

Pro-poor tourism as a means of Sustainable Development in the Uctubamba Valley, Northern Peru.

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Introduction.

This paper reports research undertaken in the village of Kuelap, located in close proximity to the Kuelap Fortress currently under restoration and envisaged as a major attraction in Northern Peru. The research identified forms of tourism compatible with livelihood diversification activities appropriate to community members. This was achieved by combining Sustainable Livelihoods Analysis (SLA), chosen to ensure compatibility with existing livelihoods and to reduce conflict with current activities for resource use, with market research to ensure commercial viability of suggested activities, products and services which may be pursued. By researching the community as a whole excluded group were identified and the reasons for their exclusion researched. The level of disunity within the community, described below, means that a stakeholder approach may be required to achieve development which involves community members, and an understanding of the groups in terms of access to involvement in tourism related diversification strategies is thus of great significance to the larger project development.

This paper argues the case for pro-poor tourism development in the area as both an ethical issue with the means to make rural livelihoods in the area more sustainable and risk free, and as a practical necessity for the sustainability of the project and for market recognition. Such pro-poor initiatives can be taken at all levels, but for the industry to be successful in its approach to the inclusion of communities, it must be taken as a core theme in the overall management, and must therefore be initiated from above.

Background.

International tourist arrivals to Peru have increased steadily from 694 to 933 thousand between the years 1999 and 2003 (PENTUR 2004). In addition to this, national tourism is considered to have increased with internal travel within the country considered to be safer following the decrease in terrorist activity in Peru. Tourism in Peru has traditionally been concentrated around the iconic site of Machu Picchu, in terms of promotional activities and hence tourist flows, with this concentration being highlighted as a weakness in the national tourism development plan PENTUR (2004). The international tourist flows have thus been heavily focused on the southern parts of Peru, with lower spend tourists visiting a number of sites by road, culminating in Machu Picchu and higher spend (shorter stay) tourists typically visiting only Machu Picchu from Lima by air.

Machu Picchu has a limit imposed on the daily visitor numbers to prevent degradation, which suggests that the site is currently saturated and a de-marketing strategy which involves the promotion of other historical / archaeological sites would benefit Machu Picchu as well as the other regions. With the entrance fee set at \$25 US, many Peruvian citizens are unable to visit the site despite the cultural importance it holds for them and the increased national tourism indicated above would suggest that secondary sites also

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hold a strong potential national market. The development of a Northern Tourism Circuit has long been considered as a means of achieving these aims, in addition to increasing international visitor length of stay in the country. The proposed route includes the cities of Chiclayo, Trujillo, and Cajamarca, with Kuelap Fortress in many ways being the major new attraction within the circuit (Mercury Associates 2001).

Kuelap village is situated to the east of the fortress connected by footpaths with the nearest road 20 minutes from the fortress. The village is geographically dispersed, with the nearest houses being five minutes walk down the hill from the fortress and the furthest one hour away on the hill opposite the fortress and the bulk of the village being located in the valley between the two hills. The original inhabitants were one family who arrived from Cajamarca in the early 1900s and whose descendants form 25 of the 60 households in the village including the daughter of the first immigrant. Other households are formed largely by recent immigrants mainly from Celendine, a city close to Cajamarca, the first of which arrived in 1975 and who bought land from the original settling family. Other villages in the area operate a communal system for acceptance of a new resident, by which candidates are invited by a current inhabitant and after five years of social 'duty', a decision is made by the mayor as to their acceptance. Kuelap is the only village in the immediate area in which land is bought and sold directly and as a result of this, the village is less compact both socially and in terms of location with the existence of distinct groups in the community.

Within the Uctubamba valley, in which Kuelap is situated, a development plan is underway which includes the restoration and conservation of the site, the development of protected areas around the site, promotion, improved access and community involvement in the planning process (Narvaez 2004). Access to the area is restricted by a non-functional airport and un-paved roads, the improvement of both of which are planned, although there is debate as to whether the airport can be made operational. Improved access to the archaeological site itself is planned through paving roads and the possible introduction of a cable car to reduce travel time as the roads take a long route due to the geography of the area.

The tourism component of the Kuelap Development 10 year Master Plan puts emphasis on community involvement, both as a means of securing local support (having learnt from the Machu Picchu model) and for promoting employment opportunities in the area. The plan is at an early stage and social research is intended to add direction to the processes of community involvement in planning and operations. The area in which the village of Kuelap is located has secondary sites of archaeological importance including houses and agricultural terraces from the same period as the fortress (Narvaez 2004). With Kuelap in contention to be inscribed as a UNESCO World Heritage site, the area is intended to be surrounded by a national park with a series of buffer zones planned for the area, which includes parts of the Kuelap village. Suggestions have been made as to the forms of development which are to be permitted in these zones, although further planning is awaiting community participation in line with INC regulations (INC 2005). Those households which are situated closer to the fortress have shown interest in building on this land as a means for gain from potential tourism and plans for construction of

communal areas for tourism activities have been put forward by the project management (Narvaez 2004) with funding being available from MINCETUR for construction, which will be on communal land and will be operated by the community.

An NGO operating a tourism development program for rural communities in the area (CARITAS) has experienced varied levels of success within its programs, industrialising crafts, textiles, ceramic and milk products in different villages within the Uctubamba Valley, and offering English language training for potential and existing guides in Kuelap itself. The two main factors limiting success of projects, were the lack of market for the products (market research was not performed prior to implementation and the only meaningful success experienced has been through alternative non-tourist markets), and with the language training, the participants indicated that they had insufficient time due to existing livelihood commitments, and language training yielded no immediate return.

The importance of including pro-poor tourism component in the management development plan.

Two scenarios can be envisaged, one in which the larger tourism development for the Kuelap area proceeds in a pro-poor manner and one in which it does not. The two will be outlined drawing on findings from the research.

Potential scenario with pro-poor development in the Kuelap area.

Rural development.

Peru being classified as a middle income country has recently seen DFID UK withdraw its development program. However, with a GINI coefficient of 0.48 and 0.5, there exists a high level of polarisation of wealth between urban centres and rural areas, particularly in the highlands and the jungle, and this middle income status masks deeper levels of poverty within these areas (DFID 2003). Kuelap, being situated in the Northern highlands represents one of these poorer areas with a human development index of between 0.44 and 0.52, comparable to those of sub-Saharan African countries. The current government under President Toledo has included poverty alleviation as an over arching theme in the Government Development Plan through the 'emergency employment program' and the 'strategy for poverty alleviation and economic opportunities for the poor'.

With its relatively high labour requirements, compared to other potential industries in the area such as mining, tourism offers a strong option for rural development and the partial achievement of these policies in areas such as Kuelap which have a prime tourism attraction. The research has shown that tourism related activities can offer an opportunity for compatible forms of livelihood diversification, towards financial gains, and possibly more importantly towards the reduction of risk, highlighted in the research as the main concern and desired livelihood outcome of the community in Kuelap. Tourism in the Kuelap area can thus form a basis for the increased sustainability of local rural livelihoods.

Market interest.

Large companies such as Whitbread and Seattle Coffee Company beginning to offer a choice of free trade coffee in their outlets is just one of many clear market indications of the growing interest in ethical products among consumers, particularly as consumers are often willing to pay more for such items. There is empirical evidence that this trend is translating into the tourism market, with the level of community contact and the assurance that tourism benefits are reaching the communities gaining increasing interest particularly from tourists from developing countries (Chafe 2004). With Kuelap being at an early stage of development, the opportunity still exists for the development and marketing of the site to capitalise on these market trends towards responsible tourism and fair trade.

An example of the power of such a model is the mountain trekking tourism market in Nepal. With the highest mountain in the world, the iconic Everest area would be expected to attract higher numbers of tourist arrivals. However, the later development of the Annapurna Conservation Area through a conservation NGO which promotes the cultural diversity of the region and equitable returns for local people has led to the tourist market divided equally between the two areas. Peru is currently faced with a similar situation of having an iconic, heavily marketed site (Machu Picchu), and a secondary site which has a distinct local culture and is at a sufficiently early stage of development that it could be developed in a pro-poor manner (Kuelap).

Potential scenario without pro-poor development in the Kuelap area.*Reduced sustainability and increased conflict in the area.*

The link between wealth distribution, or exclusion, and increased conflict has been well documented, both on a global scale, with Conan Powell stating that “the war on poverty is the war on terror” (in Sachs 2005) and Monbiot (in *The Guardian* 2005) illustrating this also to be the case on national levels using the example of Sweden.

In Peru, the division of wealth between rural and urban areas is matched by the respective levels of political representation, with rural people seemingly in a position of low empowerment. The resulting scenario is the use of “direct action” (DFID 2003 section B7) as the only means of protest against perceived injustices and lack of political action. Examples of this exist, with roads being blocked for several days throughout the country in protest against trade agreements, significantly reducing access to many areas and continued strikes in the Cerro Quilash area in protest against extensions in the mining program in the area (Oxfam 2005). The case of Machu Picchu also offers a high profile example within the tourism industry. The train line between Cusco and Aguas Calientes which offers the only form of public transport access to the site is frequently sabotaged in protest against its sole ownership by the P&O Company and the resulting lost opportunity for local gains through tourism. Such a scenario could potentially arise with the proposed cable car to Kuelap which would effectively reduce the number of tourists passing through local villages on the road. Although this form of access is proposed in addition to development of the roads and would not result in such a monopoly, sabotage to a chair lift could have far more dramatic effects than the blocking of a train line.

Sale of land to outside investors.

Unless the local communities are gaining from tourist arrivals to the area, and moreover benefits are felt by all members of the communities, the temptation to sell privately owned land may prove too great, particularly if the land prices rise in line with tourism growth. The consequences of outside investors buying this land could lead to unplanned development in the area with fierce competition for sales resulting in ever increasing construction. This would drastically detract from the value of the site, as has been the case in Aguas Calientes. Mincetur have shown concern over this form of development occurring in the past and the inclusion of current residents coupled with correct policing of the rules regarding the protected areas could drastically control and reduce such developments.

Negative publicity.

The reverse scenario of increased market value for tourism sites with benefits to rural people as described above would be negative publicity through the non-inclusion or even mal-treatment of local communities.

During the term of the previous government under President Fujimori, development in Kuelap was suggested along the lines of the neo-liberal policies of the time, with the concessioning of land to foreign investors. A Japanese company attempted to develop a hotel on the site under such a concession. This was met with local disapproval and the formation of an NGO the Comite por la Defensa y Desarrollo de Kuelap (CDDK) and a sister movement based in Lima the Asociacion por la Defensa y Desarrollo de Kuelap (ADDK). These NGOs gained support both nationally and internationally, most notably through Tourism Concern and Tourism Watch, tourism development campaign NGOs in the UK and Germany respectively. Although the policies have changed drastically for the development in the area since the change of government in 2001, the local organisations continue to protest against such development policies and even claim human rights abuses. These claims are false or at least out-dated, and are believed to be spread by the founder of the organisations for personal gain, being one of the residents nearest to the fortress and having constructed a hotel on this land, although it being basic and non-functional.

Such claims, and the willingness of campaign organisers to take them seriously reflect both the changing level of concern for the treatment of local rural people in tourism development, and the importance of not only a pro-poor theme running through the development of a site, but also the importance of disseminating information to local people and to the wider tourism market, through active communication.

Factors affecting the potential pro-poor nature of the site.

As shown above, the ability of rural communities surrounding a tourism development site to participate in tourism activities and to gain meaningful benefits from the influx of visitors is of utmost importance to the larger project development. The following factors have been highlighted by the research which will affect the extent to which that this happens.

Future tourist market segments.

Current visitor arrivals to Kuelap are relatively low, slightly over 10,000 for 2004, and over 80% of these are national visitors, with over 50% of total visitors being national school or university students. The national student market is particularly low-spend, as is international market comprised mainly of 'backpackers' away from their home countries for the long term and with baggage restrictions. The one market segment in the research which indicated an interest in products and services around Kuelap and willingness to purchase was the national adults segment, comprising approximately one third of all visitors to the site.

With different market segments being able and willing to spend differing amounts and having varying degrees of contact with rural communities, the tourist segments visiting the site will have a marked effect on the benefits which can be accrued by local people. Future tourist market mixes will be affected largely by two areas; access and marketing positioning.

Access.

A non-operational airport currently exists in Chachapoyas, the main urban centre currently perceived as a centre for access to Kuelap. This has been taken by tender for development, although opinion is divided as to whether or not it can ever be made operational. The development of the larger Northern Circuit would involve mainly road access through several sites of interest and many more communities. The development of an airport would greatly affect the pro-poor nature of tourism in the development area in three main ways.

Average time spent in the area by tourists.

The longer the time spent by tourists in the area, the greater the contact with local communities and the greater the opportunity for sales of services such as food and lodging, but also the increase in interest and knowledge of local culture and the greater the chance of sales products which represent the local lifestyle. Current access to Machu Picchu, with train being the only option for public transport, has greatly reduced the time spent by tourists in the area, reducing the pro-poor nature of the local development. Time spent in Peru altogether by international visitors due to this has also resulted in a net reduction of the contribution of tourism to national GDP from international tourists (Mercury Associates 2001).

Market segments.

The form of access will have a marked effect on the types of tourist visiting the site in terms of disposable income and interest in local culture. The research showed that the national adult tourist market segment has both a higher propensity to spend and demonstrates more interest in contact with local communities. Improved road access is likely to increase visitation by this segment. This segment, being of a similar cultural background to those located around the site, would also have lower cultural impact on the communities which are currently experiencing the early stages of tourism development, and are thus more vulnerable to negative cultural influences.

The form of access to the site will affect the length of time required to arrive in the site and thus the nature of international tourists, with an airport effectively making it possible to visit the site within two days as is the case with Machu Picchu. This may increase the number of short stay tourists, who it follows, would be higher spend but with less contact with the local community. With Kuelap likely to continue as a secondary attraction when compared with Machu Picchu as the international tourism market leader, this may make it possible for international tourists to visit both sites within a two week holiday period whereas with no airport Kuelap would not be visited. In addition to an increase in short stay high spend tourists, existing tourism market segments will be expanded through a combination of improved road access, promotion and the development of a larger circuit. Thus, national school children groups, national university students and international budget tourists with less time restrictions will increase. These groups will be of higher importance to community involvement and thus to pro-poor tourism development due to their higher level of community interaction.

The development of 'honey pots'.

Direct access to a site results in fewer opportunities to local communities to gain benefits from tourism development and results in concentrated enclaves of unplanned development, as communities re-locate to these sites in search of an alternative livelihood diversification opportunities. This has been the case in Aguas Calientes, with this being the only point in the journey to Machu Picchu at which local community members can access tourist flows and the subsequent situation has resulted in notoriety amongst international press and the Peruvian national tourism plan (PENTUR 2004) which eventually detracts from the attraction of a site. The development of the greater area with access by road would increase contact of tourists with more communities and would greatly reduce such development.

These points and others made earlier are further emphasised by the example of the proposed cable car linking Nuevo Tingo with Kuelap. Such a development would decrease the time spent in the area and would serve to bypass villages on the road that have existing tourism businesses (notably Maria and Choctomal), with those in Maria struggling to make loan repayments due to their already low business levels. Local concern is that such forms of development represent a more 'high-end' form of tourism to which they would not be able to cater, although the simultaneous development of the road would also bring a 'lower-end' market segments, more suitable to community involvement. A critical point however is that such a form of access would transfer Nuevo Tingo, a small village which has only been in existence since 1993, into a tourist hub which, if not controlled, could feasibly develop in a similar way to Aguas Calientes. Local sources have claimed that large parts of prime land located in close proximity to the planned construction have already been bought by an outside investor, speculating on the future value of the village.

Market positioning of Kuelap as a tourism product.

Kuelap currently has a significant national tourist segment, which is due largely to the pricing strategy allowing adults to visit for approximately 3\$US, as opposed to 25\$US for entry into Machu Picchu. This significantly low entry cost is attracting tourist segments

more predisposed to spend in ways which have a pro-poor impact. This market segment has a higher average spend in the communities themselves and favours community contact. Marketing of the site to include a responsible (pro-poor) component would act to further increase community contact with this described above as being a growing market requirement.

Promotion.

The net effect of current promotional practices is two-fold, reducing tourism to Kuelap and the North of Peru, and reducing local gains to communities outside of Chachapoyas. This is shown in various forms of promotional activities.

1. International promotion.

International tourists to Kuelap are shown by the research to be currently informed of the site almost exclusively through word of mouth and travel guide books. The latter are generally out of date with regard to infrastructure and do not include hotels in Maria nor the supply of food and refreshments in Kuelap itself. They also recommend travel during the months of April to September both due to seasonal climate and to coincide with festivals in Chachapoyas. 18% of international tourists surveyed mentioned the word 'Inca' in open response questions. This demonstrates a problem for the interpretation of Kuelap, being a pre-Inca site, and is detracting from potential sales of goods which represent the local area.

2. National promotion.

PENTUR (2004) highlights the over dependence on Machu Picchu in the marketing strategy of Peru to date. The research shows that this site is clearly given priority and the belief in the industry is that this will continue to be the case. The dominance of the Inca period in tourist perceptions and the interpretation of Peru as a tourism destination have also been highlighted by the research. PENTUR (2004) actively seeks to redress this balance, although promotional material continues to describe Peru as "the land of the Incas". The research has shown that the effective undermining of Chachapoyan culture through this promotion is affecting interest in local products.

3. Local promotion.

Tourism information provided in Chachapoyas reflects the emphasis found in international guide books, and does not provide information about the presence of facilities outside the city. Maria, a village situated on the road to Kuelap is described as a transit site, despite having seven fully operational hotels, all of which are struggling to repay loans taken from the Banco de Materiales. IPERU, a ministry run information service concentrates information on tourism services and tour operators based within Chachapoyas.

Community participation in the planning processes.

Community participation has been accorded a high priority in both PENTUR (2004) and the Kuelap Development Master Plan (Narvaez 2004). The actual level of community participation depends largely on the formation of organisations both within the

community and at higher levels. This is imperative to the stability of the tourism model, particularly due to high levels of mistrust created by national NGOs referred to above.

The inclusion of all communities in the area and all interested members within the communities.

The development plan for the area including the village of Kuelap states the intention to include community participation within the planning processes to reduce poverty in the area and to encourage stability and sustainability for the project. The groups within the community with the ability to incorporate tourism related livelihood diversification strategies should be taken into account in planning and a multi-stakeholder approach to planning is required.

Community access to tourism in the village of Kuelap.

In addition to macro development issues affecting access to tourism for communities, barriers can exist within communities with some households or members facing more opportunities than others. The sustainable livelihoods analysis performed in Kuelap as part of the research has revealed five groups existing in the community with regard to ability to participate in tourism activities. These groups are as follows and strategies are suggested for their involvement.

1. Those excluded by unfavourable location in the village.

The community in Kuelap is geographically speaking widely dispersed as described above, with tourist flows only bringing tourists into contact with those located nearer to the fortress itself.

The development of secondary sites which in the village itself could provide a form of access to the tourism, taking the market closer to them, as could the lodging of tourists in houses with the family. Another possible method would be to pursue activities which do not involve the household members to be present at the point of sale, such as the selling of products in a communal shop as is currently happening in Tucume (Narvaez 1998) and is planned for the communal area development (Narvaez 2004)

2. Those who are not connected to the large extended family in the community.

The research shows that those households not related to the Bardales-Rubio family, the descendants of the original settlers in the area have fewer livelihood diversification strategies and have less interest (or perceive more barriers) to participate in tourism related activities.

The development and improvement of organisations within the community which represent the interests of the diverse groups could act to counteract this barrier through increased connection to decision making for those currently not included. The formation of such organisations may need the intervention of an outside body to ensure that all groups are represented. The strengthening of social networks by mutually beneficial interests being pursued could also lead to an increased 'safety net' which is supplied by this form of social capital although existing allegiances will generally tend to exist.

3. *Those who have lived a short period of time in the community.*

Within those households not related to the Bardales-Rubio family, those who migrated within the last 10 years have less opportunities and interest for tourism related livelihood diversification.

An interesting feature of those arriving from other areas is the possibility of possessing a different set of skills due to differing experiences. Two households surveyed who had recently migrated into Kuelap had production skills, one being a carpenter and the other making leather products connected to horse maintenance. This gives a potential advantage if a market were to become available for handicraft as the skills are transferable to such activities. The disadvantage held by connection to the community may be partly overcome by organisation membership described above.

4. *The relatively poor and landless.*

Lack of financial (or physical) assets produce obvious barriers to involvement in tourism, although these households also showed an inability to pursue tourism activities due to skills shortages and not perceiving themselves as having anything to offer to tourists.

This group could possibly pursue paid employment within the local tourism industry, or continue to work as paid farm labourers. The availability of farm work could increase with the growth of tourism activity in the area, as is currently the case with the shortage of paid labourers due to the Kuelap restoration project. Direct involvement in tourism would have to be through activities which do not require set up or maintenance costs, and which are truly compatible in terms of time use and for which any costs are incurred at the point of sale.

5. *Those with a lack of household workforce.*

The research showed that the number of adults of working age within a household correlated directly to livelihood activity choices and interest in tourism.

Benefits from tourism are more difficult to suggest for this potentially excluded group than others. Those with few healthy adults of working age currently engage in agriculture and are unable to diversify to incorporate other strategies. As tourism in the area develops a potential linkage to agriculture may become apparent with increasing demand for food products. Although this group will have difficulty intensifying its agricultural activities, depending on the future tourist markets, more lucrative cash crops may be grown as part of the agriculture activity. This activity is however still open to the higher risk currently avoided by many households in the community.

Ability of rural people to gain meaningful livelihood benefits from tourism development.

Small micro enterprises.

The sustainable livelihood analysis carried out as part of the research highlighted the importance of risk as the single most important criteria for structures of existing livelihoods in the community and the reduction of risk as the most sought livelihood outcome for its members. In addition, the experiences of Caritas, the NGO working

locally in rural tourism development, showed the importance of commercial viability of initiatives both to sustainability of projects which require resource allocation by the community and to the continued interest of its members in the projects.

The following criteria, if forming an integral part of a tourism related livelihood diversification activity can provide a lower level of risk and will provide a more complimentary form of participation, and may therefore gain a suitable level of interest from community members. Examples are given from existing initiatives in the community and by Caritas.

- Low initial investment.

Financial investment. The hotels in Maria are not achieving break even status entirely due to the initial loan taken from the Banco de Materiales and the low levels of business. In contrast a lower level restaurant operation in Kuelap is running a profit despite similar visitor numbers, as no loan was taken and the site was constructed by the owner over a period of time.

Time investment. Tourism projects initiated by Caritas have been unable to reach the poorest members of the communities as it was not possible for them to take time from other activities, particularly agriculture. This reflects the situation in Kuelap with conflict over time use, and other resources, being a main criterion in decisions to diversify. Diversification can reduce risk for a household, so long as the new strategy is not of a level of risk high enough in its own right to outweigh this risk reduction.

- High, proven demand from existing tourist markets.

Only with a high demand can a return be guaranteed that is of sufficient level to warrant use of resources and this can only be shown by market research. This has been reflected by the products produced under Caritas community schemes which did not have market research as an integral phase in their development.. As market segments change, further market research should be carried out to continually test the demand levels of products.

- Use of existing skills within the community.

Caritas, quite correctly, encouraged the development of products which build on existing skills and activities in the communities in which they work. This has the advantage of encouraging ownership of the project and a sense of pride in the community which tourism can often bring to a community through outside interest. The sustainability of such a project is guaranteed to a higher degree as it does not cause a change in activity but encourages intensification of the strategy.

- Complimentary in terms of resource allocation.

A temporary tourism kiosk for sales of snacks to tourists located in Kuelap shows the benefits of flexibility of time use, with families setting up for business depending on perceived tourism flows (in low season or during bad weather other strategies are pursued). A form of complimentary diversification can take place if existing strategies can be expanded to incorporate tourism market segments. This is already taking place with food prepared for workers in the Restoration Project also being sold to passing tourist markets in which no extra time is taken as the strategy is already being carried out.

Another form of this would be linkages of agriculture to food outlets, should the visitor numbers increase. This could be pursued by agriculture intensification or by increased profits as no transport costs are expended.

- Flexibility.

This is needed both to operate according to tourist flows and to seasonality. The high level of seasonality of the area, due particularly to weather conditions, will have the affect of long periods with no income from any tourism operation pursued. The operations should therefore be as mobile as possible, with minimum infrastructure both for reduced financial investment (see above) and for maintenance costs in low season.

- Low perishability of products.

With low tourist levels, high seasonality and relatively low levels of interest in products, the 'shelf life' of the products should be as long as possible, such that they are not wasted if not sold.

Potential products and services for the current tourist mix

Preliminary workshops carried out by the restoration project indicated several possible products and services which may be pursued by community residents (Velarde & Narvaez 2003). These were suggested by the community themselves and were based on existing skills and activities in the village and were taken along with tourism related products and services found to be already taking place to provide a list for analysis in terms of compatibility with existing livelihoods and commercial viability; as follows.

Supply and demand of products and services.

From the research, certain products and services are shown to have a proven demand or have been shown to not be in demand from current tourist segments. For some products or services no conclusion could be drawn as they are not currently offered. The ability of the community to supply these products or services has also been analysed. With regard to these two factors and bearing in mind the conditions necessary for community participation suggested action or inaction are given for the products or services falling into the following categories.

- Products with a current demand and a current supply.

The three services which are shown to be both in demand from the current tourist segments and to be in supply are; guiding services, the hotels in Maria (a village on the approaching road to Kuelap) and the food outlets in Kuelap, both the restaurants and food which is prepared for workers within the community.

For all three, promotion is needed to raise awareness of their availability. This is shown in the research, with international tourists in particular preferring to plan visits in advance and decisions made around the available information. This information is lacking both from international guide books and from information services in Chachapoyas and locally provided leaflets.

Improvement in the standard of services is required for the food preparation in Kuelap, although a restaurant on the road-head in Kuelap is of sufficient standard for the current markets. The hotels in Maria are also of sufficient standard, although transport between Maria and Kuelap would ideally be required. Currently, a visit to Kuelap from Chachapoyas involves a two way four hour drive, with three hours being recommended in the site. If tourists were to stay in Maria, one of these journeys would not be needed in the same day and extra sales opportunities for the area would also arise.

- Products with a current demand but no (or little) current supply

Such products include; accommodation in Kuelap itself if higher standard than is currently available (of the standard in Maria), postcards, information services; museum, pamphlets and books, particularly those foreign languages such as English.

When analysing the possibility of developing such products and services, several questions must be asked.

- What is the actual level of demand? Is a sizeable return guaranteed?
- Is the activity compatible with existing livelihood strategies?
- How perishable is the product in terms of shelf life, fixed costs and time use?
- What are the initial set-up costs?
- Is the community capable of providing these products or services to the necessary standard?

The affect of these criteria must be balanced against each other. For example, postcard production is not a current activity in the community and is thus not compatible with current livelihood strategies and will also require outside assistance. However, they have low set up costs and are non-perishable provided they are stored in a dry place away from sunlight. The financial return suggested by the visitor responses was low, and thus may not warrant sufficient income for such a project.

Accommodation development would require extensive work and investment of both time and money and the return would have to warrant such investments. The actual demand of such a service would also be dependant upon service standards that could be offered and any additional competitive advantage (such as location and contact with the local community). With the land owned by community members being a protected area, there are also issues surrounding the construction of individually run hotels, described above.

The research showed that information services would currently receive limited return, with some visitors suggesting that museums and pamphlets should be a complimentary service. With a strong national student tourist segment, such services could be a necessity for attracting increased visitor numbers.

- Products with no (or little) current demand but current supply

Such as textiles, knitted goods, orchids, horse rental and accommodation with a family.

The compatibility of these activities with existing livelihoods and the possibility of a sizeable return will affect the viability of their pursuit. The textiles production which has been promoted and developed by Caritas has resulted in overproduction and disillusionment amongst those participating. The use of time, which is of great value to rural people, has been taken from other activities, notably agriculture and the lack of

return from this activity has resulted in a net loss of 'earnings'. A similar situation could arise with horse rental for tourists from the bus terminal to the archaeological site, although this activity is more flexible and need only be pursued if there is an adequate market on a particular day. This activity is favoured by children, which results in time being taken away from education. It also depends on the ownership of a horse which will exclude certain households. Knitted goods are produced whilst carrying out other activities, notably walking, and could thus be compatible in terms of time use, provided there is not an overproduction for the actual market. Similarly, fresh orchids are sold from trees and do not require use of time, although excessive sales may detract from the overall natural beauty of the site. For a tourist to stay with a family, an improvement in comfort levels may be required for the majority of the market. Interest was shown in the research for this facility along with interest towards increased contact with local people, a growing international market phenomenon (Chafe 2004). This service would not require set up costs and is compatible with existing livelihoods as the activities of lodging and food production already exist within all households in the community. The running costs (food) are also proportional to the market and are incurred at the point of sale, thus being compatible with existing livelihoods.

- Products with no current demand and no current supply

I.e. herbal medicine, semi-industrialised (i.e. dried and packaged).

Although this is used among the community, involves local knowledge and is thus compatible with current livelihoods and could provide additional local pride, as highlighted by Caritas in research interviews, the sale of significant quantities would involve the semi industrialisation of products, which would involve time use (and therefore conflict with existing strategies) and would produce perishable goods which would be lost if not sold.

This product should therefore not be developed unless shown to have a sizeable return and this can only be done by continued market research. The demand of potential future tourist mixes should be tested if and when there is presence of new tourist segments of sizeable numbers.

Private-public participation.

Rural communities such as Kuelap are often lacking in tourism related skills, access to tourism markets and capital for development of tourism related enterprises. With a growing international tourism market for community contact and ethical trade (Chafe 2004) it is clearly in the interest of private enterprises to include the communities. The two can be married together to provide benefits to both communities and the private tour companies operating in the Kuelap area.

This is happening to a small extent through the use of hotels and restaurants by some of the local operators, although many, notably the higher end operators, find difficulty in using many rural operations run by community members due to issues of quality and continuity of supply. One operator runs community partnerships in which land is rented from the community on which a hotel is built, and another where a hotel is owned by the operator and profits from food operations are kept by the community.

Summary and conclusions.

The Peruvian government has indicated through its policies the importance of rural development and the formation of employment in rural areas. Tourism, in the cases where there is an attraction such as Kuelap fortress, can often form the one option for local people to diversify their livelihoods and indeed offers more opportunity than other industries to do this. Tourism has traditionally higher levels of local employment, and with the consumer travelling to the site of production far more opportunities for additional sales and higher multiplier effects (WTO 2005).

This paper argues that tourism development of an area in a pro-poor manner is far more than an ethical issue, but is practically favourable and indeed a practical necessity to the sustainable development of an area. Only with the involvement of the local community who are in receipt of meaningful benefits from tourist arrivals to the area can conflict be reduced and local planning be regulated and controlled. From a market perspective, pro-poor tourism development is increasingly becoming a prerequisite for growth, with the international tourism market increasingly concerned about the effects of their visit and more willing to choose a destination in which tourism revenues are reaching the local poor. The public relations image of a site is thus increasingly dependant on a responsible tourism approach and its importance will continue to grow with this trend.

The ability of the community to implement tourism into their livelihoods is dependant on the following factors.

- The form of development chosen for the greater area.
Pro-poor initiatives can be taken at all levels from government, through policy implementation, to local communities through work such as that currently undertaken by Caritas in the Kuelap are. However, higher level decisions can entirely undermine local initiatives, as would be the case for the Caritas textiles enterprise in Maria should the number of tourists passing through the site be reduced significantly through the proposed development of the cable car from Tingo to the Kuelap site. Pro-poor tourism approaches can thus be advanced by higher level development planning, which include the market positioning of the site, the pricing strategy for the site and related services and access to the site. Road development to a sufficient standard to attract tourist segments who have a higher degree of time flexibility and thus more contact with the communities they visit will increase the opportunities of the communities to make sales. The development of an airport at Chachapoyas may bring higher spend tourists, although the two market segments can co-exist provided the pricing strategy permits the tourists arriving by road. National tourists, particularly school groups currently form a substantial segment for the site and should thus be further encouraged by a lower pricing strategy.
- Community access to the tourism market.
 - The inclusion of the community in the planning process.
 - An increase in promotion and marketing at higher levels to raise awareness of goods and services available in the communities, such that their purchase can be incorporated into tourist plans on visiting the sites.

- (National marketing could also develop awareness of Chachapoyan culture in addition to the Inca period).
- The level of contact between tourists and the community.
 - Development of further secondary sites in the village
 - Tourist ‘types’, in terms of time availability and interest in local culture.
 - The ability of the community to work with the private sector and to form meaningful alliances.
- The level of demand for products and services which the community can supply. This is dependant on;
 - The compatibility of goods offered with tourist interests.
 - The future tourist mix visiting the site, in terms of disposable income, time restrictions and interest in products and services.
 - The standard of the products and services which can be offered, both in terms of infrastructure of the village and households and the human skills which are possessed by the community members.
 - The compatibility of tourism activities with existing livelihood strategies.
 - Minimal initial set up investment of time and financial resources.
 - Minimal competition with other activities over time and resources for operation.
 - The flexibility of the operations to operate according to seasonality (a major factor for the area). Minimal fixed costs should be incurred (particularly in terms of loan repayments) which continue to draw on resources even at times of low tourism activity.
 - The ability of the community to organise such that it is working towards a common aim, through the formation of meaningful organisations which reflect the consensus of opinions of the whole community and have vertical links to other tourism related bodies.
 - Potential for public private partnerships.
Chachapoyas based private businesses could provide training and financial costs in exchange for labour and cultural product supplied by the communities. This is already taking place to an extent.

The larger research concentrated on factors within the Kuelap community and includes in depth results from the sustainable livelihoods analysis. The more local, community level issues which arose from the research are of importance to the development of the community, but are to a large extent dependant on higher level development decisions and actions, and these have therefore formed the basis of this paper.

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