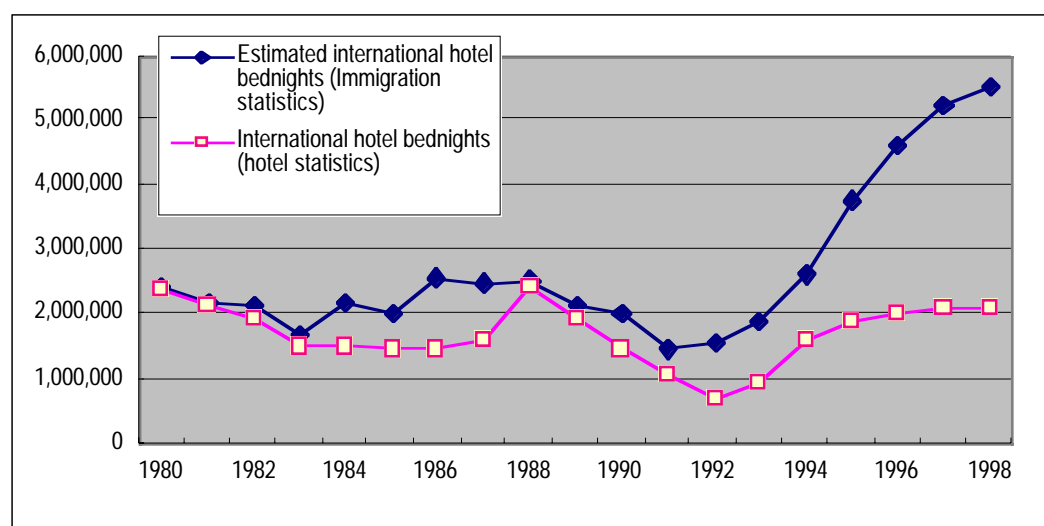
2. Prerequisites and Planning Framework

2.1. Revision of the Tourism Demand Framework

There is a large gap between the immigration statistics and the hotel statistics regarding the visitor volume. The immigration statistics is considered to be more accurate than the hotel statistics, for the former is based on the number of people who actually crossed the Peruvian Border, while the latter is based on the figures voluntarily reported by hotels. The immigration statistics, however, covers only international visitors.

Figure 2.1 shows the historical trend of the immigration statistics and hotel statistics. It shows that both statistics were relatively consistent during the 1980s, and the gap enlarged during the 1990s.

Figure 2.1 Historical trend of the immigration statistics and hotel statistics



Source: JICA Study Team based on the data provided from MITINCI

Figures in the hotel statistics represent 40% of the estimated hotel bed-nights in average during the past 3 years, or the estimated hotel bed-nights is 2.5 times larger than the figure reported to MITINCI.

Table 2.1 Revised tourism demand framework at the national level

(Unit: 1000)	1997	2005	2015
International border arrivals	747	1,300	2,700
International hotel arrivals	2,655	4,620	8,167
Domestic hotel arrivals	19,375	28,750	42,500
Total hotel arrivals	22,030	33,370	52,096
International hotel bed-nights	5,226	9,100	18,900
Domestic hotel bed-nights	25,815	38,238	56,525
Total hotel bed-nights	31,041	47,338	75,425
Available rooms/ room requirement	90	115	184

Source: JICA Study Team

Based on this finding, tourism demand framework was revised by applying the same growth rate to the revised figures. The number of required rooms was calculated with the

assumptions that a room is used by 1.5 persons and that the average occupancy rate is 75%. The following is the revised tourism demand framework at the national level.

The revised tourism demand was distributed to Departments and Tourism Regions using the shares of respective Departments calculated in the Phase 1 Study. It is noted that above figures are on a estimation basis rather than the hotel statistics basis. Therefore, figures in 1997 are larger than those in the existing statistics except the existing numbers of rooms.

Table 2.2 Tourism demand framework by Tourism Region and Tourism Corridor

	Peru Total	Northern T.R.	Trujillo - Chiclayo	Tumbes- Piura	Amazon River	Lima T.R.	Southern T.R.
1997 Int'l arrivals	2,655	323	115	35	106	1,228	1,104
Domestic arrivals	19,375	4,797	1,999	748	282	11,164	3,414
Total arrivals	22,030	5,120	2,115	783	388	12,392	4,518
Int'l bed-nights	5,226	524	195	49	165	2,854	1,847
Domestic bed-nights	25,815	7,126	2,830	1,186	512	13,516	5,173
Total bed-nights	31,041	7,658	3,024	1,235	676	16,368	7,001
Available rooms	89.7	21.2	7.9	4.2	2.1	48.4	20.2
2005 Int'l arrivals	4,620	792	285	81	291	1,727	2,101
Domestic arrivals	28,750	10,960	3,251	2,767	787	12,475	5,315
Total arrivals	33,370	11,751	3,536	2,848	1,077	14,202	7,416
Int'l bed-nights	9,100	1,323	495	117	467	4,153	3,624
Domestic bed-nights	38,238	15,767	4,507	4,201	1,372	14,683	7,788
Total bed-nights	47,338	17,090	5,003	4,319	1,839	18,836	11,412
Room requirement	115.3	41.9	12.3	10.6	4.5	45.8	27.6
2015 Int'l arrivals	8,167	1,380	509	133	500	3,058	3,729
Domestic arrivals	42,500	17,431	5,612	4,320	1,204	16,865	8,204
Total arrivals	50,667	18,811	6,121	4,453	1,705	19,923	11,933
Int'l bed-nights	18,900	2,712	1,038	224	945	8,634	7,554
Domestic bed-nights	56,525	24,939	7,806	6,495	2,080	19,670	11,917
Total bed-nights	75,425	27,650	8,844	6,719	3,024	28,304	19,471
Room requirement	183.7	67.8	21.7	16.5	7.3	68.8	47.1

Source: JICA Study Team

2.2. Tourism Sector and National Economy

Based on the tourism demand framework in “with project” situation shown in the previous section, the estimations of the tourism benefits generated by visitor expenditures and employment for whole Peru are made.

2.2.1. Estimations of Tourism Benefits for Whole Peru

(1) Visitor expenditures

The visitor expenditures in “with project” situation for whole Peru are estimated as summarized in Table 2.3.

(2) Estimation of tourism benefits

The benefits generated by visitor expenditures are estimated using a conversion factor of 0.59 to the above estimated visitor expenditures as shown in Table 2.4. The growth ratio

of the estimated benefits is 1.6 and 2.8 for 1998 to 2005 and 1998 to 2015, respectively.

Table 2.3 Estimation of visitor expenditures for whole Peru ("with project")

	Demand (x 1,000) (With)			Expenditures (US\$ 1,000) (With)		
	1998	2005	2015	1998	2005	2015
(Domestic)						
Arrivals	19,375	28,750	42,500	116,250	172,500	255,000
Bed-nights	(61,956)	(91,771)	(135,660)			
Hotel	25,815	38,238	56,525	490,485	726,522	1,073,975
Non-hotel	36,141	53,533	79,135	216,846	321,199	474,810
Subtotal				823,581	1,220,221	1,803,785
(International)						
Arrivals	2,655	4,620	8,167	15,930	27,720	49,002
Bed-nights	(10,452)	(18,200)	(37,800)			
Hotel	5,226	9,100	18,900	621,894	1,082,900	2,249,100
Non-hotel	5,226	9,100	18,900	31,356	54,600	113,400
Subtotal				699,180	1,165,220	2,411,502
Total				1,492,761	2,385,441	4,215,287

Source: JICA Study Team

Table 2.4 Estimation of tourism benefits for Peru

	(US\$ 1,000)		
	1998	2005	2015
(Domestic)	485,913	719,930	1,064,233
(International)	394,816	687,480	1,422,786
Total	880,729	1,407,410	2,487,019
Growth Ratio (1998=1.0)	1.0	1.6	2.8

Source: JICA Study Team

According to "Peru en Números 1999, Cuánto", the 1998 GDP in Peru is Soles 185,047,437 thousand, which is estimated to be US\$ 63,809,300 thousand, if using an exchange rate of Soles 2.9 to US\$ 1. The share of tourism benefits generated by visitor expenditures to the GDP of Peru is estimated at 1.4% in 1998.

Study results from tourism surveys conducted in other countries show that the ratios of the spread effect varies considerably ranging from mere 0.5 to more than 2.0 in tourism revenues. Island countries tend to present lower figures due to their dependency on imports, while self-sustaining countries show higher ones. When taking the spread effect in consideration, the total effect will be larger than the calculated figures.

Economic analysis of the Tourism Corridor Development Plans treats estimated benefits generated by visitor expenditures only, and does not include indirect benefits such as the spread effect and domestic flights' revenues from international visitors. So far, it can be said that the tourism economic benefit treated in the economic analysis is considered conservative.

2.2.2. Estimation of tourism-related employment for Peru

Based on the previously mentioned procedure and the tourism demand framework, the tourism-related employment for Peru is estimated as summarized in Table 2.5. In 1998,

some 351 thousands employment is estimated, and nearly 451 and 718 thousands employment are estimated in 2005 and 2015, respectively. Thus, employment of nearly 100 and 367 thousands will be newly created by tourism in 2005 and 2015, respectively.

Table 2.5 Estimation of employment for Peru

	1998	2005	2015
Direct Employment in Hotel Sector	89,700	115,300	183,700
Direct Employment Outside Hotel Sector	117,507	151,043	240,647
Total Direct Employment	207,207	266,343	424,347
Indirect Employment	143,520	184,480	293,920
Total Estimated Employment	350,727	450,823	718,267

Source: JICA Study Team

The share of the above estimated tourism-related employment to EAP is estimated to be roughly 3.6%, 3.8% and 4.7% in 1998, 2005 and 2015, respectively.

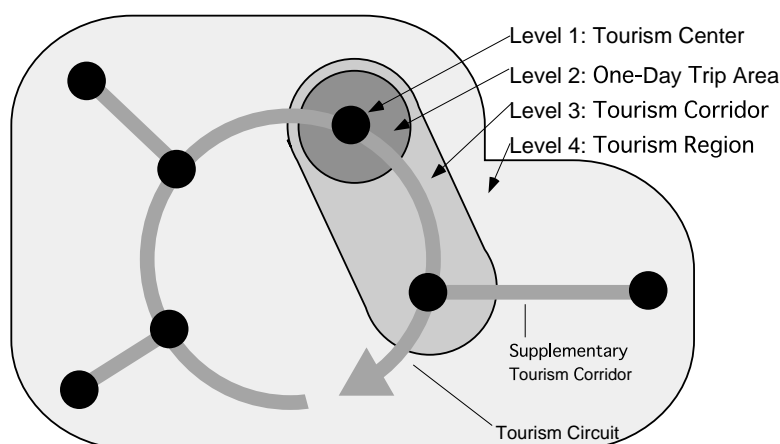
2.3. Spatial Tourism Structure

Tourism hierarchical system is set and employed for the tourism master plan. It distinguishes four planning levels as follows.

- Level 1: Tourism Center
- Level 2: One-day Trip Area
- Level 3: Tourism Corridor (for short trip visiting two Tourism Centers)
- Level 4: Tourism Region (for sightseeing trip for 1 – 2 weeks)

Figure 2.2 illustrates the above mentioned tourism hierarchical system and the conceptual tourism structure applied to the Phase 1 Tourism Master Plan.

Figure 2.2 Tourism hierarchical system and tourism structure



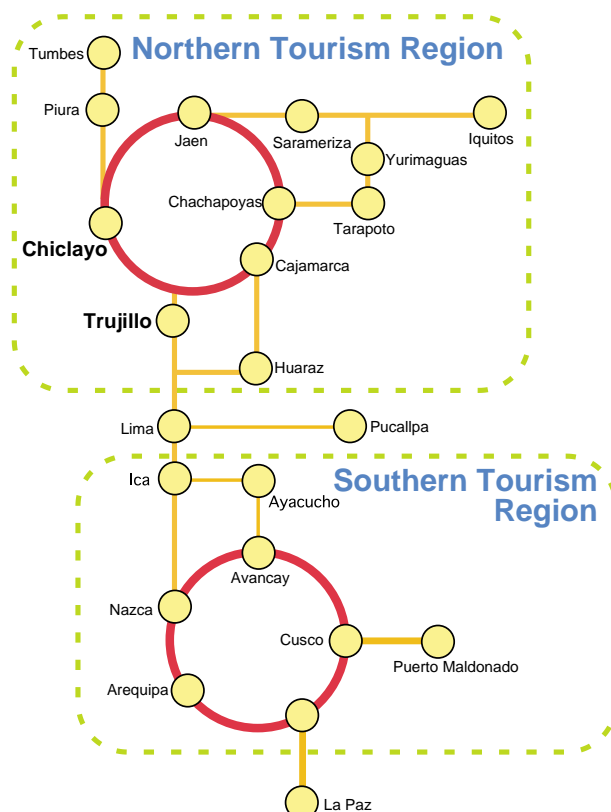
Source: JICA Study Team

Tourism Circuit is a circular travel route connecting several Tourism Centers. Tourism Corridor is a section between two Tourism Centers, preferably with tourism sites on the way. Tourism Corridors that connect to a Tourism Circuit but is not part of the circuit are referred to as Supplementary Tourism Corridors. Tourism Region is an area that includes

a Tourism Circuit and its Supplementary Tourism Corridors.

According to the spatial structure, the Trujillo - Chiclayo Tourism Corridor is a Tourism Corridor, while the Tumbes - Piura and Amazon River Tourism Corridors are Supplementary Tourism Corridors. The following figure shows the national level tourism structure in the Phase 1 Study based on the above-mentioned theory.

Figure 2.3 Peru's National level tourism structure



Source: JICA Study Team

2.4. Criteria for Evaluating Project Priority

Priority of projects, whether proposed by the JICA Study Team or by local organizations, will be evaluated according to the following criteria.

(1) Conformity with development strategy

Projects that are consistent with the development strategy for respective Tourism Corridors will be given higher priority than projects that are not.

(2) Urgency and direct effects of projects

Projects that have strategic importance and direct impacts on developing the tourism sector, will be given higher priority than long-term integrated projects.

(3) Maturity of projects

Projects that have a high degree of maturity as defined below will be given higher priority than projects, details of which are still in discussion.

3. National Level Proposals

This chapter discusses necessary arrangements and schemes at the national level to support smooth implementation of the priority projects proposed in the Study, to ensure self-sustainable development of the tourism-related SMEs, and to promote local participation.

3.1. Institutional Arrangements for Project Implementation

3.1.1. Assumptions

The following considerations are necessary to certify the implementation of the priority projects.

- Compliance with the requirements of donor agencies that would finance the priority projects,
- Capability of coordination among stakeholders such as government agencies, local government, and local people.
- Capability of managing and monitoring physical construction works

3.1.2. Basic requirements

(1) Financing

The borrower of the soft loan should be the Government of Peru. The Government should specify a government agency as the Supervising Organization that takes the responsibility to supervise project implementation. Ministry of Economy and Finance (MEF) would finance respective priority projects components that are implemented by various government agencies such as MITINCI, INC, INRENA, MTC, as well as local governments under the Supervising Organization.

(2) Supervising Organization (Implementation Agency)

Supervising Organization or Implementation Agency would function as the contact organization for the donor agency, supervise respective sub-projects, and coordinate among relevant government agencies, local governments, and other stakeholders so that respective projects would be implemented effectively to be consistent with the Tourism Master Plan.

(3) Project Coordination Unit for the Northern Tourism Region

The Supervising Organization should set up a Project Coordination Unit for the Northern Tourism Region. It is tasked to coordinate among relevant organizations to implement the priority projects. Members of the Unit would be personnel in charge of implementing respective project components from relevant organizations such as MITINCI, MIPRE, MTC, INC, INRENA and the CTARs. Other entities could be involved in the Unit as necessary. The Unit would be supported by international consultants upon request of the donor agency.

(4) Steering Committee for Project Implementation in the Northern Tourism Region

Steering Committee for Project Implementation in the Northern Tourism Region is a committee with representatives from Ministry of Economy and Finance (MEF), MITINCI, MIPRE, MTC, INC, and INRENA. It is tasked to coordinate among relevant organizations, and to provide advice to guide the Project Coordination Unit to a right direction.

(5) Northern Tourism Region Development Authority

The Northern Tourism Region Development Authority (NTRDA) is a semi-governmental organization that functions as implementing arms of MITINCI. Its original idea was proposed in the Phase 1 Master Plan Study, and the JICA Study Team considers that it is the most appropriate institutional arrangement since it would promote decentralization and concentrate tourism administration in MITINCI.

This arrangement, however, is not consistent with the national policy for smaller government and, therefore, would take time to establish the new semi-governmental organization. It may be necessary to establish a committee, as an alternative of NTRDA, with representatives from existing public and private entities such as Special Committee for Privatization (CEPRI Turismo), CTARs, CANATUR, APOTUR, APTAE, and AHORA.

3.1.3. Alternatives of the Supervising Organization

There are basically two possible alternative ideas as to the government agency that undertakes the Supervising Organization: MIPRE and MITINCI.

(1) Ministry of Presidency (MIPRE) as the Supervising Organization

MIPRE already has experiences of receiving foreign finances and implementing a number of infrastructure and facility projects. It also has tourism know-how since it has the Tourism Infrastructure Project Section and PLANCOPESCO under its jurisdiction. Since it does not require any institutional modification, it is the most practical institutional arrangement for the project implementation. This arrangement, however, does not solve a long-standing issue of fragmented tourism administration that has impeded its efficiency and consistency. Therefore it would be viewed as a temporary arrangement rather than a solution.

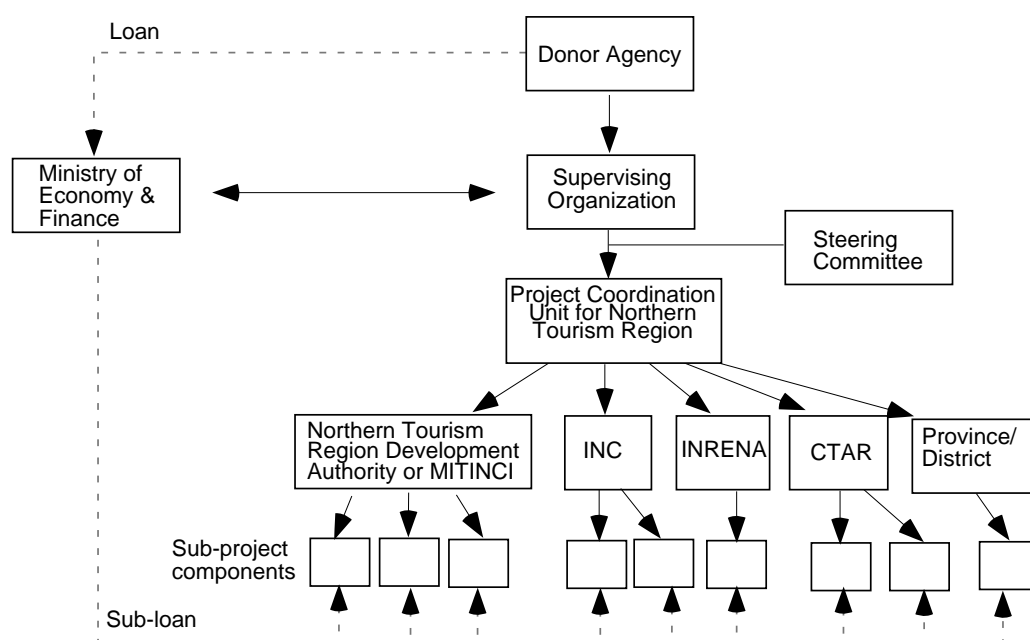
(2) MITINCI as the Supervising Organization

Contrary to the former case, if MITINCI is assigned as the Supervising Organization, additional institutional arrangements has to be made since MITINCI does not have sufficient expertise and experiences to coordinate among CTARs and relevant organization, and to supervise tourism projects that accompany physical construction works. To cope with this, MITINCI should invite staff from the Ministry of Presidency to support the Project Coordination Unit. This arrangement is more desirable from the long-term perspective, although it would be more difficult to set up than the former idea.

Figure 3.1 shows an organization chart for the project implementation as the summary for

the above-mentioned institutional arrangements.

Figure 3.1 Proposed institutional arrangements for project implementation



Source: JICA Study Team

3.1.4. Conclusion

Each of the alternative ideas has its strengths and weaknesses. Decision should be made by the Peruvian Government with deliberate considerations of the strengths and weaknesses of the alternatives.

3.2. Promotion of Tourism-Related Small and Micro-Enterprises (SMEs)

3.2.1. Importance of Tourism SMEs in Peru

SMEs (small and micro-enterprises) represent 98% of the companies in Peru. They constitute 98% of the companies, 75% of the total employment, and 42% of the GDP. The trade and services sectors are second and third in importance after the agricultural sector, and the SMEs represent 40% of their GDP and 98% of the employment.

3.2.2. Areas of Tourism SMEs promotion

SMEs in the tourism sector mainly provide the following goods and services: hostels and lodges, restaurants, entertainment, handicrafts, local transportation, agricultural services and trade. A new field of tourism-related SMEs is taking shape in the areas of investigation (excavation and cleaning), maintenance works, restoration, and guarding of the natural and cultural tourist sites. It is necessary for people living in and around tourism sites to participate in these areas.

Promotion of production, marketing, and the quality of said goods and services would extend the benefits of tourism growth in income and employment. It will contribute to the sustainability of tourism development and conservation of cultural and natural heritage.

3.2.3. Financial Promotion for Small and Micro Enterprises

There are basically two fields of SME promotion: financial and non-financial ones.

The Government of Peru provides financial services through a group of financial institutions; the most important of which is the Financial Corporation of Development – COFIDE. The following is a list of institutions that provide financial services for tourism SMEs.

Table 3.1 Institutions and financial services

Institutions	Program	Services	Areas	Period	Credit (US\$1000)
COFIDE	PROPEM. MICROGLOBAL Lineas Propias	Credit	Small- and micro- enterprises	1997	120,588
FONDEMI	Credit fund for micro-enterprises	Credit	Micro-enterprises	1994-1997	9,879
BANMAT	Local and machinery credit	Credit	Micro- and family-run enterprises	N.A.	N.A.
MIBANCO	Bank of Micro-enterprise	Credit	Micro-enterprises	1997	36,000
FOGAPI	Guarantee fund	Guarantee and deposit	Small- and medium-sized enterprises	1996-1997	4,504
FONREPE	Security fund of credit	Guarantee	Small- and medium-sized enterprises	N.A.	N.A.

Note: MiBanco is a private entity with its origin in Peru.

Source: The State Promotion to Small and Micro-enterprises in the Peru. Fernando Villaran and Samuel Chincaro 1998.

It is important to examine the COFIDE' financial allocation using the figures in their Annual Report. For 1998, COFIDE allocated a total 10.4% for SMEs. The allocations outside of Lima were 27.6% of the total of their operations, and only 8.6% to the Northern Region. There is a necessity to increase the allocations from COFIDE to the PYMEs and to even decentralize their operations.

3.2.4. Promotion of Non Financial Character

Recent experiences witness that the results of the financial promotion are secured and increased if it is accompanied by the non-financial promotion services.

(1) Public sector

The Government of Peru carries out non-financial promotion through a group of programs and institutions in the following areas: establishment of companies, formalization and training; information, connection, domestic commercialization and exports. These tasks are conducted by the following organizations in independent ways: Ministry of Agriculture, Ministry of Labor, MITINCI, Ministry of Fishery, Ministry of Transport, Communication, Housing and Construction, COFOPRI, COFIDE, PROMPEX, PROMPYME and PRONAA.

Two programs exist in MITINCI. Micro-enterprise Program European Union – MITINCI, and the Program of Small and Micro-Enterprises, are relatively important not only because they are located in the administrative area directly responsible for tourism, but also the range of its services and the importance of its contents.

(2) Private sector

The private sector participates mainly in the promotion activity through a group of NGOs and development entities for small and micro enterprises. A program that may be in relationship with the Study is the Agreement ADEX-USAID, directed to the support of micro-enterprises and small producers in Chulucanas.

3.2.5. Proposal for the Integral Promotion of SMEs in the Tourism Sector

- Integral promotion of the SMEs of the tourism sector by the Government should include both financial and non-financial mechanisms.
- COFIDE could reduce the spread of the funds, which it obtains from the multilateral and bilateral organizations, and that it channels to financial intermediate entities.
- An alternative to the preceding plan is that without reducing the Spread of COFIDE; this entity dedicates important part of this revenues to the non-financial promotion of the SMEs, carrying out integral agreements of promotion with the NGOs and the development entities of small and micro-enterprises that work in this sector.
- Apart from the above, a fund specifically targeted at tourism SMEs should be negotiated with a multilateral or bilateral financial entity.
- Non-financial promotion of the tourism SMEs in relation with the Study should be developed by the implementing entity of the Master Plan with strong linkage to the financial promotion.

The following projects that aim at promoting Tourism-related SMEs are proposed in the Study.

(1) Priority projects

- Development of Parque de Baluarte including a handicraft training center (Trujillo),
- Development of La Encantada Ceramic Village (Piura), and
- Tourism Improvement of San Juan Market (Iquitos).

(2) Long-term projects

- Tourism Improvement of Monsefú handicraft town (Chiclayo),
- Tourism Improvement of the Dionisio Romero market (Catacaos), and
- Training Program for Tourism SMEs Other Than the Handicraft Sector (all over the Study Areas).

3.3. Establishment of a System to Support Local Participation

There are basically two approaches to promote local participation. One is to invent tourism ideas specific to each project or sub-project. Another is to establish a system, which supports local participation. Since the former approach will be discussed in the respective chapters for the three Tourism Corridors, this section concentrates in the latter approach.

3.3.1. Introduction of the Community Support Fee

(1) Financial arrangement to promote local participation

There is a need to provide a financial basis in order to enforce local participation. In view of the necessity to involve local community in tourism development, it is proposed to spare 1% of the total cost of the priority projects for use as a Community Support Fee for the Study Areas.

(2) Use of the Community Support Fee

a. Public relations

Publicizing the necessity of implementing tourism projects for local community is the first step to involve local community. MITINCI should conduct public relations activities using its “Tourism Awareness Program.” The public relations activities do not only focus on the effects and benefits of projects but also the supporting measures provided by the government for local community members to participate in tourism-related businesses.

b. Working funds for Sub-project Implementation Committees

Sub-project Implementation Committee, which will be discussed later in this section, is a mechanism for coordinating among stakeholders including local community members in and/or around the sub-project site. Part of the Community Support Fee should be spared as the working fund for starting up and operating the Sub-project Implementation Committees in the Study Areas.

c. Participatory Tourism Support Program

The Participatory Tourism Support Program, which is also detailed later in this section, is a program for supporting community-based tourism development plans, and for providing training and education necessary to implement local tourism plans. This program covers not only the communities involved in the priority projects but also communities with tourism ideas and plans like those presented in the Volume 3 for implementation in the next stage. The Community Support Fee would be spared for this program to hire staff to provide necessary supporting measures.

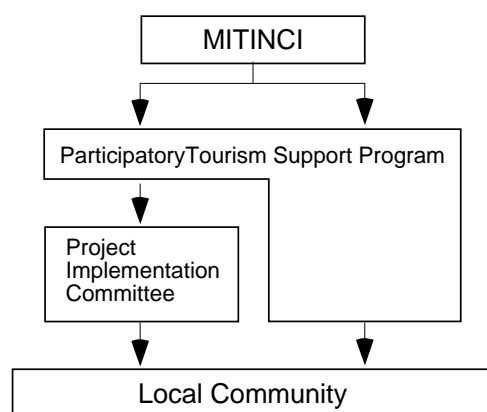
d. Tourism promotion

Although tourism promotion should be conducted by gathering contributions from the private sector in the long-term perspective, the Community Support Fee may be used at the startup stage.

(3) Management of the Community Support Fee

Under the coordination of the Supervising Organization, MITINCI should manage the Community Support Fee through its local offices in CTAR. Figure 3.2 shows a proposed flow of the Community Support Fee.

Figure 3.2 Flow of the Community Support Fee



Source: JICA Study Team

3.3.2. Sub-project Implementation Committee – Organizing and Activating Local People

As has been discussed previously in this chapter, respective sub-projects would be implemented by respective organizations at local and national levels under the Supervising Organization. In many cases, several organizations implement a sub-project proposed in the Study. In case of tourism improvement of an archaeological site, INC takes charge of improvement within the boundary of archaeological site, while CTAR builds access road, and electric company installs power supply. A mechanism to coordinate among these organizations has to be introduced. Moreover, it is necessary to provide local government and local community members with an official opportunity to participate in project implementation.

For these purposes, the Supervising Organization should urge each responsible implementation body of sub-projects to establish a Sub-project Implementation Committee. Sub-project Implementation Committee should be composed of representatives from organizations that implement respective components of a sub-project as well as local community and local governments at the provincial and district levels. Its working funds would be supplied through the Community Support Fee. Local community could use the mechanism to secure their tourism opportunities. To clarify the location of responsibility, the Supervising Organization should specify an implementation body of each sub-project that plays the central role to organize the Sub-project Implementation Committee.

Sub-project Implementation Committee should be transformed to Local Tourism Organization after the completion of physical construction works, gradually shifting the initiative in the organization from the public sector to the private. The organization should coordinate among stakeholders to maintain and improve the tourism destination, and to conduct tourism promotion activities.

3.3.3. Participatory Tourism Support Program

In the course of this Study, a large number of locally conceived project ideas were delivered to JICA Study Team. Although some of the projects were incorporated in the priority projects, many are placed in the long-term project category due largely to low project maturity. These project ideas need to be elaborated by the people who conceived. The objectives of the Participatory Tourism Support Program is to provide know-how and

training to support local participation in general, and, in particular, to incubate locally conceived tourism projects for future implementation.

MITINCI or proposed Northern Tourism Region Development Authority would operate the Program with the cooperation from CENFOTUR funded by the Community Support Fee. A six-phase method to achieve an optimal involvement of local community is proposed as follows:

- Phase 1: Identification of characteristics in each destination (recognizing strengths and weaknesses in relation to tourism activity);
- Phase 2: Identification of opportunities in each destination;
- Phase 3: Identification of persons and programs able to participate in each destination;
- Phase 4: Identification of supporting measures for each destination;
- Phase 5: Execution of programs; and,
- Phase 6: Evaluation and correction of programs.

The program would be conducted under a “teach the teachers” scheme to ensure self-sustainable development in the future. The Community Support Fee would be spared for this program to hire Peruvian staffs who are tasked to incubate local tourism plans, international consultants who provide the Peruvian staffs with know-how to support community-based tourism plans, and to host seminars, workshops, and meetings.

4. The Trujillo – Chiclayo Tourism Corridor Development Plan

4.1. Regional Context

4.1.1. Geographic overview

The Trujillo – Chiclayo Tourism Corridor covers a Pacific coastal area some 600km northwest of Lima. It is defined as an area that includes the coastal provinces of La Libertad Department and the Lambayeque Department. Trujillo is the capital city of La Libertad Department, and Chiclayo is the capital city of the Lambayeque Department.

4.1.2. Historical background

The Tourism Corridor's climate is arid despite its coastal location, which is caused by the cold Humboldt Current off the Pacific Ocean. However, cultivation has been started around 4000 BC in river valleys fed by the rainfall in the Andes. The Trujillo - Chiclayo Tourism Corridor has been a cradle of Prehispanic Cultures. Archaeological sites that are important in connection with this Study are as follows:

- Moche Culture (300-800 AC): Huacas del Sol y la Luna, El Brujo, Dos Cabezas, Sipan,
- Lambayeque Culture (800-1000 AC) : Sican,, Pacatnamu, Tucume, and
- Chimu Culture (1000AC): Chan Chan.

In 1532, Francisco Pizarro arrived at Olmos in Lambayeque on his way to Cajamarca via Zaña. In 1534, Diego de Almagro founded Trujillo in the Chimu Valley. Diego Pineda founded Santiago de Miraflores de Zaña in 1563. The town, however, was plundered by the pirate Edward Davis in 1686, and destroyed by the flooding in 1720.

4.1.3. Socioeconomic Conditions

La Libertad Department has a total population of 1,415,512 in 1998. It accounts for 5.7 % of the national population and is the 3rd populous Department among the 24 Departments in Peru. Lambayeque Department has a total population of 1,050,280 in 1998, which accounts for 4.2 % of the national population and ranks the 8th.

JICA Study Team estimates a total of 30,000 employments is generated by the tourism sector.

Table 4.1 Estimated tourism-related employment

	La Libertad	Lambayeque
(1) Direct Employment in Hotel Sector	5,904	1,604
(2) Direct Employment Outside Hotel Sector (1) x 1.31	7,734	2,101
(3) Total Direct Employment (1) + (2)	13,638	3,705
(4) Indirect Employment (1) x 1.6	9,446	2,566
(5) Total Estimated Employment (3) + (4)	23,085	6,272

Source: JICA Study Team

4.1.4. Natural Environment

The Trujillo – Chiclayo Tourism Corridor has the following major habitat types similar to those in the Tumbes – Piura Tourism Corridor.

- Tumbes/ Piura dry forests
- Sechura desert

There are 4 protected nature areas in the Tourism Corridor as follows;

- Batan Grande Reserve Zone,
- Laquipampa Reserve Zone,
- Algarrobal El Moro Reserve Zone, and
- Puqio Santa Rose Protected Forest.

In addition to the above, Cerro de Campana and Cañoncillo forest are worth consideration for designation as protected areas. MITINCI designates Batan Grande and Huanchaco as Tourism Reserve Zone and Tourism Center Zone.

4.2. Tourism Conditions

4.2.1. Tourism Resources

Trujillo – Chiclayo Tourism Corridor is characterized by abundance of Pre-Inca archaeological sites such as Chan Chan, Sipan, El Brujo, and Batan Grande Reserve Zone. Colonial and republican style buildings, nature areas, and folkloric traditions are considered tourism attractions supplementary to archaeological tourism. Beaches are relatively important for the domestic market. Table 4.2 shows the list of principal tourism resources.

4.2.2. Tourism Market

La Libertad Department recorded 612,475 visitor arrivals in 1998, while Lambayeque Department received 435,653 arrivals. International visitors account for 6% of the total bed-nights in the Tourism Corridor.

Table 4.3 and Table 4.4 show the major tourism indices for the two Departments.

Domestic visitors to the Trujillo and Chiclayo areas are mostly for business purposes. Although smaller in number, there are domestic tourists who come to the areas for colonial and Pre-Inca cultural experiences.

International visitors to this area are basically Europeans: German, Italian, French and Spanish, as well as, to a lesser extent, American and Argentineans. Tourism sites frequently included in tour itineraries are colonial buildings, Cassinelli Museum, University's Archaeological Museum, and Chan Chan in La Libertad, Brunning Museum, Tucume Archaeological Site, and Sipan in Lambayeque. Tourists' feedback regarding Sipan is not very favorable due to poor presentation of the site. Batan Grande and Zaña are rarely included in tour itineraries.

Table 4.2 Major Tourism Resources in Trujillo-Chiclayo Tourism Corridor

Department	Province	District	No	Ev	Name of the resources	Ctg	Era	Remarks
La Libertad	Trujillo	Trujillo	1	B	Casa del Mariscal Orbegoso	HS	CI	Colonial blg.
La Libertad	Trujillo	Trujillo	2	B	Casa Urquiaga	HS	CI	Colonial blg.
La Libertad	Trujillo	Trujillo	3	B	Casa de la Emancipacion	HS	CI	Colonial blg.
La Libertad	Trujillo	Trujillo	4	B	Casa Bracamonte	HS	CI	Colonial blg.
La Libertad	Trujillo	Trujillo	5	B	Palacio Iturregui	HS	CI	Colonial blg.
La Libertad	Trujillo	Trujillo	6	B	Palacio Arzobispal	HS	CI	Colonial blg.
La Libertad	Trujillo	Trujillo	7	B	Catedral/Basilica Menor	HS	CI	Cathedral
La Libertad	Trujillo	Trujillo	9	B	Trujillo National University Museum	CL	(Ph)	Museum
La Libertad	Trujillo	Trujillo	10	B	Museo Arq. Cassinelli	CL	(Ph)	Museum
La Libertad	Trujillo	Trujillo	12	B	Hca. Esmeralda	HS	Ph	Arc. site
La Libertad	Trujillo	Trujillo	13	B	Hca. del Dragon and Acro Iris	HS	Ph	Arc. site
La Libertad	Trujillo	Trujillo	14	A	Hca. del Sol y de la Luna	HS	Ph	Arc. site
La Libertad	Trujillo	Esperanza	15	A	Chan Chan Archaeological complex	HS	Ph	Arc. site
La Libertad	Trujillo	Huanchaco	16	A	Chan Chan site museum	HS	Ph	Museum
La Libertad	Trujillo	Huanchaco	17	B	Huanchaco Beach	NA	-	Beach
La Libertad	Ascope	Mag. de Cao	21	A	El Brujo Complex	HS	Ph	Arc. site
La Libertad	Pacasmayo	Pacasmayo	22	B	Pacasmayo Beach	NA	-	Beach, pier
La Libertad	Pacasmayo	Pacasmayo	23	A	Hca. Pacatnamú	HS	Ph	Arc. site
La Libertad	Pacasmayo	Pacasmayo	24	B	Hca. Dos Cavezas	HS	Ph	Arc. site
La Libertad	Pacasmayo	S. P. de Lloc	25	B	El Cañoncillo	NA	-	Scenery
Lambayeque	Chiclayo	Pimentel	29	B	Pimentel Beach	NA	-	Beach, pier
Lambayeque	Chiclayo	Monsefú	30	B	Handicraft market	MA	-	Com'l street
Lambayeque	Chiclayo	Zaña	31	B	Colonial Churches of Zaña	HS	CI	Colonial blgs.
Lambayeque	Chiclayo	Zaña	32	A	Sipán Archaeological Complex	HS	Ph	Arc. site
Lambayeque	Ferreñafe	Ferreñafe	33	A	Sicán Museum (under construction)	CL	(Ph)	Museum
Lambayeque	Ferreñafe	Pitipo	34	A	Batán Grande National Reserve	NA	-	Forest reserve
Lambayeque	Ferreñafe	Pitipo	35	A	Sicán Archaeological complex	HS	Ph	Arc. site

Notes: 1) Ev; Evaluation by the JICA Study Team; A:very important, B: important
 2) Ctg; Category/ NA=Natural, HS=Historical, CL=Cultural, LF=Tribe village & lifestyle, MA=Man-made
 3) Era/ Ph = Prehispanic, CI=Colonial, Rp=Republican
 4) Bolivar, Pataz, Sanchez Carrion, Otuzco, Santiago de Chuco Provinces in La Libertad and Lambayeque Province in Lambayeque Department are not included in Study Area.

Source: JICA Study Team

Table 4.3 Major tourism indices in La Libertad Department

Year		1992	1993	1994	1995	1996	1997	1998
Arrivals	Total	310,633	324,976	654,466	820,522	918,381	845,006	612,475
	Domestic	306,564	316,658	628,717	767,924	857,035	793,809	587,540
	International	4,069	8,318	25,749	52,598	61,346	51,197	24,935
Bed--nights	Total	493,973	513,965	1,200,093	1,347,863	1,467,168	1,295,359	827,070
	Domestic	487,471	498,476	1,144,581	1,243,075	1,337,964	1,188,463	776,285
	International	6,502	15,489	55,512	104,788	129,204	106,896	50,785
Average Length of Stay	Total	1.59	1.58	1.83	1.64	1.60	1.53	1.35
	Domestic	1.59	1.57	1.82	1.62	1.56	1.50	1.32
	International	1.60	1.86	2.16	1.99	2.11	2.09	2.04
Occupancy Rate		26.95%	32.08%	33.60%	38.03%	35.20%	33.75%	30.61%
Stock of Accommodations	Hotels	138	171	193	236	244	198	327
	Rooms	3,732	4,015	4,178	4,856	4,938	4,023	5,904
	Beds	5,343	6,224	6,844	7,834	7,310	8,178	6,390

Source: National Institute of Statistics and Information (INEI), MITINCI

Table 4.4 Major tourism indices in Lambayeque Department

Year		1992	1993	1994	1995	1996	1997	1998
Arrivals	Total	250,475	256,993	273,680	311,506	373,433	420,520	435,653
	Domestic	247,489	254,113	269,122	302,778	358,713	385,494	415,741
	International	2,986	2,880	4,558	8,728	14,720	17,026	199,112
Bed-nights	Total	288,566	298,268	311,250	355,135	435,135	610,648	704,140
	Domestic	283,643	294,197	304,817	343,505	414,406	576,791	664,257
	International	4,923	4,071	6,433	11,630	20,729	33,857	39,883
Average Length of Stay	Total	1.15	1.16	1.14	1.14	1.17	1.52	1.62
	Domestic	1.15	1.16	1.13	1.13	1.16	1.50	1.60
	International	1.65	1.41	1.41	1.33	1.41	1.99	2.00
Occupancy Rate		23.78%	24.15%	24.40%	27.09%	32.50%	34.20%	33.34%
Stock of Accommodations	Hotels	69	73	77	83	96	54	107
	Rooms	2,120	2,309	2,415	2,573	2,801	1,097	1,604
	Beds	3,494	3,772	3,947	4,229	4,554	1,135	1,930

Source: National Institute of Statistics and Information (INEI), MITINCI

4.3. Considerations for Sustainable Tourism

The following considerations should be paid to ensure sustainable development of the tourism sector.

(1) Natural Environment

- Designs of infrastructure must be harmonized with their surrounding environments.
- Any trees and ornamental flowers planted around any infrastructure should be native species.
- Trashes need to be adequately treated in and around buildings, along roads/ walking trails and rivers/ creeks.
- Master plans need to be drawn for each of the protected areas. Any tourism development in the protected areas should be carefully examined by INRENA.

- There is a clear seasonal difference. Appropriate management measures to meet the difference need to be required.
- Since it is very dry in the Study Area, prevention of bush fire has a high priority.
- When an access road to an archeological site is planned, an existing road should be improved instead of constructing a new one. Tourists are strongly requested to follow designated trails in order not to tamper their surrounding habitats.
- It is necessary to assess the impacts to insects especially in their breeding season in case light-up show is introduced.

(2) Cultural tourism resources

- Tourism use of Chan Chan must be limited to a certain sectors that could be managed as a unit with cultural, natural and social contexts.
- Because of the nature of the natural-cultural area, it is necessary for archaeologists and naturalists to collaborate to manage Batan Grande Reserve Zone with an integral plan.
- Necessary consolidation measures should be applied to introduce tourism to structures made of adobe.
- Tourism use of archaeological sites should accompany appropriate local participation measures.
- Archaeological sites should be used for tourism with sufficient considerations for the past cultural integrity like the supplementary roles of Pacatnamu and Dos Cabezas.
- Master plan should be drawn for the management of archaeological sites in case tourism use is considered.
- The structure of the San Agustin Church in Zaña needs to be consolidated before tourism use.

(3) Local Participation

- Sub-project Implementation Committees should be established for coordination among stakeholders, and as a catalyst to organize local community,
- Participatory Tourism Support Program should be offered to local communities to promote local participation,
- Projects for handicraft promotion should be given a high priority in the tourism development plans since it contributes greatly to increase visitor spending and distribute tourism benefits to a wider range of people.
- Considerations for historical ties should be paid for planning tourism sites, in particular, in the Moche Village where people have a cultural tie with Huacas del Sol y la Luna.
- Site museums at archaeological sites should have a system to allow the participation of local communities in operation and management.

4.4. Tourism Development Strategy

4.4.1. SWOT Analysis of the Trujillo – Chiclayo Tourism Corridor

The followings are the result of the SWOT (strengths, weaknesses, opportunities, and threats) analysis of the Trujillo - Chiclayo Tourism Corridor.

(1) Strengths

- Excavated artifacts are one of the most attractive ones in Peru.
- Many of the archaeological sites are under excavation, which means visitors may have opportunities to observe, and even participate in, excavation works, which would make a great tourist attraction.
- Due to low altitude, relatively developed infrastructure, and proximity to Lima, and availability of beaches, it could be easy and fun to travel in the Trujillo and Chiclayo Tourism Corridor.

(2) Weaknesses Corridor

- Many of the archaeological sites in the area do not appeal to people who don't have knowledge of archaeology.
- Most of the existing tourism products are archaeological sites, and lack in variety of tourism products and ideas to entertain visitors.
- Facilities, infrastructure, and services to receive visitors are generally poor and need improvement.

(3) Opportunities

- Archaeological tourism is the mainstay of tourism in the Trujillo-Chiclayo Tourism Corridor.
- Museums would play an important role since excavated artifacts are a strength of the Tourism Corridor.
- Nature, historical cities, and beaches would effectively supplement archaeological tourism to make tour itineraries more exciting and fun.

(4) Threats

- Insufficient local involvement would significantly increase the risk of deteriorating heritage sites.

4.4.2. Market Strategy

Market strategy has been set as follows based on the analysis of existing conditions.

(1) General

- The Tourism Corridor needs an appropriate name to increase awareness of Pre-Inca Cultures that once thrived in the area, and to promote trips between the two cultural destinations. “Ruta Mochica (Mochic Route),” which was suggested in a workshop by an attendant, would be an idea.

(2) International market

- The principal target market for the Trujillo – Chiclayo Tourism Corridor is

archaeological tourism from the long-haul market including North America, Europe, and Asia.

- The fact that many of the archaeological sites in the area are under excavation is an appeal to the market, for visiting emerging destinations would give them a sense of superiority.
- New tourism products should be invented and introduced to make archaeological tourism more enjoyable for a wider range of people.
- Since the market prefers touring itineraries, linkage with neighboring destinations in the Sierra such as Cajamarca and Huaraz would be important.

(3) Domestic market

- Beach holiday combined with visit to archaeological sites would appeal to the domestic market.
- Resort tourism elements such as ease of travel due to low altitude, seafood gourmet would be important to differentiate the Tourism Corridor from its competitor archaeological destinations.
- Folkloric traditions such as Marinera, Caballo de Paso, and various handicrafts should be arranged for tourism use. They are only supplementary attractions for the international market but could be the purpose of visits for the domestic market.

4.4.3. Tourism Product Development Strategy

Based on the above-mentioned market strategy, the following directions for developing tourism products have been identified.

- Development/ improvement of museums and on-site museums is especially important for the Trujillo – Chiclayo Tourism Corridor since excavated artifacts are a focus of the trip.
- Efforts should be made to improve how archaeological sites are presented to visitors. Further excavation and restoration works, introduction of tourism attractions like “sound and light show,” and development of “archaeological park” would contribute greatly to make archaeological sites more attractive for those who don’t have ample knowledge of archaeology.
- A system that enables volunteers to participate in archaeological excavation should be introduced.
- Archaeological tourism should be combined with other types of tourism such as exploration of nature areas, and visit to rural community and historical cities.
- Historical cities should be improved for tourism use so that they would work as accommodation bases for archaeological tourism.
- Promoting handicraft production and sales is necessary to increase tourist expenditure, and distribute tourism benefits to a wider range of people.
- Local community members should be encouraged to participate in operating visitor facilities and services not only to extend tourism benefits but also to attach “authenticity” to tourism products.

4.4.4. Spatial Development Strategy

The basic spatial structure of the Trujillo – Chiclayo Tourism Corridor is quite visible in that most of the tourists stay in Trujillo and/or Chiclayo and visit tourism sites in the towns and their surrounding areas. The followings are necessary directions for spatial development.

- Development/improvement of circular tour routes for one-day trip from the Tourism Centers of Trujillo and Chiclayo.
- Pacasmayo, which is located in the middle of the Tourism Corridor and is close to a junction to Cajamarca, has to be developed strategically as a Tourism Sub-Center to promote Tourism Corridor formulation.

Figure 4.1 shows the spatial development strategy for the Tourism Corridor.

4.5. Tourism Demand Framework

Tourism development framework for the respective Tourism Corridors are set based on the national development framework that is proposed in the Phase 1 Study. The target number of bed-nights in the Tourism Corridor in 2005 is 5,003,000, of which 495,000 or 10% are occupied by international visitors. The target number of visitor bed-nights in 2015 is 8,844,000, of which 1,038,000 or 12% are international visitors.

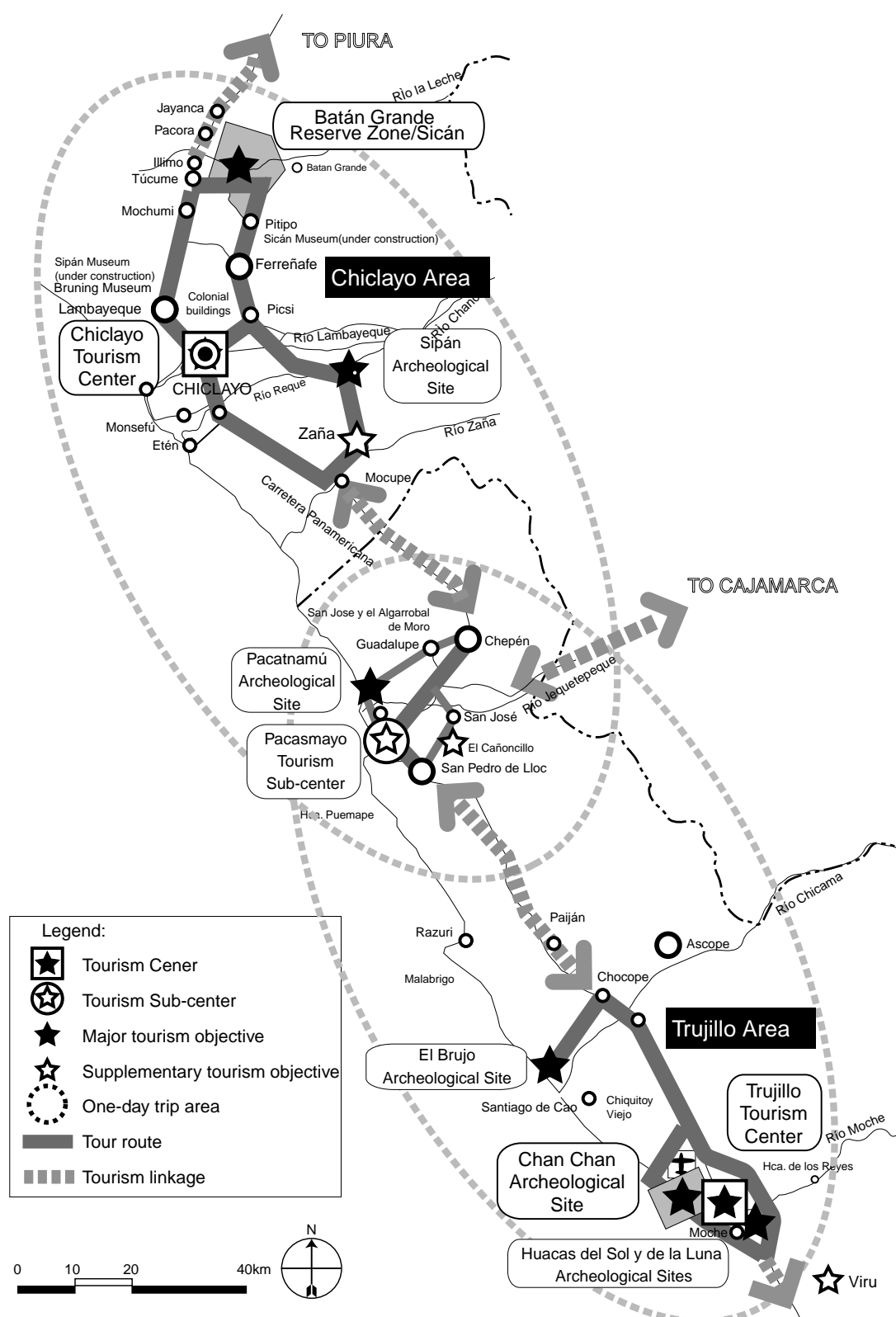
It is noted that the figures are on the estimation basis as has been discussed in the Chapter 2. Therefore, the figures in 1997 do not agree with the figures in the hotel statistics except the number of hotel rooms.

Table 4.5 Development framework for the Trujillo – Chiclayo Tourism Corridor

	1997	2005	2015
Int'l arrivals	115,000	285,000	509,000
Domestic arrivals	1,999,000	3,251,000	5,612,000
Total arrivals	2,115,000	3,536,000	6,121,000
Int'l bed-nights	195,000	495,000	1,038,000
Domestic bed-nights	2,830,000	4,507,000	7,806,000
Total bed-nights	3,024,000	5,003,000	8,844,000
Available/ required rooms	7,900	12,300	21,700

Source: JICA Study Team

Figure 4.1 Tourism spatial structure in the Trujillo – Chiclayo Tourism Corridor



4.6. Projects and Programs

4.6.1. Project Evaluation

Existing projects and project ideas proposed by a broad range of organizations and individuals in the Study Area as well as by JICA Study Team were evaluated based on the criteria as described in the Chapter 2, namely, conformity with the development strategy, urgency and impact, and project maturity. Each project was evaluated by calculating the total of points given in 3 grades to the respective evaluation criteria. As has been discussed in the development strategy, tourism improvement of archaeological sites is given high priority. Development of Pacasmayo is important from the viewpoint of tourism corridor formulation. The result of the evaluation is shown in Table 4.6.

Table 4.6 Result of project evaluation for the Trujillo - Chiclayo Tourism Corridor

No	Project name	Department/ Province/ District	Strategy	Urgency	Maturity	Total
Priority sub-projects						
1	Construction of the New Trujillo Bypass Road	La Libertad/ Trujillo/ Trujillo/ Moche	3	3	3	9
2	Development of Chan Chan Archaeological Park	La Libertad/ / Huanchaco	3	3	3	9
3	Tourism Improvement of Huacas del Sol y la Luna	La Libertad/ / Moche	3	3	3	9
4	Development of Parque del Baluarte	La Libertad/ Trujillo/ Trujillo	3	3	2	8
5	El Brujo Tourism Improvement	La Libertad/ Ascope/ M. de Cao	3	3	2	8
6	Beautification of the Historical Center of Pacasmayo	La Libertad/ Pacas./ Pacasmayo	3	3	2	8
7	Circuit Road Improvement: Fereñafe - Huaca Rajada - Cayalti	Lambayeque/ Chiclayo/ Zaña	3	3	2	8
8	Development of the Sipan Archaeological Park	Lambayeque/ Chiclayo/ Zaña	3	3	2	8
9	Tourism Improvement of the Batán Grande Reserve Zone	Lambayeque/ Fereñafe/ Pitipo	3	3	2	8
10	Sign System Program	Whole Tourism Corridor	3	3	3	9
11	Participatory Tourism Support Program	Whole Tourism Corridor	3	3	3	9
Long-term projects						
1	Improvement of terminal building of Trujillo airport	La Libertad/ Trujillo/ Huanchaco	1	1	1	3
2	Construction of the new international airport	La Libertad/ Trujillo/ Huanchaco	1	1	1	3
3	Beautification of Huanchaco coastal road	La Libertad/ Trujillo/ Huanchaco	2	2	2	6
4	Construction of Totorá boat visitor center in Huanchaco	La Libertad/ Trujillo/ Huanchaco	3	2	1	6
5	Develop't of infra., site museum and landscaping in Galindo	La Libertad/ Trujillo/ Laredo	3	2	1	6
6	Conservation of Caballo Muerto complex (Huaca de los Reyes)	La Libertad/ Trujillo/ Laredo	3	2	1	6
7	Construction of eco-museum Moche	La Libertad/ Trujillo/ Moche	2	2	2	6
8	Development of handicrafts industry	La Libertad/ Trujillo/ Moche, others	3	2	2	7
9	Beautification of access road from the city center to Chan Chan	La Libertad/ Trujillo/ Trujillo	3	2	2	7
10	Improvement of infrastructure of Trujillo, Moche, Huanchaco	La Libertad/ Trujillo/ Trujillo, others	1	1	1	3
11	Cyolu Angang Atin Sam archeological & ethnographic museum	La Libertad/ Trujillo/ Trujillo	3	2	2	7
12	Road development between Chan Chan and El Brujo	La Libertad/ Trujillo, Ascope	2	2	2	6
13	Improvement of historical building "San Agustín"	La Libertad/ Pacas./ Guadalupe	2	1	1	4
14	Improvement of Pacatnamu archeological site	La Libertad/ Pacas./ Guadalupe	3	3	1	7
15	Construction of visitor center for Pacatnamu archeological site	La Libertad/ Pacas./ Guadalupe	3	3	1	7
16	Construction of sanitary landfill site for Guadalupe/ Pacasmayo	La Libertad/ Pacas./ Guadalupe	1	1	1	3
17	Road improvement from Panamericana to Pacatnamu site	La Libertad/ Pacas/ Jequetepeque	3	2	1	6
18	Conservation of Huaca de Dos Cabezas	La Libertad/ Pacas./ Jequetepeque	3	2	2	7
19	Road improv't from Panamericana to Dos Cabezas	La Libertad/ Pacas./ Jequetepeque	3	2	2	7
20	Improvement of archeological site Huaca Dos Cabezas	La Libertad/ Pacas./ Jequetepeque	3	2	2	7
21	Construction of site museum for Dos Cabezas	La Libertad/ Pacas./ Jequetepeque	3	2	2	7
22	Restoration of "Casa Enafer" and historical district	La Libertad/ Pacas/ Pacasmayo	2	2	2	6
23	Development of convention/ exhibition center, and casino	La Libertad/ Pacas/ Pacasmayo	2	2	2	6
24	Dev. of promenade and integration of Casona Monument	La Libertad/ Pacas/ Pacasmayo	2	2	2	6

25	Restoration of historical pier	La Libertad/ Pacasmayo/ Pacasmayo	3	2	2	7
26	Beautification and conservation of historical center	La Libertad/ Pacasmayo/ Pacasmayo	3	2	2	7
27	Constrc'n of intersection and road improv't from Panamericana	La Libertad/ Pacasmayo/ Pacasmayo	2	1	2	5
28	Improvement of urban infrastructure of Pacasmayo	La Libertad/ Pacasmayo/ Pacasmayo	2	1	2	5
29	Protection and management of "El Cañoncillo" forest	La Libertad/ Pacas/ S. P. de Lloc	3	2	2	7
30	Conservation of El Cañoncillo complex (Tacape sector)	La Libertad/ Pacas/ S. P. de Lloc	2	2	2	6
31	Access road improvement from Panamericana to Puemape	La Libertad/ Pacas/ S. P. de Lloc	2	2	2	6
32	Development of Ascope tourism town	La Libertad/ Ascope/ Ascope	2	2	1	5
33	Protection and promotion of La Laguna archeological site	La Libertad/ Ascope/ Ascope	2	2	1	5
34	Program of tourism education for the community	La Libertad/ Ascope/ Ascope	2	2	1	5
35	Road improvement	La Libertad/ Ascope/ Ascope	2	2	1	5
36	Tourism development in Ascope	La Libertad/ Ascope/ Ascope	3	2	1	6
37	Archeological investigation and rehabilitation of Facala	La Libertad/ Ascope/ Ascope	2	2	1	5
38	Canal de La Cumbre recovery and promotion	La Libertad/ Ascope/ Chicama	2	2	2	6
39	Access road improvement: Huanchaco to Magdalena de Cao	La Libertad/ Ascope/ Chocope	2	2	2	6
40	Development of handicrafts industry	La Libertad/ Ascope/ M. de Cao	3	2	1	6
41	Development of museum	La Libertad/ Ascope/ M. de Cao	3	2	1	6
42	Development of tourist recreational center	La Libertad/ Ascope/ M. de Cao	3	2	1	6
43	Development of village tourism	La Libertad/ Ascope/ M. de Cao	3	2	1	6
44	Development of tourism complex	La Libertad/ Ascope/ M. de Cao	2	2	1	5
45	Game fishing as a tourism attraction	La Libertad/ Ascope/ M. de Cao	2	2	1	5
46	Preservation and promotion of tourist resources	La Libertad/ Ascope/ Razuri	3	2	1	6
47	Planning and development of sustainable tourism	La Libertad/ Ascope/ Razuri	3	2	1	6
48	Development of Guanape tourism islands	La Libertad/ Viru/ Viru	3	2	1	6
49	Restoration of Keneto Castle and monoliths	La Libertad/ Viru/ Viru	3	2	1	6
50	Road improv't : Panamericana - Castillo de Tomabal - Queneto	La Libertad/ Viru/ Viru	3	2	1	6
52	Development of new Chiclayo airport	Lambayeque/ Chiclayo/ Chiclayo	2	1	2	5
53	Beautification of historical center of Chiclayo (Plaza de Armas)	Lambayeque/ Chiclayo/ Chiclayo	2	2	2	6
54	Improvement of Chiclayo airport	Lambayeque/ Chiclayo/ Chiclayo	2	2	2	6
55	Improvement of urban infrastructure of Chiclayo	Lambayeque/ Chiclayo/ Chiclayo	1	1	2	4
56	Development of Eten seaport	Lambayeque/ Chiclayo/ Eten	1	1	2	4
57	Improvement of Monsefu handicrafts town	Lambayeque/ Chiclayo/ Monsefu	3	2	2	7
58	Conservation and development of San Agustin Church	Lambayeque/ Chiclayo/ Zana	2	2	2	6

Source: JICA Study Team

4.6.2. Priority Project

The Trujillo - Chiclayo Tourism Corridor Development Plan is a priority project for the Master Plan Study on National Tourism Development (Phase 2), which is to be implemented by year 2005. A total of 11 sub-projects are chosen for the priority project. The following section outlines respective priority sub-projects.

(1) Construction of the New Trujillo Bypass Roads

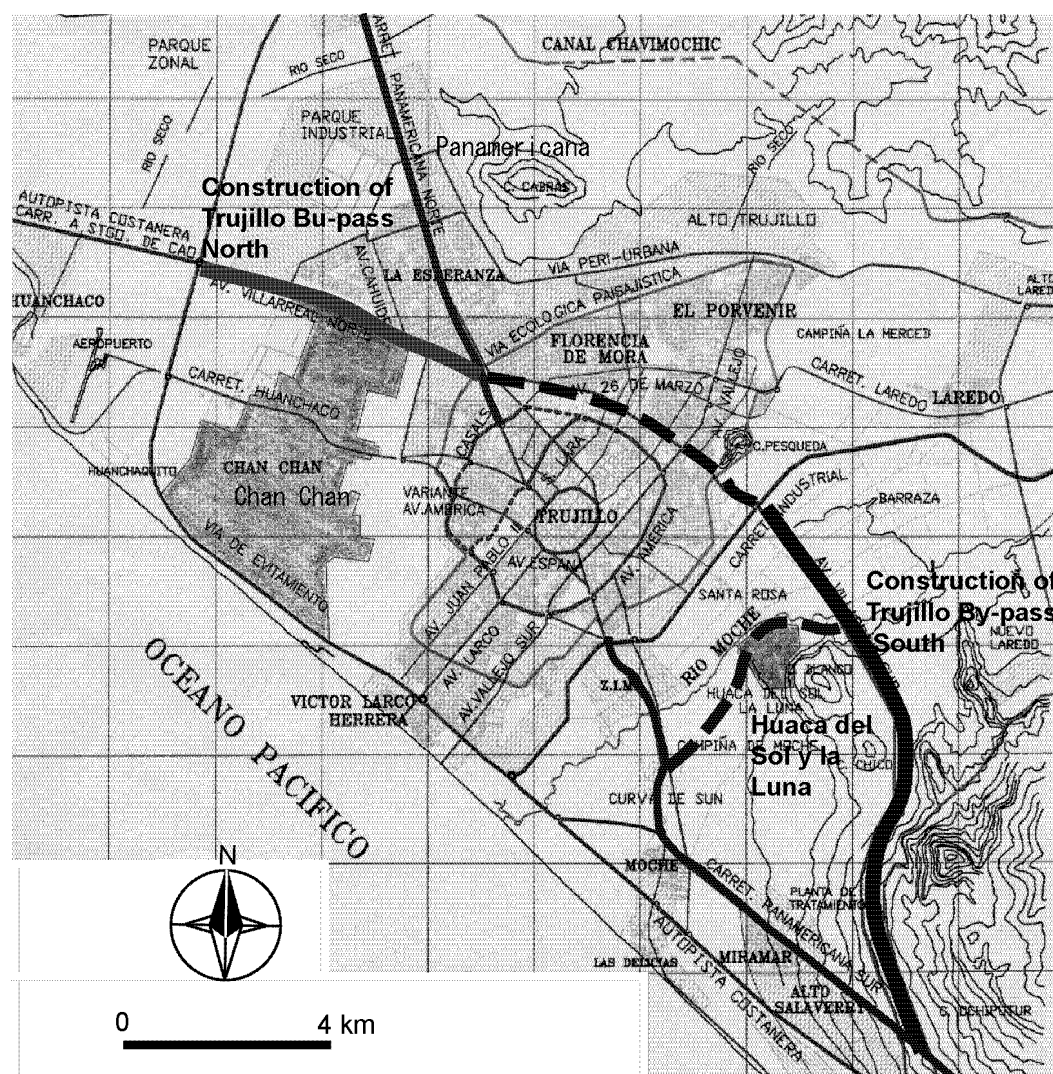
a. Outline of the sub-proeject

New Trujillo Bypass Roads or Avenida Villareal Norte and Sur, which were originally proposed in the Metropolitan Development Plan of Trujillo 2000, is highly recommendable from the view points of tourism development and heritage conservation since it solves the following three tourism-related issues in Trujillo.

- Relocation of the access road to the Trujillo airport for better site protection of the Chan Chan archaeological complex,

- Conservation of the historic center of Trujillo by decreasing the traffic volume that passes through the typical colonial city, and
- Construction of a new access road to Huacas del Sol y de la Luna, and formulation of a circular travel route for Trujillo.

Figure 4.2 Location of the Trujillo By-pass Construction (2 sections)

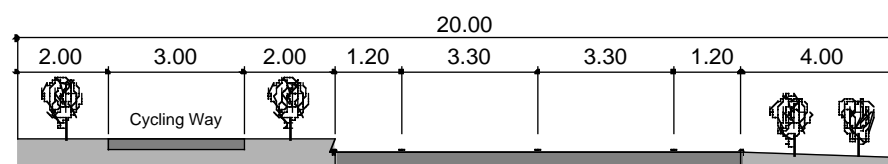


Source: Plan de Desarrollo Metropolitano de Trujillo. 2010, Trujillo-1995, JICA Study Team

Table 4.7 Sub-project components

Construction of Trujillo by-pass (2 sections)			
Construction of Av. Villarreal Norte	5.5	km	W=20m (pavement W=12m, cycling way W=3m, planting)
Construction of Av. Villarreal Sur	10	km	W=20m (pavement W=12m, cycling way W=3m, planting) including a bridge over Moche river

Source: JICA Study Team

Figure 4.3 Section of the Trujillo By-pass
Trujillo By-pass (Cost saving alternative)

Source: JICA Study Team

b. Sub-project Implementation

Responsible implementation body

CTAR – La Libertad would implement the sub-project and takes the charge of its operation and maintenance.

Other stakeholders

Trujillo Province, residents along the by-pass road, MITINCI

c. Local Participation

Construction works would generate local employment. Adequate considerations should be paid to communities located close to the proposed road construction site.

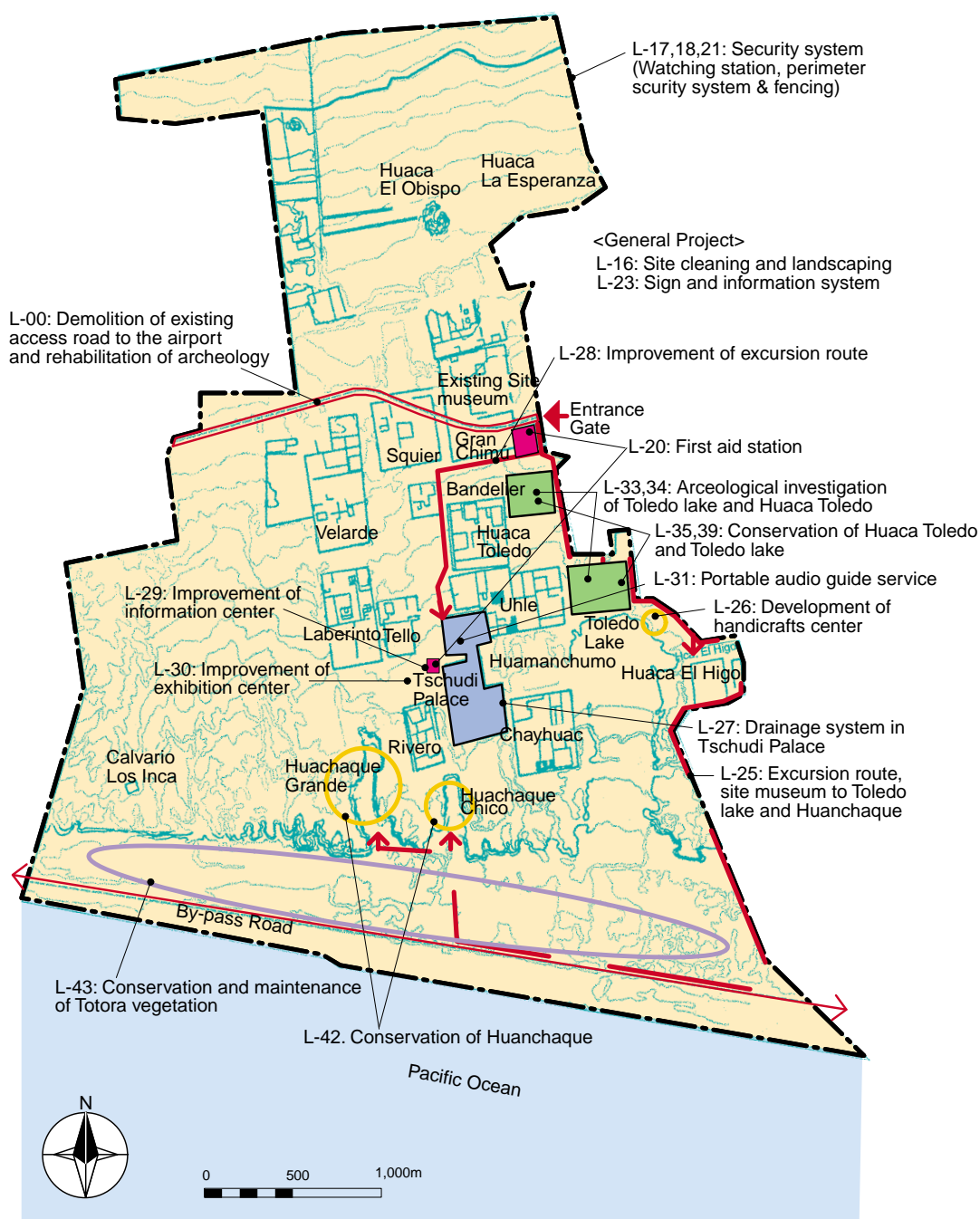
(2) Development of the Chan Chan Archeological Park

a. Outline of sub-project

This sub-project improves visitor facilities for the Chan Chan Archaeological Complex to promote conservation and tourism use. JICA Study Team analyzed “Master Plan for the Conservation and Management of the Chan Chan Archaeological Complex 1999,” and selected components of the highest priority with 1) urgency, 2) Contribution to increase the attractiveness of the ancient city, and 3) spatial integrity for tourism use as the criteria. Chosen components are the followings:

- General cleaning of the complex
- Construction of a security station
- Perimeter security system
- Construction of a first-aid station
- Perimeter wall around the complex
- Sign and information system in the Chan Chan Archeological Site
- Alternative excursion route: site museum – Toledo lagoon -Huachiques Area
- Recovery of traditional techniques and production center (for handicraft)
- Drainage system at Tschudi Palace
- Access road improvement to the northern annex of the Tschudi Palace
- Improvement of the information center in the Tschudi Palace
- Rehabilitation of the Tschudi Palace as a real on-site museum
- Portable audio guide service in the Tschudi Palace
- First-aid station at the Tschudi Palace
- Archaeological investigation of the Toledo Lagoon
- Archaeological investigation of Huaca Toledo

Figure 4.4 Development Plan of Chan Chan Archeological Complex



Source: Chan Chan Plan Maestro Para la Conservacion y Manejo del Complejo Arqueologico - INC - La Libertad 1999, JICA Study Team

- Conservation of the Huaca Toledo and its surrounding Area
- Recovery and conservation of the Toledo Lagoon
- Recovery and care of the Titora Reeds Vegetation
- Traffic information and signs for the complex
- Demolition of the existing airport road

- Utility services

b. Sub-project implementation

Responsible implementation body

INC would implement the sub-project and take the charge of its operation and maintenance.

Other stakeholders

UNESCO, CTAR – La Libertad, Huanchaco District, the private sector, residents in and around the archaeological complex, MITINCI

- MITINCI should provide commercial know-how of operating commercial establishments (cafes, restaurants, and souvenir shops), proposed horse-drawn carriage tours, and selling of handicraft and agro-products through the Participatory Tourism Support Program.

c. Local participation

- Sub-project Implementation Committee should be set up for coordination among the above-mentioned stakeholders.
- After the completion of the sub-project, the committee should be transformed into a Local Tourism Organization, which would be in charge of tourism destination management and tourism promotion.
- INC should seek for cooperation from MITINCI in the aspects of management and operation of tourism-related services such as restaurants, souvenir shops, and tours of the complex by carriage with guiding service. Part of existing agricultural land should be cultivated by local people, in particular, those who had lived in the area, with the same manner as the Chimu time. The agricultural products, which are inevitably organic, would be sold at the proposed handicraft center probably with much higher prices than markets.
- Similarly, “Totora” reeds vegetation would be rehabilitated with the help from local residents, and it would be used as materials for roofing the ancient city and also for handicraft.
- Proposed Handicraft Center provides local people with opportunities to produce handicrafts using the same technology as the Chimu and Moche times.
- Local people would participate in tourist events as casts that enact the mythical arrivals of Tacaynamo who founded Chan Chan.
- Site cleaning would be made involving local community members.

(3) Tourism Improvement of Huacas del Sol y la Luna Archeological Sites

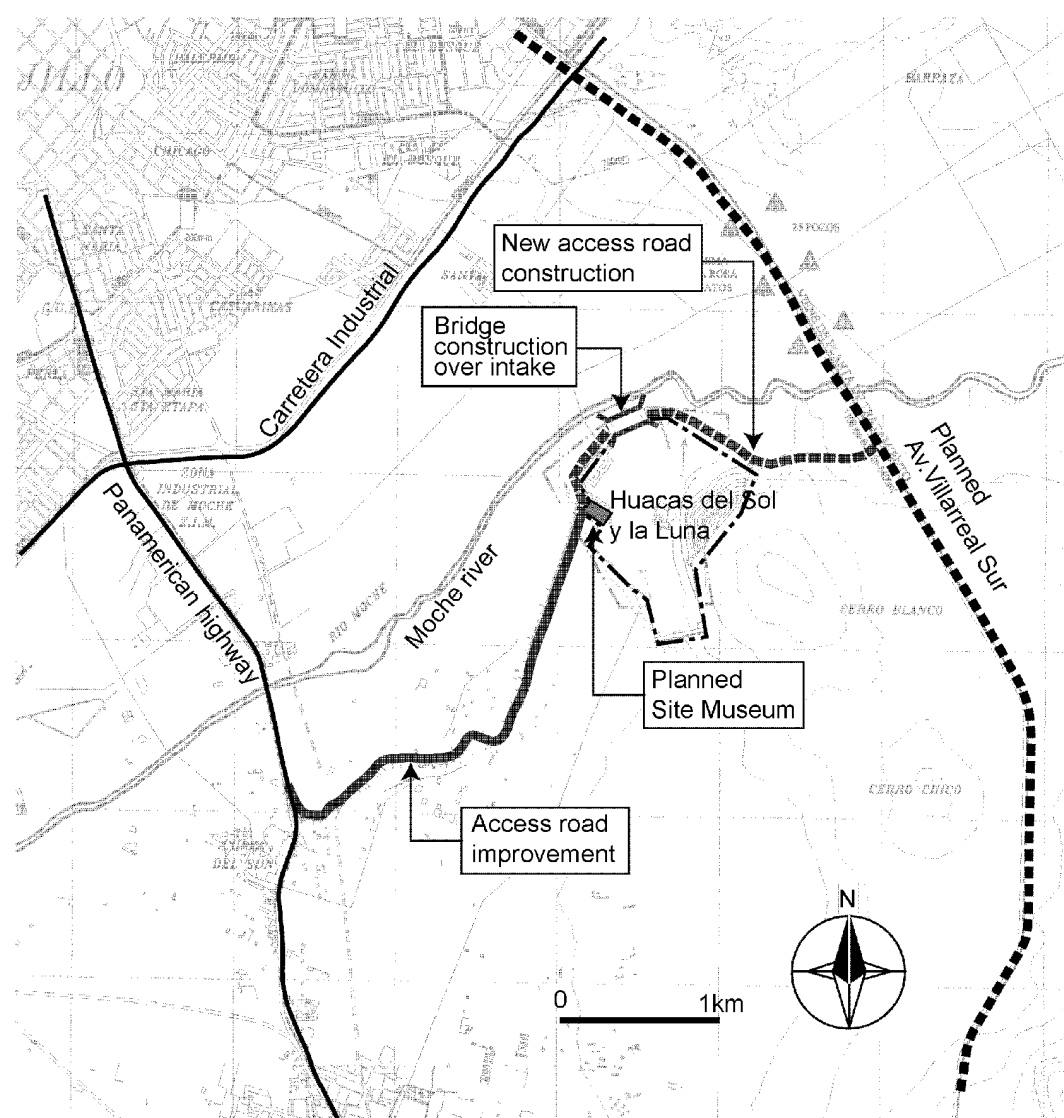
a. Outline of sub-project

This sub-project improves an access road to Huacas del Sol y la Luna, construct visitor facilities, and install equipment for “sound and light show.” Components of the sub-project are as follows:

- Site Museum,

- Sound and Light Show (Son et Lumiere),
- Construction/improvement of the access road,
- Water Supply,
- Sewerage, and
- Electricity.

Figure 4.5 Layout of access road construction and improvement to Huacas del Sol y la Luna



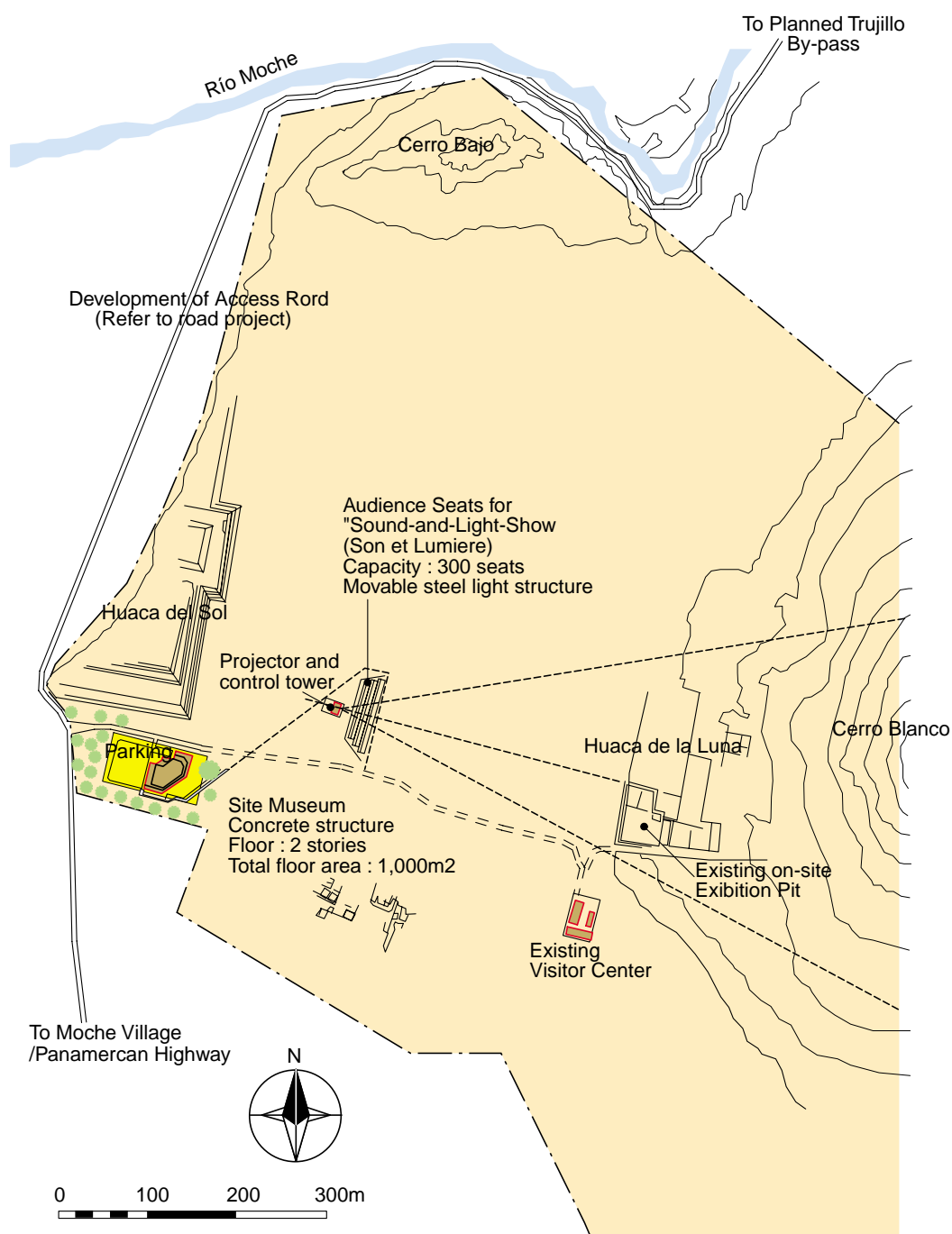
Source: Carta Nacional 1:100,000 – Instituto Geográfico Nacional, JICA Study Team

b. Sub-project Implementation

Responsible implementation body

INC would be responsible for the implementation of the sub-project, and take the charge of implementation, operation, and maintenance of the sub-project components within the archaeological complex.

Figure 4.6 Development plan of Huacas del Sol y la Luna Archeological Sites



Source: JICA Study Team

Supplementary implementation body

- Road projects: CTAR – La Libertad
- Water supply and sewerage: SEDALIB, and
- Electricity: HIDRANDINA
- Sound and light show: INC may need to consider sub-contracting the operation of the show to a private company.

Other stakeholders

Trujillo University, Moche District, the private sector, residents living around the archaeological site, MITINCI

c. Local participation

- Sub-project Implementation Committee comprised of the above-mentioned entities and stakeholders should be formed for smooth implementation of the sub-project and for coordination among the stakeholders.
- It is proposed to involve local community members as staff for the operation of the proposed site museum including cooperative shops that sells locally produced handicraft.
- “Casts” for the proposed sound and light show may be recruited from the local community. They would be ideal to play the roles of Moche nobles and warriors.
- The Committee should be transformed to a Local Tourism Organization after the completion of the construction works. The initiative of the organization should be gradually handed over to the Moche District. The organization should make efforts to increase visitor spending in the village by encouraging establishment of shops and restaurants along the access road.

(4) Development of “Parque del Baluarte (Fortress Park)”**a. Outline of sub-project**

The candidate land is located in the periphery of the historic center of Trujillo facing the Avenida España, which used to be the city’s fortification during the colonial time. This sub-project develops a public park containing an existing bullring, a handicraft center with training facility, other tourism-related facilities, and a parking building. It aims at increasing the attractiveness of the city for citizens and visitors, promoting handicraft production, and reducing traffic volume in the historic center. The components of the sub-project are as follows:

- Local Product Promotion Center, handicraft showcase, and local cuisine restaurants,
- Renovation of bull ring, and
- Car parking building.

b. Sub-project implementationResponsible implementation body

CTAR – La Libertad would be responsible for the implementation of the sub-project, and take the charge of operation and maintenance of the site.

Supplementary implementation body

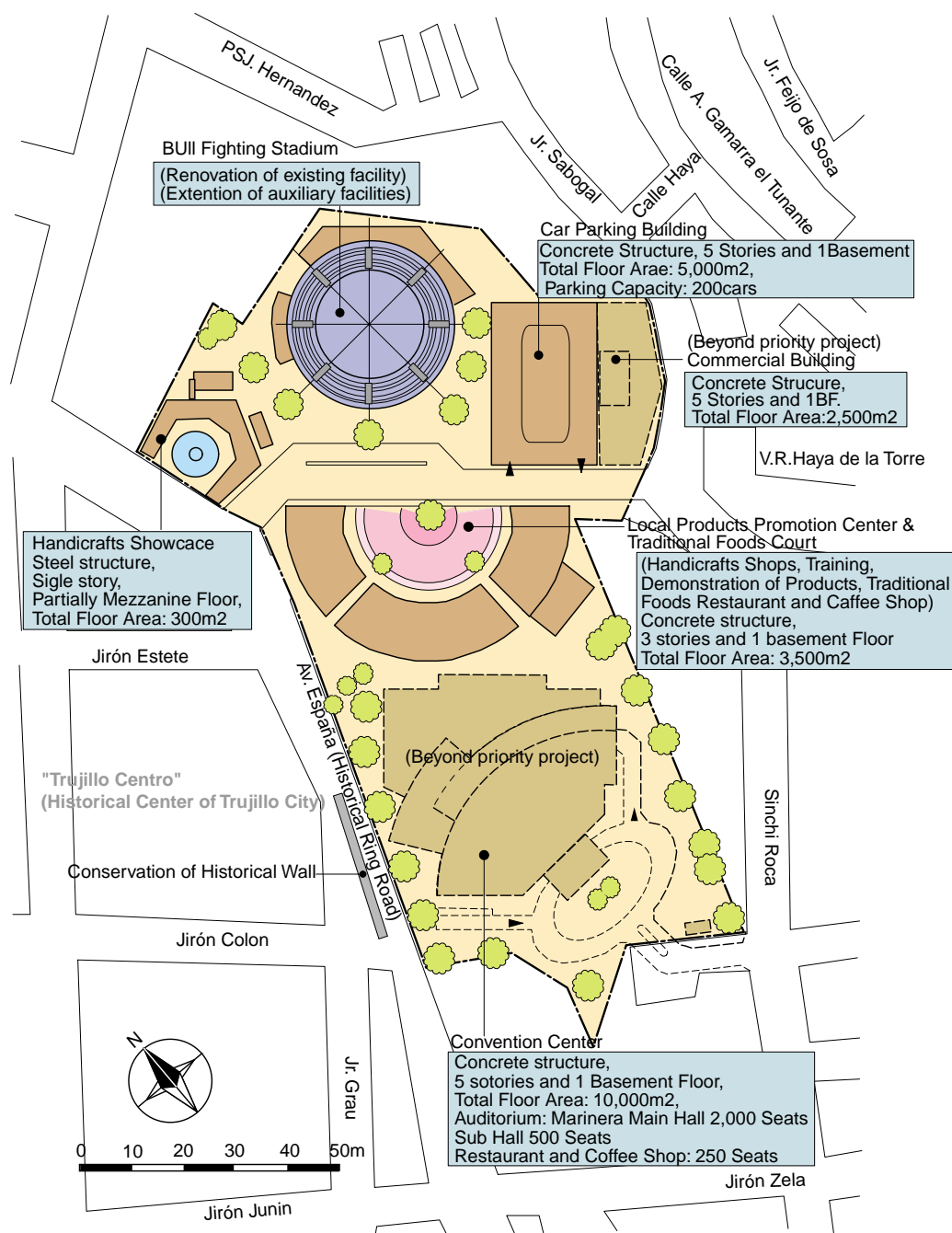
Northern Tourism Region Development Authority would operate the handicraft center. Shops, restaurants, the car parking building would be leased to the private sector.

Other stakeholders

INC, the private sector, Trujillo Province, MITINCI

Participation of INC is necessary since part of Trujillo's fortification remains in the sub-project site.

Figure 4.7 Development Plan of "Parque del Baluarte"



Source: JICA Study Team

c. Local Participation

- Sub-project Implementation Committee comprised of the above-mentioned entities and stakeholders should be formed for smooth implementation of the sub-project and for coordination among the stakeholders.
- Proposed handicraft center is expected to be a base to widen local opportunities for obtaining income from tourism.

- The park would be used for performance of folkloric arts. Local participation is widely expected for the performance.

(5) El Brujo Tourism Improvement

a. Outline of the sub-project

El Brujo is a Moche archaeological site famous for its well-preserved painted relieves and a spectacular seaside setting. This sub-project aims at improving visitor facilities and infrastructure to promote tourism use of the potential tourism site. Components of the sub-project are as follows:

- Visitor center with car parking and excursion routes,
- Access road development,
- Water supply and sewerage
- Electricity

b. Sub-project implementation

Responsible implementation body

INC would implement, operate and maintain tourism improvements in the archaeological sites, and be responsible for the sub-project implementation.

Supplementary implementation body

CTAR – La Libertad would build, operate and maintain the access road.

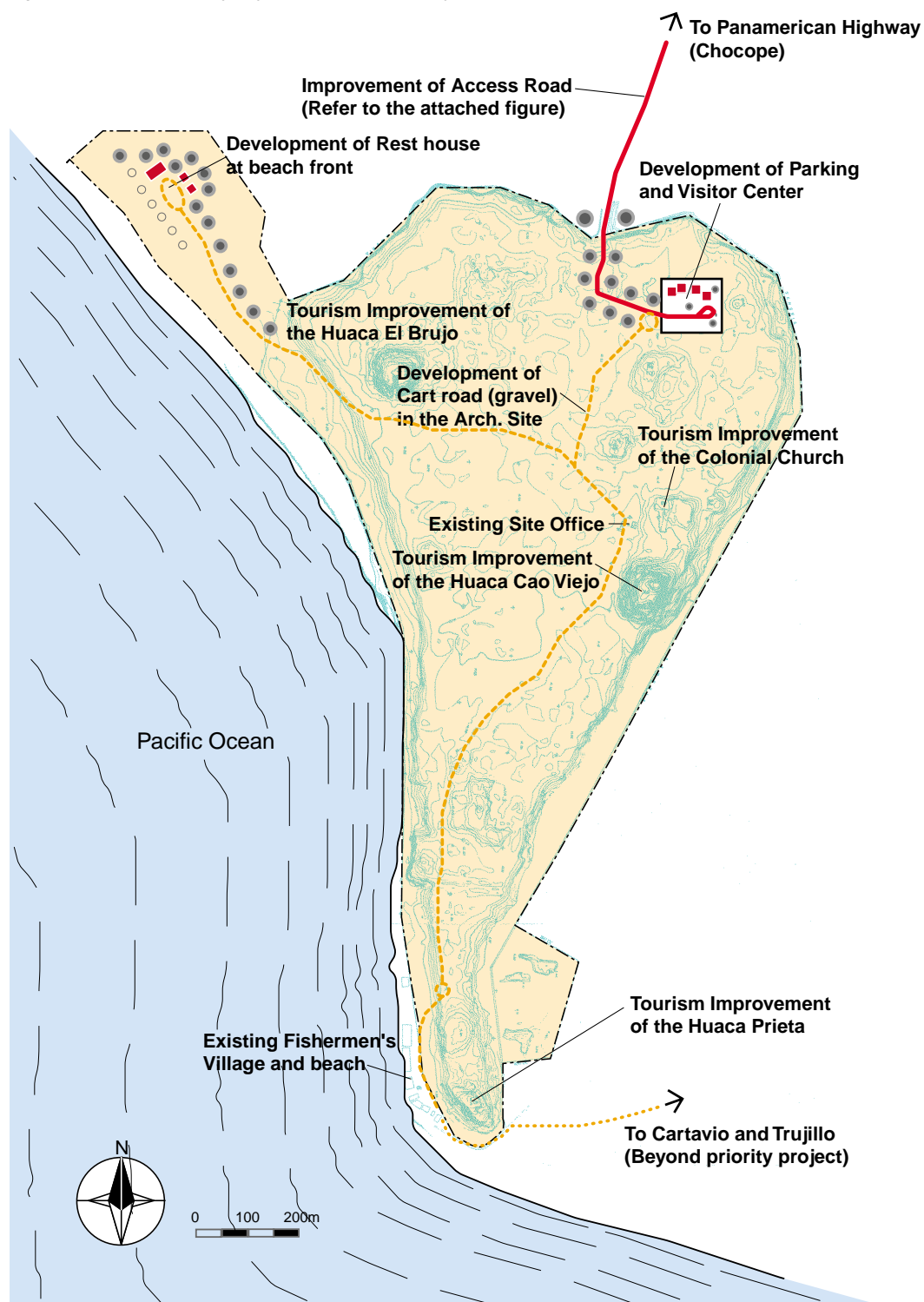
Other stakeholders

Wiese Bank, Ascope Province, Chocope District, Magdalena de Cao District, MITINCI

c. Local participation

- Sub-project Implementation Committee comprised of the above-mentioned entities and stakeholders should be formed for smooth implementation of the sub-project and for coordination among the stakeholders.
- After the completion of the sub-project, the Committee should be restructured to a Local Tourism Organization.
- INC should consider involving local community members to operate proposed site museum.
- Proposed site for restaurants at the seaside should be operated by local community members.
- If the archaeological site introduces a program that recruits volunteers who participate in excavation works, the local community would have an economic opportunity to provide home stay. In that case, basic training courses should be provided through the Participatory Tourism Support Program.
- The Local Tourism Organization should make efforts to introduce a village tourism package combined with visit to the archaeological site.

Figure 4.8 Facility Layout Plan of the El Brujo Complex



Source: Proyecto Arqueológico Complejo El Brujo Levantamiento Topográfico General, JICA Study Team

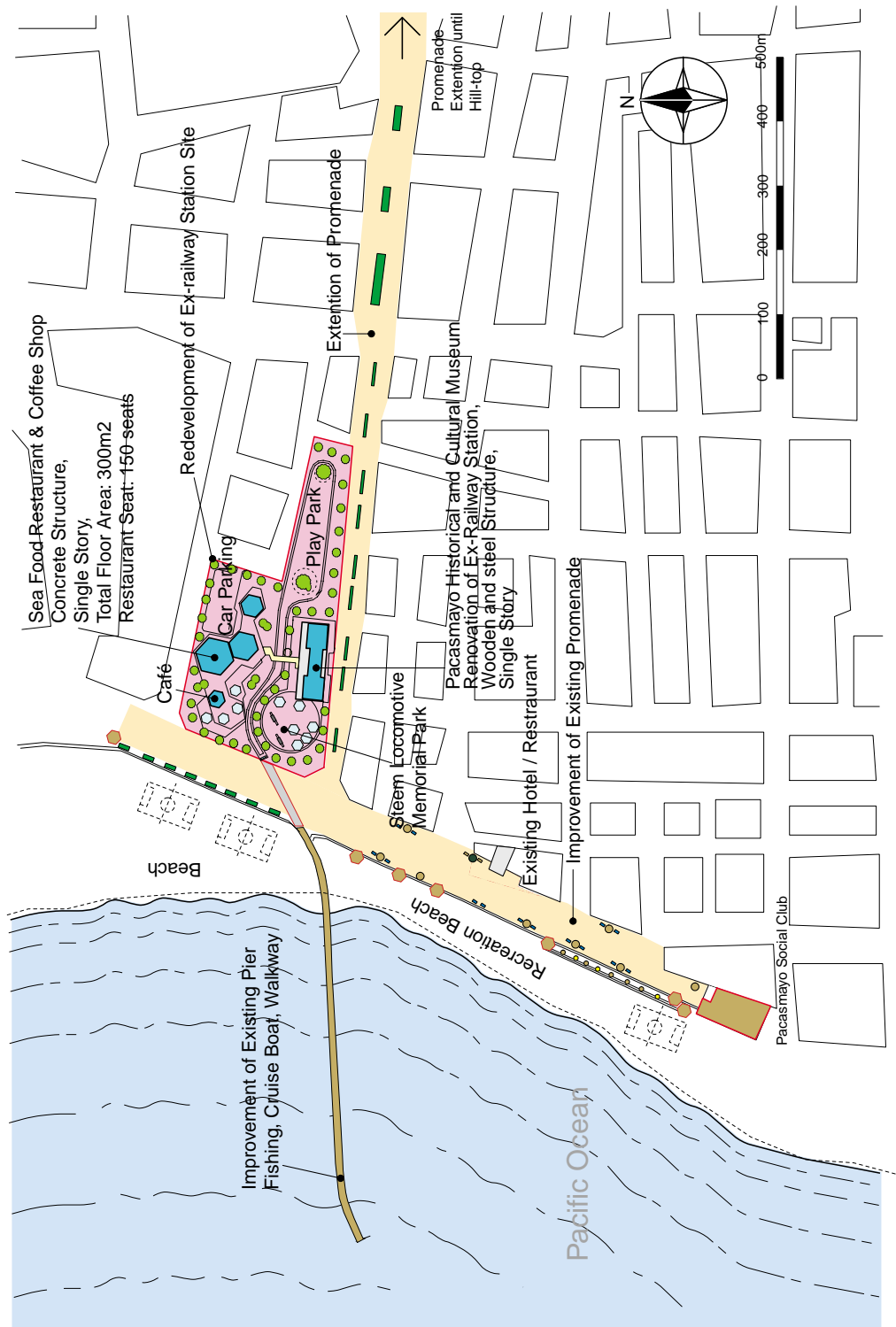
(6) Beautification and Conservation of Historical Center of Pacasmayo

a. Outline of the sub-project

Pacasmayo is considered important as a stopover and a place for lunch break for visitors who travel between Trujillo and Chiclayo. In the long-term perspective, Pacasmayo could

be a base to explore archaeological sites in the Jequetepeque river valley such as Pacatnamu and Dos Cabezas. In this context, Pacasmayo should be developed strategically to promote tourism corridor formulation.. Components of the sub-project are as follows:

Figure 4.9 Tourist Facility Development of Pacasmayo



Source: JICA Study Team

- Conversion of an ex-railway station to a historical and cultural museum,
- Extension of a promenade from a jetty toward the ex-railway station, and
- Development of a seafood restaurant complex and cafes.

b. Sub-project implementation

Responsible implementation body

CTAR – La Libertad

Supplementary implementation body

The Pacasmayo provincial government would take charge of operation and maintenance of the promenade, museum, and restaurant complex.

Other stakeholders

INC, MITINCI

Development and operation of the proposed museum needs advice from INC.

c. Local participation

- Sub-project Implementation Committee comprised of the above-mentioned entities and stakeholders should be formed for smooth implementation of the sub-project and for coordination among the stakeholders.
- After the completion of the construction works, it should be reorganized to the Pacasmayo Tourism Organization.
- Restaurants and cafes in the proposed complex should be operated and maintained by the local private sector.

Introducing truck carts on the historical jetty as a tourist attraction is recommendable to increase local employment.

(7) Circuit Road Improvement between Ferreñafe and Cayalti via Huaca Rajada

a. Outline of the sub-project

There is a necessity to form a circular travel route visiting several important tourism sites in the suburb of Chiclayo in order to increase the competitiveness of the tourism destination. This sub-project is proposed after evaluating current road conditions hindering the circuit route formulation of Chiclayo - Lambayeque – Tucume - Batan Grande/Sican – Ferreñafe – Huaca Rajada - Zaña.

b. Sub-project implementation

Responsible implementation body

CTAR – Lambayeque would build, operate, and maintain the circuit road and bridge.

Other stakeholders

Chiclayo Province, Ferreñafe Province, MITINCI

Table 4.8 Improved sections

Improvement of road (Ferrenafe - Pucala)	28	km W=8.4m (pavement W=6m, shoulder 1.2m x 2)
Construction of road (Pucala - Huaca Rajada) with bridge	3	km W=8.4m (pavement W=6m, shoulder 1.2m x 2)
Improvement of road (Sipán site - Cayalti)	15	km W=8.4m (pavement W=6m, shoulder 1.2m x 2)

Source: JICA Study Team

c. Sub-project implementation

Responsible implementation body

CTAR – Lambayeque would build, operate, and maintain the circuit road and bridge.

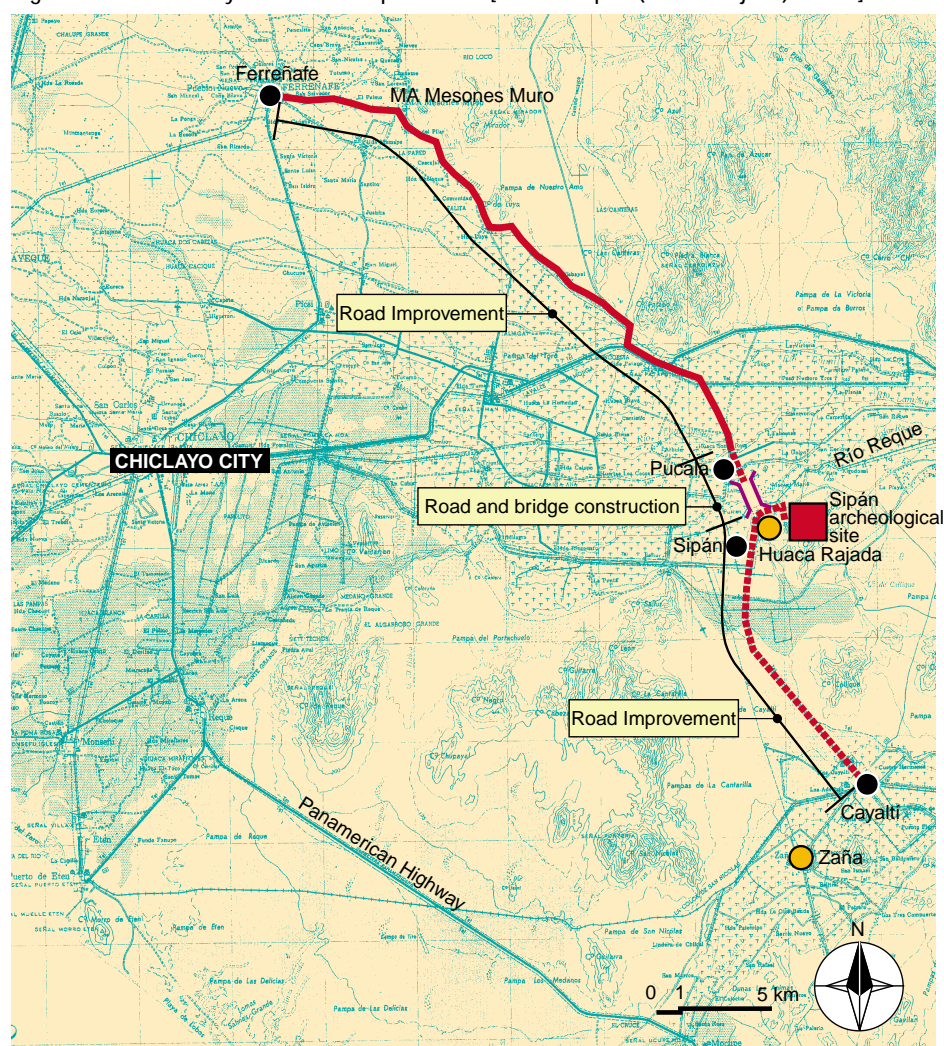
Other stakeholders

Chiclayo Province, Ferrenafe Province, MITINCI

d. Local participation

Since this is a pure infrastructure project, there is not much to mention about local participation measures except the necessity to comply with the environmental and social requirements for construction/improvement of a road.

Figure 4.10 Layout of Road Improvement [Sican – Sipán (Huaca Rajada)– Zaña]



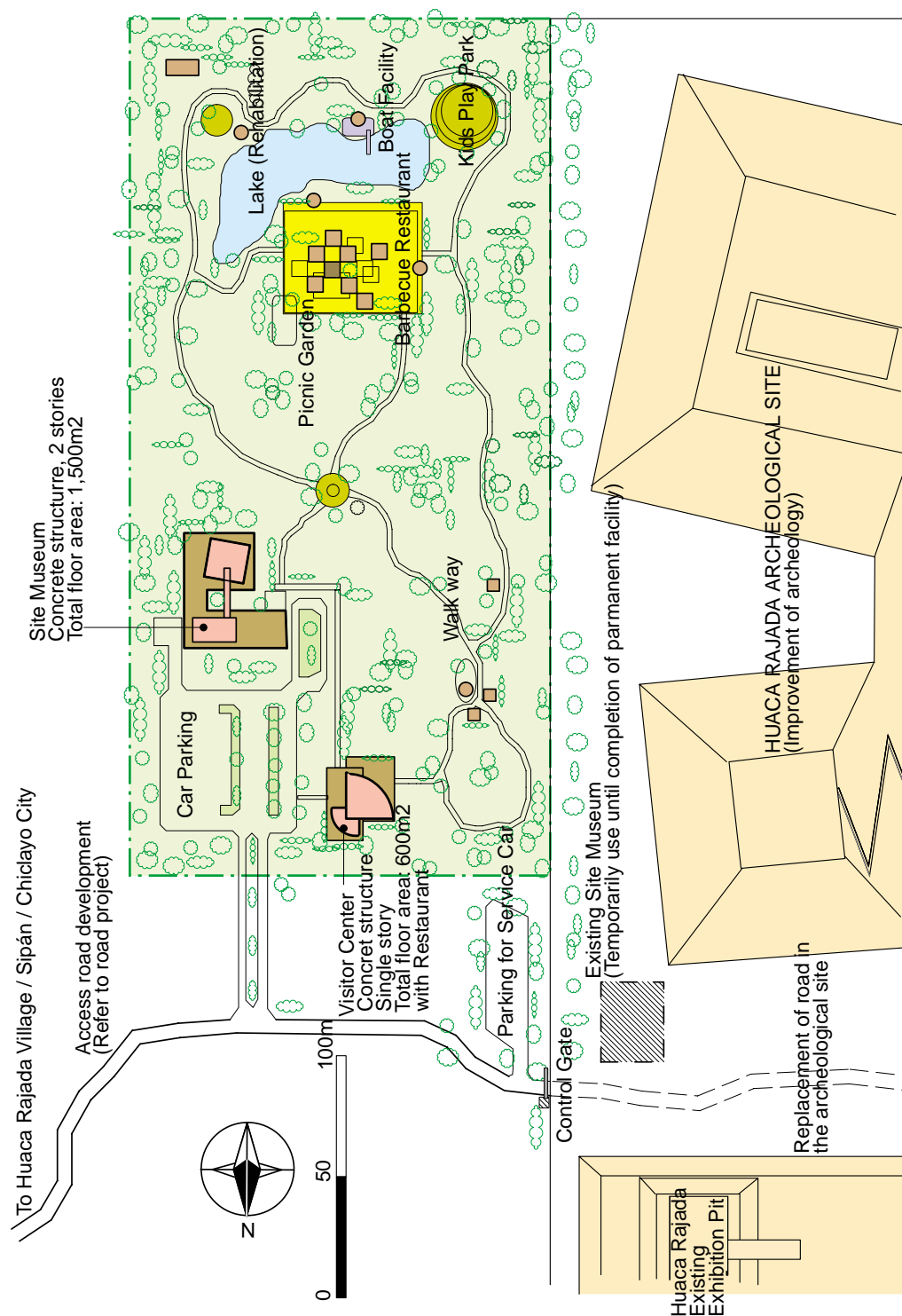
Source: Carta Nacional 1:100,000 – Instituto Geográfico Nacional, JICA Study Team

(8) Development of the Sipán Archaeological Park

a. Outline of the sub-project

This sub-project develops an “Archaeological Park” for the Sipán Archaeological Site including infrastructure development in Huaca Rajada Village. Components of the sub-project are as follows:

Figure 4.11 Development Plan of Sipán Archeological and Recreational Park



Source: JICA Study Team

- Site museum
- Visitor center
- Park and recreation garden
- Restoration works
- Water supply
- Sewerage
- Electricity

b. Sub-project implementation

Responsible implementation body

INC would carry out the sub-project.

Supplementary implementation body

- Water supply and sewage: EPSEL, and
- Electricity: ElectroNorte.

Other stakeholders

CTAR – Lambayeque, Zaña Province, Huaca Rajada Village, Sipan Village, MITINCI

c. Local participation

- Sub-project Implementation Committee should be formed with members from the above-mentioned entities and stakeholders.
- The committee should be transformed to a Local Tourism Organization for tourism destination management and tourism promotion after the sub-project is completed.
- INC should consider involving local community members to operate the proposed site museum.
- Proposed visitor center should include workshops for selling and promoting local handicraft.
- Restaurants and souvenir shops should be sub-contracted to local community members for operation and maintenance. Basic training courses should be provided by the Participatory Tourism Support Program.

(9) Tourism Improvement of Batan Grande Reserve Zone

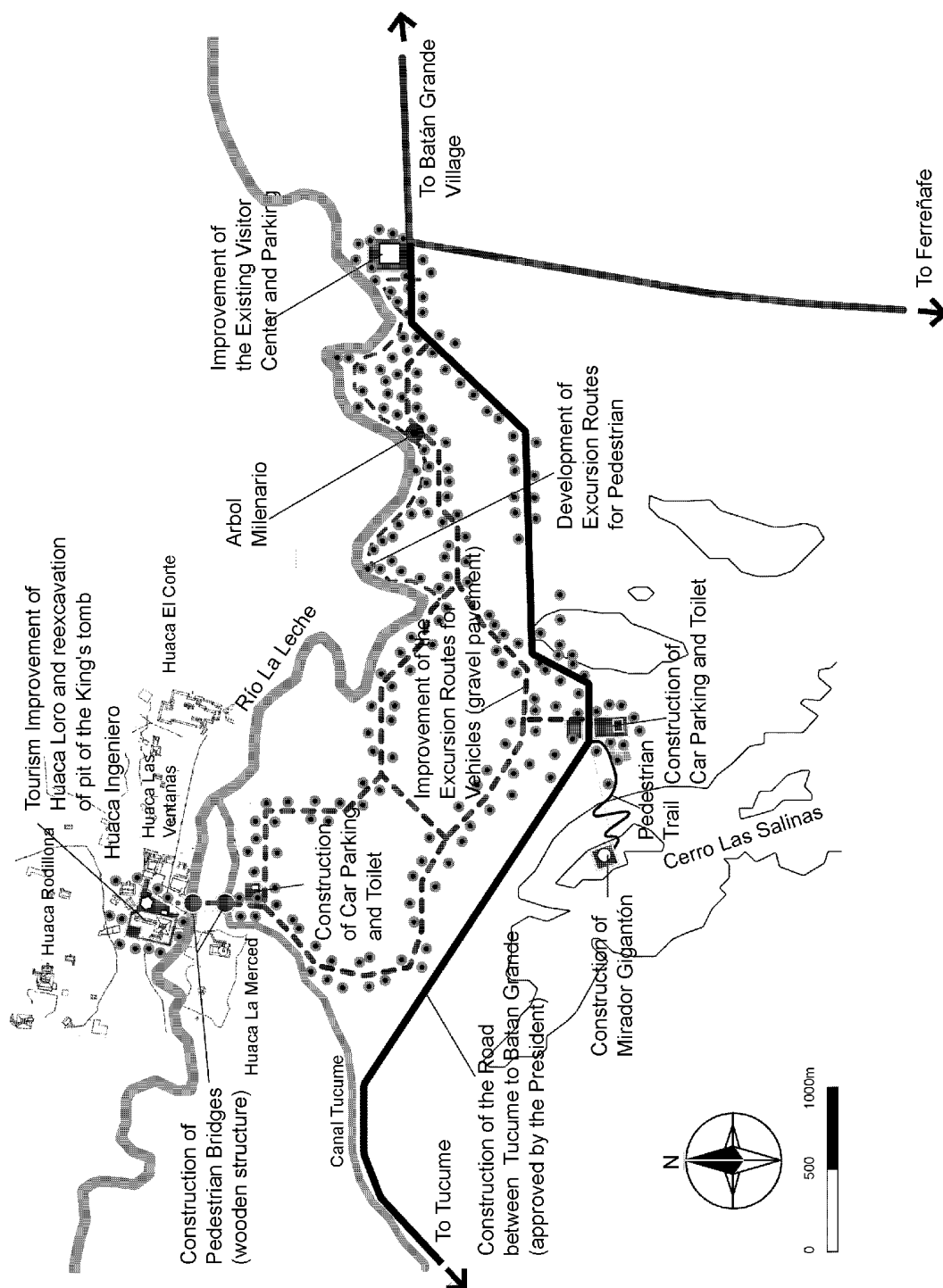
a. Outline of the sub-project

Batan Grande Reserve Zone or Bosque de Poma would provide an ideal combination of archaeological tourism and nature tourism. This sub-project improves/ develops necessary infrastructure and facilities to receive visitors. Components of the sub-projects are as follows:

- Excursion routes for vehicles and pedestrians including a pedestrian bridge
- Re-excavation of Huaca Loro Pit (Sican Tomb)
- Observation facilities at the top of Cerro Giganton

- Improvement of existing visitor center

Figure 4.12 Improvement Plan of the Batán Grande Reserve Zone



Source: JICA Study Team

b. Sub-project implementation

Responsible implementation body

INRENA would implement the sub-project, and take the charge of its operation and maintenance of the sub-project.

Supplementary implementation body

INC would implement the visitor facility development of the Sican Tomb.

Other stakeholders

CTAR – Lambayeque, Pitipo District, Batan Grande Village, MITINCI

c. Local participation

- Sub-project Implementation Committee should be formed for smooth implementation of the sub-project and coordination among the above-mentioned entities and stakeholders.
- The committee should be transformed to a Local Tourism Organization that is tasked to coordinate among stakeholders for tourism destination management and tourism promotion after the sub-project is completed. Participatory Tourism Support Program should support the startup of the tourism organization through workshops and consultative meetings.
- Trekking and horseback riding in the forest visiting archaeological sites is a possible tourism product in the reserve. Bird watching tours is another possibility. They will create local employment as guides. Local Tourism Organization should coordinate with INRENA so that local community members could engage in these tourism-related jobs.
- Selling of agro-products and locally produced handicraft should be allowed at a certain place in the Reserve to increase local benefit.

(10) Sign System Program

a. Outline of the sub-project

This program systematically installs signs and interpretation boards that are written, at least, in Spanish and English in order to improve visitors' evaluation of the Trujillo – Chiclayo Tourism Corridor.

The signboards should be provided at following places.

- Gate ways: Trujillo and Chiclayo airports
- Tour routes: Panamerican highway, major roads (at major intersections)
- Accommodation bases: Trujillo, Pacasmayo, Chiclayo
- Tourism sites: the project sites mentioned above, other appropriate tourism sites and Trujillo historical center.

The historic center of Trujillo is a place where visitors are encouraged to roam about, and is considered as a special area for intensive signs and interpretation boards installation.

b. Sub-project Implementation

Responsible implementation body

MITINCI would be responsible for implementation, maintenance, and operation of the sub-project. MITINCI should design the signboards for features, materials, colors and etc. in consideration of a character (theme) and unity of respective routes or sites.

Other stakeholders

Sub-project Implementation Committees, MTC, INC, CTARs, Corpac

MITINCI should coordinate with, and, if necessary, get permission from, the above-mentioned stakeholders.

c. Local participation

Installation of the signs and interpretation boards require cooperation and participation from the above-mentioned stakeholders.

(11) Participatory Tourism Support Program

Participatory Tourism Support Program is a program that would provide tourism know-how to promote local participation in the priority project, and incubate locally conceived tourism projects for implementation after 2005. Details of the program are described in the Chapter 3: National Level Proposals.

4.6.3. Long-term Projects

The following tourism development ideas are preliminarily considered necessary for implementation after 2005. The Participatory Tourism Support Program should provide consultancy and help elaborate these plans.

(1) Historic Center of Trujillo

Extension of the existing vehicle-free promenade up to the central plaza is highly recommended. Development of parking buildings in proposed Parque del Baluarte and construction of the new bypass road have paved the way to realize the plan.

(2) Jequetepeque Village and Pacatnamu Archaeological Site

The Jequetepeque District in the Pacasmayo Province is a possible candidate for a community-based participatory tourism plan due to its unique cultural traditions, its proximity to scenic Pacatnamu and Dos Cabezas archaeological sites, its coastal location, and its strategic position between Trujillo and Chiclayo.

(3) Zaña and San Agustín Church

It is proposed to convert the ruin of San Agustín Church to a museum that displays archaeological and historical artifacts found in the Zaña river valley after conducting restoration works to consolidate the structure. The museum should have an open-air theater for viewing the performance of folkloric dances.

(4) Monsefú Handicraft Town

Although Monsefú is already well-known for its handicrafts, it is proposed to improve the shopping area of handicrafts by installing shade, beautification, and landscaping.

(5) Combination of the nature, archaeology, and village

Combination of the nature, archaeological sites, and visit to rural village is a potential tourism product in the Trujillo - Chiclayo Tourism Corridor. Other than the Batán Grande

Reserve Zone, there are possible areas for this type of tourism products. Cañonsillo and the Viru Valley would have potential for this type of tourism.

4.6.4. Tourism Promotion Plan

It is crucial to increase awareness of the Pre-Inca Cultures in northern Peru to promote tourism, in particular international tourism, to the Trujillo – Chiclayo Tourism Corridor. Along with conventional tourism promotion measures, it is recommendable to introduce a special program for participation in archaeological excavation, which would not only satisfy the needs of archaeology enthusiasts but effectively differentiate tourism in this Tourism Corridor from that in the south. MITINCI, however, needs careful coordination with INC, and the program itself should be implemented by INC. INC should set up guidelines for the program, which defines the range of works that allows the participation of “volunteers.”

Development of domestic tourism could not be neglected considering the market’s current importance and the Tourism Corridor’s geographic location close to the most densely populated area in Peru including Lima and the two Departments themselves.

- Tourism promotion program for northern Peru
- Naming of the Tourism Corridor like “Ruta Mochica,”
- Hosting of a tourism event to boost morale among stakeholders, and for media coverage like “Ruta Mochica Walk,
- Increasing awareness of the Pre-Inca Cultures,
- Introduction of “volunteer tours,”
- Direct approach to overseas SIT markets, and
- Promotion of domestic tourism.

4.6.5. Project Cost

Total project cost for the priority projects is US\$ 46,665,800. Break down of the cost is summarized in Table 4.9. Feasibility of the development plan is evaluated in the Chapter 7: Project Evaluation.

Table 4.9 Project cost for the Priority Projects

	Department	Province	District	
Total				46,665.8
Construction of the New Trujillo By-pass Road	La Libertad	Trujillo	Trujillo-Moche	12,835.4
Tourism Improvement of the Chan Chan Archeological Complex	La Libertad	Trujillo	Huanchaco	2,788.0
Tourism Improvement of Huacas del Sol y de la Luna Archeological Sites	La Libertad	Trujillo	Moche	3,921.6
Development of "Parque del Baluarte (Fortress Park)"	La Libertad	Trujillo	Trujillo	4,510.7
El Brujo Tourism Improvement	La Libertad	Ascope	Magdalena de Cao	3,725.2
Beautification and Conservation of Historical Center of Pacasmayo	La Libertad	Pacasmayo	Pacasmayo	2,409.9
Circuit Road Improvement between Ferreñafe and Cayalti via Huaca Rajada	Lambayeque	Chiclayo	(Several)	7,940.9
Construction of a New Site Museum and Tourist Facilities for Sipán Archeological Site	Lambayeque	Chiclayo	Zaña	3,979.7
Tourism Improvement of Batán Grande Reserve Zone	Lambayeque	Ferreñafe	Pitipo	3,098.4
Sign System Program	Whole La Libertad - Lambayeque			84.3
Tourism Training Program for Local Communities	Whole La Libertad - Lambayeque			427.8
Tourism Promotion	Whole La Libertad - Lambayeque			944.0

Note: a) Exchange rates: 1US\$=106yen, 3.5 soles
b) Official tax is included in each amount.
c) Price escalation and inflation are not considered.

Source: JICA Study Team