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**Market-based Opportunities for
Conservation and Sustainable Tourism (CSTP) in Nicaragua
Final Report
September 22, 2010 – September 30, 2013**

January 2, 2014

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MARKET-BASED OPPORTUNITIES FOR CONSERVATION AND SUSTAINABLE TOURISM

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LIST OF ACRONYMS

AC:	American College
ANID:	Association of Nicaraguan Investors and Developers
ANTUR:	Asociación Nicaragüense de Turismo Receptivo
CANATUR:	Nicaraguan Chamber of Tourism
CBO:	Community-Based Organization
CCAD:	Comisión Centroamericana de Ambiente y Desarrollo
CES:	Center for Environmental Strategies
COP:	Chief of Party
COSEP:	Consejo Superior de la Empresa Privada
CSTP:	Conservation and Sustainable Tourism Program
DCA:	Development Credit Authority
DMO:	Destination Management Organization
EE:	Environmental Education
FENITUR:	Feria Nicaragüense de Turismo
IDB:	Inter-American Development Bank
IFC:	International Finance Corporation
INATEC:	Instituto Nacional Tecnológico
INTUR:	Instituto Nicaragüense de Turismo
LC:	Asociación de Educación y Comunicación La Cuculmeca
MARENA:	Ministerio de Recursos Naturales y del Ambiente
MEA:	Mesoamerican Ecotourism Alliance
MINED:	Ministerio de Educación
MSME:	Micro, Small and Medium Enterprise
NGO:	Non-Governmental Organization
PA:	Protected Area
PC:	Peace Corps
PMP:	Performance Monitoring Plan
PP:	Paso Pacífico
PROARCA:	Programa Ambiental Regional para Centroamérica
RRSP:	Red de Reservas Silvestres Privadas
SFIFAM:	Santa Fe International Folk Arts Market
SINIA:	Sistema Nacional de Información Ambiental de Nicaragua
UAM:	Universidad Americana
UCA:	Universidad Centroamericana
UCC:	Universidad de Ciencias Comerciales
UI:	University of Idaho
UNAN:	Universidad Nacional Autónoma de Nicaragua
URACCAN:	Universidad de las Regiones Autónomas de la Costa Caribe Nicaragüense
USAID:	US Agency for International Development
USFS:	US Forest Service

CONSERVATION AND SUSTAINABLE TOURISM PROGRAM



USAID's Conservation and Sustainable Tourism Program (2010-2013) laid the foundation for commercially competitive sustainable tourism - a source of both conservation and economic growth - in key areas of Nicaragua.



Empowered Leaders
Strengthened Businesses
Improved Marketing
Protected Natural Resources

154 enterprises strengthened
6,045 business people trained
16 organizations strengthened
250 organization members trained
1,250 environmental activity participants
3,500 community members educated
15,000 Nicaraguans reached with campaign



I. EXECUTIVE SUMMARY

The Conservation and Sustainable Tourism Program concluded implementation on September 30, 2013. The program had the dual objective of using sustainable tourism to both (a) increase competitiveness and incomes; and (b) improve environmental management to conserve biodiversity. The program successfully met and exceeded program targets and built a foundation of leaders, networks, products and tools to ensure that environmentally friendly tourism will grow along a sustainable path in the pivotal areas of Estelí, Jinotega and RAAS. This report provides an overview of the program activities, results and impact that USAID's work had in the targeted strategic areas of Nicaragua.

Tourism Opportunity - Nicaragua's natural beauty and cultural uniqueness has driven the development of a sustainable tourism sector that over the past decade has contributed to an annual growth rate of approximately 10% in the tourism sector. With **1,179,000 tourist visits in 2012**, as compared to **580,000 in 2002**, tourism now represents the second largest contributor of foreign capital to the economy. Further, Nicaragua continues to receive broad exposure in the international press as a country with the potential to become a premiere destination in Central America for sustainable tourism. For instance, in January 2013 the New York Times listed Nicaragua third on its list of top 46 places to visit in 2013 and also in 2013 Jetsetter.com rated Nicaragua as one of best places to travel due to its natural and cultural beauty.

Environmental Imperative - Nicaragua is at the core of the Mesoamerican biodiversity "hotspot", maintaining the region's highest forest cover and largest freshwater lake and mangrove systems. One of the country's greatest attractions is the natural landscape where nearly all of the region's sub-alpine eco-systems are represented, and where in short distances cloud forests transition into vast fresh water lakes, and lowland dry forests weave between dramatic volcanic chains. The diverse landscapes also provide vital ecosystem services and products to local people including fuel, fresh-water, construction materials, and food. If not protected from the encroaching population, cattle ranching, logging and agriculture, biodiversity systems may be significantly damaged.

Development Challenge - As tourism in Nicaragua continues to expand and international exposure in the sector continues to grow, particularly in the sustainable tourism marketplace, **building a strong environmentally and socially responsible market is critical for its long-term success**. Through such efforts, Nicaragua will avoid the pitfalls underscored in CNN's 2012 profile of the nascent tourism industry in a story titled "Can Nicaragua Deliver on Its Huge Potential." The USAID-funded Market-based Conservation and Sustainable Tourism program (CSTP), **led by FHI 360¹**, was designed and implemented to build on previous USAID programming in the sector and support the long-term growth of sustainable tourism by enhancing local leadership and biodiversity protection in two priority geographic regions, **the Northern Mountain and South Atlantic Coastal regions**.

Program Team - In addition to FHI 360, which was the lead organization and provided expertise in micro, small and medium enterprise (MSME) development, social media, communication, environmental education, and capacity building, among others CSTP

¹ On July 1, 2011 Family Health International (FHI) acquired the programs, expertise, and assets of the Academy for Educational Development (AED). Upon acquisition, the new organization was renamed as FHI 360.

implementation was accomplished by a team that included a locally renowned NGO and two small US-based NGOs with long histories of working in the sustainable tourism, environmental, biodiversity conservation sectors in Nicaragua.

La Cuculmecca an education and communication NGO enhances and influences sustainable environmental management and participation of communities in the development process, including rural tourism. La Cuculmecca's presence in Jinotega allowed CSTP to have a constant presence in Northern Mountain Zone and played a key role in the program's community outreach and mobilization, capacity building and environmental education activities.

Paso Pacífico a NGO focused on conserving the unique forest and coastal ecosystems of Central America's Pacific slope. In Nicaragua, Paso Pacifico's activities include community-based ecotourism and sea turtle protection programs, wildlife and forest monitoring, private lands conservation, forest restoration and environmental education. Paso Pacifico provided technical leadership in biodiversity conservation, monitoring and land use management.

The **Mesoamerican Ecotourism Alliance (MEA)** protects wildlands of significant biological diversity by building local capacity through development and promotion of sustainable tourism in Nicaragua and five neighboring countries. MEA provided technical leadership in ecotourism enterprise development. In addition, they support program interventions with technical assistance in ecotourism business development, and marketing among others.

The **University of Idaho, Center for International Training and Outreach (CITO)** is a recognized leader in outreach and capacity building programs in sustainable tourism, environmental communications and protected area management. Under CSTP, CITO provided capacity-building expertise in site-based eco-tour guiding and interpretation, curriculum strengthening for sustainable tourism enterprise development and tourism philanthropy.

Sustainable Tourism Development and Improved Environmental Management and Biodiversity Conservation - CSTP's design and implementation was **systems-based, integrated and holistic** in nature to achieve broad-based, rapid impact and the establishment a foundation for long-term growth of the sustainable tourism sector. By taking a systems-based approach and engaging stakeholders across the sustainable tourism and allied value chains, and bringing these actors into dialogue and fostering collaboration, CSTP met and, indeed, exceeded the goals established at program outset under the primary program objectives of improved competitiveness of the Nicaraguan sustainable tourism sector and improved environmental management and biodiversity conservation. Based on the approach taken, however, CSTP also had a positive impact on the role of women in leadership, growth of civil society and improved health and sanitation at the community level, among many others.

For example, through a **Familiarity Trip** to Costa Rica for tourism providers from the Northern Mountain Zone CSTP supported capacity building in the sector to compete in the tourism value chain through greater understanding of competitors and the factors that set a destination apart from others. Further, the program delivered a series of **Business Boot Camps** and **Interpretive Guide Trainings** which enhanced stakeholder knowledge, skills and abilities of what it takes to succeed and thrive in the sustainable tourism sector. Through the increased skill set, CSTP found partners were interested and willing to engage local and municipal authority in discussions of the support, e.g., improved infrastructure, simplified regulatory

environment, the sector needs from the government for tourism, and thus the economy, to continue to grow.

A grant to a women's cooperative in Bluefields to manage a recycling center, not only supported the goal of **improved environmental management** and but also that of increasing the number of **women in leadership** roles. Also in the Southern Atlantic Coastal Zone, the program's engagement with the private sector (Noble Energy) to support the production of bio-sand water filters resulted in improved access to health and sanitation in targeted communities. CSTP partners La Cuculmecca and Paso Pacifico supported stakeholders engagement through the development and delivery of community **environmental days** that focused on issues like solid waste management and recycling, Further, the program supported the development and production of guides and publications for use by tourism providers on a range of **biodiversity conservation** topics, e.g., wildlife, bats and fauna, among others, that were present in the geographic regions the program was active.

As a result of CSTP technical assistance, new and diversified enterprises and employment opportunities for rural populations have been generated and sound environmental practices in and around protected areas and areas of significant biodiversity and natural resource value have been introduced. CSTP fostered economic growth and income generation and in so doing contributed to greater food security in the target regions while lowering the impact of economic growth on the natural resource base.

These are just a few brief examples of the activities implemented through CSTP that form the basis for a strong foundation for sustainable tourism driven economic growth, food security, and income generation and improved environmental management and biodiversity conservation. It is based on the results of the program, which are detailed in this report, that CSTP is confident that the future of sustainable tourism in Nicaragua is bright.

Nimble Response to Shifts in Funding and USG Priorities - At inception, CSTP was a four year, US \$12.9 million program to increase competitiveness through sustainable tourism development and promotion and improve environmental management and conserve biodiversity in four target regions of Nicaragua. In April 2011, however, due to budget constraints at the Mission, the program experienced a 62% budget cut to US \$4.9 million as well as reduced geographic focus to two geographic regions. Accordingly, based on discussions with partners and USAID/Nicaragua, FHI 360 pivoted and developed a new, **three year** implementation strategy based on the reduced budget and revised geographic scope.

Remaining true to the intent of the original CSTP strategy FHI 360 design, the modified strategy was grounded in the initial program concept, but included a narrowing, from six to three, of program components that were geared to the unique needs for sustainable tourism and biodiversity conservation in the Northern Mountain and Southern Atlantic Coastal Zones.

Overall, despite the changes, the resulting program achieved and exceeded its goals and provide USAID with highly visible, value-adding engagement directly with local communities and stakeholders.

II. PROGRAM OVERVIEW

Under the revised plan, the Market-based Opportunities for Conservation and Sustainable Tourism (also referred to as the Conservation and Sustainable Tourism Program - CSTP) was a three-year (September 2010 - September 2013) USAID-funded initiative that used *sustainable tourism* in two targeted regions of Nicaragua as an engine to:

- 1) Increase competitiveness through sustainable tourism development and promotion; and
- 2) Improve environmental management to conserve biodiversity

CSTP worked with local partners to offer new economic alternatives related to the growing sustainable tourism market to combat threats to biodiversity and high rural poverty rates in the target regions. In short, nature-based revenue generation was aligned with economic growth and conservation incentives and habitat conservation to improve the livelihoods of rural Nicaraguans and their communities.

Sustainable tourism clusters in two priority geographic regions provided the basic building blocks for creating a viable tourism platform in the country. As noted above, three clusters were established in: **the Northern Mountain Zone** (Jinotega Cluster and Estelí cluster); and the **Southern Atlantic Coastal Zone** (Bluefields cluster).

1. Sustainable Tourism Clusters

The critical building blocks for a viable tourism platform in the target regions were the development and effective implementation of ***sustainable tourism clusters – referred to locally as mini-circuitos***. Clusters have been successfully implemented at leading tourism destinations, for instance Nicaragua’s neighbor Costa Rica. Employing a cluster approach requires that stakeholders recognize that the promotion and development of a regional “destination” is advantageous to all, and not to a few. Therefore, CSTP worked collectively with cluster members to develop a common vision and strategy for development. Through this unified approach, the stakeholders worked towards common goals – both in regards to conservation and economic development - that produced tangible and sustainable results.

CSTP **focused** on a cluster development approach that recognizes the relationships and connections of the social systems around the twin objectives of **increasing competitiveness through sustainable tourism development and promotion** and **improving environmental management to conserve biodiversity**. The program did so by identifying **key leverage points and gaps** to prioritize investments and interventions based on the demands of the sustainable tourism and allied value chains. CSTP fostered active **participation of stakeholders** to:

- Support clusters to find **common interests and** develop self-sustaining **collaborative actions**;
- Pursue common objectives that are **achievable** and **compatible** with local abilities, resources, and cultural practices; and
- **Empower local stakeholders** to design, implement, manage, and monitor new tourism-related enterprises and activities.

The program provided technical assistance and training designed to develop and expand local leadership and management capacity of tourism leaders at the cluster sites helping them to develop clear objectives, defined work plans and a sustainable business model designed to provide revenue-generating services to the industry and visitors. The tools and skills gained sought to empower local leaders to provide sound and strategic planning growing their tourism sector.

At the heart of CSTP's approach was the belief that capacity already existed in Nicaragua and that with a coordinated effort this local capacity will reach its full-potential. Therefore, CSTPs' team was comprised of local organizations and staff that are active in the primary geographic areas and possess considerable experience, reach, and local knowledge. These institutions and staff were the key providers of core program services and activities, with supplemental advisory support and expert instruction from select U.S.-based institutions and experts.

Finally, gender equity was a key element for activities implemented under CSTP. Gender inclusion was an integral part of CSTP's approach to sustainable tourism development and this is reflected in the fact that over 55% of the participants at program training events and workshops on such topics as MSME development and environmental education participants were female. Indeed, the program was structured around areas where women play pivotal roles: leadership, entrepreneurship, and environmental stewardship.

2. Geographic Focus of Program

Program resources and activities were focused in the USAID priority regions of the **Northern Mountain Zone** and the **Southern Atlantic Coastal Zone**. By concentrating efforts, CSTP activities served as models of excellence for potential replication later both within and in other regions. Within the zones, various factors influenced the selection of specific sites and enterprises for proposed activities, for example: presence of protected areas (PAs) or priority species; uniqueness of ecotourism offerings; readiness and capability of

local actors to support, lead, and sustain an activity; availability of infrastructure and allied services to support the development of a destination; and resources and investment needed to sustain micro, small, and medium enterprises (MSMEs). The Northern Mountain Zone and Southern Atlantic Coastal Zone are delineated on the map.

Figure 1: Map of Northern Mountain and Southern Atlantic Coastal Zone



Within these zones, the sustainable tourism clusters break down as follows:

Zone	Cluster(s) and Urban Centers & Natural Attractions
Northern Mountain	Jinotega Cluster – Jinotega, San Rafael del Norte (urban centers); Cerro Datanlí, Lago Apanás and Volcán Yalí (natural attractions) Estelí Cluster –Estelí (urban center); and Mirafior, Cañon de Somoto and Tisey-Estanzuela (natural attractions)
Southern Atlantic Coast	Bluefields Cluster – Bluefields (urban center); Pearl Lagoon (natural attraction)

III. PROGRAM ACTIVITIES

Implementation of CSTP was delivered based on the design of three interrelated components that were developed to strengthen local sustainable tourism **leadership**, build better **businesses**, and improve **natural resource management** in the target regions. On the leadership front, CSTP worked with 16 organizations to strengthen capacity to consolidate destination vision and achieve common goals. On the enterprise-strengthening front, CSTP worked with more than 150 enterprises to develop a solid tourism offering and corresponding market linkages. On the environmental education front, the program worked with more than 1250 direct community members in more than 25 communities to develop conservation awareness and practices. Overall, the collective impact of the program activities under these three components has been the development of a strong, cohesive network of actors with the vision, tools, capacity and environmental awareness to lead tourism development down a sustainable, environmentally friendly path. The following section includes a brief description of each component and overall accomplishments.

Component 1: Strengthening the Enabling Environment for Sustainable Tourism (aka Strengthening Local Leadership)

Strong destination management requires leadership that can bring diverse actors together, develop a common vision for sustainable tourism, and take practical, collaborative action towards achieving that vision. With local leadership playing such a pivotal role in the enabling environment, this component sought to *strengthen local leadership capacity in order to provide sound strategic planning and promotion of each cluster and its respective tourism offerings, services, and products.* As such, CSTP used the “popular” title - “**Strengthening Local Leadership**” – among stakeholders, media, communities, and the general public.

The Local Leadership Challenge - Leadership in CSTP context was not an abstract concept. In the project target areas these high-impact skills were greatly needed not only to develop a sustainable tourism destination (which promotes jobs, increases incomes and protects nature), but also to address basic common challenges such as access to clear water, solid waste management, environmental compliance and citizen participation. In general, in these remote areas there were many individual business leaders - men and women who led their own

enterprise with great skill - but there was a leadership challenge centered on working together toward a common goal. Some of the key constraints were around a lack of training, practical experience, and tools. The destination leadership challenge influenced the design of activities.

Design of Activities - With a focus on sustainability, CSTP designed and implemented activities that created the conditions and business environment that empowered local leaders to take ownership for their destiny and development activities. The program provided technical assistance and capacity building opportunities that aimed to strengthen leaders in local organizations. The program mentored leaders as they worked with stakeholders to define their own sustainable tourism vision for their community. The program further empowered them to identify and execute projects. Overall the program activities were designed to develop leaders that are informed and equipped to make sound decisions on marketing and attracting tourism for their communities.

Recipe for Success – Local Ownership - Since at its core, leadership is the capacity to lead a group of people to turn ideas into action, the program sought to empower business men and women of these nascent tourist destinations to take small, practical actions to build nature-based tourism. In CSTP context, the ideas that needed action took on various forms - creation of tourism destination vision, development of a collaborative tourism product, organizing a promotional sporting event, developing a sustainable recycling scheme, etc. By the end of the program, our success was evident in that local actors were leading initiatives to tackle these challenges, thus embodying the local ownership the program sought to develop.

Areas of Focus – The leadership strengthening activities centered on three types of activities: **(i) Local Leadership Capacity Building; (ii) Local Leadership Initiatives / Projects; (iii) Cluster Marketing Strategy and Tools.** The Capacity Building helped to build the skills needed. The Local Projects/Initiatives allowed leaders to build the practical experience lacking. The Marketing Strategy and Tools allowed them to build the toolkit that will continue to drive tourist to the region. The complimenting activities had a synergistic effect of reinforcing the skills through projects, and paving the path to the future with practical instruments.

Program Activities – To illustrate the dynamic nature of the leadership development, below is a sample of program activities under the component and their corresponding impact:

(A) Local Leadership Capacity Building Activities

- **Technical Assistance for Local Leaders:** The program worked with key local leaders of Jinotega and Estelí through existing platforms civic participation such as tourism boards and/or alliances. The program provided organizational and strategic support to leaders to make organizations more effective to the extent possible. CSTP also supported business organizations, such as the Chapter of CANATUR Jinotega, who needed support in their growth stage.
- **Destination Planning Support:** To complement the technical assistance, CSTP helped create to build destination vision through planning workshops, which helped participants to develop programs and improve the destination. Work began with the workshop: The Rationale for Software, tool that helped leaders develop sound projects. In addition, the

program offered opportunities for co-financing the activity "local community tourism programs."

- **Rural Local Leadership Development Workshops:** Local partner, la Cuculmeca, provided locally geared leadership workshops in the target areas of CSTP. These workshops worked closely with leaders in the areas of tourism cluster identified by CSTP, with a special focus on cooperative organizations and rural community leadership. With the aim to strengthen local programs and challenges, CSTP consolidated these activities with initiatives such as the development of the Visitor Management Plan and provided targeted technical assistance to upgrade the target site and to link with tour operators and other stakeholders.

(B) Local Leadership Initiatives / Community Projects Activities:

- **Partnership to Tackle Water & Solid Waste:** CSTP empowered BlueEnergy (local NGO BlueEnergy) & Bluefield Municipality & Noble Energy (oil firm/co-funder) to collaborate to solve local problems. By working with an environmental champion in the Municipality the program improved social environment conditions and the quality of life for the citizens of eleven neighborhoods in Bluefields, Nicaragua. The collaborative effort provided water filters, improved municipal management and awareness of solid waste/recycling.
- **Citizen Empowerment –** A by-product of creating a strong network of local leaders was empowerment of business citizens to articulate their needs and priorities to their elected officials. This is best illustrated by the Jinotega Tourism Board dogged efforts to present their vision and issues to the Mayor of Jinotega and secure their participation in local government processes affecting tourism. The program was the catalyst for building the relationships, leadership and common interest that propelled them to take action.
- **Matagalpa Tours & La Fundadora Community Team-up –** With support from CSTP, local leaders from tour operator Matagalpa Tours and cooperative-run eco-hostel in La Fundadora teamed up to strengthen the community tourism destination. The community had an interest in developing their nascent site, but needed market expertise and linkages. The tour operator has a social mission plus an interest in developing a beautiful destination. The program facilitated an opportunity to build trails, improve kiosks and basic infrastructure, train guides on interpretation, develop product, and, most-importantly, build commercial relationships.
- **Local Leaders Replicating Promotional Events –** Through VerdeEventos sub-grant, local leaders got a taste for both impact of promotional events such as a mountain bike race and the operational skills and resources required to execute one effectively. The impact left the leaders – a tour operator and restaurant owner – with such great satisfaction and confidence that the post-race press conference centered on how to do it next year. Sponsors thanked the program for piloting the venture and sought to continue the tradition through local sponsorship.

(C) Cluster Marketing Strategy, Tools & Events Activities:

- **National Tourism Fair Participation (2 years):** The program supported tour operator participation in FENITUR 2012 and 2013, to showcase products, build relationships and to the commercial and grow their business. This helped create long lasting business relationships in various markets (local, regional, national and international), including a market link with renown SOBEK Travel. Tour operators as natural leaders were able to take a central role in their promotion.
- **Directory Tourism Industry:** CSTP brought together relevant elements of tourism in a reference catalog and easy to use directory. This directory was distributed to key stakeholders. The directories allowed enterprises to have quick access to industry info while allowing them to customize sections to fill-in local information gaps and strengthen intra-network communication.
- **Tourism Map based on Sustainable, Commercial Model:** Jinotega and Estelí lacked maps for tourist which are building blocks to guide visitors and market the destination. So CSTP and local leaders, business owners and others, organized the development of the first edition maps of tourist circuits. They were distributed to strategic public and private points of distribution. This first edition combined with an advertising based sustainable model, paved the way for replication.
- **Mini-Tourist Information Kiosks:** CSTP created, designed, produced and distributed promotional information tools for small tourism information kiosks for display at front desks, entrances, etc. These were distributed to strategic points in the region for promotion of the activities available locally and to improve the links between companies.
- **Datanlí National Reserve Trail & Biking Maps:** This area presents a clear opportunity for adventure / nature that can be explored on foot, horseback and bicycle, however, the region lacked tourist friendly maps showing places to visit. CSTP provided materials that include a basic map of trails and local tourism business in the area, which strengthened the link between the tourism product in the area and target customer base. This basic map served as a presentation of the area fairs and key industry players and to help build a cohesive product offering.
- **Center for Sustainable Tourism:** CSTP awarded a grant to Casa Estelí to develop a Sustainable Tourism Center to serve as the epicenter of the sector to the region. The tasks entailed having the center serve various sector enriching functions, such as hosting sector meetings, information sharing, and training. .
- **Co-support Local Community Tourism Programs:** CSTP worked with community groups to define their own destiny and to prioritize programs. CSTP supported low-value, high-impact, quick delivery and high visibility projects (e.g., local signs, local promotional events, visitor map, information kiosk, etc.) to provide practical, visible steps toward sustainable destination.
- **Institutionalization and Knowledge Transfer:** As the program implemented activities, demand grew from other donors, leaders and organizations to share the TA resources

being generated by CSTP. The program compiled the tools (relevant reports, conclusions and documents) for the tourism sector in a user friendly format and distributed across physical and virtual channels to ensure that they are accessible and in the public domain. This small activity increased impact in terms of sustainability, donor harmonization, and increased development impact.

Leadership Component Impact – The collective impact of the activities implemented under the leadership component can be seen in the tourism sector leaders that now have the experience, confidence, skills and tools are now driving their own agenda forward as a destination. This result was best summed-up by a Nicaragua-American industry expert’s observation: “You can tell this program has been effective, because, the business leaders have “*tomaron la batuta*” – a Nicaraguan saying meaning they took the orchestra conductor’s baton, and are now leading their own activities!” This leadership impact was seen in three key changes in behavior: Change in attitudes/behavior, Common Vision, Empowerment.

These changes in leadership are the fundamental building blocks to systemic change. Their appropriation of their tourism destiny was the most sustainable element and real human change of this component. This human talent is what is required to continue the push forward - to articulate a vision, to design a path to get there, to garner support from the community, to define concrete implementations steps, to garner the resources, to manage the execution, and to direct future activities. This contribution is the legacy of CSTP of helping build a solid foundation of the sustainable tourism sector in strategic environmental and low-income areas.

Component 2: Improving Private Sector Competitiveness and Widening Livelihoods for MSMEs in the Tourism Sector

As stated above, a key program element and vision of CSTP was the creation of functional sustainable tourism clusters in each of the priority geographic areas. To meet this objective in the north, CSTP built off of previous USAID/Nicaragua investments in Datanlí and Miraflor and implemented new initiatives in each cluster to improve private sector competitiveness through sustainable tourism. The goal of the second component was to strengthen the very core of the overall tourism development initiative – building competitive, **commercial products** delivered by strong, **customer-focused businesses**. In-country, this was referred to as the “Building Better Businesses Component.”

The Industry Challenge – One of the key challenges for development of a sustainable, nature-based tourism industry is that of basic supply and demand. Simply put, tourist demand has not materialized in large part because there is not quality, consistent supply of tourism experiences; however, entrepreneurs say it is difficult to maintain quality/consistent supply if there is not a critical mass of consistent tourist demand, like in Granada and San Juan Del Sur. This supply/demand quandary would normally be left for markets to resolve, however the combination of rural poverty, low regulation and threatened critical natural reserves (water, forest and biodiversity), required program intervention to catalyze strategic growth of key products and clusters on the supply side to seed growth.

The Business Challenge - On the supply side, the **tourism sector is relatively nascent in Nicaragua** and much more so in the rural North. Generally speaking, businesses lack the formal, technical approach to tourism. Pioneering entrepreneurs have run restaurants, lodging, and other services for years but often focus on delivering a functional service versus a holistic approach to delivering a tourist experience. For business to capture and grow the small but increasing demand for rural tourism experiences, entrepreneurs need to develop engaging, coherent tourism product offering and deliver quality, reliable service. This business challenge requires a technical approach to tourism development.

Design of Activities - The component activities were designed for focus on the core business elements that would make them successful – product development, sales/marketing, and basic operational excellence. By strengthening the number and viability of sustainable natural resource-based tourism enterprises the program was able to enhance the capacity to manage the business for long-term benefit; and increase economic benefits to local enterprises and communities involved in natural resource-based tourism.

Areas of Focus – The leadership strengthening activities centered on four types of activities: A) Tourism Product Development, B) Tourism Marketing Strengthening, C) Management Skills Development, D) Rural Enterprises Strengthening. The key elements of the component included targeted technical assistance (TA), advisory services and cluster strengthening small grants to MSMEs.

Program Activities – Below are some of the major program activities under the “Building Better Businesses” Component:

A) Product Development

- **Tour Operator Product Development** – CSTP worked directly with the major regional tour operators on strengthening their portfolio of products, specifically by providing technical assistance with market information, product design, structuring, pricing, quality, and promotion. Given the remote often off-line nature of tourism actors, the tour operators played a pivotal role in capturing customers with a compelling, competitive offer.
- **Actor-Driven Product Development** - Local actors - tour operators, hotels anchor, pottery makers, boat tour providers, etc. - were empowered to develop marketable products for a specific market segments (e.g. Norte Verde). CSTP facilitated small fixed obligation grants for multiple components (cohesive concept, develop service offering, training of human resources, quality improvement, improvement of facilities and equipment, materials, promotion). This support facilitated the development of marketable products in the zone that have been lacking prior.
- **Grants for Cluster Strengthening** - The program provided grants to small businesses of goods and equipment that improved the development of local tourism products. Strategic equipment (kayaks, bicycles, camping, horseback riding, and marketing equipment) addressed a market gap in offering. Business partnerships developed cohesive plans for use and demonstration of viability of equipment. The grants sparked a trend to significantly improve the travel experience.

- **Datanlí Destination Improvement:** CSTP worked closely with leaders, communities, strategic businesses and tour operators to develop a vision, product and specific improvements to make the Datanlí circuit more marketable. Specific activities included: a horse riding route between El Gobiado and Finca La Estrella, the construction of a hiking trail between La Bastilla and El Gobiado, a bike trail between the mountain founder and La Esmeralda, and improved camping in El Gobiado. The program also attracted other players in value chain development of points of interest (e.g., provide information and technical advice for the bridge and the remodeling of the path La Bujona). This circuit approach provided a coherent frame tourist-centric frame for experience.
- **Guide Development:** The program developed tools to systemically improve the quality of local guiding. Specifically, CSTP developed a training of trainers program along with the teaching resources required (dynamic, localized material). The program worked with key local actors who would take the resources on ex-post and replicate the trainings (University of FAREM, La Cuculmecca, Sonati, Matagalpa Tours and ANTUR) for the development of an appropriate methodology and teaching resources.

B) Tourism Marketing Strengthening

- **Market Study and Segmentation** – CSTP assessed and analyzed the tourism value chain, existing and potential markets to identify the main segments and sub-segments of tourists interested in visiting these types of destinations, namely: national families, national groups, international “voluntourist”, international naturalist, and international explorers. This analysis allowed the sector to identify and understand their needs and inform their decisions. Given that business and hospitality is all about customer needs, this study was pivotal in directing subsequent work ranging from marketing to costing.
- **Mapping of Marketing Activities** – The program Identified existing tourism marketing and promotional activities in Jinotega, Estelí and Somoto Canyon. This report will help CSTP better plan promotional activities and events in the seven mini-circuits defined.
- **Marketing Week** – CSTP delivered two five-day intensive workshops covering practical, affordable marketing tools to attract, capture and retain customers, as well as how to position their products and services to their respective customer segments. As part of the workshop participant businesses from Estelí worked on defining and/or refining their vision and mission; defining their market segment; creating a corporate image including logo and slogan; brochures and business cards; creating a website and using social networks such as, Facebook, YouTube and other readily available tools that will help them promote their businesses. This type of hands-on, practical, results oriented workshop was lauded by businesses. Estelí and Jinotega saw a core segment of businesses that participated in five technical presentations and 224 one-on-one consultation sessions. Eighty two people participated in the workshop

C) Management Skills Development

- **Business Basics - Phase I (aka “Business Boot Camp”)** – To establish a common base of sector understanding and to build the camaraderie amongst industry actors, CSTP began by implementing a technical assistance package called the “Five Basic Levels to Improve my Business” (aka Business Boot Camp”) to local business owners delivered in each of the 7 mini-circuits. The approach was completely business focused and worked with owners/leaders in practical sessions to understand the fundamentals of tourism and businesses. More than 121 entrepreneurs representing the cores businesses participated in the ongoing boot camp workshops. The five fundamental modules that build the core understanding are described below:
 - **Touristic Culture** – This module focused on the very fundamentals of hospitality success – the customer experience. This customer-centric view (vs. the more typical owner-centric or product/service-centric view) set the tone for shifting mind-sets at the owner/leader level. This was very important for creating an enterprise level environment for strategic change in all aspects of the business.
 - **Business Vision** – Building on the customer focus and their specific market segment, each business went through a practical auto-analysis of how they are (or are not) meeting the needs of their target customer. They were able to articulate where they are currently and where they want to be in terms of serving specific customers. Again, this foundation was pivotal to orient firms in their capacity building path.
 - **Benchmarking (CR) - Study Tour/Entrepreneurs Exchange Program** – While capacity building and training are essential for business development, there is no substitute for first hand observation and business-to-business mentoring. CSTP coordinated with rural community providers in Costa Rica for participation of 17 entrepreneurs from Estelí and Jinotega in a Study Tour/Entrepreneurs Exchange Program in Costa Rica. The 17 entrepreneurs were selected as representatives from the seven tourism Mini-Circuits by their peers through an open, participative selection process. As part of the practical, hands-on, demand driven assistance approach, the program facilitated a five-day intensive Study Tour/Business-2-Business Exchange to improve businesses ability to provide leading class product and service. The activity had three parts: (a) group preparation workshop; (b) study tour execution; and, (c) report back group session. The uniqueness of this participatory approach lays in the destination pairing, business-2-business example and mentoring; and strengthening network through vision development/collaboration, and in-situ (visiting locations) training.
 - **Marketing** – Businesses built on the prior sessions’ focus on customers, a vision for their firms, a benchmarking on what Costa Rican’s have done (both in marketing and product development). The entrepreneurs were used this base to develop their product, offering, and communications in the marketing/promotion workshops.

- **Operations** – To cap the initial phase of business boot camp, the program oriented business leaders on how to best deliver operational excellence. The sessions focused less on the operational skills, but rather the strategic management perspective by showing (a) why these things are strategically important; and (b) what existing resources (web, National Hotel School, vocational schools) are available.
- **Business Basics - Phase II**
 - **Cost and Pricing** – CSTP designed and delivered an intensive workshop on the basics of costing, and some more complex aspects of structuring costs in the tourism sector. The workshop covered how to determining true cost of product sold by analyzing direct and fixed costs. Seventy one people participated in the sessions and received ex-post individualized mentoring workshops, to ensure ownership and transfer of knowledge
 - **Marketing Workshop** - CSTP conducted intensive workshops on destination marketing that focused on the practical application of methods of marketing strategy. These workshops allowed entrepreneurs to have a greater impact with their own strategies and feel more confident in their ability to run them.
 - **Interior Design** - CSTP developed special assistance from professional interior designers for tourism enterprises. This individualized assistance was provided to local tourism entrepreneurs to improve physical setting consistent with their stated business goals. The specific and tailored advice detailed how they could improve the aesthetic of the business to meet to market needs
 - **Workshops Best Practices** - CSTP offered workshops that focused on communicating to business owners, what are the best environmental practices and how to apply them in their own businesses.

D) Rural Enterprises Strengthening

- **Mini-Circuit Management Planning** – La Fundadora (a community strategically located in south Datanlí) has an anchor eco- lodge administered by the community cooperative. CSTP helped improve the competitiveness of the site by making deep analysis of current management practices and evaluating different management and business models. They advised on concrete plans to improve the management, marketing and operations in order to achieve stronger more accountable performance. The cooperative embraced the plans and the new operational team and deepened the linkage with Matagalpa Tours has been pivotal for guidance and market access.
- **Interpretive Material Development** – CSTP facilitated and advised on the improvement of trails, walking paths and horse trails. This fostered a greater level of understanding of the importance of the environment and natural resources among local business owners and leaders, creating more ownership and better management of the area.

- **Business Plan Development** - CSTP helped develop business plans for rural nature-based tourism companies. The program conducted workshops to outline the structure business processes and development of a workplan. The program mentored and monitored the progress of these small companies based in rural areas.
- **Anchor Firm Technical Assistance** – The program supported key mini-circuit anchor businesses with specialized assistance to implement strategic changes. The anchors played key role in mini-circuits management: developing vision, attracting customers, and providing a base for linked activities (hikes, camping, horseback riding, bird watching, etc.). This also contributed to tourism best practices being implemented by all levels within the sector.
- **Enterprise Quantitative Support** - CSTP supported rural tourism business in mini-circuits on how to keep a count of tourist visits as a business and basic accounting to keep revenue numbers clear for basic analysis. This special attention to rural needs complimented the costing and pricing workshops.
- **Tourism Business Mentoring** – A key, much lauded aspect of the program was the on-site accompaniment/technical assistance for individual tourism businesses in the rural areas of Estelí and Jinotega. The sessions were business focused and the mentors (La Cuculmecca team members, and FHI 360 team members) used a hands-on, practical methodology to reinforce tourism fundamentals learned during these workshops.

Business Component Impact – The business component was pivotal in achieving the fundamental objectives of the conservation and sustainable tourism program – using tourism as a means of alternative rural income and to provide an economic incentive for natural resource conservation. Successfully running an effective, responsible business is at the core of both of those objectives. The mentoring, technical assistance, linkages and grants had exactly that effect: improving MSME performance across the program target areas. CSTP impacted 154 businesses directly by playing role of mentor and facilitating a sustainable tourism vision, providing access to tourism resources, providing business planning and coaching, facilitating specific practical assistance and key tools. In addition to direct improvement of MSME performance, CSTP had a soft skill impact of providing the platform for organic networks and leaders to develop. At the beginning, many business owners remarked that they did not know their peers or have sector meeting regularly, prior to CSTP. By the end of the program, different networks and leaders had emerged and formed their own organizations to achieve change (e.g. a new CANTUR chapter was formed). **In sum, the business component was central to both (a) improving MSME performance and (b) seeding the organic growth of leaders and networks versed in the principles of delivering quality tourism with an eco-friendly ethos.**

Component #3: **Biodiversity Conservation and Environmental Education**

The third component focused on the protection, restoration, and conservation of natural environment. The protection, restoration and conservation is fundamental to the success of a sustainable tourism industry, in addition to being a global imperative, and the foundation on which CSTP was launched. Under this component, CSTP worked with stakeholder and experts on activities that supported biodiversity conservation, improved water resource management and provided environmental education to businesses and communities engaged in the tourism sector and the general public. Program interventions were designed to improve management of protected areas, priority biodiversity resources, and improve water resources management for conservation and sustainable tourism benefits, and increased in-country awareness in the target regions of the value of biodiversity conservation and capacity to address threats to biodiversity.

Environment and Natural Resources in Target Clusters

The diverse forest and wetland habitats of Nicaragua provide a solid foundation for the growth of sustainable, nature-based tourism. In particular, the protected areas in Northern Nicaragua and the Southern Atlantic provide scenic views and wildlife habitat for birds of major conservation concern, and also of great interest to domestic and international tourists. For example, the Central American Pine-Oak woodlands of Estelí and Jinotega represent the southern-most range of this unique forest system, providing habitat for endangered migratory birds such as the golden-cheeked warbler. The Somoto Canyon is a dramatic geological feature and is home to a diverse and biologically significant population of bats. Finally, the Caribbean lowlands maintain a complex network of wetlands that make it one of the country's most important areas for protecting and observing wetland birds.

Estelí-Somoto Cluster

The Estelí-Somoto cluster area is in the northernmost region of CTSP's northern mountain work zone. The ecosystems of this cluster are dominated by pine, oak and mixed pine-oak forests and include a portion of seasonally dry tropical forest. The cluster's most important economic activity is tobacco cultivation, with some of the world's highest quality cigars manufactured in this zone. Cattle ranching is the other primary economic activity in the region. Within the Estelí-Somoto region, there are three primary protected areas.

Jinotega Cluster

Just to the south of the Estelí-Somoto cluster, the Jinotega cluster is located entirely in the department of Jinotega. This cooler and more humid region was once dominated by moist premontane and montane tropical forest, which has subsequently been replaced with coffee plantations, the cluster's main economic activity. As in the Estelí-Somoto cluster, cattle ranching is also an important source of income. Despite extensive land conversion, several large extensions of tropical montane and cloud forest remain in the zone.

Bluefields Cluster

The most remote and least developed cluster is the one centered in Bluefields, a Caribbean municipality with a wide variety of cultures and ethnicities. This region is undergoing rapid population growth due to immigration from other areas of Nicaragua. Due to the lack of tourist infrastructure and issues regarding security, tourism in this area is limited. Bluefields is surrounded by a number of large protected areas. The biodiversity of the Bluefields cluster is particularly rich, with many charismatic large-bodied vertebrates (e.g., jaguars, tapirs) persisting in large enough numbers to make their monitoring meaningful. Given the diversity of terrestrial and marine ecosystems, a number of conservation targets were unique to the cluster, such as manatees and sea turtles.

Biodiversity Conservation and Environmental Education Activities

At each of three tourism clusters – Estelí-Somoto, Jinotega, Bluefields – CSTP partner Paso Pacifico used science-based approaches to assess threats and to characterize the biological features that have received limited study in the past. Paso Pacifico initiated the process with a comprehensive threats assessment with climate change, agricultural expansion, deforestation and pollution being the principal threats within these areas. In relation to tourism, CSTP found nascent nature-based tourism industry in the cluster areas and thus worked with the stakeholders to design activities that supported environment protection and biodiversity conservation which provide a foundation for the sector.

Protected Areas

Biodiversity studies were carried out at key protected areas, with a focus on taxa that are a central interest in nature-based tourism. These included studies of the birds, butterflies and mammals of the major northern protected areas of Tisey-Estanzuela and Somoto Canyon. These studies provided materials for much needed **training tools for local tour guides and management tools for protected area and buffer zone land managers**. These studies were some of the first field surveys at the protected area of Somoto Canyon and yielded valuable results. For example, the bat survey at this protected area provided the first documented population of the free-tailed bat *Nyctinomops laticaudata* documented in Nicaragua, as well as that of the *Molossops greenhali* and *Mormoops megalophylla* in this region.

In order to strengthen protected areas, healthy buffer zones where sustainable land management is practiced is crucial. Key successes in this area were tree nursery and reforestation workshops where we were able to **train over eighty farmers and community members** on reforestation and tree nursery techniques, thereby empowering them to restore forests within the buffer zones of Yalí, Tisey-Estanzuela and Somoto Canyon Protected Areas. Additionally, over **twenty-eight farmers** in Estelí participated in **fire prevention and management training**, thereby reducing the risk of wildfires in the buffer zone of the Tisey-Estanzuela.

By implementing environmental education training sessions and activities, partner La Cuculmecca, along with participating community members, contributed to the conservation of 762 hectares of biological importance in the Datanlí-El Diablo Nature Reserve, Cerros de Yalí Nature Reserve and Apanas Lake Protected Area.

Water & Sanitation

CSTP made significant advances towards protecting fresh water resources across the three clusters. A comprehensive watershed assessment was carried out for the Jiguina sub-watershed, which drains into Apanas Lake and is also central to the Jinotega City water supply. Communities participated in this assessment and management recommendations were likewise shared with the stakeholders. In Jinotega and Estelí, Paso Pacifico delivered workshops targeting the tourism sector which focused on **reducing water use and improving water quality** through integrated watershed management. Over **fifty local participants** were involved these water workshops. Further, CSTP partner La Cuculmecca worked with communities on building knowledge on the importance of water as a resource, and practical ways to reduce water consumption. Efforts included cleaning a major watershed in Jinotega, activity that engaged local youth and families. This hands-on approach strengthened the community's connection and ownership with an improved supply of drinking water. In Bluefields, CSTP held a “**Foro de Agua**” at which **fifty-five participants** learned about the value of water in their community. This event was carried out with the local water and sanitation agency (ENACAL).

Sustainable Tourism

Local tour guides rely on teaching tools to share the diverse wildlife with their clients. **Three field guides were published** and **over a thousand copies** of each were distributed across the tourism clusters with a focus on the wildlife and birds of Lake Apanas, Tisey-Estanzuela and Somoto Canyon. As a complement to these publications, **twenty-two tourism guides and community members** from the Somoto Canyon **participated in wildlife management training**. CSTP also supported reduced resource consumption in the tourism sector by training over seventy local providers in clean-energy and the reduction of energy use in tourism operations. The charismatic Quetzal bird was studied in the Datanlí-El Diablo protected area and workshops on viewing and improving Quetzal habitat were provided to tour guides and community members. In addition, as part of its Environmental Interpretation Program, CSTP partners La Cuculmecca and MEA collaborated in the design, production and installation of information and interpretive kiosks.

Improving tourism sites also included address sanitation in and around the site. Accordingly, CSTP worked to identify strategic areas of need for ecological sanitation facilities. As a result, after implementing land surveys and risk analysis, 17 eco-toilets were installed around tourism businesses on the shores of Lake Apanas and the Datanlí Nature Reserve as a way to serve customers and improve the sanitation service in an environmentally friendly manner, as well as supporting the protection of the water resources in the lake. Beneficiaries were trained in the effective use and maintenance of these facilities.

Food Security

CSTP bolstered efforts to increase food security in the region by delivering community workshops focused on the value and function of ecosystem services such as the insect and vertebrate pollinators and their role in

Coastal Cleanup

In Bluefields, CSTP partner Paso Pacifico worked to improved water quality in coastal wetlands through a coastal cleanup which brought together 850 people, including municipal authorities and removed over 72,750 pounds of garbage from wetlands and coastal waters. Nine neighborhoods, 12 civil society groups and 20 public and private sector groups took part.

ensuring abundant crops. The trainings encourage farmers and ranchers to protect and support native pollinators for food production. **Thirty-nine rangers and farmers participated** in this training.

Environmental Education and Awareness

Through the celebration of a series of events such as World Wetlands Day, Environment Day, and Field Trips for business leaders, CSTP raised awareness on environmental issues.

Further CSTP partner facilitated the process of improving environmental awareness for children through an Environmental Education Program for Children, including, reforestation, establishment of school nurseries, educational talks, contests, recycling activities and cultural events. Over 290 schoolchildren from nine communities attended these activities. Topics covered included waste management, environmental awareness, forest fire prevention, and bats and birds for children. These events were complemented with the design, publication and distribution of environmental education materials such as a guide for environmental practices monitoring, reusable shopping bags, notebooks, posters, T-shirts, and storybooks that conveyed the importance of protecting the natural resources of Nicaragua.

Civil Society and the Environment

Sustainable tourism benefits citizens who are active in decision-making and who are equipped to address environmental challenges using existing legal and institutional mechanisms. CSTP carried out training workshops to explain the process of filing environmental complaints with the municipal and ministry of environmental authorities. CSTP supported meetings also shared information on the range of environmental laws currently in place and accessible to all citizens. As a result, over seventy people involved in the tourism sector across the three northern cities (Estelí, Jinotega and Somoto) have greater tools for addressing environmental concerns.

Engaging Youth

Two hundred youth K-12 participated in educational workshops focused on wetland birds, migratory birds, bats, and plastic pollution.

- Improved management of over eight hundred hectares within key protected areas.
- An additional four hundred hectares have received improved natural resource management along the Jiguina, Somoto and Estelí Watersheds.
- Direct economic benefits have reached over fifty people including tour operators through savings made through energy efficiency, to ranchers through planting economically beneficial trees, and to tour guides who have expanded tools for marketing and informing their nature-based tourism clients.
- Improved water supplies for over one hundred families located on the Jiguina watershed through the watershed assessment, mitigation, and watershed management training.
- Trained dozens of tour guides and over one hundred citizens in wildlife management, ecosystem service, and decision-making

IV. GRANTS PROGRAM

The CSTP grants program cut across all three components supporting the development of sustainable tourism experiences linked to conservation benefits. It complemented the capacity building, training and technical assistance provided by CSTP technical team, to fund products, events, and other program activities in line with CSTP objectives. The Grants program consisted of three cycles (A, B, and C) each with a different focus. Cycle A grants were relatively longer grants (8-12 months) aimed at specific environment and tourism objectives. Cycle B grants were relatively medium length (3-6 months) aimed at developing tourism events and products. Cycle C grants were grants of goods and equipment to fill a market gap in tourist activities. Below is a description of each cycle and the grants that formed part of each cycle.

Cycle A Grants (3)

Grants issued in **Cycle A** focused on **conservation, water and sanitation, and sustainable tourism**. In Cycle A, CSTP issued three grants which support the attainment of program objectives. Two of the grants were issued to organizations in the **Atlantic Coast** cluster and the third was issued to an organization working in the **Northern Mountain** cluster. Below is a brief description of these grants to provide an overview:

GRANT A-1: DEVELOPING AN ALTERNATIVE LIVELIHOOD TO PROTECT BIODIVERSITY

WCS Grant Title: Sustainable Use of Biodiversity Resources in the Pearl Cays Wildlife Refuge, Nicaragua

Grantee: [Wildlife Conservation Society \(WCS\)](#)
Beneficiary Organization: [Kabu Tours](#)

CSTP Grant Objective: Given the remote biodiversity challenges in the region, the program sought to deliver low cost, high impact, sustainable and replicable projects that support biodiversity in Pearl Lagoon.



WCS Grant Overview:

A shift in WCS's philosophy for turtle conservation in Nicaragua aligned perfectly with CSTP's goals. Until recently, WCS-Nicaragua had not invested in alternative livelihood development as a method for conservation. This grant aimed to facilitate WCS and the local Miskito community of Kahlabila's alternative livelihoods initiative Kabu Tours, a snorkeling tour company. WCS would continue their work with the fisherman of Kahlabila, many of who had only recently stopped fishing green turtles and poaching Hawksbill turtle eggs, to find diversified sustainable ecotourism activities with a non-consumptive use of the refuge's biodiversity

GRANT A-2: IMPROVED ACCESS TO CLEAN WATER & IMPROVED SANITATION

Blue Energy Grant Title: "The Right to Have Access to Clean Drinking Water and a Healthy Environment"

Grantee: [Blueenergy \(http://www.blueenergygroup.org/\)](http://www.blueenergygroup.org/)

CSTP Grant Objective: Given the lack of access to potable water and inadequate waste management, the program sought to showcase low cost, high impact, sustainable and replicable practices that address water and solid waste challenges in Bluefields.



BLUEENERGY Grant Overview:

The grant used a three pronged strategy to achieve the following specific objectives:

- **Objective 1: Strengthen solid waste management/recycling** - Deliver education & solid waste management/recycling training to help reduce high levels of water contamination and the risk of diseases.
- **Objective 2: Biosand water filters** - Implement the use of appropriate, locally sourced biosand water filters to improve access to potable water, hygiene and sanitation.
- **Objective 3: Strengthen Institutions** – Support community organizations, trade associations, schools, universities, and private businesses in replicating successful waste management experiences.

GRANT A-3: LOCAL CENTER FOR SUSTAINABLE TOURISM

ASDENIC Grant Title:

“Centro Para Turismo Sostenible”

Grantee:

ASDENIC Asociación para el Desarrollo de Nicaragua

<http://www.crececonturismo.info/>

CSTP Grant Objective:

Given the sector’s need for leadership organizations, the program sought to strengthen leadership entity that filled that role.



ASDENIC Grant Overview:

ASDENIC established a Sustainable Tourism Center that serves the local tourism sectors in Estelí and Jinotega by providing a central coordinating base for information, training, consulting, promotion and human resource development. ASDENIC created a physical and digital library filled with sustainable tourism content, built on ongoing ecotourism development activities in the region, provided technical training on a variety of business and environmental themes, and served as a leader in the development of a network of sustainable tourism providers.

Overall, Cycle A served to achieve key conservation, water and sanitation, and sustainable tourism objectives and strengthen local organization capacity in the management of USAID funded instruments.

Cycle B Grants (5)

The grants issued in **Cycle B** focused on the development of sustainable tourism **events and products**. In Cycle B grant activity was focused in the Northern Mountain zone. CSTP issued five grants to small organizations working in the region. A brief description of each grant and the activities carried under it can be found below.

Event Development Grants (#1,2,3 of 5 Cycle B) - CSTP Grant Objective: Deliver low cost, high impact, environmental, cultural, tourism, and/or sporting event that increases tourism traffic to the Jinotega and Estelí mini-circuits while promoting environmental awareness.

(1) “Verde Eventos Series, Nature Lives” – A series of three events in Estelí y Jinotega implemented by a tourism alliance comprised of local actors with support from tourism chamber (CANATUR). The vast majority of event attendees would not have visited Jinotega without the impetus of the events.

Grant B-1a - . MTB Mountain Bike Challenge



MTB Mountain Bike Challenge - “Desafío MTB Datanlí-EI Diablo”

The first mountain bike race in Nicaragua’s northern coffee country to promote conservation & sustainable tourism. More than 300 local and international participants

Apanas Kayak & Rowing Challenge - “Desafío Kayak y Remos Apanás” The first kayak and rowboat race on beautiful and scenic Lake Apanas.

Grant B-1b Apanas Kayak & Rowing Challenge



Grant B-1c - “Desafío Off Road Running Challenge”



“Desafío Off Road Running Challenge”

An off-road race drawing more than 200 persons to remote nature-based locations and businesses.

(2) “Eco-Camp” – Eco-Camp Expeditions partnered up with Namacambre Tours and La Brellera Canopy to organize a one week educational and adventure camp in Estelí and Jinotega. Eco-Camp, a Leon based tour operator, had been developing the idea and laying the foundation for the camp for the previous year

“Eco-Camp”

An environmental education camp for university students implemented by Eco Camp Expeditions in Jinotega y Estelí. Campers both get exposed to the offering of the north and learn about environment, empowerment, and gender equality.

Grant B-2 – “Eco-Camp”



(3) “Diriangen’s Race” – Over 500 tourists, 203 race participants and at least 300 spectators came from across Nicaragua and neighboring Central American countries to attend Diriangen’s Race. The vast majority would not have visited Jinotega without the impetus of the event. Many of the participants stayed the entire week, boosting the local economy, one of the corollary outcomes of the grant.

<p>Grant B-3 - “Diriangen’s Race: Apanás”</p> 	<p>“Diriangen’s Race”: Apanás” The first ever “Mudder Style Race” in Central America. The race organizers, an entrepreneur and running aficionado and the members of the Jinotega multi-service cooperative Cooperativa Multifuncional Juan Bautista Midence, wanted to capitalize on the adventure racing phenomenon in North America.</p>
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Product Development Grants (#4, 5 of 5 Cycle B) - CSTP Grant Objective: Develop locally-owned and managed, nature oriented tourism products that deliver the coherent, service-oriented tourism experience being demanded of Jinotega and Estelí mini-circuits.

(4) “Norte Verde: la Íntima y Fresca Entraña de Nicaragua” – The Intimate and Fresh Soul of Nicaragua” - Implemented by an alliance of firms under CANATUR in Jinotega and Estelí. Their product offers much needed product and activity innovation in th1e form of: living history chats from war vets, nights under the stars, spa offerings in Estelí, etc.

<p>“Norte-Verde” Alliance among 13 companies in the north of the country, with the support of CANATUR and vianica.com, which launched four new tourist offer innovative packages.</p>	<p>Grant B-4 – “Norte-Verde”</p> 
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(5) “Eco-Nica” Market Website: To create a cohesive, market responsive network, SONATI Nicaragua created Eco-Nica Website, (<http://econica.org/>) a Trip Advisor-styled site facilitated by an environmental NGO for rural (often offline) enterprises in Jinotega and Estelí. Implemented by SONATI Nicaragua.

<p>Grant B-5 - “Eco-Nica” Market Website</p> 	<p>“Eco-Nica” Market Website The purpose of the website is to promote environmentally responsible tourism in Nicaragua by providing customer feedback to Nicaraguan businesses.</p>
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Cycle C Grants (39)

Cycle C grants, referred to as **Enterprise Development Grants**, were in-kind grants that supported enterprises in the **development and launch of new tourism offers** in the Northern Mountain zone. A total of 39 grants were awarded to catalyze the development to tourism activities currently lacking in the region. The grants were designed to enhance the quality and diversity of tourism offerings by improving the tools and equipment fundamental to running a successful business. As such four grant packages were developed that included equipment to offer biking trips, kayak trips, camping and horseback rides. A fifth package supported the marketing and administrative functions of the grantees.

ENTERPRISE DEVELOPMENT – ACTIVITIES TO DEVELOP				
CAMPING NIGHTS	BIKING TOURS	HORSEBACK RIDING TOURS	KAYAKING TOURS	MANAGEMENT/ MARKETING
				
Equipment: 2 large tents 2 small tents 1 first aid kit	Equipment: 5 bicycles 5 helmets 1 first aid kit	Equipment: 5 saddles 5 helmets 1 first aid kit	Equipment: 2 large kayaks 5 small kayaks 1 first aid kit	Equipment: 1 laptop 1 printer

V. COST SHARE

The program has reported \$ 1,062,112.97 in Cost Share. Cost share was supported by the program partners, grantees, beneficiaries and FHI 360 all working together to achieve and exceed the objectives of this program.

VII. CHALLENGES

There were two challenges that although exogenous to the technical program are important to mention as part of context of implementation and/or and for any lessons that might be gleaned. The first challenge was the reduced budget and restructuring of the program during the first year of program and the second was the closing of USAID’s Economic Growth Office in Nicaragua at end of program. While both are outside the control of the program and technical team, these organizational issues do impact programs in implementation.

Reduced Budget and Period of Performance

In April 2011, FHI 360 was formally notified that due to budget constraints at USAID/Nicaragua the program budget was to be **reduced by 62% to US \$4.98 million**. Further the Mission requested that FHI 360 refocus the geographic focus to solely the **Northern Mountain and**

Southern Atlantic Coastal Zone. FHI 360 and its partners rapidly responded to the changed in budget levels and geographic scope and presented USAID with a revised program description in May 2011. The program proposed by CSTP, as noted in the executive summary, stayed true to the original strategy, to the extent possible, but required in addition to the reduced geographic scope, a reduction in period of performance to three years and the elimination of three of the six original components. As a result of these changes, two program partners were also eliminated one did not work in the revised target regions and the component to be led by the other was eliminated.

The revised program design was submitted to USAID in May 2011 and FHI 360 received clarifying questions from USAID/Nicaragua in July and October 2011 to which it responded in a timely fashion – a week to two weeks. The modification to the cooperative agreement, however, was not signed until late December 2011. It was unclear to FHI 360 the reason for this extensive delay in finalizing the modification as minimal changes were requested to the plan submitted to USAID in July 2011. These delays, however, impacted the administrative burden on the program as long-term agreements could not be signed with partners until a final program design was agreed upon and thus the program needed to draft and sign a series of short term agreement. Further, the nine month process to put in place a modified agreement led to the bulk of a 36 month program being implemented in a 20 month time frame. While all program goals and objectives were met or exceeded, the short-time frame required some activities, which could have benefited from a long-term engagement, to be slightly curtailed.

Closing of the Office of Economic Growth

As CSTP began to reach full implementation, it was learned that the Office of Economic Growth at USAID/Nicaragua was to close. While the closure was not scheduled to occur until Fall 2013, it directly impacted the program as in the final 9 months of program implementation the program AOR changed three times as staff rotated out of the office to new positions. In addition, the closure of the office resulted in USAID/Nicaragua being unable to consider a no-cost extension (NCE), which for long-term impact CSTP activities would have benefited from, as there would be no staff in the Mission to provide program oversight.

VI. LESSONS LEARNED

The program was tasked with working on economic growth and environmental objectives in a specific sector in specific targeted areas. Programs with a similar nature-based tourism focus or with an economic growth objective in a specific geographic area may benefit from the lessons gathered. In addition, these lessons may also be useful for programs focused on direct engagement to change end-beneficiary behavior (vs. programs where engagement is done at an institutional or wholesale level).

At the end of the 3 year program, the implementation team held a lessons learned workshop with industry actors (donors, practitioners and key sector organizations). While there are many lessons learned over the three years of implementation, below we highlight some of the salient lesson from the programmatic experience:

- **Listen & Adapt** – The upside of the early exogenous changes in program during the first year was the ability to engage and listen to stakeholders and adapt activities to fit the context and needs. While this is a basic construct in development, it is important to highlight so that time can be incorporated into program designs to engage stakeholders at the beginning.
- **Change in Behavior Takes Time & Consistency, but Effort Pays off** – Key to delivering impact for CSTP was the focus on the need to “*cambiar el chip*”, literally “change the chip” which means change the way of doing things. The program focused on the fundamentals of business, customer experience, working together and aligning with the environment. This ethos coursed throughout the activities and interactions and became part of the sustainable change we sought. Entrepreneurs appreciated the refreshing professional and consistent manner in which the program delivered objective, technical analysis and advice on how to grow tourism business.
- **Business Mentoring Highly Desired and Effective** – A big part of the feedback from entrepreneurs was the request for more mentoring to accompany the technical workshops. The beneficiaries valued the “*acompañamiento*” or sustained coaching because it helped internalize the technical direction being obtained in the workshops. Since all businesses are at different levels and points of development, this is an excellent approach to service delivery for any heterogeneous portfolio of enterprises.
- **Focus on Tourism Product** – The Tourism Product framework worked to focus all a cross section of actors across the destination (staff, managers, employers of multiple businesses) on the commercial objective – selling to more product to tourists. Helping businesses develop a product ready to sell is the most palpable, revenue-focused instrument that catches and maintains the attention of busy entrepreneurs.
- **Anchor Firms Serve as Market Linkages** – Particularly with rural tourism, access to tourists is elemental to success. CSTP worked with anchor firms in mini-circuits that could establish and maintain relationships with national or international tour operators. These linkages established a sustainable channel of tourist income reaching anchor firm and then in turn, linking to the micro and small firms in the area. (vs. trying to connect the micros and small firms directly).
- **Grant Administration** - On the administrative front, the program awarded several USAID grants to local organizations, but found that the administrative capacity of the local organizations was low, while the rigidity and regulation of the instruments was high. Future programs should target midsize organizations with a moderate to high level of capacity and invest in building their capacity through time, resources and administrative mentoring.

Since the program maintained a good working relationship with beneficiaries and other donors and actors working in the tourism space, many of the lessons above that were presented at an end of project workshop can be used by other actors to progress toward the common objective of developing tourism sector:

VIII. RECOMMENDATIONS

Specific to USAID Nicaragua and tourism development, below are some small recommendations should the office consider additional projects in the area of tourism or environment:

- A. *More time in future program design*** – Building a strong eco-system for sustainable tourism takes time, 3 years is not enough to create, sustain & measure impact. We would recommend a program of 4-5 years with increasing local ownership in the latter two years.
- B. *Environment as a tool for civil society development*** - One interesting byproduct of mobilizing enterprises around tourism and environment was their empowerment regarding local governance. Citizen participation in environmental stewardship provides alternative, softer means to advance civil society objectives.
- C. *Making green is good for going green*** - SME as driver for environmental conservation is a known model for aligning objectives. It was very clear that the key driver for families in these protected areas was having a sustainable, regular income. The fact that tourist paid to visit and appreciate the natural surroundings provided a clear incentive for business to invest in the protection of their surroundings.
- D. *Evaluate trade-offs*** – There are trade-offs to working in relatively strong tourist areas (such as Granada or San Juan del Sur) versus nascent tourism regions (north and east). For the goal of economic growth, working off an established base would have the greater EG impact (# of businesses, increase incomes, sector sustainability). For the goal of protecting environment, working in the remote areas tends to focus on development of alternative livelihoods that reduce pressure on resources. Our recommendation is to either focus on economic growth or a hybrid program would build off base strong tourism and develop market linkages and create quality product in these remote areas.
- E. *Engage local government*** – In Nicaragua, national and municipal governments are active players. A program seeking to have impact should seek specific common interests and engage and leverage this local actor. For example, on an institutional level, to develop workforce, the National Hotel School is producing technical qualified graduates, but, as one top hotel chain indicated, they often lack the basic hospitality ethos and frontline confidence. A standard hotel service training from the big chains (Hilton, Hyatt, etc.) delivered in mobile format could be an excellent, discrete, highly visible, impactful training.

In conclusion, the 3-year *Conservation and Sustainable Tourism Program successfully met and exceeded program targets, but more importantly, it built a foundation for sustainable tourism and natural resource management that will continue to grow in Estelí, Jinotega, Bluefields and Pearl Lagoon.* The sustainability resides in the leaders, the networks, the products and the tools that empower a sector to move forward in the responsible direction. This forward looking investment could not have happened without the vision and steadfast support of USAID/Nicaragua. The gratitude of businesses and community members was expressed at the closing ceremony in August of 2013 and consistently in local interactions. Should USAID continue to invest in sustainable tourism in Nicaragua in some fashion, based on the

experience of this program, it is sure to find a receptive audience of stakeholders willing to partner to advance the development of this important sector.

VIII. ANNEXES

A. PMP Table – Final Report

**NICARAGUA - CONSERVATION SUSTAINABLE TOURISM PROGRAM
LOP INDICATORS SUMMARY**

#	INDICATOR	PMP TARGETS			LOP TARGET	YEAR 1				Y1 TOTAL	YEAR 2				Y1 TOTAL	YEAR 3				Y3 TOTAL	LOP TOTAL	EXCEEDED TARGET	EXCEEDED EXPLANATION
		Y1	Y2	Y3		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4				
1	% of pop improved water	0	50%	50%	50%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11%	45%	0%	7%	63%	63%	25%	Target created before grant. Grant exceeded
a	Rural	90%	90%	90%	90%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	0	0%	0%	0%	0%		
b	Urban	10%	10%	10%	10%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100%	100%	100%	100%	100%	100%		
c	Numerator	0	40	40	80	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	17	72	0	11	100	100		
d	Denominator	0	80	80	160	n/a	n/a	n/a	n/a	n/a	160	160	160	160	160	160	160	160	160	160	160		
2	% of pop improved sanitation	0	0%	50%	50%	n/a	n/a	n/a	n/a	n/a	0%	0%	0%	31%	31%	0%	4%	22%	0%	26%	56%	12%	More adoption than expected in target areas.
a	Rural	0%	0%	90%	90%	n/a	n/a	n/a	n/a	n/a	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
b	Urban	0%	0%	10%	10%	n/a	n/a	n/a	n/a	n/a	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
c	Numerator	0	0	100	100	n/a	n/a	n/a	n/a	n/a	0	0	0	61	61	0	7	44	0	51	112		
d	Denominator	0	0	200	200	n/a	n/a	n/a	n/a	n/a	200	200	200	200	200	200	200	200	200	200	200		
3	# of firms improved MGMT	0	30	40	70	0	0	0	0	0	8	45	43	9	105	15	2	0	0	17	122	74%	T/A credibility; more demand
4	# of firms improved TECH	0	15	20	35	0	0	0	0	0	0	2	4	0	6	54	1	0	0	55	61	74%	T/A credibility; more demand
a	Rural	0	10	15	25	0	0	0	0	0	0	0	0	0	0	34	1	0	0	35	35		
b	Urban	0	5	5	10	0	0	0	0	0	0	2	4	0	6	20	0	0	0	20	26		
5	# ppl increased ECON Benefits NRM	0	50	60	110	0	0	0	0	0	0	0	23	0	23	56	1	85	0	142	165	50%	More firms than expected
a	Men	0	25	30	55	0	0	0	0	0	0	0	15	0	15	36	1	41	0	78	93		
b	Women	0	25	30	55	0	0	0	0	0	0	0	8	0	8	20	0	44	0	64	72		
6	# HA of BIO SIGNIFICANCE	0	100	100	200	0	0	0	0	0	0	0	309	1	310	0	0	0	17	17	327	64%	More activities in more HA
7	# ppl trained in NRM	120	250	290	660	0	0	0	0	0	0	173	610	177	960	223	174	72	0	469	1429	117%	More demand for T/A by business
a	Men	60	125	145	330	0	0	0	0	0	0	97	281	124	502	139	73	38	0	250	752		
b	Women	60	125	145	330	0	0	0	0	0	0	76	329	53	458	84	101	34	0	219	677		
A	# of cluster-level proj. DEVELOPED	0	20	10	30	0	0	0	0	0	0	4	0	0	4	5	5	16	2	28	32	7%	
B	# of cluster-level proj. IMPLEMENTE	0	10	5	15	0	0	0	0	0	0	0	0	0	0	0	4	12	0	16	16	7%	
C	% increase WEB VIEWERS	TBD	7%	10%	18%	0	0	0	0	0	0	0	0	0	0	0	0	0	18.8%	18.8%	18.8%	6%	
D	% increase in REVENUE	TBD	5%	5%	10.25%	n/a	n/a	n/a	na/	n/a	na/	n/a	n/a	17.0%	17.0%	n/a	n/a	20.4%	n/a	20.4%	40.9%	299%	
E	% increase in JOBS	base	5.00%	5.00%	10.25%	n/a	n/a	n/a	na/	n/a	na/	n/a	n/a	3%	3.2%	n/a	n/a	14.7%	n/a	14.7%	18.4%	79%	
	# of jobs	6.59	6.92	7.27									6.8					7.56					
F	# MSMEs w/operational B-PLANS	0	15	15	30	0	0	0	0	0	0	0	30	23	53	15	0	2	0	17	70	133%	
G	# of Nicas ENV/Campaigns/Soc. Me	1000	5000	7,500	13,500	0	425	0	1412	####	260	86	180	322	848	0	247	910	10,567	11,724	14,409	7%	