

I. BASIC PROJECT INFORMATION

Title of Project:	International Accreditation for Sustainable Tourism Certification Program		
Regional:	Costa Rica, Belize, Guatemala, Ecuador and Brazil		
Project number:	TC-03-03-02-4 -RG		
Executing agency:	Alianza para Bosques, Costa Rica.		
Beneficiaries:	The beneficiaries of the Program will be 10 organizations working with tourism certification initiatives; 100 SMEs involved in certification processes; 2,000 stakeholders in Latin America using a common manual about the process of implementing guidelines for best management practices and certification; 100 tourism operations trained on the use of monitoring and evaluation indicators and systems; and 1,000 SMEs providers of tourism services that will be trained in best management practices.		
Project Team:	Santiago Soler (team leader), Juan Luna, Kai Hertz y Betsy Murray		
Financing:	Alianza para Bosques:	US\$	1,600,000 (45%)
	MIF:	US\$	<u>2,000,000 (55%)</u>
	TOTAL:	US\$	3,600,000
Date of Project Request:	March 2, 2003		

II. BACKGROUND

- 2.1 Travel has become the world's largest industry, generating 11% of the global gross domestic product, and nature-related tourism is the fastest growing segment of the travel business. There are 700 million international travelers per year and receipts from international tourism climbed to almost \$500 billion in 2000. Countries worldwide are looking at tourism as a development alternative and are searching for mechanisms to increase competitiveness while fostering socially and environmentally responsible businesses.
- 2.2 Conservation leaders, from the presidents of major nongovernmental organizations (NGOs) and foundations to the chiefs of Amazon tribes just entering the cash economy, recognize the potential of *socially and environmentally sound* tourism. It is one of the few options for rural people that allows them to derive economic benefits while conserving their local ecosystem and social and cultural structure.
- 2.3 The most important tool that can be used to motivate corporate responsibility and, at the same time, increase the **competitiveness** and **market access** of sustainable tourism operations is certification. Credible and transparent certification programs provide a tool to reward tourism operations exhibiting and implementing best practices and differentiate them from others that are less environmentally and socially sound. Certification also provides the market mechanism whereby

consumers who wish to travel in an environmentally sustainable manner can **identify and access** the type of tourism operations they wish to patronize. Certification is moving from a mechanism to differentiate companies to one that promotes and positions destinations and countries.

- 2.4 Several governmental agencies have included plans to develop or strengthen certification programs as part of their **national competitiveness strategies**. However, credibility and recognition are indispensable for a certification program to succeed. While the use of certification mechanisms to green the tourism industry at large is valid and important, the lack of a **global accreditation body**, the lack of regional certification strategies to convey a coherent message to the traveler, the lack of coordination and **mutual recognition amongst certification programs**, and the limited access of small and medium enterprises (SMEs) to certification processes has led to uncoordinated efforts, false claims and confusion. Tourism certification programs are being created and launched without coordination, and standards and criteria can vary widely from among different certification programs. Often consumers fail to recognize brands that have limited budgets and marketing tools. Many businesses question whether it is worth the time and effort to become certified.
- 2.5 One central issue confronting every certification program is *credibility*. As ecotourism and certification expert Amos Bien states, “There is an indispensable requirement for all certification systems: credibility. A system without credibility does not have a market; it does not convince clients and it does not demonstrate anything” (Bien, 1999). And according to UNEP official Jacqueline Aloisi de Larderel, “Credible ecolabels promote sustainable consumption patterns by providing concise and accurate information to consumers to help them identify those products and services which incorporate a good level of environmental performance” (Aloisi de Larderel in Font & Buckley, 2001). Capturing this new tourism market presents a window of opportunity for local communities and entrepreneurs to secure the long-term financial viability of their tourism operations.
- 2.6 For all the above reasons, in November 2000, representatives from 22 countries from most of the leading global, regional, national, and sub-national sustainable tourism and ecotourism certification programs, participated in the Ecotourism and Sustainable Tourism Certification Workshop, convened by the Institute for Policy Studies (IPS)¹. All participants agreed on minimum principles that sustainable tourism certification should address. The product emerging from that meeting, known as the Mohonk Agreement, outlined the fundamental Principles of Ecotourism and Sustainable Tourism Certification. In this context, Rainforest Alliance Costa Rica (Alianza para Bosques) proposed to study the feasibility of establishing a Sustainable Tourism Stewardship Council (STSC) that could promote globally recognized, high-quality certification programs for sustainable tourism and ecotourism and that could act as an accreditation body for sustainable

¹ IPS is a progressive think tank institution in Washington D.C. that serves as a bridge between progressive forces in government and grass-roots activists, and between movements in the U.S. and those in the developing world.

tourism and ecotourism certification programs. The attendants of this workshop unanimously endorsed this proposal.

- 2.7 As a result, Rainforest Alliance Costa Rica, with funding from the Ford Foundation, consolidated a coalition of organizations and individuals to serve as the project's Advisory Committee with participation of 40 specialists from NGOs, intergovernmental agencies and industry representatives to initiate the study. The study involved consultation workshops parallel to all the regional preparatory meetings hosted by the International Ecotourism Society (TIES) and the United Nations Environment Programme (UNEP) leading to the 2002 World Ecotourism Summit (WES)². The study was completed in January 2003 and revealed growing international agreement about the need for a sound accreditation program to assess and help standardize the rapidly growing number of certification programs for the sustainable tourism and ecotourism markets.
- 2.8 The parties involved with the STSC proposal have determined that there is a strong demand for technical assistance in best management practices and certification from national and regional tourism initiatives, social and environmental NGOs, and tourism operators. National initiatives are asking for assistance with policy, standards and indicators, certification processes, and marketing and business planning. Operators are asking for help with improving social and environmental management techniques, and marketing their sustainable operations. Local, national, and international NGOs are asking for support with designing credible best practices and certification schemes for their geographic regions of concern.
- 2.9 **The proposed Project** addresses the strategies raised in the STSC study proposing a three-phase implementation plan for the launching of a STSC. *Phase 1, STSC Networks*, has the purpose of sharing information and gaining consensus on priorities and processes amid the different and on going certification systems, and discuss the contents of a possible international standard and the necessary regional variations. *Phase 2, STSC Association*, will market certified products, provide guidance to countries seeking to establish or upgrade certification programs, and reach agreement on standards and processes with the travel and tourism industry stakeholders. *Phase 3, STSC Accreditation*, will accredit and market certification programs that meet the agreed upon standards and demonstrate capacity to certify. Structures from the Association will be kept and the function of accreditation will be outsourced to be able to maintain training and marketing functions separate from decision-making on which certification programs are to be accredited, and in doing so, guarantee independence and transparency and avoid conflicts of interest.

Comment [juanlu1]: What structures??

² The Declaration of Quebec recommends that governments use guidelines to develop certification schemes, and that intergovernmental organizations, international financial institutions and development assistance agencies "Develop or adopt, as appropriate, international standards and financial mechanisms for ecotourism certification systems that take into account the needs of SMEs and facilitate their access to those procedures, and support their implementation."

- 2.10 Rainforest Alliance Costa Rica has analyzed similar and related initiatives and efforts across the region, and considered throughout how its work supports, complements and strengthens other work currently being conducted. In Latin America, there is a significant number of certification programs operating or soon to be launched (including programs in Guatemala, the Dominican Republic, Brazil, Ecuador, Mexico, Peru and the expansion of the Costa Rican Certification for Sustainable Tourism system (CST) to other countries in Central America; initial discussions have also taken place to develop programs in Argentina, Bolivia and Venezuela). National and local certification programs in this region are at different levels of development but most are less than three years old, which increases the opportunity to implement changes in systems and criteria that will help build credibility in these programs through accreditation.
- 2.11 **Project pilot countries.** Unless a project like the one presented here takes place, uncoordinated certification programs will continue to evolve in isolation with no international recognition and not necessarily benefiting SMEs. This project will ensure the compatibility of efforts with regional and international developments in tourism certification, harmonize with existing certification schemes in the region, and take advantage of the experience of the Rainforest Alliance with 15 years of developing certification standards in consultation with key stakeholders. Due to the size of the region, the Project proposes to concentrate its efforts in Brazil, Costa Rica, Ecuador, Belize and Guatemala, countries where:
- Tourism represents a key industry in terms of GDP and employment.
 - Sustainable tourism strategies are in place that can provide a framework for the development of this project.
 - Certification initiatives exist, or are about to be launched, which can benefit from the project technical assistance and produce results in the short run that can be replicated in other countries.
 - Certification programs are looking for international recognitions and marketability that could enhance the market benefits of certified tourism operations.
 - The growth of unsustainable tourism operations threatens fragile ecosystems and the well-being of local communities.
 - Sound tourism certification initiatives can facilitate market access to SMEs.
 - There are local organizations that the Rainforest Alliance Costa Rica can partner with for project implementation.
- 2.1 It is expected that this project will support technical assistance modules that could be beneficial for other Latin American countries as part of the regional Sustainable Tourism Certification Network mentioned above. In addition, both UNEP and WTO will be involved at the international work level to assure that the international standard produced and the STSC created could ultimately serve at the global level.
- 2.2 This project will complement and strengthen current IADB/MIF initiatives, by creating standards, structures and models of implementation that will be replicable in other areas where IADB is investing in ecoefficient business, resulting in local, regional and global impact. This project directly contributes to

IADB/MIF's efforts to improve the competitiveness of the tourism sector overall, and especially SMEs in Latin America, through credible certification programs that have international portability.

III. PROJECT BENEFICIARIES

- 3.1 The beneficiaries of the Program will result from technical assistance provided to SME tourism operations to increase their competitiveness and market access, working towards sustainability: 1,000 SMEs providers of tourism services (private entrepreneurs and community-based operators) that will be trained in best management practices; 200 key players in the tourism industry that will be trained in certification; 100 enterprises implementing sustainable practices; and 100 enterprises training on marketing mechanisms to promote certified sustainable and ecotourism products.
- 3.2 In addition, the Project will provide technical assistance to sustainable tourism and ecotourism certification programs in Latin America to foster their involvement in a regional network. For this purpose, the Project will develop technical assistance modules with certification initiatives that will benefit: 10 organizations working with tourism certification initiatives and 100 SMEs involved in certification processes; 2,000 stakeholders in Latin America using a manual about the process of implementing guidelines for best management practices and certification; and 100 tourism operations trained on the use of monitoring and evaluation indicators and systems that will assist programs in measuring the economic, social and environmental impacts of certification.

IV. OBJECTIVES AND COMPONENTS

- 4.1 The **goal** of the project is to increase the competitiveness and market access of SMEs participating in sustainable and eco-tourism operations, whereby consumers can identify the type of tourism product they want to purchase and experience. The **purpose** of this project is to assist SMEs, NGOs and various industry stakeholders in the strengthening and promotion of internationally accredited private sector certification systems for sustainable and eco-tourism operations.
- 4.2 This will be done by the implementation of best management practices that will allow the participation of SMEs in credible certification initiatives; assist certification programs in Latin America to increase their access to environmental markets and strengthen competitiveness of tourism through their participation in a regional networking effort that reduces the lack of transparency, communication and reciprocity among tourism certification programs and mitigates consumer confusion through the development of international standards for sustainable tourism and ecotourism; and by ensuring that certification initiatives enter an accreditation process that will raise their profile and ensure international recognition and credibility.
- 4.3 The project is guided by the following two specific components:

Component I: Promotion, training and dissemination of best management practices in certification programs (MIF US\$700,000 /Counterpart US\$500,000).

- 4.2 The objective of this component is to provide technical assistance to SME tourism operations that will increase their competitiveness and market access, working towards sustainability through a) the dissemination of best management practices; b) training sessions on certification; c) scopings and certification assessments; and d) promotion within environmental markets. The adoption of the best management practices developed and disseminated in this project is the expected outcome of engaging tourism operations in the certification process.
- 4.3 **Activities.** (i) Develop and implement training modules on best management practices through a series of workshops. (ii) Develop and implement training modules on certification. (iii) Develop pilot projects to ensure implementation of best management practices and formal involvement in certification programs. (iv) Develop and implement training modules on marketing certified products. (v) Develop the framework for a regional fund to help subsidize the costs of certification for small, community or indigenous tourism operations that will create model operations to support the technical assistance components of the project and that will be replicable in other regions.

Component II: Technical assistance to sustainable tourism and ecotourism certification programs in the definition and implementation of internationally recognized harmonized standards and monitoring and evaluation systems (MIF US\$900,000 / Counterpart US\$700,000).

- 4.4 The objective of this component is to provide technical assistance to sustainable tourism and ecotourism certification programs in Latin America by fostering their involvement in a regional network that will allow these programs to share experiences and lessons learned. This objective entails participation in training workshops that will result in the definition of a) strategies for involving SMEs in certification; b) a cohesive marketing strategy; c) common criteria and harmonized standards and procedures; d) monitoring and evaluation systems; and e) peer audits.
- 4.5 **Activities.** (i) Technical assistance to develop strategies for involving SMEs in certification. (ii) Technical assistance for developing a cohesive marketing strategy, common criteria and harmonized standards and procedures: certification initiatives working under a joint marketing approach and harmonized procedures. (iii) Develop exchanges with peer certification programs within the region, and from different regions, to share experiences and document commonalities and differences in their procedures. (iv) Development of a manual about the process of setting up guidelines for best management practices and certification, including the creation of an electronic portal of best management practices and certification guidelines. (v) Development of monitoring and evaluation indicators and systems, replicable in and adaptable to other regions and compatible with different certification standards, that will assist programs in measuring the economic, social and environmental impacts of certification.

V. PROJECT COSTS, FINANCING AND EXECUTION TIME

- 5.1 The total cost of this Program is estimated at US\$3,600,000 of which US\$2 million will be provided from the MIF resources (Small Enterprise Development Facility) on a non-reimbursable basis and \$1.6 million will be provided by Alianza para Bosques, Costa Rica. The execution time will be 48 months and disbursements 54.

VI. EXECUTING ARRANGEMENT AND IMPLEMENTATION MECHANISM

- 6.1 Alianza para Bosques Costa Rica will be the legal entity managing this four-year project as its central executing unit, and will accomplish the project objectives through its own direct work and the work of its local and regional partners. Alianza para Bosques Costa Rica will develop contractual relationships with key parties in each country and other key international parties for executing specific components and activities of the project.
- 6.2 Alianza para Bosques Costa Rica is a local subsidiary of the Rainforest Alliance. The Rainforest Alliance is recognized internationally as a leading conservation innovator working to protect ecosystems and the people and wildlife that live within them by implementing better business practices for biodiversity conservation and sustainability. Founded in 1987, the Rainforest Alliance is a nonprofit organization that currently operates on an annual budget of approximately nine million dollars, derived from both private and public sector funding. As one of the first organizations in the world to utilize market forces to conserve tropical forests, the Rainforest Alliance pioneered a worldwide certification movement that encourages producers to harvest products from the tropics or engage in tourism activities in ecologically sustainable and socially beneficial ways.
- 6.3 Rainforest Alliance Costa Rica houses the Sustainable Tourism Program of the Rainforest Alliance. The work of Rainforest Alliance Costa Rica is supported by the expertise and experience of the Rainforest Alliance in establishing certification programs and standards in forestry and agriculture, and especially through the experience of the Rainforest Alliance as a founding member of the international accreditation body for forestry, the Forest Stewardship Council³. Rainforest Alliance Costa Rica's implementation strategy is to work with local partner groups to choose ecosystem priorities and focal areas, provide technical assistance to local partners and regional efforts, and catalyze systemic and sustainable change that is compatible with the cultures and institutions of each region they work in. Rainforest Alliance Costa Rica is also committed to

³ The Forest Stewardship Council is an international non-profit organization founded in 1993 to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

establishing local capacity in new countries of interest, through hands-on training and field projects.

- 6.4 Rainforest Alliance Costa Rica's work in tourism has been commended and supported by the heads of the WTO, UNEP, and the United Nations Educational Scientific and Cultural Organization (UNESCO). During the past four years, Rainforest Alliance Costa Rica has leveraged the experience of the Rainforest Alliance in sustainable forestry and agriculture management and certification to design initiatives aimed at increasing the competitiveness and market access of sustainable tourism operations.
- 6.5 The process of conducting the STSC feasibility study positioned the Rainforest Alliance Costa Rica as a knowledgeable organization in sustainable tourism certification. Direct contact with hundreds of stakeholders that were part of the study allowed the Alliance to have first hand exposure to a strong demand for technical assistance in best management practices and certification from national and regional ecotourism initiatives, social and environmental non-governmental organizations (NGOs), and from tourism operators.
- 6.6 The core participants of the regional initiatives will be drawn from those who have participated in the STSC Fora held during 2001 and 2002 and in the preparatory meetings coordinated by TIES during the International Year of Ecotourism. Participation of others will be encouraged. Those most appropriate to participate in the international and the regional Network include representatives of certification programs, governments, industry and industry associations, tour operators, NGOs and consumer associations, labor unions, community-based and indigenous organizations, development organizations, inter-governmental agencies, donors and financial agencies, academic and research institutions, and accreditation organizations, as well as independent experts and consultants.
- 6.7 Representatives from UNEP, TIES, WTO and IPS will serve as the international advisory group for the development of the Network. The organizations listed in Annex A will be invited to participate as local partners and direct collaborators, and are potential sub-executing agencies. The exact nature of the sub-executing contracts will be determined in the early stages of the project as Alianza para Bosques Costa Rica develops and refines the roles of each partner in the project activities. The preliminary criteria that has been identified for the selection of the sub-executing agencies will include, although is not necessarily limited to, the following: legally registered and established in the country where they will be performing work, or operating under a regional mandate; demonstrable competence in and experience with the management of funds at the level required by their contractual agreements; high level of expertise and/or experience in tourism certification, sustainable tourism, technical assistance, tourism services or other relevant fields.

VII. EXPECTED RESULTS AND JUSTIFICATION

- 7.1 The results of the project activities and deliverables will be the strengthening of sustainable tourism and ecotourism certification in five pilot countries to increase

their credibility which will help SMEs become more competitive and access niche markets. This, in turn, will improve the livelihoods of tourism services providers, workers and their families, and the local communities surrounding tourism operations. Credible certification programs will help SMEs become more competitive and access niche markets. Rigorous environmental and social standards for sustainable tourism and ecotourism will be promoted in training sessions, scopings, assessments and audits.

- 7.2 The adoption of the best management practices developed and disseminated by Rainforest Alliance Costa Rica through the activities of this project is the expected outcome of engaging tourism operations in the certification process. Certification standards for sustainable and ecotourism are based on these principles of best management practices, developed in extensive consultation with relevant stakeholders in the tourism community, from NGOs and government agencies to for-profit tour operator companies.⁴
- 7.3 The main risk of the Program will be Alianza para Bosques's ability to secure local institutional commitment and international stakeholder participation to assure a successful execution. This risk has been taken into account because Alianza para Bosques has already discussed and confirmed participations from local institutions to facilitate national implementation of the Project and international organizations to reach a replicable model that could be subsequently implemented in other regions and ultimately at the global level⁵.
- 7.4 A second risk is Alianza para Bosques's ability to secure SMEs demand for services and products developed and offered by the Project. This risk has been taken into account because Alianza para Bosques is already involved in national and regional initiatives working with this same target population. Evidence suggests that with the promotion and other activities planned under this Project, the demand is sufficiently large to achieve the Project objectives.
- 7.5 Finally, a potential risk is one of duplication of resources and effort due to the many programs of assistance in the area of sustainable and eco tourism certification. This Project's design will be careful to ensure that it complements other assistance efforts planned or underway in the area. Furthermore, the objective of this project is to take what is being conducted in national programs, to define common and harmonized international standards that could eventually be accredited by the proposed STSC.

VIII. ENVIRONMENTAL AND SOCIAL IMPACT

- 9.1 The project team considers that this operation will not have any adverse social or environmental impact. In fact, the Project is expected to have a positive impact on the dissemination of social and environmental issues since activities and deliverables will be improved livelihoods of tourism services providers, workers

⁴ For a comprehensive list of the expected outcomes from the implementation of best management practices in sustainable and ecotourism, please see Annex B.

⁵ A list of the national institutions that will be sub executing this Project is in Annex C.

and their families, and the communities surrounding tourism operations. In addition, the proposed best management practices include mechanisms and requirements for ethical business and labor practices and community development; maintenance of positive impacts on social structures, culture and economy, as well as adherence to human rights principles and social and cultural integrity; sustainable environmental practices; and systems for monitoring and evaluation of economic, social and environmental impacts

IX. ESTIMATED PROJECT PREPARATION AND ANALYSIS TIME

- 9.2 It is estimated that once the Abstract is approved, the analysis and donors memorandum could be completed in four months.

Prepared by: Santiago Soler

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