

# TURISMO DE BASE LOCAL: FATORES CRÍTICOS DE SUCESSO

## *Community Based Tourism: critical success factors*

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### **ABSTRACT**

This work appraises a community based tourism initiative in Peru by GAP Adventures and its foundation Planeterra. We aim to determine whether it is leading to improvements in the lives of the participants and the community, by analysing the impact, the method of implementation and the commercial viability of the project. A deeper level of analysis aims to understand the critical success factors for this initiative: the links with the private sector, proximity to the tourism market, the creation of attractive and competitive products, the consideration of profitability, the community's will to engage in tourism, and the implementation of a monitoring and evaluation process. We propose that analysing projects at this deeper level will help take more informed decisions about what community based tourism projects can be feasibly supported by donors with a chance of financial survival.

**Key words:** Community Based Tourism; Project; Evaluation; Feasibility; Development.

### **RESUMO**

Este trabalho é resultado de avaliação de uma iniciativa do Turismo de Base Local (CBT) no Peru, pela companhia de turismo GAP Adventures e sua fundação, a Planeterra. O objetivo foi determinar se isso está incrementando melhorias na vida dos participantes e da comunidade, utilizando-se da análise do impacto, do método de implementação e viabilidade comercial do projeto. Num nível mais profundo de análise procurou-se compreender os fatores críticos de sucesso para esta iniciativa, quais sejam: as ligações com o setor privado; a proximidade com o mercado de turismo; a criação de produtos atraentes e competitivos; a lucratividade; a vontade da comunidade para se engajar-se no turismo, e; a implementação de um processo de monitoramento e avaliação. Considerou-se que a análise de projetos neste nível mais profundo ajudará tomar decisões mais informadas sobre os projetos de CBT podem ser viáveis, se a comunidade estiver apoiada por doadores, com chances de sobrevivência financeira.

**Palavras-chave:** Turismo de Base Local; Avaliação; Viabilidade; Desenvolvimento; Projeto de Turismo Comunitário.

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## **INTRODUCTION**

This study aims at determining the Critical Success Factors (CSFs) for Community Based Tourism (CBT) initiatives. The CBT initiative studied, located in Ccaccacollo, Peru, is a Weavings Coop created to provide work and an income for a group of women through the selling of weavings to tourists and also to provide visitors from the tour operator GAP with the opportunity to learn about the weaving process and buy products in a rural setting. This study is organized as follows. The literature review is structured in four sections. The first covers a presentation of main CBT definitions, its relevance and popularity among development agencies and the principal problems encountered. The next two sections speak about the way in which CBT initiatives are implemented and their commercial viability. It is worth noting that both implementation and commercial viability have a big influence on the impact of CBT initiatives in local communities. Thus, this literature review focuses on the conditions that make impact possible, instead of analysing impact in depth. We then present the methodology used for the study, the findings and discussions of the appraisal of the project; and a conclusion of the CSFs for CBT initiatives.

## **CBT DEFINITIONS, RELEVANCE AND CRITIQUE**

CBT has been used to describe a broad range of different tourism models but usually refers to tourism that involves community participation and aims to generate benefits for local communities in the developing world by allowing tourists to visit these communities and learn about their culture and the local environment. Community participation in the tourism initiative is central to all the definitions, ranging from cooperative or individually owned and managed businesses to joint ventures between the community and the private sector. Other common themes are the involvement of external support from a donor agency or NGO, the generation of individual and collective benefits within the community and a triple bottom line approach.

CBT schemes have raised great optimism among international development agencies and

were widely adopted over the last 30 years. CBT was born as an alternative approach to the excesses of mainstream or mass tourism, such as repatriation of profits from developing economies by multinational companies and the negative impact on destinations. It is consistent with alternative development and sustainable livelihood approaches, which focus on grassroots development and embrace participation, equity and empowerment ideas (Scheyvens, 2007). Its interest resides in the fact that CBT projects are small or medium sized ventures that have the potential to generate a range of positive economic and social development impacts in rural areas, where other types of development may be inadequate (Epler Wood & Jones, 2008). Through local control of tourism businesses and activities, CBT is thought to contribute to cultural and environmental conservation and to the redistribution of economic benefits among the most vulnerable groups, such as indigenous communities. A range of studies about CBT initiatives have confirmed its potential benefits to communities, especially 'commercially grounded' initiatives (Murphy and Halstead, 2003; Barnes et al, 2001; Dixey, 2005; Epler Wood and Jones, 2008).

At the same time CBT has also received a high level of criticism from the research and donor communities, accused of failing to deliver benefits to communities and questioning whether the results justify the donor funding. In a critical paper about CBT in Latin America, Mitchell and Muckosy (2008) report lack of financial viability, poor market access and poor governance. Some of these and other factors were also identified by the Pro Poor Tourism Partnership in 2001 of CBT and pro-poor tourism initiatives. Their conclusion was that the critical factors for the success of these initiatives were access to market, commercial viability, the presence of a policy framework and implementation challenges, i.e. the existence of skills and collaboration among stakeholders (Ashley et al, 2001). Lack of financial viability is particularly relevant to CBT projects that offer accommodation as they require a higher level of investment and in most cases achieve very low occupancy (Mitchell & Muckosy, 2008). Poor market is one of the factors contributing to CBT's financial failure.

The lack of business skills of local communities as to how to commercialize their product, and minimal cooperation with tourism enterprises that would bring much needed expertise together with remote inaccessible locations, or inadequate products have all been factors that make it difficult for CBT projects to access the market (Epler Wood, 2008, Scheyvens, 2007, Mitchell & Muckosy, 2008). With regards to poor governance, CBT approaches tend to assume that communities are homogenous and have shared interests, whereas in reality they comprise complex relationships of class, gender and ethnicity in which certain individuals or families possess privileged status. The imposition of democratic processes on such communities has proved ineffective, as it is often traditional authorities that take crucial decisions (Scheyvens, 2007). Moreover, CBT is not participatory in numerous cases, as many CBT projects do not engage communities in decision-making (Mitchell & Muckosy, 2008).

Determining CBT success is difficult due to the lack of consistent and verifiable impact data. Goodwin and Santilli (2009) say that the number of studies about the real contribution of CBT to economic development and conservation is very low and, regardless of the fact that clearly verifiable benefits are hard to evidence, the concept remains attractive. They maintain the importance of recording, measuring and reporting the impacts of these interventions in order to determine whether communities and households have either benefited or been impoverished. Despite the criticism, a number of CBT project case studies have revealed that given certain conditions such as continuous flow of funds, sound business plans, good technical support and inventive market linkages, significant results can indeed be achieved (Mitchell & Ashley, 2010). The following two sections present key factors related to CBT implementation and commercial viability that have the potential of producing beneficial impacts in local communities.

### **CBT COMMERCIAL VIABILITY**

The tourism sector has been and continues to be market driven as it is a buyers' market (Goodwin,

2007). The major barriers to the success of CBT initiatives have been their lack of commercial viability and integration into the market. CBT commercial viability is essential to deliver results to local communities and requires the consideration of three aspects: market, product and links with the private sector.

Market knowledge is crucial for evaluating the commercial viability of CBT initiatives and usually, tourism companies operating in the private sector do have the relevant knowledge. The market consists of tourists already visiting the destination, as these are potential buyers of tourism goods and services. Market size and seasonality are crucial, as certain level of visitor numbers is required for businesses to be profitable. Integration of CBT initiatives with mainstream tourism markets is believed to have bigger impacts in local communities (Mitchell & Muckosy, 2008, Ashley et al, 2001, PPT Partnership, 2010). Seasonality determines the flow of visitors throughout the year, which does not only affect profitability but also determines in which ways tourism may complement other livelihood options in the community. Visitors' length of stay is equally relevant: poor producers of tourism goods and services depend on tourists staying for longer in a destination than is strictly necessary to visit the main attractions in order to allow them time to experience the CBT offering. Minor products and services may have the potential to increase visitors' length of stay in a destination. Finally, visitor expenditure is also important: smaller markets can be very profitable if the level of expenditure is high and have the added benefit of having a less negative impact on the community.

Developing commercial viable products requires considering several aspects. Location and physical access is essential for the existing demand from tourists in the area (Ashley et al, 2001, CTO, 2006, WWF,2001, Epler Wood & Jones, 2008). In order to plan an intervention in a community that is distant from the main tourist circuits, it should only be carried out with full understanding of the limitations this may bring, as attracting new demand requires substantial marketing efforts that can be very costly



and risky. Profitability is equally important and capital costs and the time required generating returns need also to be taken into account. As a general rule, benefits are greatest where capital costs are low and extra care should be taken when developing products that require high levels of investment, such as accommodation or transport. Margins of profitability are critical, especially in cases where community members need to borrow money to cover investment: profitability should be high enough to enable them to service and repay loans, as well as to provide an income. Pricing is the key to profitability and products' prices should be set according to careful cost calculations and be competitive at the same time. Fixed prices can contribute to maintain certain margins of profitability, as they deter visitors from bargaining to hard (Bah and Goodwin, 2003). For visitor satisfaction, it is crucial to create products that match the needs and preferences of the demand. The opinion of the private sector and existing visitors is highly valuable for the creation of new products or for improving existing products. Aspects to be considered are quality, prices, sufficient volume and continuity of supply to meet demand, and health and safety practices to meet industry standards. CBT products are unlikely to represent the principal attraction in a tourist destination, but complement main products. In fact, the development of alternative or unique CBT products should be encouraged, as unhealthy competition between different local producers could lead to price cuts. It is also essential to avoid competition between nearby communities.

Commercial viability is often enhanced through partnership practices between CBT enterprises and the private sector that benefit both parties. While communities derive economic benefit through direct employment, training or the supply of goods and services, tourism companies can also profit (Harrison & Schipani, 2007, PPT Partnership, 2010, Ashley et al, 2001). CTO (2006) reports on communities can derive greater benefits from links with the private sector than from development projects or donations. The issues to be consider in these links are market

access and business advice. Experience has proved that CBT initiatives are more likely to succeed when tour operators are involved from the outset: tourism enterprises' knowledge of the market and business expertise are crucial in evaluating potential goods and services in the communities, as well as in developing attractive products. Equally important is the fact that tour operators can guarantee certain levels of demand or market access. With the advent of corporate social responsibility and for other legal, marketing and ethical reasons, many out-bound tour operators in Europe and the Americas are increasingly showing a business interest in improving the impact of tourism at destinations. To this end they are working towards making their supply chain more sustainable, and in some cases they are getting involved in CBT initiatives by including them in their tours and providing financial support and advice. CBT attractions can add to the attractiveness of their tours, especially to those travelers in search of authenticity and richer experiences.

## **CBT IMPLEMENTATION**

The way in which CBT initiatives are implemented has played an important role in the success or failure of CBT projects and also influences the level of impact in local communities. Four aspects are used here to explain the level of success of CBT implementations: planning, partnerships, community's capacity to deliver, and funding and micro-credits.

Planning is a comprehensive process that ranges from having a strategic plan for the entire CBT initiative, down to developing business plans for individual CBT enterprises and the implementation of a monitoring and evaluation process. CBT initiatives should be focused on a clear strategy agreed and understood by all stakeholders, in particular, the local community, working within existing social structures although this can be challenging (WWF, 2001). Embarking on CBT initiatives that involve communities is a long-term investment and expectations must be managed, as uneven expectations can result in the failure of the initiative (CTO, 2006). Part of the strategic planning should also be the creation of a sound business plan for the CBT enterprises developed as part of the

initiative. This plan should take into account capital investments and costs to be able to project margins of profitability and ultimately beneficiaries' income. Monitoring and evaluation provides information on intervention development and efficiency: when used properly it improves project management, permits accountability to stakeholders and provides data to be used in the planning of future resources and policy making (The Global Fund, 2010). This is needed both for organizations to justify the effectiveness of funds (Goodwin, 2007, Ashley & Mitchell, 2008) and for communities to fuel discussions between the beneficiaries and other stakeholders (CTO, 2006, Goodwin, 2007, SNV & UH, 2007).

The need to establish partnerships to increase the benefits of tourism for the poor has been at the core of the pro-poor tourism agenda (PPT Partnership, 2010). A partnership is 'an agreement to work together to fulfill an obligation or undertake a specific task by committing resources and sharing the risks as well as the benefits' (Bennet et al, 1999). Partnerships between communities and the private sector, government departments, donor agencies, or NGOs can all produce benefits for CBT initiatives. For example, the private sector can provide market access, professional advice, marketing and training; donor agencies together with local NGOs can supply funding and technical assistance; and government departments can improve infrastructure and establish a policy for tourism activities and controls on land use (PPT Partnership, 2010, Bennet et al, 1999).

The community's capacity to deliver also plays an important role in the level of success achieved by a CBT initiative and its consideration is key to the implementation of CBT initiatives. It mainly depends on three aspects. First, the availability of tourism assets at the community is a key component of its capacity to deliver, as attractive and unique tourism assets offer better chances for development of successful tourism products. It is important to consider that main assets of poor communities are usually their natural and cultural heritage and that tourism can generate income through the interpretation of these assets to visitors. Second, the willingness to engage in tourism by community members is equally important and it goes hand in hand with levels of trust in the activity

and in the stakeholders involved. The existence of more established alternative livelihoods in the community may also affect its willingness to engage in tourism. Third, understanding existing skills within the community is crucial in assessing a community's capacity to deliver and in identifying capacity building requirements: priority should be given to developing tourism products and services that build on existing capabilities. The development of completely new skills requires careful consideration of the costs of delivering training (including the opportunity costs incurred by those attending the training sessions), the time required for the acquisition of new skills and the transferable nature of the new skills.

The final aspect of implementation is the availability of funding and microcredit, as costs can exceed the capacity of a community or CBT enterprise. Their attainment may involve partnerships with the private sector, local and national government and development agencies. The regular provision of funds until economic sustainability is achieved is crucial, as experience has demonstrated that many CBT initiatives disappeared after the conclusion of the funding phase (Epler-Wood, 2004). On the other hand, CBT initiatives that are heavily funded by external sources and that are also lacking in market integration have a tendency to become fund-dependent, having a lower probability of success (Mitchell and Ashley, 2010, Goodwin and Santilli, 2009). CBT experience in the Caribbean region has demonstrated that good funding practices are: to provide start-up funds to CBT initiatives through micro-credits that are easy to access and have flexible repayment terms that take into account seasonality, the investment of community equity in a CBT initiative, or to create sustainable sources of funding from inside the community, tourism companies and special events (CTO, 2006).

## **METHODOLOGY**

This case study of a Weaving Coop project in Ccaccacollo, Peru, uses quantitative methods to provide factual information such as visitor numbers and income generated by tourism, and qualitative methods for the collection and analysis of qualitative

data with the aim of looking into the why's behind the facts, in order to find out whether tourism is perceived as beneficial by cooperative members, or whether tourism contributed to community empowerment, for example. Key Performance Indicators were developed using the literature, contextualised in our analysis of the project to be studied, to assess impact and to evaluate the initiative implementation and its commercial viability. The idea is to look beyond impact in order to understand what may have caused it, with the final purpose of identifying their transferability and best practice processes. 'Impact' KPIs are based on the 'livelihood analysis' appraisal method. This includes non-financial impacts of tourism and is particularly suitable for use in rural communities where assets of non-financial nature are also vital for livelihood security, e.g. skills attainment, participation in decision making, or gender awareness. One of the advantages of this method is that it provides a deeper view on how tourism can benefit rural communities that goes beyond cash contributions, taking into account what the impact means to poor people's lives (Mitchell and Ashley, 2010). Table 1 shows the selected KPIs.

The research comprised several steps and activities. First, a familiarization phase of three weeks in Cusco and Ccaccacollo to participate in some of the tours, meet stakeholders, interview key informants, join cooperative member meetings, define KPIs for measuring impacts and design surveys and questionnaires for data collection. Second, a data

collection phase of three more weeks with daily visits to Ccaccacollo, to interview cooperative members and survey GAP's guides and visitors. The collection tools employed were semi-structured interviews, semi-structured surveys, and non-participant observation. Surveys were conducted of visitors (171), cooperative members (29), and GAP guides (15). Surveys contained both quantitative and qualitative questions, and had a semi-structured format that allowed closed and open answers. Furthermore, non-participant observation allowed the gathering of data in a real-world context, through observing behavior with no interaction with the participants.

This was followed by the analysis of the results obtained from the data collection process, the identification and discussion of the impacts produced by the Weaving Coop project; and the definition of CSFs for CBT initiatives by evaluating the findings for the Weaving Coop project against the literature. The analysis of quantitative data involved understanding the nature of variables and the use of adequate statistical measures to describe and deduce meaning from that data. For example, 'Likert-type' measurement scales were used to measure differences in variables such as the quality of the excursion and weavings or measurements of central tendencies such as mean and median were used in the analysis of cooperative members' income. On the other hand, qualitative data was analyzed through the mapping of themes and the finding of patterns and interconnections between them. For

**Table 1 – Key Performance Indicators**

IMPLEMENTATION		COMMERCIAL VIABILITY		IMPACT	
PLANNING	<ul style="list-style-type: none"> <li>Strategic plan, including sound business plan</li> <li>Monitoring and evaluation</li> </ul>	MARKET	<ul style="list-style-type: none"> <li>Size, seasonality</li> <li>Length of stay</li> <li>Visitor expenditure</li> </ul>	IMPACT ON LIVELIHOODS	<ul style="list-style-type: none"> <li>Income</li> <li>Non-wage impacts</li> <li>Opportunity cost and compatibility with other livelihoods</li> </ul>
PARTNERSHIPS	<ul style="list-style-type: none"> <li>NGOs</li> <li>Private sector</li> <li>Government</li> </ul>	PRODUCT	<ul style="list-style-type: none"> <li>Location, physical access</li> <li>Profitability</li> <li>Visitor satisfaction</li> <li>Uniqueness</li> </ul>	OTHER IMPACTS	<ul style="list-style-type: none"> <li>Standard of living</li> <li>Local economic development</li> <li>Collective benefits</li> <li>Community empowerment</li> <li>Cultural heritage and the environment</li> </ul>
COMMUNITY ASSETS	<ul style="list-style-type: none"> <li>Tourism assets</li> <li>Will to engage in tourism</li> <li>Available skills</li> </ul>	LINKS with PRIVATE SECTOR	<ul style="list-style-type: none"> <li>Market access</li> <li>Business advice, training</li> </ul>		
FUNDING, MICROCREDITS	<ul style="list-style-type: none"> <li>Funding invested to date</li> <li>Microcredits for the weavers</li> </ul>				



example, the critical success factors were defined by searching for common themes in the literature and in the results for the Weaving Coop project and by establishing relationships between them. In many cases qualitative and quantitative analysis were combined to add to the richness and reliability of the findings. For example, the analysis of income was not only based on income figures but also on the significance income has for cooperative members.

## **2.1. CONTEXT**

The rural village of Ccaccacollo is located in an area known as the 'Sacred Valley' 21 km from the city of Cusco, Peru. Its 850 inhabitants (150 families) are traditionally livelihood farmers, but the lack of a natural source of irrigation water keeps agriculture at subsistence level. Ccaccacollo got involved in tourism in 2004 when several men started working as porters and cooks on tour operator GAP's Inca trail excursions. In 2005, GAP and its foundation, Planeterra, helped to establish a Weavings Coop to provide work and income for women at the community through the selling of weavings to tourists, and also to provide visitors with the opportunity to learn about weaving process and to buy products in a rural setting.

The Weavings Coop currently comprises 30 women represented by La Junta, an internally elected organism in charge of primary decision making and administering common resources. Three further NGOs work with the Weavings Coop (Apomipe, Caritas, and Asodeco) imparting various training programmes in weaving techniques. All cooperative members receive the same access to training and have to be present during the weaving demonstrations and at the market on a daily basis. Economic benefits derived from the selling of weavings are individual and depend on the number of products that each member manages to sell.

## **RESULTS**

Presented below are the main findings of an assessment of the Weaving Coop against the

KPIs developed in the Literature Review: impacts, implementation and commercial viability.

All financial figures presented are expressed in Peru's local currency, nuevos soles (S/.), the conversion rate of which was S/.1 = US\$ 0.35 at the time of writing. While the model suggests a lifecycle approach (implementation, commercial viability, and finally impact), in practice it is the monitoring of impact data that often leads to then ask questions on the other two areas, and for this reason the results are presented in a different order.

## **IMPACT**

The impact assessment is limited to first line results, in that this study focuses on cooperative members and their families and not on other members of the community, which arguably would be necessary for a comprehensive study of any donor development project. A study of the impacts of the Weaving Coop activities in the whole community would have been difficult due to the existence of other tourism activities in Ccaccacollo and also due to the modest resources available for this research. The explanation will be divided into impacts on livelihoods (income, non-income and opportunity cost) and other impacts (standard of living, local economic development, collective benefits for the community, community empowerment, cultural heritage and environment).

Livelihood income impacts are the most quoted in the literature to justify CBT. Records are maintained of the gross value of goods sold but not of the associated costs. An assessment of the level of cost is difficult due to several issues that will be reviewed under 'product profitability' below. It is worth noting that it is La Junta which keeps written records of daily sales per member rather than the members themselves, who tend not to keep records. These indicate an average monthly gross income per member from January to October 2009 of S/. 335. The income generated by the Weaving Coop is closely linked to the number of visitors and is fairly constant throughout the year, with the exception of the low-season months of January and February when it

drops significantly. Cooperative members, Apomipe and Planeterra state that the income earned from the weavers' market is low. When compared to Cusco's 'average' regional income, the coop's 'average' monthly income is considerable lower especially bearing in mind that this is turnover before costs and that the number of working hours per week is roughly the same in both cases. However, the differences between 'median' incomes are less pronounced, even though the coop's 'median' income is still lower. 'Median', or the mid-point of a range, is a more representative measure than the simple average when distributions are skewed. Due to Peru's stark income inequality, the 'median' regional income gives perhaps a better insight into the salary situation of the Cusco region than the 'average' income. Table 1 compares the cooperative and regional incomes.

members may not be accurate and reflect perceived income contributions to the household rather than real figures. Another factor to note is that the distribution of income across cooperative members is unequal: roughly 63% of cooperative members earn an average monthly income of S/.200–500, 13% earn S/.500–900 and 23% earn less S/.200. There seem to be several causes for this disparity: An Apomipe representative and several cooperative members said despite having equal opportunities to training and participation in market activities, those members that are more capable and devoted than others do obtain more benefits. However, other issues may be causing income inequality: through informal talks with some of the members and Apomipe, it emerged that the poorest members lack capital with which to buy wool and other products to sell

**Table 2 – Weaving Coop's income vs. income in the Cusco region**

	<b>Coop's Gross Income 2009</b>	<b>Regional Income 2008</b>	
<b>Average</b>	S/. 335	S/. 593	
<b>Median</b>	S/. 310	S/. 371	
<b>Weekly hours</b>	49	49-59	

Source: La Junta, 2009; MINTRA, 2008

These facts could lead us to the conclusion that the project has failed to generate an acceptable income for cooperative members. However, the Weaving Coop has succeeded in generating an income for a group of people that hardly had any income in the past, even though that income is low when compared to regional standards. According to interviews with cooperative members, 40% of them did not have any income at all prior to the intervention and another 50% had either a monthly income below S/.70 or did not know how much they earned but were sure that it was less than now. With few exceptions, cooperative members were dedicated to subsistence agriculture and income was sporadic.

Interviews with cooperative members show that income earned at the market represents roughly one third of total household income. This is significant considering that in most cases members are not the head of the household. It is worth noting, however, that household income estimates provided by

in the market. A meaningful proportion of products currently sold in the market are not produced locally and the capital required to purchase these ready-made products is significant compared to the cost of wool, which accentuates the disadvantage of poorer members.

The most relevant livelihood non-wage impacts are income stability, job security and working conditions. Income stability seems to have improved compared to the sporadic income from agriculture. The income generated from the market only suffers a significant drop in the low-season months of January and February, remaining otherwise reasonably stable. Job security is higher, with lower levels of risk compared to agriculture given the adverse prevailing climatic conditions. Risks come from external factors that may stop tourism flows to the area and dependency on a single tour operator (GAP is the only tour operator that currently visits Ccaccacollo). Working conditions have improved considerably



considering that agriculture requires physical effort and keeps these women far from their homes and families. This is the second most quoted benefit income.

Livelihood opportunity cost is an economic concept that in this context refers to the costs of not pursuing other livelihood options in order to participate in tourism activities. This notion plays an important role in assuring that limited resources are used as efficiently as possible and is not limited to financial costs. It has been argued that the key issue for poor producers in a rural setting is to find ways of involving them in tourism that supplement current livelihood activities and that generate a complementary source of income. The weaver's market has not prevented cooperative members from carrying out their main previous activity of agriculture, although they now dedicate less time to it and require the help of other family members. It also allows them to take care of their families: cooperative members carry their babies with them to the market, as well as to the training sessions and meetings, while older children go to school. Moreover, weaving is a flexible activity that can be done anytime; some members said that they would weave in the evenings, and others said that they spun wool while taking care of the animals for example.

*Standard of living has improved in relation to food, education and housing (the three most quoted destinations for the earnings from the market), although it is very difficult to attribute changes in standard of living to the Weaving Coop project (as other concurrent initiatives and economic activities are taking place at the community), if we look at how cooperative members spend the money earned and considering that they had very little or no income at all prior to the initiative.*

*Local economic development has not necessarily benefited from the market through local expenditure on products and services. The interviews show that cooperative members tend not to spend the money earned in their village mainly due to lack of local produce- this may be one of the benefits that requires longer term for job specialisation within the community, or may not occur, only a long*

*term analysis could provide such data. At present there is none, or very little economic effect on other community members, apart from their family members. The project has however succeeded in cultivating an environment for increased involvement by the poor in economic activities, by establishing business contacts with GAP and with local guides (who at the same time work for other tour operators) and also in acquiring skills on how to treat tourists and negotiate prices. There are also prospects of integrating other women at the community to sell jewellery at the market.*

*Collective benefits for the community are limited. The direct contribution of the weaving coop to the community is rather small (S/.100 per month, according to the president of the community Victor Quispe), the whole community has benefited from one-off donations by Planeterra such as a 3-day dental clinic for the children. Planeterra has also implemented a fundraising programme to help the community of Ccaccacollo following the recent floods that affected the area, which raised US\$ 11,200 to help the community recover.*

*Community empowerment has improved in three ways. The project has created an environment for democratic participation and there is a fair degree of local participation in decision making. Members' participation in the Weaving Coop takes place in a fairly democratic environment, with space for decision making. Weekly meetings with all members are carried out with Apomipe's participation to discuss the course of future actions of the programme and to take everyday decisions. Through participant observations, it was noted that the majority of members attended the meetings, all participants appeared free to express their opinions, and decisions were taken in a democratic manner. An Apomipe representative said that the programme was not imposed on members, who actively participated in defining the objectives. However, she added that existing hierarchies among members make it difficult for all to express their opinions freely, which reflects the difficulties of implementing democratic processes in rural communities as discussed in the literature review. Equal opportunities exist in*

*having equal access to training and participation in market activities, but this does not solve inequalities in access to capital are causing income disparity among other reasons. Gender empowerment has improved with all cooperative members except two thinking that having an income allows them to take more decisions at home such as provide their children with an education and buy better food. A representative from Plan International recognises that cooperative members have also acquired power in decision making at the community's assembly and a representative from Asodeco thinks that the work of the Weaving Coop has inspired other women at the community, as this organisation trains a group of young women on how to make jewellery with the aim of also selling at the market.*

The impacts on the cultural heritage and environment are regarded as an acceptable change for the positive impact gained in other ways. Groups do not directly interfere with village life and stay for a very short time, as the demonstration and market take place in an open space at the entrance of the village, so visitors remain in this area and normally do not walk around the houses or the schools. Even if there is a considerable volume of visitors (2 to 5 groups per day), their stay is too short (30 minutes average each) to cause severe negative cultural and environmental impacts. None of the cooperative members think that tourism has negative impacts in the community. Participant observation identified a negative impact from the guides not always encouraging interaction between visitors and cooperative members, such that visitors tend to stay on one side of the market taking pictures of the women without interacting with them. Six cooperative members said that they don't like it when visitors do not talk, are separated from them and only take pictures. In contrast, tourism has made a positive contribution to cultural heritage conservation, with a recovery in lost practices such as the use of traditional clothes by cooperative members and increased cultural pride in community members: many expressed that they are proud of being visited by tourists and that tourism confers status to their community.

## **IMPLEMENTATION**

Impact data then allows us to ask questions on the implementation process, for the devil is often on the detail. The process of implementation is analysed under the headings of planning, partnerships, community's capacity to deliver, funding and micro-credits, all of which contribute to explaining the partial success of the project.

Planning is limited. The Weaving Coop project does not have a written plan with goals and objectives or a monitoring and evaluation process for measuring performance by Planeterra/GAP. In particular, it does not have a business plan setting out costs, revenue and profitability targets. In contrast, Apomipe has been running a programme in Ccaccacollo since 2009, with a main goal, objectives and a good description of the activities that need to be carried out to achieve each of its objectives. However, it fails to specify the baseline income of the members prior to the intervention, which makes it difficult to determine whether its main goal of achieving a 15% income increase is being met. In addition, Apomipe's programme only concentrates on the market and the weavings and does not take into account tourism aspects that are relevant to Planeterra, such as improvements in interpretation at the site or visitor satisfaction. The lack of consideration of these aspects in the plan may be reflected in the low level of visitor awareness discussed earlier, market profitability and income. Furthermore, the lack of a monitoring and evaluation process may have affected the performance, as it was not possible to systematically identify issues to be resolved.

The partnership between GAP/Planeterra and the Weaving Coop, in which both parties have contributed from the outset in 2005, has been rather informal without written agreement with clear rules and standards and no guarantee that GAP will continue operations in Ccaccacollo. Among GAP/Planeterra's contributions have been the provision of funds, professional advice on how to organise the tour and market access. Conversely, cooperative

members have contributed time, labour and capital to producing the weavings. In February 2009 Planeterra entered into a partnership with Apomipe producing a written plan to establish the contributions in kind and money by the three parties, including the Weaving Coop. However, the lack of a business agreement between GAP/Planeterra and the Weaving Coop has caused confusion around whether the weavings market may be visited by other tour operators. A current issue at the time of the research was the lack of partnership and apparent communication between Planeterra and the other two NGOs that are running programmes also relating to the weavings market (i.e. Asodeco and Caritas), which may result in a duplication of efforts.

The project has built on the community's capacity to deliver in three ways. Ccaccacollo benefits from the existence of attractive tourism assets, in particular, the weavings demonstration and market, the community's traditional way of life, nature and landscape. These assets have allowed the development of a fairly attractive excursion (as per the results of the visitors' surveys discussed later) and offer the potential to develop further tourism products in the village. The willingness to engage in tourism comes to a large extent from the existing relationship and trust between GAP and the community, as many men were already working as porters and cooks in GAP's Inca trail treks before the Weaving Coop was created. The fact that a group of women approached GAP (and not the other way round) with the idea of selling weavings to tourists proves that there was a will to engage in tourism from the start. As corroborated by other CBT initiatives, the contribution of cooperative members with labour and money helped to strengthen that commitment, which has been crucial for the operation of GAP's excursions to Ccaccacollo. Skills at the community were central to the development of the initiative, yet 38% of cooperative members did not know how to weave before receiving external training, and the other 62% only weaved for their families and therefore had to learn new weaving techniques to produce attractive weavings for the tourism market. According to Apomipe, cooperative members still need to improve their weaving skills and acquire new ones so as to improve the production process.

The acquisition of new weaving skills can be hard and time consuming with a negative impact on profitability, at least at the outset.

Funding and micro-credits were essential both from Planeterra, who has partially funded the initiative, and three NGOs that funded the weaving training programmes. To date Planeterra has donated building materials for the communal house where cooperative members can now weave sheltered from the weather, eight alpacas for wool supply and ten looms for improving the quality and production process of the weavings. The collective funding, combined with market integration has allowed the development of the Weaving Coop and the market. Although all funding has been external, the Weaving Coop has not been highly dependent on funding thanks to its market integration. There have been no micro-credits available for members of the cooperative, and apparently they have had to rely on money from their families to start up their weaving businesses. This has produced, to a certain extent, unequal distribution of income across members of the cooperative.

## **COMMERCIAL VIABILITY**

Results from the impacts led to questions on the implementation process, which now lead us to question the commercial viability of the project going forward. This will be explained below under the headings of access to market, the product characteristics, product satisfaction and links with the private sector.

A stable market has secured minimum commercial viability, a combination of high visitor numbers, low seasonality and adequate length of stay. GAP sent 10,566 visitors to Ccaccacollo from November 2008 to October 2009, averaging 880 per month. A regular visitor flow over 10 months each year, and a standard GAP tourists stop at Ccaccacollo when visiting Cusco helps. On-site observations confirms the time allocated for the visit (30 minutes in total) is enough to achieve its purpose, as all visitors can learn about weaving and visit all the stalls, and 96 % of the visitors surveyed think that the duration of the visit is right. Despite favourable



market conditions, there is a low level of visitor expenditure reflected in the low income. Averaging visitors and income from January to October 2009, the spend per visitor is S/. 11. Below we explore the factors that prevent visitors from making purchases and influence the level of expenditure.

Three product characteristics are considered in this section. Product location and physical access have both been positive for the development of tourism. The weavings market's location is ideal for including it as a stop on the tours to the Sacred Valley and Machu Picchu. A good paved road from Cusco and a short dirt road going from the main road to the village, make the village easily accessible for tour buses. Product profitability is problematic, costs are not calculated and the lack of fixed prices at the market does not allow an accurate assessment. Having said this, Apomipe is helping members calculate costs and set prices for scarves made with the recently acquired looms. Here the costs of wool, labour and loom usage are calculated and prices set so as to achieve a 50% profit margin on these products. However, there are further direct and indirect costs which are not taken into account such as community fees of 3-5% of total sales made at the market, working hours spent at the market, daily meals for guides and drivers provided by the members, the monthly cooperative fee, etc. The inability to calculate costs and profits may be affecting business profitability as retail prices of weavings may not be taking into account the totality of costs. Consequently, cooperative members' net income may be affected (a common problem throughout CBT initiatives, as reported by Epler-Wood and Jones, 2008). Cost and profitability calculation are crucial to discern whether the weavings market is a good and sustainable business and whether it pays for the work and effort of cooperative members. It is also essential to determine whether there is an imbalance between the benefits for GAP and benefits for cooperative members. Product authenticity is however a problem. It is significant that, according to five guides, an anonymous key informant and a representative from Caritas, a significant number of products sold in the market at Ccaccacollo are not

produced locally but mass produced and bought in Cusco. This situation is not openly recognized by cooperative members, but that occurs because traditional weaving takes a long time and tourists are not willing to pay the premium for an authentic product.

*Product satisfaction is fairly high despite room for improvement. Visitor surveys rate both the visit and the weaving demonstration close to very good (but not excellent), while guides rate the weaving demonstration only as good. The aspects of the excursion that visitors appreciate most are getting close to the local people and culture (mentioned 58 times in open answers), the actual weaving demonstration (52 times), yet the limited mentions of the project (10 times) and the actual products (2 times) raise doubts on whether it should be the only source of income, or whether at least the excursion requires repositioning. Responses suggest the products are not sufficiently unique (see figure 1), and the products do not have sufficient interest (figure 2). The most cited reason for not purchasing weavings (39% of the respondents) is having done so elsewhere.*

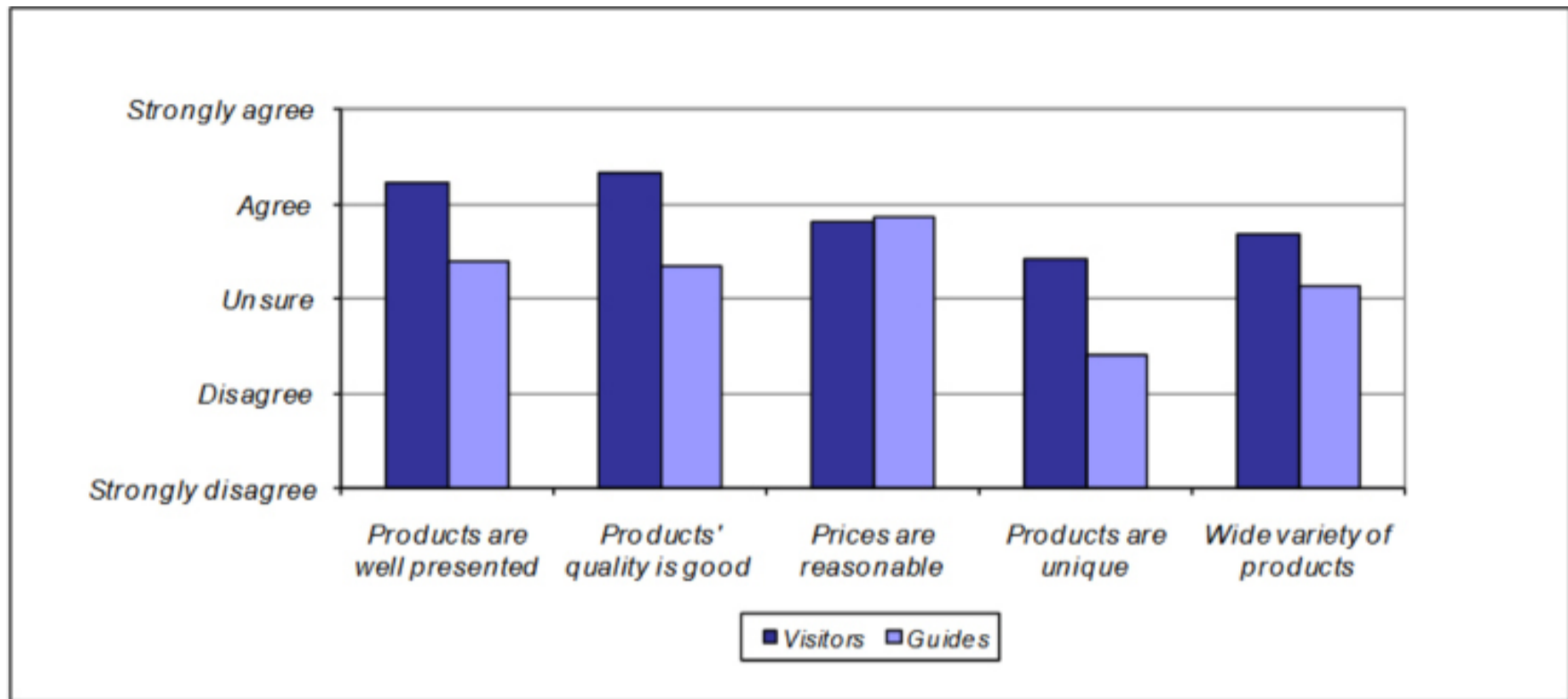
*Links with the private sector have been identified in the literature as key, and the GAP partnership from the outset is a positive feature, providing not only market access, but also professional advice on aspects related to organisation of the excursion, infrastructure, and product development. Thanks to this relationship the Weaving Coop has managed to create an income for a group of women and also GAP has managed to offer a fairly attractive excursion to its clients. Nevertheless, there is room for increasing the benefits derived from this partnership by improving the level of income for cooperative members and by improving the interpretation at the site.*

## **CONCLUSION**

The CSFs presented in this work draw from the relationships between the 'implementation', 'commercial viability' and 'impacts'. A CSF is an element or activity required for an organisation or project to achieve its objectives and be successful. Its definition is important to allow the identification of key areas to focus management attention to

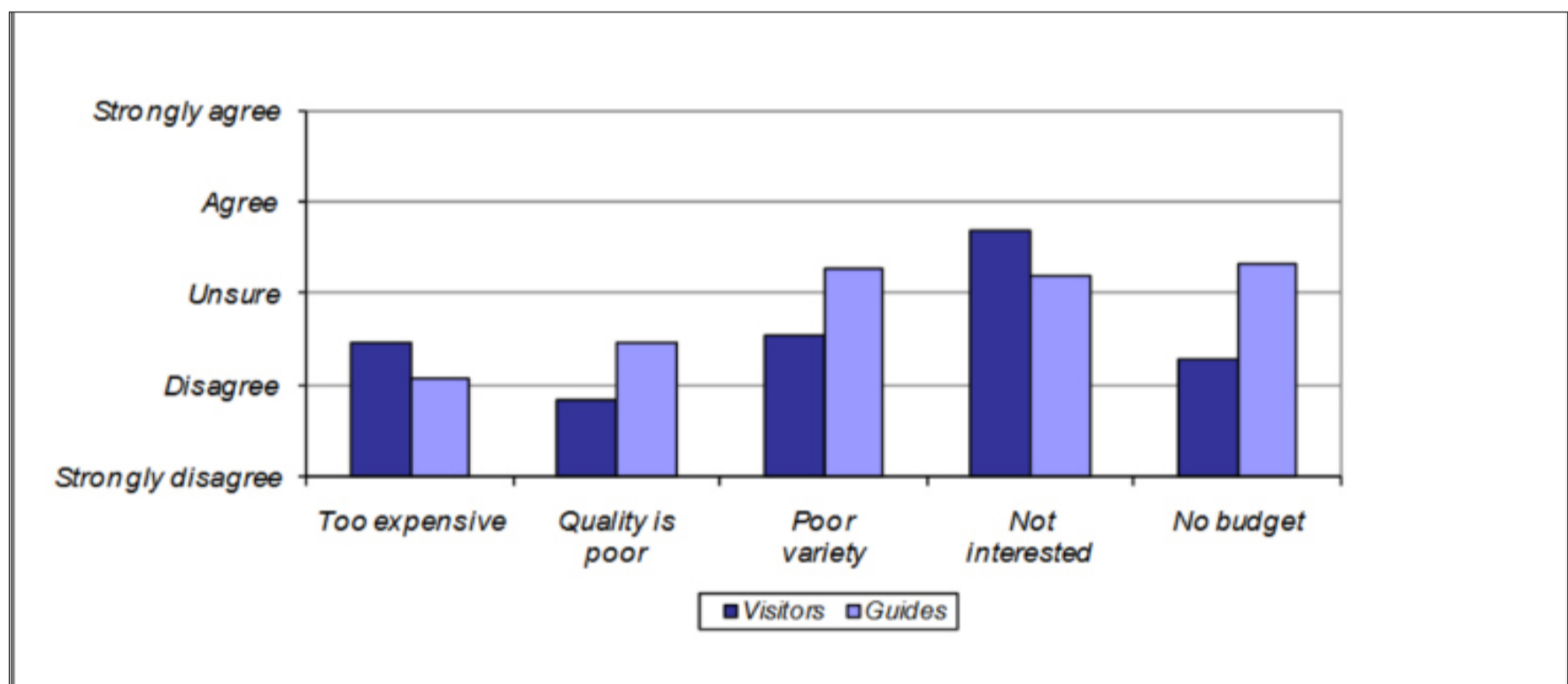


**Figure 1 – Views on market and products from visitors and guides**



Source: Surveys to visitors and guides

**Figure 2 – Reasons for not making purchases according to visitors and guides**



Source: Surveys to visitors and guides

achieve success and to decide whether they need to build capabilities to realise these goals (Amberg et al, 2005). It is important to bear in mind that there are relationships between CSFs- they depend on one another to produce success. Although the CSFs are presented individually, in practice they are related to each other and depend on one another to maximise their potential to produce success on CBT initiatives. Impact data shows symptoms, the CSFs come from the earlier stages that determine the feasibility of the project.

The commercial viability CSFs spread across the three areas of enquiry. Proximity to the tourism market matters because only exceptional projects can be destinations in their own right and this will require a considerable expense, otherwise there is a strong correlation between this condition and the opportunities for a CBT initiative to access the market, to be commercially viable and consequently to generate an income for community members. The Weaving Coop project has been successful in this sense, due to its closeness to the city of Cusco and

GAP's tourism itineraries, without which no amount of creative thinking and product development would have led to success. Once that pre-condition is in place, the links with the private sector can provide market access and professional advice to CBT initiatives- this is important but projects geographically placed within a commercial route could (potentially) develop their own routes to market, but this requires higher level management skills and longer term donor dependency. The Weaving Coop project has been successful in establishing links with the private sector as the relationship with GAP provided market access for the sale of weavings and business advice as to how to create an attractive excursion. While there is a commercial dependency on GAP, this is not requiring the tour operator to continuously fund the project.

Thirdly, the creation of attractive and competitive products is a must to generate an acceptable income for community members. Products should meet market demand, and be competitive on product characteristics and not just pricing. Product presentation is also fundamental to their attractiveness and competitiveness, which in the case of tourism excursions is closely linked to interpretation at the site. The Weaving Coop could be more successful in this respect: even though the visit and the weaving demonstration process are attractive and competitive features of the excursion, the products sold at the market (the only source of revenue) lack competitive advantage as they are not unique. Moreover, the interpretation at the site regarding economic and environmental issues, cultural heritage and GAP's support needs improvement. The impact data provided several key performance indicators in this respect.

To find CSF answers for the product deficiencies we need to turn back at the implementation stage. The community's will to engage in tourism is there to a certain extent, in the commitment and contribution in terms of time, labour and sometimes money by members of communities have a strong bearing on the successful development of a CBT initiative. The generation of trust between the community and the implementing organisation is essential and although

it only develops over a certain period of time, setting the right level of expectations about the benefits and disadvantages of tourism and ensuring clear communication from the project's outset play an important part in this process. The generation of profits for community members is also essential to maintain motivation and trust. The Weaving Coop project has been successful in keeping the community involved and willing to engage in tourism, partly thanks to the existing business relationship with GAP, but also due to the generation of an income for cooperative members, but there's evidence of cutting corners in origin and quality of products, and the drive is towards achieving income with less effort.

This takes us back to the need for planning, and the true nature of the partnership. The consideration of profitability helps to identify future CBT initiatives which are more likely to become profitable, as ultimately profitability is necessary to generate an acceptable income for the beneficiaries of the intervention. This involves good business planning, cost calculation, sales projections and at a later stage, accurate bookkeeping. The Weaving Coop can be more successful in considering profitability as it does not have a business plan, costs are not clearly calculated, profitability is unknown and there is no accurate bookkeeping. Although cooperative members are earning an income, it is difficult to tell how profitable their activities are and the extent to which profitability can be increased. The lack of planning is also visible in the lack of a Monitoring and Evaluation process, which should provide information on the development and efficiency, vital to identify issues that need to be resolved in order to achieve the desired results and to identify best practices. Targets are guesswork, their achievements more so. Planning, and monitoring and evaluation as part of it, involves the participation of all stakeholders, the development of consistent yet simple indicators to measure performance and the regular collection of data (including baseline data at the outset of the CBT initiative). The Weaving Coop could have been more successful in this respect, as there is no official M&E process to measure the performance of its activities.

Understanding a CBT project using CSFs can help donors identify the reasons for project success and failure. This article has developed a set of CSF issues from which indicators could be developed, and some further testing is required to consider whether other issues need including to develop a more comprehensive picture. Additional project governance and M&E literature should be incorporated into the next version of this study, to better understand project feasibility along the lifecycle, what can be classed as appropriate performance and what is the earliest stage in which deviations can be identified. For the time being, we hope this exploratory study has provided food for thought amongst development academics on the nature of CBT, and tourism academics on the need for systematic project evaluation.

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