ECOLODGES:
EXPLORING OPPORTUNITIES
FOR SUSTAINABLE BUSINESS
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FOR SUSTAINABLE BUSINESS

PHOTOGRAPHY:

Glenn Jampol  PG. 8
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COVER PHOTOS (from top to bottom):
Chumbe Ecolodge Arial View  Hitesh Mehta
Il Nqwesi: Local tribal ceremony  Hitesh Mehta
Chumbe Ecolodge: Front view  Hitesh Mehta
Finca Rosa Blanca Country Inn  Glen Tampol
Amazonat Jungle Lodge  Hitesh Mehta

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FOREWORD

ADDRESSING AND PREVENTING the impacts of climate change and preserving the global environment are key challenges facing the world today.

There are no instant solutions to these problems; they are complex, global issues that defy resolution by any single program or institution. The International Finance Corporation (IFC), which makes private sector investments, has been working with the Global Environment Facility (GEF) and a number of other partners and stakeholders with various objectives to develop innovative financial mechanisms to integrate environmental activities into commercial business operations. Private sector participation is a vital part of meeting these challenges. Research in this field indicates that support for entrepreneurial efforts can be far more powerful and effective in creating long-term sustainable growth than can large government concessional grant programs.

IFC, industry, governments and civil society are all coming to recognize that environmental protection and the sustainable use of environmental resources depend on close collaboration between the public and private sectors. Consumers, too, are increasingly demanding products and services that make use of environmental resources in a sustainable manner. However, the costs of producing environmentally friendly goods and services can be high, the businesses that produce them may require more time, training and a supportive enabling environment to become economically viable, and the actual production often involves new and untested technologies. These market barriers, combined with the inherent incremental costs of environmental protection and conservation, may deter the private sector — particularly small and micro-enterprises — from actively pursuing environmental business opportunities.

To spur the development of environmentally sustainable and economically viable micro, small and medium enterprises (SMEs¹), IFC, with funding from GEF, launched the Environmental Business Finance Program (EBFP) in March 2004. EBFP supports SMEs by increasing their access to finance, building their capacity, and fostering an enabling environment for their activities.² An important element of EBFP’s strategy is the dissemination of lessons learned, to encourage best practice by SME owners and managers, other entrepreneurs and potential investors in the area of environmental finance.

PHOTO: Chumbe Ecolodge: Hitesh Mehta
This publication summarizes the results of research on the triple bottom line, emphasizing environmental, social and economic sustainability in the ecolodge sector. Key factors are highlighted that make an ecolodge environmentally, socially and financially successful. It is the first in a series of reports resulting from EBFP’s research activities on the market for environmentally friendly goods and services. Future publications will examine the financial viability of other sectors that have important environmental and social benefits and growth potential.

This study examines the market for and business characteristics of ecolodges operating in developing countries, in order to determine the key factors for business viability of ecolodges. The study also includes a review of how these facilities can have a positive impact on the environment and maximize their sustainable development benefits for their regions and local communities. After a brief introduction in Section 1, Section 2 looks at the ecolodge marketplace, including the demographics of ecotourists, their activity and accommodation preferences, and the global trends that influence the ecotourism market and demand for ecolodges. Section 3 provides a brief review of the evolving policy and enabling environment for ecotourism around the world. Section 4 presents a discussion of how ecolodges can become financially viable, with a summary of the basic ecolodge business and finance model, an analysis of the key factors for profitability for ecolodges, and an assessment of the main technical assistance needs of ecolodge owners and managers. Section 5 examines potential positive and negative biodiversity impacts of ecolodges. Finally, Section 6 presents a brief conclusion assessing the future of the ecolodge market.

I hope this publication serves as a useful tool to the public and private sectors, donors, financiers, advisors, ecolodge operators and others who contribute to the sustainable growth of the ecolodge industry.

Rachel Kyte
Director
Environment & Social Development Department

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1 SMEs are defined in accordance with the definition of the World Bank Group’s SME Department as follows: micro-enterprises up to 10 employees and total assets or total million; and medium enterprises up to 300 employees and total assets or total annual revenue of up to US$15 million. For the purpose of EBFP, the definition of SME includes micro-enterprises.

2 This program is environmental benefits.
1. INTRODUCTION

ECOTOURISM, which is responsible travel to natural areas that conserves the environment and improves the well-being of local people, is one of the most dynamic segments of the international travel industry. As a growing number of ecotourists plan their holidays around authentic natural and cultural experiences, they will increasingly seek accommodations, such as ecolodges, that reflect the main principles of ecotourism. The International Ecotourism Society (TIES) defines ecolodges as including three main components: conservation of neighboring lands, benefits to local communities, and interpretation to both local populations and guests. While the term “ecolodge” is used throughout this study, some parts — particularly the mapping of lodges in 60 countries and the in-depth surveys of 106 lodges — include ecolodges, as well as nature-based lodges and small beach resorts.

Ecolodges are of particular interest to the sustainable development community, because they are small, medium and micro-enterprises that can generate a variety of positive economic development impacts in highly rural, biodiverse areas, where other types of development underway or under consideration are frequently damaging to the environment. Yet no study has determined the factors that can make an ecolodge financially viable and ensure minimal environmental impact.

This publication summarizes the findings of two studies on ecolodges that IFC commissioned in 2004. The first, Ecolodge Footprint and Justification for Biodiversity Conservation, examined the environmental footprint of ecolodges. The second, A Review of International Markets, Business, Finance and Technical Assistance Models for Ecolodges in Developing Countries, evaluated the current and projected market demand for ecolodges and assessed their financial viability. With these studies, IFC sought to determine whether the environmental impacts and financial performance of ecolodges are sufficiently positive to justify IFC’s investing in them as part of its sustainable development mission.

Genuine ecolodges have been in operation for less than 10 years, and many have only been profitable for several years. Until now, studies on ecolodges have been unable to look at business models or success parameters, because many lodges were too informal to provide sufficient business background or had not been in business long enough to become profitable. The businesses that were studied can be considered trend setters that have been highly innovative in developing a marketable brand for their lodges in their regions. Nevertheless, the results presented are still preliminary because of the emerging nature of this market.

3 This definition was determined by TIES in 2002.
4 This study had four components: 1) survey and analysis of ecolodge market opportunities and economic impacts before, during, and after (operational phase) construction. Authors are Kelly Bricker, Martha Honey, Neel Inamdar, and Maria Placht. Researchers from West Virginia University are Sarah Millington, Jason Siniscalchi, and Trace Gale.
5 This study had two components: 1) an analysis of demand characteristics for eco-lodges, and 2) survey and analysis of the financial viability of ecolodges. The authors are Megan Epler Wood, Pam Wight and Associates, and Jeanine Corvetto.
2. THE ECOLODGE MARKETPLACE

Although opinions about future demand and growth in the ecotourism market vary, all experts and operators agree that ecotourism markets will increase. According to the ecolodge owners and experts interviewed for this study (see Appendices B & D for listings of surveyed ecolodges and the regional experts respectively), the ecolodge market is expected to grow by an average of about 10 percent per year over the next several decades. This estimate is in line with overall growth estimates for general travel, which are based, in large part, on the size of the baby-boom generation (individuals born between 1945 and 1964) from Europe, North America and Japan. The baby boomers will experience unprecedented health and longevity during their retirement years, and will have more time for leisure and travel, good financial resources and increasing access to quality information on travel options through the Internet. This section looks briefly at the ecotourism market, including the characteristics of ecotourists, the attractions and amenities they seek, and the trends that affect their decisions on where and when to travel.

A Note About the Data

Ecotourism market data are notoriously difficult to collect, and this study faced the same issues as all other studies on ecotourism to date, notably the lack of quality data. Outbound market data from developed countries are increasingly available, but still very sparse. Quality ecotourism data from key destination countries remain largely unavailable, and it is therefore very difficult to determine how each geo-region’s ecolodge market is performing and what the potential for growth is.

This study focuses on five main geo-regions that are the primary destinations of ecotourists: Africa, Asia, Central and South America, the Pacific, and Southeast Asia. To gather data on ecotourism trends in these areas, the authors reviewed market literature from origin markets around the world, and undertook a survey with regional market experts to discuss ecolodge development trends in destination countries. A survey was undertaken of 15 ecolodges that are known to be model facilities. In addition, a review of the legal and policy context for ecotourism development in developing countries was performed, a discussion of natural attractions that constitute business drivers was provided, and an investigation of the technical assistance needs of ecolodges was undertaken.
WHO ARE ECOTOURISTS?

The United States was identified in this study as the key global market for ecotourism in all geo-regions studied. However, ecotourists do come from all over the world, including Canada, Europe (especially France, Germany, the Netherlands, and the United Kingdom) and, to a lesser extent, Australia, Japan, and New Zealand. They are of all ages, with a significant component of middle-aged travelers, and tend to be more highly educated professionals with moderate to high income. Slightly more ecotourists are women than men.⁶

Free and independent travelers (FITs) — as opposed to those traveling with a tour operator — are an important and growing market segment for ecotourism. This study concludes that 50 percent of the market will travel independently, while 50 percent will travel on tours. These results vary by region. European ecotourists are almost all independent travelers, because Europe’s tour operators rarely advertise ecotourism as an option and have only recently begun to offer more customized special interest travel options. U.S. ecotourists, on the other hand, are more likely to travel on tours, because they have had access to a wide variety of specialty niche travel operators and nonprofit travel programs for more than a decade. However, Americans are increasingly traveling independently, particularly to destinations closer to home, such as Belize, Costa Rica, and Mexico because of access to quality travel information on the Internet. The growing number of travelers booking directly with ecotourism and arriving without the help of travel agents or tour operators will have long-term benefits for ecotourism, as it will enable them to increasingly market directly to consumers.⁷

WHAT ARE THEY LOOKING FOR?

In general, ecotourists choose their destinations first, based on desired activities or attractions, and then choose their accommodations, although a few very successful ecotourism have emerged as a primary reason to travel to a specific destination. For example, Tiamo, in the Bahamas, has drawn great attention to Andros Island as an ecotourism destination, while in the past the Bahamas was strictly known as a mass tourism resort, cruise and gambling destination. Lapa Rios, in Costa Rica, brought ecotourism to the Osa Peninsula, which had been known primarily as an outpost for illegal gold mining. Panama’s Canopy Tower drew attention to its first-class bird watching just minutes from Panama City, this city being known previously for international banking, the U.S. invasion and a corrupt dictator. These three ecotourism surveyed, as well as other examples from other locations, have become a reason to travel to certain destinations, thus helping to transform the image of destinations previously thought of as unattractive or unsuitable for nature lovers.

The popularity of specific ecotourism destinations varies based on country of origin. Among Europeans, travelers from the United Kingdom prefer destinations in Asia, and Germans select Asia and Latin America with nearly equal frequency. Central America is the most popular destination for North Americans, while the vast majority of Japanese ecotourists prefer destinations within Asia and Oceania.

PHOTO: Campi ya Kanzi: Hitesh Mehta
Activity Preferences

The most important motivations for travel by ecotourists around the world are to enjoy the natural environment, have an “experiential” vacation, and learn while traveling. There is a particularly high interest in admiring scenery, viewing wildlife, hiking and walking, taking guided interpretive tours, and visiting parks and protected areas. According to the study’s regional experts, activity preferences vary from destination to destination. For example, diving and other marine activities are rated highly in the Pacific, while jungle/rainforest trekking and bird watching are rated highly in Latin America and Southeast Asia, and game viewing is popular in Africa.

In general, wildlife viewing is the primary attraction for ecotourists, both independent travelers and those traveling with ecotour operators. What distinguishes a wildlife attraction and makes it “bankable” relates to the charisma of the wildlife being viewed. Charismatic animals include gorillas and all great apes, large marine creatures such as whale sharks and whales, and the African “Big Five” (lions, leopards, elephants, Cape buffalos and rhinos). When large mega-fauna are not present in an area such as rainforests, attractions include monkeys, lemurs and large flocks of colorful birds, such as macaws. Whether or not the destination has mega-fauna or congregations of wildlife, high-quality guide services with excellent and accurate interpretive information about culture and nature can distinguish an ecolodge in the marketplace and have a great deal to do with gaining consumer loyalty.

One key special interest among a dedicated segment of the market is bird watching. Bird watching has a very strong appeal to a narrow segment of the ecotourism market; about 10–15 percent of the market seeks to bird watch for nearly 100 percent of their activity time. Thus, evaluating the attraction and viewability of endemic birds found only in restricted areas, or unique congregations of birds, plays an important role in designing a new ecolodge destination. Bird watchers are frequently found in countries not yet known for ecotourism, and can help make a name for destinations that might otherwise remain unknown.

Accommodation Preferences

There are few destination studies that have surveyed the lodging preferences of ecotourists. According to the regional experts, consumers want value for their money, and they want to stay in local, more traditional accommodations if there are no easily identifiable facilities that offer a good alternative. In many cases, these travelers would likely embrace a more ecological alternative if it offered good value and excellent guides, and was located near highly viewable wildlife resources or destinations with excellent scenic qualities.

Regional advisors indicate that ecotourists seek comfortable, conventional, mid-priced lodgings. Access to the primary attraction or activity is a key factor in choosing accommodation, as are comfort, quality of interpretive guides, friendly service, small group sizes and pricing. Visitors only tend to consider the use of environmentally sensitive practices or architecture when all other considerations are met.

The fact is that ecotourists still rely on conventional accommodations, rather than ecolodges, for a large proportion of their travel experience. This can be explained partly by the lack of ecolodge alternatives in many areas. For example, in rural areas, ecotourists

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8 Wight, 2001; Rodríguez, 2003.
10 Wight, 1997.
frequently will not find ecolodges, and so instead look for locally owned budget accommodation that may not be environmentally sound.

While the range of existing ecolodges runs from basic to luxury, there is a “gap” between community-run, basic facilities and high-end lodges, with a lack of mid-priced ecolodges. An analysis of 6,515 nature-based lodges in 60 developing countries found that nearly three-quarters are lower-end: 73 percent, or 4,774, of the lodges were budget accommodations (less than $50 per night), 18 percent, or 1,180, of the lodges were mid-range ($50–$100 per night), and 7 percent, or 470 of the lodges were top-end (over $100 per night). No price data were available on 91 of the lodges.¹² The survey, based on an analysis of popular guidebooks and written surveys, found that only the Caribbean islands surveyed and Costa Rica have a significantly large percentage of mid-range lodges. Given the small size of the consumer market able to afford high-end lodges and the consumer demand for mid-range accommodations, it would appear that there is an insufficient supply of mid-priced ecolodges today. The demand for a greater supply of mid-priced ecolodges in ecotourism destinations worldwide will increase only as the professional middle class of baby boomers retire, travel more frequently and seek comfortable accommodations in the wildland areas they have always dreamed of visiting.

**Box 1: The “Green Skew”**

A potential problem for ecolodges and ecotourism products is a “green skew” that has been increasingly evident in ecotourism and green-market survey research in the last decade. Research by EplerWood International has shown that while surveys and literature in the 1990s indicated a rapidly increasing consumer interest in environmental and social issues, this has not proven to be the case, according to large-scale studies. There is also increasing evidence that consumers do not act on their stated environmental and social concerns. The small sample of ecolodges and ecotour operators used for this study report that less than 10 percent of their consumers request information on their environmental and social practices. This can have important implications for ecolodge developers because, although numerous projects throughout the world have predicated their business plans on surveys that have shown high consumer concern for the environment or social issues, no large-scale studies exist that review how many tourists actually act on these concerns. Thus, companies entering the ecolodge market should be conservative with their use of market demand surveys at the point of origin, and it is recommended that they take the “green skew” into close consideration. One solution to this problem is to utilize professional inbound market demand surveys with statistically valid sample sizes in target gateways for FITs and guided tour travelers as a key source of market information.

*Source: Epler Wood, Megan, 2004.*

¹² See Table 14 in the full Ecolodge Footprint and Justification for Biodiversity Conservation study, available at www.ifc.org/eljp.
WHERE ARE ECOLODGES LOCATED?

There is a high correlation between the location of ecolodges and nature-based lodges, and that of public and private protected areas or other areas of high biodiversity. The authors of the Ecolodge Footprint and Justification for Biodiversity Conservation study mapped the locations of nature-based lodges in 60 countries (based on a review of guidebooks) as well as those of 106 ecolodges that completed written surveys. The 60 countries were chosen based on their high concentration of nature-based lodges, their developing (or mature) ecotourism industry, and their location in an area of high biodiversity and/or significant natural attractions. Of the total 5,459 lodges mapped (another 1,059 lodges could not be plotted because no location was available), Indonesia has the largest concentration of lodges (758), followed by Costa Rica (590), Thailand (468), Peru (356), Ecuador (345), Guatemala (322), Mexico (304), Sri Lanka (277) and Tanzania (259).

Of the lodges mapped in all 60 countries, 84 percent are located in biodiversity hotspot areas, as defined by Conservation International (www.biodiversityhotspots.org). The highest concentration is in Mesoamerica (1,157 lodges), followed by Indo-Burma (543 lodges). Of those ecolodges that completed the in-depth surveys, 60 percent are located within or on the periphery of an established protected area, and 39 percent are located within a private reserve.

![FIGURE 1: Nature-Based Lodges of the World](image)
The high number of ecolodges and nature-based lodges located in or near protected areas, or areas of high biodiversity value, demonstrates the need for lodges to maintain sound environmental standards and practices. As both effective government regulation and voluntary certification programs are fairly rare (only 26 percent of lodges completing the in-depth survey have a green certification or rating¹⁶), environmental and social standards and practices are often developed by the lodge owners and managers (see Box 2).

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Box 2: Environmental and Social Practices at Ecolodges

The Ecolodge Footprint and Justification for Biodiversity Conservation study surveyed lodge managers at 106 leading ecolodges around the world. Though not independently verified, the results of this survey do provide a comprehensive overview of managers’ perceptions of good environmental and social practices, and therefore offer a baseline understanding of common practices, possibly including areas that are often overlooked by researchers and lending agencies in ecolodge development and operations. The full survey results can be found at www.ifc.org/ebfp, Tables 1–11. These findings are summarized below:

- **Predevelopment and Construction Impact:** Sixty-three lodges (59%) have undertaken development in accordance with an environmental impact assessment (EIA) or assessed the environmental impacts of their developments. Most (89%) also minimized erosion during construction. While the majority of respondents demonstrated concern for reducing negative impacts, only a third have an annual written environmental performance review (32%). Thus, it is questionable whether there is a clear understanding of the impact of the lodge on the natural environment. This indicates the necessity for establishing a baseline understanding of environmental and social impacts prior to lodge construction, and for conducting ongoing monitoring and evaluation as the development is established and becomes operational.

- **Locally Appropriate Building Materials and Local Staff During Construction:** The majority of lodge owners source materials locally (86%) and use local contractors and staff for construction (91%). Nearly 70% use some recycled building materials, with the overall majority utilizing appropriate building technologies and materials (81%).

- **Physical Layout:** Eighty-seven percent follow strategies to minimize dominance on the landscape. Most respondents said that they have completed a visual analysis to make building forms compatible with the landscape. Nearly all also claim that the lodge fits into the local environment through the use of vegetation (96%).

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¹⁶ See Table 1 in the full Ecolodge Footprint and Justification for Biodiversity Conservation study, available at www.ifc.org/ebfp.
• **ENERGY NEEDS:** Overall, energy use seems to be one of the weakest areas for most lodges. The use of renewable energy sources is very low (approximately 31%). Further research should investigate why lodges are not taking advantage of the long-term cost savings and environmental benefits of alternative energy sources.

• **WATER ACQUISITION AND WATER CONSUMPTION:** Nearly 70% answered that they use sustainable means to reduce water consumption, and 67% encourage guests to reuse linens. However, in several specific areas, responses were low: only 29% reuse gray water, 11% use automatic turn-off taps, and 26% reuse effluent water for toilets and other purposes.

• **HANDLING AND DISPOSAL OF SOLID WASTE:** Nearly 87% reported that they carefully handle and dispose of solid waste and sewage. Overall, there seemed to be the highest incidence of cost-effective activities (e.g., using less packaging, buying in bulk quantities).

• **SUPPORTING CONSERVATION:** Eighty percent or higher said that they support conservation efforts, do not purchase rare or threatened species, and encourage guests to participate in conservation initiatives. However, very few lodges address feral animal and weed control (31%).

• **WORKING WITH LOCAL COMMUNITIES:** Virtually all (98%) of the lodges employ local residents, and 88% reported that they have a policy to purchase products and services locally. In addition, 76% said they give tangible financial, technical or in-kind support to at least one local organization, and the same percentage (76%) give free or discounted visits to local schools and educational institutions. However, only 45% say that traditional custodians or appropriate cultural groups are involved in the development of interpretive materials that present their heritage, and only 44% advise lodge guests to avoid visiting sites that have restricted access due to cultural sensitivity.

• **LODGE ACTIVITIES IN NATURAL AND CULTURAL INTERPRETATION:** The majority (70%) say they have interpretive programs, and 69% employ guides for guest interpretation and education. However, only 51% have formal guide training. Guided tours are the most predominant activity, followed by pre-tour briefings and informational pamphlets.

**WHAT INFLUENCES ECOTOURISM AND ECOLODGE DEMAND?**

Demand for ecolodges and ecotourism in developing countries is largely dependent on the overall market for overseas travel. The most significant change in overseas travel trends in the last decade occurred as a result of the September 11, 2001, attacks in the United States, the subsequent U.S. war on terrorism, and a wide variety of security and health concerns that have arisen worldwide since 2001. The resulting sense of global insecurity has changed the behavior of overseas travelers from Australia, Europe, Japan, and the United States indefinitely.
Global trends

Until the September 2001 terrorist attacks on the United States, global travel had been on the rise for years, with an average of nine percent annual growth from 1988 to 1997.¹⁷ Nature destinations were faring particularly well, with some important ecotourism destinations, including Belize, Botswana, Costa Rica, Ecuador, South Africa and Tanzania, experiencing double digit average annual growth. Overall, countries that were known to be stable, with well-developed wildlife parks and destinations and only modest infrastructure, were prospering and attracting significant foreign exchange through nature-based tourism in the 1990s.¹⁸

However, global travel was significantly affected (possibly more than any other industry) by the September 11 attacks and other subsequent security concerns around the world. Many U.S. overseas travelers, who make up a significant portion of the ecotourism market, canceled overseas travel plans. In the two years following the attacks, there was a 13 percent total decline in U.S. travel overseas (see Figure 2). Nature tourism destinations in eastern Africa were the hardest hit, while Central and South America also saw declines. Although travel to Asian destinations did not decline immediately after the terrorist attacks (mostly because of business travel to China and Southeast Asia), the SARS outbreak, Bali bombings and Iraq War led to drastic declines in both Asia and Southeast Asia in 2003. However, U.S. overseas travel rebounded in 2003, with a 4 percent increase worldwide, spurred by the results for Africa (up 17%), the Caribbean (up 14%), Central America (up 17%), and South America (up 10%).

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¹⁷ World Tourism Organization (WTO).

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FIGURE 2: Changes in U.S. Travel to Regional Markets Since 9/11

Depressed economies in major ecotourism outbound markets, including Germany, Japan, and the United States, since 2001 have also slowed travel demand, causing travelers to seek more economical vacations closer to home. However, most experts report that high-quality ecotourism destinations may be quicker to recover. For example, South Africa remained very popular in 2002 and 2003 for European travelers within Africa, despite double-digit downturns for European long-haul travel overall. Given that South Africa’s number one attraction is wildlife parks, this indicates that quality parks and wildlife resources helped South Africa survive both an economic downturn and one of the worst travel crises in recent history.

Changes in leisure behavior, which have been documented by the European Travel Commission¹⁹ and others, will also have important implications for the future of the travel market. According to this research, there will be a greater market for customized travel featuring arts, culture and history, as well as wellness products, such as spas, ayurvedic and alternative medicine, and fitness centers with yoga, herbal and other treatments and regimes. The ability to serve these niches will depend on the size of the niche and how well special interest groups organize travel.

Busier lives and a smaller number of paid vacation days will cause tourists to increasingly prefer shorter and more frequent vacations. Public displays of status are becoming less important, and lifestyles are more informal worldwide, indicating the demand for five-star accommodation will decrease, since this typifies the World War II generation. Leisure behavior is becoming more personalized, leading to increased demand for smaller hotels and lodges.

The way in which tourists book their holidays is changing, too, with the use of the Internet for research and direct bookings of tourism products and services. More independent travelers will increasingly seek partly packaged or customized holidays, rather than the traditional inclusive tour packages. Ecolodges will appeal to this growing segment of independent travelers and will benefit greatly by being able to use low-cost, but effective, Internet marketing tools. At the same time, ecolodges will appeal to the population that prefers to travel with a tour operator by working with specialized operators that increasingly seek comfortable, well-designed lodges in natural areas.

**Ecolodge-specific demand**

With all experts agreeing that a growth trend is in place for ecolodges, this study reviewed the key aspects of demand for ecolodges. The following factors (in random order) are considered to be the primary determinants for whether there will be demand for a specific ecolodge among travelers:

- visitors’ budgets and preferences;
- likelihood of seeing a primary attraction;
- marketing impact;
- degree of political stability, safety and security;
- international airline access;
- domestic airline access after arrival at an international gateway;
- speed of booking time;
- quality of Internet information; and
- destination image and economic situation in source markets.

More specific, secondary determinants include the environmental practices of the lodge and the type of architecture. However, some experts felt that having the accommodation located in a natural area was more important than design or greenness.

¹⁹ European Travel Commission, 2003
Operators and experts also identified a range of barriers and constraints to the development of ecolodges and the growth of ecolodge markets, including (in random order):

- lack of rural infrastructure, limiting efficient access and accessibility;
- distance from world markets;
- seasonality;
- available financing;
- public sector lack of understanding of ecotourism operations; and
- poor ecotourism policies and lack of appropriate government regulations to protect communities and the environment (see Section 3).

In addition, the potential for ecolodge development may be adversely affected by negative development patterns. Throughout the world, there has been inadequate governmental regulation and monitoring of tourism’s impacts on the environment, little attention to the need for visitor management in protected areas, and a serious lack of expertise and ability to execute land-use plans in order to protect regions from overbuilding in boom destinations. In the end, inappropriate tourism development destroys the destination for ecotourism. Ecolodges that once appeared to have few impacts, low visitor numbers and positive contributions to local economic development can become enveloped by massive tourism influxes that result in many additional lodges too close to one another, and a lack of proper protection for local environment and wildlife. Tourism booms can be followed by subsequent busts in visitor numbers, wreaking havoc on the ability of any one private ecolodge owner to meet business or environmental goals.

Despite these significant constraints, ecolodges have a broad market opportunity over the next 30 or more years to capitalize on the aging demographics of the market, increased ability to deliver quality information via the Internet, growing leisure time and resources for the large group of professional middle-class retirees from Europe, Japan, and the United States, and changes in leisure and lifestyle trends that will influence travelers to seek more customized experiences in smaller accommodations worldwide.
3. ECOTOURISM POLICY

THE GOVERNMENT ROLE, in ecotourism policy development, regulations and legal frameworks is still largely at the planning and discussion stage worldwide. Although national ecotourism planning has taken place in numerous developing countries, such as Malaysia and Mexico, the implementation of ecotourism plans has been sporadic, with almost no national fiscal commitment. Without fiscal support for the objectives set by national plans, planning documents are quickly shelved for future administration consideration. While government decision makers are becoming increasingly aware of the need for support of the ecotourism sector, to date there has been a “frontier-style” development environment for ecocorridors in most developing countries, where government services and support are, on the whole, not available.

To assess this policy environment, the authors performed an Ecotourism Policy Gap Analysis, using results from the 2002 World Ecotourism Summit on government policy, which incorporate the comments of thousands of stakeholders worldwide. The findings of this analysis are summarized in the two tables below. Table 1 presents the policy gaps and Table 2 presents policy actions.

One of the key findings of this study is that ecocorridor ventures can rarely count on government infrastructure services for sewage, waste or energy, and there are no government incentives to create systems that are more environmentally friendly. Frequently, there are additional tariffs for imported technologies, such as solar panels. While the responsible ecocorridor business community has found inventive ways to manage their own waste, water, energy, and sewage systems through the advancement of alternative technology designs and projects, they generally do not have government support programs for new technologies to assist them. Lodge owners themselves often assist with establishing local municipal programs, particularly recycling initiatives.

One area where some governments are playing a role is in the development and implementation of voluntary certification programs for ecocorridors and other accommodations. In 1997, the Costa Rican government launched the Certificate for Sustainable Tourism, a rigorous certification program that is currently serving as the model for developing programs in a number of other countries. The governments of Brazil, Ecuador, and Mexico, among others, are currently involved in working to create national “green” certification programs for hotels. However, requirements for green technologies that are mandated without technical or financial support represent an additional cost to business, and there has been no research showing that these programs improve the marketability of certified businesses. Thus, while these certification programs have provided important incentives for the private sector to green their businesses, they are still in the experimental stage. Further testing and research are required to demonstrate the full business value of certification programs.
## TABLE 1: Ecotourism Policy Gap Analysis


<table>
<thead>
<tr>
<th>GOVERNMENT-LEVEL POLICIES ABSENT</th>
<th>S.E. ASIA</th>
<th>S. ASIA</th>
<th>MESO-AMERICA</th>
<th>S. AFRICA</th>
<th>ANDEAN S. AMERICA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NATIONAL TOURISM MINISTRY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Costa Rica the one exception</td>
</tr>
<tr>
<td>No government specialists in ecotourism planning to set standards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Ecuador the one exception</td>
</tr>
<tr>
<td>Mass tourism policies only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Ecuador the one exception</td>
</tr>
<tr>
<td><strong>TOURISM BOARD</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business licensing inefficient</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>No ecotourism market intelligence</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>No ecotourism marketing</td>
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</tr>
<tr>
<td><strong>ECONOMIC DEVELOPMENT</strong></td>
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</tr>
<tr>
<td>No ecolodge investment promotion or incentives</td>
<td></td>
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<tr>
<td>No specialized loans</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL MANAGEMENT &amp; NATURAL RESOURCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No monitoring of tourism impacts</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Poor links between biodiversity conservation and tourism policies</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>No land-use planning for tourism</td>
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</tr>
<tr>
<td><strong>PROVINCIAL OR MUNICIPAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>A problem in Amazonian Peru and Bolivia</td>
</tr>
<tr>
<td>Land rights not in place</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No participative planning</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>No zoning for ecotourism</td>
<td></td>
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</tr>
<tr>
<td><strong>INTERMINISTERIAL LEADERSHIP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Ecuador and Peru the exceptions</td>
</tr>
<tr>
<td>No interministerial cooperation</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>LEGISLATIVE AND EXECUTIVE BRANCH</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>No government funds for tourism law implementation</td>
<td></td>
<td></td>
<td>Limited</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>POLICY TYPE &amp; POLICY MAKING BODY</th>
<th>POLICY TOOL</th>
<th>SUGGESTED POLICY ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEGAL FRAMEWORKS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal frameworks</td>
<td>Legal review of tourism policies</td>
<td>Integrate needs of ecotourism businesses in legal policies for tourism</td>
</tr>
<tr>
<td>Legislative frameworks</td>
<td>Review of relevant legislations</td>
<td>Integrate needs of ecotourism businesses in municipal and local legislation</td>
</tr>
<tr>
<td>Fiscal commitment</td>
<td>Budget review</td>
<td>Incorporate ecotourism legislative, legal and policy frameworks into budget for economic development</td>
</tr>
<tr>
<td><strong>LEGISLATIVE BODY AND EXECUTIVE BRANCH</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOURISM BOARD</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National marketing</td>
<td>Internet and trade fairs</td>
<td>Incorporate ecotourism information in national travel market campaigns</td>
</tr>
<tr>
<td>Market intelligence</td>
<td>Market research</td>
<td>Conduct quality research of ecotourism market sector for nation</td>
</tr>
<tr>
<td>Regional marketing</td>
<td>Regional ecotourism networks</td>
<td>Provide financial and logistical support for marketing networks</td>
</tr>
<tr>
<td><strong>INTERMINISTERIAL COOPERATION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transboundary initiatives</td>
<td>Transnational policies</td>
<td>Hold meetings between countries to establish cooperation</td>
</tr>
<tr>
<td>Interministerial planning</td>
<td>Integrated planning</td>
<td>Establish interministerial working groups</td>
</tr>
<tr>
<td><strong>TOURISM MINISTRY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy frameworks</td>
<td>National ecotourism plans and policies</td>
<td>Integrate policy with other national development and environmental conservation goals</td>
</tr>
<tr>
<td>Health standards</td>
<td>Inspections and monitoring</td>
<td>Ensure all new facilities are meeting health standards</td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL AND NATURAL RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development planning</td>
<td>Zoning, land-use planning</td>
<td>Establish zones limiting scale of tourism development according to site</td>
</tr>
<tr>
<td>Monitoring</td>
<td>Enforcement</td>
<td>Obtain funds to enforce development regulations</td>
</tr>
<tr>
<td>Protected areas</td>
<td>Visitor management</td>
<td>Obtain funds to establish baseline data and manage impacts</td>
</tr>
<tr>
<td><strong>PROVINCIAL OR MUNICIPAL GOVERNMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participative planning</td>
<td>Participative policy planning</td>
<td>Incorporate community and indigenous populations in planning for ecotourism development</td>
</tr>
<tr>
<td>Land tenure</td>
<td>Reform of land titling</td>
<td>Review land titling issues in ecotourism development zones</td>
</tr>
<tr>
<td>Land use</td>
<td>Zoning, land-use planning</td>
<td>Develop ecotourism development zones</td>
</tr>
<tr>
<td>Infrastructural support</td>
<td>Signage, roads, telecommunication, electricity, water, solid waste, sewage treatment</td>
<td>Review needs in ecotourism zones, target development as appropriate</td>
</tr>
<tr>
<td><strong>ECONOMIC DEVELOPMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public-private cooperation</td>
<td>Private sector advisory board</td>
<td>Develop advisory board</td>
</tr>
<tr>
<td>Sustainable growth</td>
<td>National tourism accounting system reform</td>
<td>Develop economic indicators for tourism development in different zones. Review incentives for development in poor and rural areas, triple bottom line results</td>
</tr>
</tbody>
</table>