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## Past and Present Perspectives on Indigenous Tourism in the Pastaza Province of Ecuador: The Case of Kapawi

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# Past and Present Perspectives on Indigenous Tourism in the Pastaza Province of Ecuador: The Case of Kapawi

## Abstract

Ecuador has a wide range of ecotourism initiatives throughout the country. Since the 1990s, many Indigenous communities have started to organize themselves in order to run their own ecotourism programs. As a result, scholars have suggested that Indigenous ecotourism in Latin America started in Ecuador with the advent of community-owned projects, particularly in the Amazon. One of the first initiatives was Kapawi, located in the Achuar territory of Pastaza Province. The project was initiated by a private tour operator through a joint venture with the Achuar Indigenous organization. A transfer process started in 2008 and Kapawi is now managed by the Achuar communities, with a new set of opportunities and challenges. This article uses data collected from extensive fieldwork to examine the evolution, lessons learned, dynamics, and perspectives of the Kapawi enterprise.

## Keywords

Ecuador, Kapawi, Indigenous tourism, sustainability

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## **Past and Present Perspectives on Indigenous Tourism in the Pastaza Province of Ecuador: The Case of Kapawi**

Indigenous tourism ventures are largely a response to the spread of ecotourism into remote natural areas, including Indigenous territories and national parks in different ecosystems that are traditional living areas for many Indigenous communities in developing countries in Africa, Asia, and Latin America (Epler, 2008; Johnston, 2000; Peredo, 2008; Weaver, 2001), but also in developed countries such as Australia, New Zealand, and Canada (Nepal, 2004; Parker, 2002). The term Indigenous tourism has emerged since the mid-1990s to describe community-based tourism projects developed on Indigenous territories in Latin America while the term Aboriginal tourism is generally used in Australia and Canada.

The emergence of ecotourism in tropical developing countries in recent decades has brought hopes of integrating local development with environmental conservation as ecotourism may help protect rainforests while also meeting the economic needs of local residents (Cater & Lowman, 1994; Goodwin, 2011; Mitchell & Ashley, 2010). These hopes are commonly expressed in academic, non-governmental organization (NGO), and governmental circles, while Indigenous peoples are becoming more involved in the ecotourism industry worldwide (Hinch, 2004; Johnston, 2006; Notzke, 2006; Stronza, 2007).

However, the global expansion of ecotourism into natural areas and Indigenous lands, mostly in developing countries, has also raised some doubts. Scholars have expressed concerns about the impacts of ecotourism by suggesting that it will contaminate the cultural identity of local people. In addition, ecotourism is seen as a kind of imperialism that can overpower traditional institutions. It is also asserted that resulting benefits of ecotourism are unequally distributed (Duffy, 2002; Gerberich, 2005; Honey, 1999; Mowforth & Munt, 2003; Ryan & Aicken, 2005; Sofield, 2003).

In addition, the literature also suggests that the participation by local community members and local ownership are key governance principles underlying the success of community-based tourism (Johnston, 2006; Peredo, 2010; Zeppel, 2007). Land rights and tenure are indispensable requirements for success in community-based tourism because Indigenous ventures should only be considered successful if Indigenous peoples are allowed to take control despite the forces that often work against them (Fennell, 2006; Litvinoff & Griffiths, 2014). Land tenure insecurity has been identified as a driving factor behind the failure of Indigenous ecotourism projects (Coria & Calfucura, 2012).

Aware of the reality affecting other Indigenous groups in the Amazon since the 1990s, the Achuar, whose ancestral lands are located in a remote region along the Ecuador–Peru border, have been supporting the development of alternative sustainable activities, including ecotourism, to generate a source of income, preserve their ancient customs and traditions, and protect their natural resources. This activity gained the interest of an Ecuadorian tourism operator, Canodros, in the early 1990s, which was working in the Galapagos and aimed to start activities in the Amazon region. An initiative was developed in the context of increased community-based tourism ventures in Ecuador, as the country is considered in existing literature as a pioneer in Indigenous tourism projects in Latin America.

The Kapawi ecological reserve was created in the mid-1990s for the purpose of contributing to the economic, social, and cultural development of the Achuar Indigenous community. The tour operator initially managed the project and, a decade later, it was transferred entirely to the Achuar. Since 2008, the Achuar people have managed their own project, which is currently one of the oldest Indigenous

tourism enterprises in the Amazon. After 20 years of implementation, Kapawi has provided several benefits to the Achuar, but still faces important challenges that are similar to other challenges Indigenous enterprises face in the region. Given its considerable length, a number of lessons have been learned, which could help other Indigenous tourism projects in the Amazon and elsewhere.

This article is structured in five parts: The first and second parts are a descriptive examination of the origins and evolution of Kapawi from the early 1990s to 2005, and the transition period and current Achuar management (2008-2015), respectively; the third part provides an economic and market analysis for the last period to assess the enterprise's current situation in terms of market flows and financial sustainability, while the last section provides an analytical revision of Kapawi's challenges, benefits, and lessons learned.

### **Indigenous Tourism and Its Emergence in Ecuador**

The more focused study on Indigenous tourism, in its various forms, has been characterized by four general phases:

- a. Legitimization as a subject of scholarly study;
- b. Critical advocacy for Indigenous peoples;
- c. Pragmatic cross-cultural education; and
- d. Analysis from a policy and economic development perspective (see Butler & Hinch, 2007).

Studies by Schaller (1996), Wesche (1996) and Wunder (1996) have suggested that the phenomenon of Indigenous ecotourism in Latin America started in Ecuador with the advent of community-owned projects. In contrast to other Latin American countries, Ecuador had a small tourist industry in the 1980s and it played only a minor role in the economy. The most popular tourist destination was the Galapagos Islands, but concerns over the delicate environment limited large-scale tourism in this region. However, with the development of the Galapagos as a flagship destination since the mid-1980s, overall tourism in Ecuador, particularly to natural areas, has been increasing (Drumm, 1998; Epler, 1993). As a result, Ecuador has long been a major destination for nature tourists for the last 25 years. Between 1987 and 1990, the number of visitors to protected areas in the Ecuadorian Amazon increased by 50 percent and the lodging capacity rose by 40 percent (Epler, 2007). For this rise, the International Ecotourism Society called Ecuador, "a living laboratory of ecotourism and community development issues" (cited in Epler Wood, 1998, p. 2). According to Drumm (1991), the different provinces in the Ecuadorian Amazon have been an established tourism destination since the 1970s (see Figure 1), attracting tourists with its diversity of Indigenous groups and large tracts of primary forest with opportunities for viewing wildlife. A study by Epler Wood (1998) suggested that, by that time, Ecuador represented one of the most exciting countries for investigating appropriate community participation in ecotourism development.



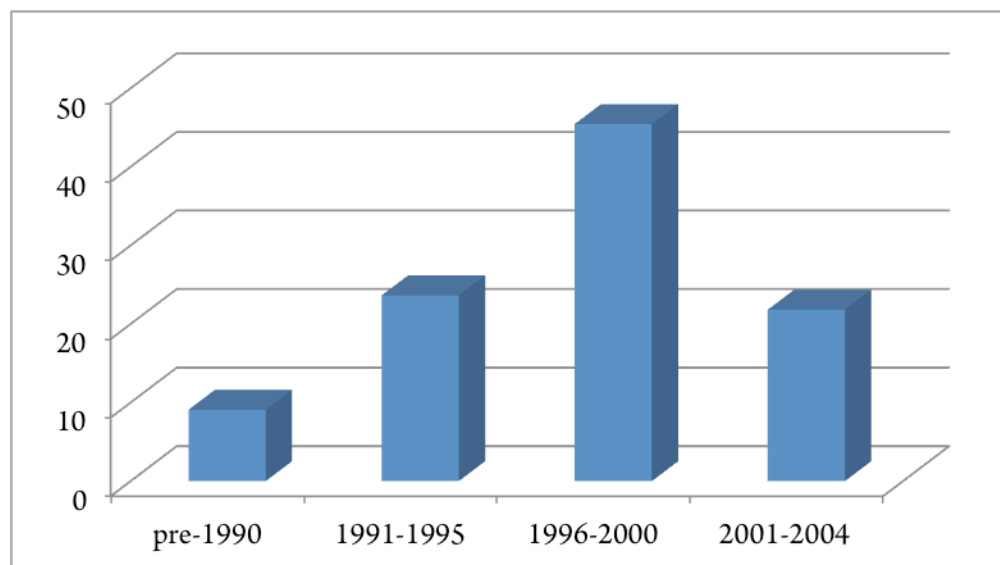
**Figure 1. The Ecuadorian Amazon** (Source: Exploring Ecuador, 2014, [http://www.exploringecuador.com/espanol/amazon\\_ecuador.htm](http://www.exploringecuador.com/espanol/amazon_ecuador.htm)).

There are a wide range of ecotourism initiatives in this country, from high-end to rustic lodges and river adventure trips to national parks and Indigenous territories (Peaty, 2007). Indigenous people were initially antagonistic to the development of nature tourism in their regions because enterprises were developed without local involvement (Wesche, 1995; Wesche & Drumm, 1999). However, during the 1990s, many Indigenous communities have run their own ecotourism programs motivated generally by the increase of Indigenous tourism projects, the availability of economic resources for such projects by national and international donors, and the opportunities for income generation through ecotourism ventures. Some have effectively organized at the community level to receive independent travelers and tourists interested in Indigenous culture, either directly or in partnerships with private tour operators (Braman & Fundación Acción Amazonia, 2001; Jarrin, 2009; Wesche, 1993; Wunder, 2000).

According to Cabañilla (2004), while some Indigenous tourism projects were conceived in the late 1980s, the decade of 1990 marks the boom for community-based tourism in Ecuador as more than 40 projects initiated operations (see Figure 2). Wesche and Drumm (1999) counted more than 30 community-owned ecotourism projects in the Amazonian region of Ecuador alone. These village-based operations varied considerably. Some catered to backpackers in search of a rustic hut in the rainforest; others appealed to high-end ecotourists wanting a well-catered rainforest vacation complete with English-speaking guides (Drumm, 1998). These initiatives were especially related to community-

operated tourism projects in the Ecuadorian Amazon, particularly those of RICANCIE (Quichua network of nine communities geared towards serving the mid to high-end market segment) and Kapawi (Achuar partnership with a tour operator).

However, there was a reduction in community-based projects during the first half of the 2000s, mainly because additional funding for this kind of project was not sufficient as the multiplication of projects led to a saturation of ventures and activities with mixed results. While many communities have developed their own tourism operations, and have been heralded in ecotourism literature, they often have struggled to attract enough tourists to make their programs viable (Wesche & Drumm, 1999).



**Figure 2. Community-based tourism projects in Ecuador.**

Despite these challenges, Kapawi has been operating for almost 20 years becoming one of the oldest ventures in the Amazon. The community of Kapawi and its ecological reserve are located at 250 km southeast of Quito in the remote upper Amazon rainforest just inside Ecuador's border with Peru. Kapawi's lodge is located on the southern bank of the Pastaza River, a major tributary of the Amazon. The region has a typical equatorial climate, constantly humid. Mean annual daytime temperatures average 25°C. The annual average low temperature fluctuates between 19 and 20°C, and the average annual high temperature is between 29 and 31°C. The average annual rainfall is no more than 3,000 mm for the highest latitudes, and not less than 2,000 mm for the lowest (Colding, 1998; Ordóñez, 2012). However, rainfall varies from year to year. The habitats surrounding Kapawi are diverse and include terre firme forests, swamps, oxbow lakes, and rivers; this is one of the most secluded and pristine areas of Ecuador, still untouched by logging, mining, or petroleum extraction (Carpentier, 2014).

The Achuar are a group of Indigenous peoples of the Amazon Basin, currently numbering around 6,000 and their ancestral lands straddle the modern borders of Ecuador and Peru, a remote area that has allowed them to preserve their way of life with little outside influence or colonization (IFAD, 2012; Trujillo, Maldonado, Rodriguez, & Montalvo, 2008). Throughout their history, the Achuar have been



## Methods

Fieldwork was carried out in the Kapawi offices, the ecolodge, and Achuar communities in the Pastaza province, and the cities of Quito, Puyo, and Shell for the period from 2011 to 2013. Fieldwork involved semi-structured interviews, first-hand accounts, and participant observation. In total, 65 semi-structured interviews were carried out targeting the following groups: Kapawi staff (including the director, managers, employees, and freelance workers); Achuar leaders and community members (including the Achuar president, other NAE representatives, and community authorities); government and non-governmental organizations that have been collaborating with Kapawi, including the Ministry of Tourism and civil society organizations such as Rainforest Alliance; and tourists visiting the lodge at the time of the fieldwork. To increase context validity, five of the six communities working with Kapawi were visited and for two months the interactions between the communities and the enterprise were observed.

Fieldwork was complemented with the revision and analysis of primary and secondary documents about Indigenous tourism in Ecuador, as well as institutional documents and information provided by Kapawi. These included annual documents, memoirs, tourism flows and statistics, internal procedures and guidelines, Strengths, Weaknesses, Opportunities, Threats [SWOT] analyses, financial balances, theses, and analysis of quality control processes and documents based on international norms. These revisions were developed in 2014 and early 2015 to include Kapawi's latest developments and accounts.

### **Phase 1: The Origins and Evolution of Kapawi (Early 1990 – 2005)**

Kapawi's origins are linked to the Ecuadorian tour operator Canodros, which started operations in Galapagos in 1987 and had become a well-known tour operator in this region. Interest in expanding operations in other mainland Ecuadorian regions motivated the company to look for other options, particularly in the Amazon as an add-on to Galapagos.<sup>1</sup>

Contacts between the tour operator and the Achuar organization were made by an Amazon guide working in a local operator. Discussions to establish a partnership between the Achuar people and the tour company began. The meetings were fruitful and Achuar leaders supported the idea to participate in an ecotourism project. Despite some initial doubts about the proposal given its novelty, the communities were interested in ecotourism (Bennet, 2001). In 1993, Canodros and the Achuar organization signed the agreement in which Canodros would finance Kapawi, and the Achuar would participate fully in the operation and management (Stronza, 2005; Trujillo et al., 2008). With this agreement, the first ecotourism initiative in the Achuar territory was the concept of the Kapawi Ecolodge. The project has been named after Kapawi community, which provided part of its territory to build the infrastructure.

According to the agreement, Canodros agreed to co-design, construct, and operate a well-equipped lodge for 40 guests in the Achuar territory. The terms of the 15-year agreement stipulated a monthly rent to the Achuar Federation of US\$2,000, with an increase of 7 percent per year, based on the banks'

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<sup>1</sup> A businessman from Guayaquil, Carlos Perez Perasso, owned Canodros and was also the owner of El Universo, one of Ecuador's largest newspapers. He was the promoter of Canodros' expansion in the Amazon. The company hoped that 40% of its market from the Galapagos operation, around 2,800 passengers per year, might have an interest in visiting the Amazon, and decided to build an ecolodge in Kapawi (Rodríguez, 1999; Stronza, 2003).



interest rate on the US dollar (Koupermann, 1997; Rodríguez, 2008). In addition, a US\$10 fee was charged to every visitor for the exclusive benefit of the Achuar community.

It was estimated that the monthly rent paid by Canodros to the National Achuar Organization for the use of their land would total over US\$600,000 and the \$10 fee charged to every visitor would add an estimated additional US\$150,000 (Rodríguez, 2007; Stronza, 2003; Trujillo et al., 2008). It was also agreed that the lodge was to pass entirely to the Achuar by 2011 and that Indigenous participation would be integral to every step of the process. Canodros committed to employ a majority of Achuar people and to purchase supplies for the lodge, including food, wood, palms, and fibres, from the community. Canodros also agreed to transfer know-how to the Achuar co-owners through training in all aspects of lodge management and operation (Koupermann, 1997; Rodríguez, 1996). All of the financial capital came from the tour operator and all of the traditional architectural standards and labour came from the Achuar, as they agreed to provide traditional techniques for building the lodge and access to their existing airstrip. All materials, including palm and thatch, were purchased from the Achuar communities. They also assented to restrict hunting in the areas within the ecotourism zone through the implementation of an integrated resource management plan for their territory (Morales, 2012; Stronza, 2005).

The overarching goal of this plan was to ensure the long-term wellbeing of the Achuar, and establish their right to self-determination. Four general areas of action were defined to support this goal:

- a. Developing sustainable economic enterprises;
- b. Recording traditional Achuar knowledge and practices;
- c. Strengthening their ability to defend their lands against outside encroachment;
- d. Building up their governing Achuar federation and its leadership (Rodríguez & Santacruz, 1997).

Since Kapawi's inception, one of its main goals, therefore, has been to provide support for the Achuar community. The objectives of Kapawi were twofold:

- a. To implement a two million-dollar project in an Indigenous territory, by leasing their land, sharing benefits, and passing the know-how and installations to the Achuar; it was also stipulated that at the end of a 15-year period (the year 2011), the project will be owned and managed by the Achuar;<sup>2</sup> and
- b. To facilitate the Achuar's request for partnership by contributing to the creation of a non-profit organization that provides access to technical expertise and funding for a variety of Achuar projects (Rodríguez, 1996).

Also, Kapawi defined its overall mission to provide for quality tourism services in the Ecuadorian Amazon that promote responsible enjoyment of nature, environmental education, and cultural

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<sup>2</sup> Meanwhile, Kapawi sought to recover the investment and to obtain a profit.

dissemination of the Achuar people. Much attention was thus placed on training and efforts that support the Achuar's governing federation and leadership. In order to maintain high standards of service, Canodros created a structure to train the Achuar personnel, ranging from biology to carpentry (Rodríguez, 1996).

Construction began in 1993 and lasted for more than two years given several delays, including the war between Peru and Ecuador. The lodge and row of cabins that stood on stilts along the shore of a lagoon were constructed entirely in the Achuar tradition, using wood, palm leaves, and twine. The walkways connecting the individual cabins were all made of natural products from the rainforest, which led to the motto found in the lodge, stating that there is "not a nail in the place." The raised boardwalk also connected large communal buildings at Kapawi, all of which rest on stilts around the edge of a lagoon crowded with plant and bird life. The infrastructure was built by 120 community members from 20 different communities. The Achuar also provided knowledge about their culture and environment, which, although not measurable, has been a valuable contribution to the development of the facility.

Each of the thatched roof guest cabins was designed as an expression of authentic, traditional Achuar design concepts, providing a spacious, sustainable, and well-ventilated infrastructure. Twenty-one cabins were built to accommodate a maximum of 70 people, including guests and staff; not coincidentally, it is about the size of a typical Achuar village (Morales, 2012; Trujillo et al., 2008). The lodge also included environmentally friendly conveniences: solar energy, biodegradable soaps, recycling systems, and specially made sun-powered bags for shower water.

The Kapawi project opened for operations in April 1996 as a partnership between Canodros and the Achuar people. This ecotourism project had the highest capital investment of US\$2 million in the Ecuadorian Amazon (Stronza, 2003). In 1997, the management plan was produced for the Achuar territory and in 1998 the operation won the British Airways Award "Tourism for Tomorrow" for protecting the environment for tourism in the future. In 2000, it also received Conservation International's "Ecotourism Excellence Award." Kapawi has also been the subject of articles in *National Geographic Traveller*, *Wildlife Conservation*, and *Audubon Magazine*, among others (Stronza, 2003).

By 2002, the number of personnel in Kapawi totalled between 55 and 60, including sales, reservations, and logistics assistants based in offices in Quito, Guayaquil, and Shell, as well as cooks, administrators, guides, boat drivers, maintenance workers, and housekeepers. Tourists per year averaged 1,000 (Kane, 2002; Stronza, 2003). The same year, the monthly rent was renegotiated at a slightly higher and fixed rate; the Achuar witnessed an increase in tourism and tourists to Kapawi as it became a well-known and prime destination in the Amazon. This increase was apparent to the Achuar before statistics were provided to them. This prompted Achuar leaders to demand an increase in economic benefits. For the company, it was necessary to accept the demands and the proposed increase to maintain the positive relations with the Achuar because both parties realized that the flow of tourists to Kapawi had increased.

In 2002, another important event occurred, which marked the history of Kapawi. The owner of Canodros passed away and his son took over the company. The new management had a different business vision and made the pragmatic decision to transfer ownership to the Achuar by 2008, instead of 2011. Pursuant to the agreement between Canodros and the Achuar, the tour operator officially moved the transfer of the lease forward to January 2008. This decision was represented by a property transfer

plan, which included the creation of a trust of US\$100,000 and a technical commission, as well as specialized training for young Achuar in universities in Quito (Trujillo et al., 2008). With this transfer, Kapawi was fully handed over to the Achuar and all of the facilities became the property of the Achuar organization—Achuar Nationality of Ecuador (NAE).<sup>3</sup> The transfer of ownership of the Kapawi Ecolodge to the Achuar was completed and a new management and organizational structure was created.

## **Phase 2: Transfer Process and New Management Structures (2008 – 2014)**

As part of the Canodros' transfer, Kapawi is currently being managed and operated by the Achuar-owned tourism operator Complejo Ecoturístico Kapawi Sociedad Anonima (CEKSA). This Indigenous enterprise was created in 2005, with the agreement of the NAE, as a limited company that holds the legal structure of a tour operator, and is responsible for the ownership, operation, and management of the lodge. CEKSA initially employed more than 50 people in the Indigenous territory and in two urban offices—one in Quito, and the other in the town of Shell.

The Kapawi office in Quito is composed of a general manager, financial manager, sales manager, operations manager and sales agent, lead accountant, assistant accountant, messenger, and a marketing department, which is currently working in a limited manner given some financial constraints. An operations office in Shell is responsible for organizing flights and logistics for the operation of the lodge.

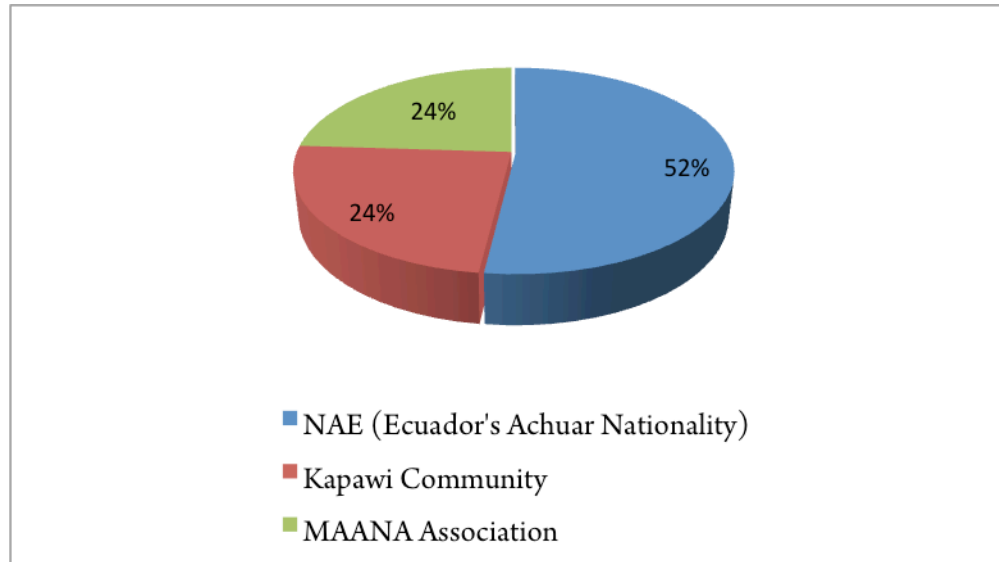
CEKSA's management structure is composed of a shareholder board with three main members: the NAE (52%), the community of Kapawi (24%), and the MAANA association formed by other six communities (24%) (Figure 4).<sup>4</sup> According to the NAE, 121 families and 683 people live in the MAANA association communities, which would make for an average family size of 5.6 people (Impulsa, 2012).

CESKA regulations state that the representatives on the shareholder board are the presidents of each of the NAE, the Kapawi community, and the MAANA association. The shareholder board also elects a board of directors, which meets every six months with the goal to approve every year's budget, and other managerial and operational aspects. The board of directors is established in CEKSA's statutes and is composed of five representatives: the president of NAE, one representative of the Pastaza province, one representative of the Morona Santiago province, one representative of the Kapawi community, and one representative of the MAANA association, who is currently from the Kusutkao community. According to Trujillo and colleagues (2008), this set a new standard in community-based tourism in Latin America.

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<sup>3</sup> The Achuar people and communities are organized and represented by their own Indigenous organization, the Achuar Nationality of Ecuador (NAE), which is a self-sufficient non-profit organization that was founded to fortify the identity, language, customs, worldview, and laws of the Achuar Nation. It manages projects that are intended to benefit the communities.

<sup>4</sup> The NAE is organized into ten regional associations, which consist of 68 communities and approximately 8,000 Achuar people distributed in an area of over 7,000 square kilometers. Each community elects a head, or president, who is responsible for coordinating the work and needs of their community over a two-year term.



**Figure 4. Structure of the Achuar tourism enterprise under CEKSA.**

The transfer was officially made effective in January 2008. Since that time, the Achuar have been responsible for the ownership, operation, and management of the lodge. However, the communities were not fully prepared after the transfer process to handle the management of the enterprise because the Achuar did not have intensive training in managerial skills despite their interest in managing the lodge. At the beginning of the project, the Achuar were trained mainly in operational activities and positions, including unskilled labourers such as boat drivers, waiters, cooks, and maintenance and housekeeping activities, mainly because most of the Achuar young people who worked at the lodge were not able to finish school due to limited access to education in the region, and lacked skills for managerial positions. In addition, high job rotation levels impeded some Achuar who received basic training from continuing their professional development in order to participate in managerial positions. Some Achuar returned to their communities or were involved in different activities and did not continue with more advanced training. Despite positive intentions or preliminary agreements during the transfer process, the company did not implement a comprehensive training plan for managerial positions.

This shortcoming resulted in administrative and commercial problems, and negative impacts in the local ecotourism market. The Achuar community began facing the challenge of administration and total operation of the Kapawi project by its own means. During the time with Canodros, the preparation for the transfer of ownership of the project was not entirely complete; some Achuar leaders waited mainly for the rental and visitors fees without being fully involved in the operations. Many communities did not know much about the enterprise and just waited for the benefits to come.

The aspiration for Achuar leaders to manage their own tourism enterprise was contrasted by concerns and fears about the challenges under their own responsibility, and some uncertainty about how to manage and resolve administrative issues. Several expectations about the future were present, but concerns were predominant, which limited the realization of full community involvement during the early stages of the transfer. This was coupled with the lack of detailed knowledge, which was necessary for the management of the tourism business and the enterprise, as the Achuar generally knew about

operational activities at the lodge. These were the main reasons that prevented the Achuar's complete engagement in the management of the enterprise. The transfer process was slow because many communities did not engage in the responsibilities of ownership of Kapawi in the first stages of the transition. However, throughout this process, community members observed that their decisions have repercussions in the enterprise's management and, consequently, assumed progressively greater responsibility over the project.

A main institutional and social difference between this initiative and other ecotourism ventures is that Kapawi is not owned by just one Indigenous community or a group of communities, but by all of the Ecuadorian Achuar. Initially, after the transfer of Kapawi, the Achuar decided that it would belong to all Achuar in equal parts. However, this did not sit well with the MAANA communities, who have to bear the costs of the ecotourism activities in the form of hunting restrictions and timber provision. Misunderstandings and lack of trust were present among community members, which jeopardized the continuity of successful operations.

In addition, community representatives demanded the exit of the former lodge administration. In order to overcome such misunderstandings and solve emerging issues, a new payment and benefit-sharing system was established in 2008, known as the "Payment Workshop." With the help of an NGO, a new system of accountability and planning was designed. This was constructed through the implementation of a participatory budget, which was approved by leaders and members of the involved communities in a participatory manner.

The "Payment Workshop" scheme is calculated every quarter and also represents an accountability mechanism and a system to evaluate and measure the efficiency, results, and quality of the enterprise (Trujillo et al., 2008). Information about the number of passengers, the daily costs, and income generated for each passenger, and profits obtained by Kapawi is publicly made available (Belohrad, 2013). At the beginning, the payment mechanism was made through the presidents of each participating community. Currently, this process has been expanded and refined in a community public hearing in front of Indigenous peoples who are interested in participating in this open workshop. Once the income is distributed, all the community representatives sign an official minute, with all the participants to the workshop as witnesses.

These workshops have achieved considerable importance, as it is not only the time where benefits are shared in a transparent manner, but it is also a good opportunity to share information and discuss key aspects of the enterprise among community leaders and members. The workshops led to a strengthened participation in and ownership of the enterprise by all the communities. It also helped to reinforce decision-making processes in a traditional and communal manner because all members of the community were involved in the meetings and decisions were made with the participation of all (Belohrad, 2013).

With the aim to increase the surrounding communities' support and solve potential inequalities in the benefit-sharing scheme, the share of other communities was increased and additional benefits were provided in the form of an Achuar tax, which is directly related to the number of tourists visiting the lodge. This scheme changed from the previous fee of US\$10.00 to enter Kapawi plus an additional

US\$2.50 per passenger per night to a new fee of US\$35.00 per person visiting the Kapawi territory, independent of the number of nights that a visitor stays in the lodge.

The payment workshop helped to address conflicts and to improve relations between the communities and the lodge. This scheme was expanded to avoid misunderstandings and lack of trust. However, some lingering tensions remain, which are linked to the general reduction of tourist numbers and the competition for tourist visits between the communities, especially since some of the communities are closer to the lodge and put more effort into collaborating with Kapawi.

Another aspect not addressed during the first management phase was the implementation of an Environmental Impact Assessment (EIA). After the transfer from Canodros to the Achuar in 2008, the Achuar communities conducted an EIA. The study analyzed the areas that would be directly affected by the ecolodge. This activity led to the implementation of a zoning plan for improved territorial management of ecotourism and to reduce potential negative impacts to the natural ecosystem. This zoning process led also to the establishment of a territorial management plan. This was a significant step, and was a joint decision by CEKSA and the Achuar leaders.

The participatory mapping of the MAANA territory allowed communities to map their lands and resources and to identify the areas and paths most suitable for ecotourism. It was essential to complete this assessment in a participatory manner, as ecotourism zoning also requires that certain hunting restrictions will have to be followed, directly impacting community livelihoods. The participatory zoning helped to prevent conflicts around hunting restrictions and made communities more aware of the importance of wildlife viewing for ecotourism.

In the years after the transfer, Kapawi continued to receive international attention and recognition. In 2009, National Geographic Adventure Magazine named the enterprise one of the 50 best ecolodges in the world. Also, in recognition of its efforts to conduct its work in a manner that reduces the impact of tourism on biodiversity to a minimum, Kapawi has received environmental stewardship certification from several organizations, such as Smart Voyager, a program initiated by the Ecuadorian citizen's group Conservation and Development, which credits operations that meet a set of strict conservation standards. In 2010, Kapawi was also certified by the Rainforest Alliance, which denotes that the organization complies with the provisions of good practices in sustainable tourism.

During this same year, Kapawi's achievements were internationally recognized: It was selected as winner of the Equator Prize, a well-known worldwide United Nations Development Programme (UNDP) initiative that aims to shine a spotlight on outstanding local efforts to reduce poverty through the conservation and sustainable use of biodiversity (UNDP, 2012). Kapawi has been also certified by Best Eco Lodges, which selects organizations that provide ecologically and environmentally friendly accommodation. In 2011, this Indigenous enterprise was also given an award by the German Deutsche Gesellschaft für Internationale Zusammenarbeit/German Chamber of Commerce [GIZ/AHK] for its corporate social responsibility programme, "Ideas that help our community," and by Ecuador's Ministry of Tourism.<sup>5</sup>

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<sup>5</sup> The most recent award for Kapawi's "green community projects" was given by Premios Latinoamerica Verde in 2013.

In terms of the institutional structure, the steps to formally assume the management of the enterprise by the Achuar had a first milestone almost three years after the transfer; at the end of 2010, the management office in Quito appointed a young Achuar leader as the first lodge administrator. Both the communities and managers were aware of the potential risks for the transition period if this appointment was not successful. However, this step was widely supported by the enterprise, the NAE, and the Board of Directors, suggesting that trained Achuar leaders should manage the enterprise under the new structure. At that moment, four young Achuar were studying university degrees in hotel management supported by a NGO. Two of them concluded the studies, which motivated Achuar leaders, and a public call for proposals was completed for the position of lodge administrator. By 2011, the first Achuar lodge administrator was in the post, including other important positions such as heads of logistics and procurement; as such, the majority of the ecolodge staff and all of the staff working in the office in Shell are Achuar.

In addition, in 2014, a decision to appoint an Achuar leader to manage the enterprise was taken by the Indigenous authorities; the selection of the candidate was made through a public contest to all Achuar people jointly with a transition plan, which included an eight-month support in marketing, sales, accounting, and financial areas. This process was officially completed in April 2015 with the selection of the Achuar lodge administrator as general manager.

This event completed the initial aspiration of Achuar leaders; 20 years after the creation of Kapawi, an Achuar general manager is currently responsible for the Indigenous enterprise. However, despite these achievements, the new management will have to face the challenge of financial sustainability. After the transfer to self-management was completed, the number of visitors has dropped from the Canodros period, which is currently one of the main sustainability challenges of this venture. The following section examines the economic results and performance during the second phase of Kapawi.

### **Economic and Market Analysis**

Kapawi's financial results are based on commerce generated via tourist demand, the sale of tourist packages, as well as sales of food and beverages at the lodge. Also included in the financial results are programs for the production of crafts and, to a lesser extent, organic agriculture. Through these means, the goal is to provide economic alternatives to the communities and to relieve pressure on the area's natural resources.

However, after the transition process, the number of visitors decreased mainly due to the lack of new commercialization channels and marketing for which Canodros was completely responsible. This was coupled with the reduction of international travellers, due to the global economic conditions at the time. Marketing was developed and strongly supported during the Canodros partnership, given the tour operator's reputation and experience in marketing in the Galapagos Island and the availability of human and financial resources for such activity.

During the time of the partnership with Canodros, on average, the number of visitors reached 2,000 to 2,400 tourists per year at its highest peak. After the transfer, the number of visitors dropped significantly. In 2008, the number of tourists visiting dropped to 400: Their lowest level since the beginning of operations. In less than 6 years, tourism flows decreased from a couple of thousands to an average of 700 to 800 visitors per year. In 2010 and 2011, the number of visitors had a yearly average of 800. However,

since 2012, the number of tourists annually has declined from 780 in 2012, to 745 in 2013, and 618 in 2014.

During the period between 2010 and 2014, more than 34 percent of tourists visited Kapawi in the high season, which runs from June to August (Figure 5). The largest proportion of visitors during this period came from the US; on average, they made up more than one third of visitors to Kapawi (Figure 6). When Canadian visitors are included, North American tourists are the most important segment for Kapawi, with a peak of 45 percent of visitors in 2011. The second most important national source of visitors is Belgium with an average of 13 percent, followed by Ecuadorian tourists, who represent 11.5 percent of total visitors during this period. These numbers show the importance of domestic and foreign markets for Kapawi. These tourist segments are similar to other Indigenous tourism ventures in the Amazon, which is important to consider for marketing strategies and commercialization channels.

In terms of age groups, the largest proportion of visitors are in the 41 to 60-age range, making up an average of 30 percent of visitors during the study period (Figure 7). Visitors in the 21 to 40-age group, especially couples, are becoming an increasing larger segment of visitors because of Kawapi's reputation as a top natural destination and their interest in learning about other cultures and nature. Retired professionals among the 61 to 80-age set comprised a sizable segment of visitors to Kapawi, particularly because they are better able to afford the cost of the trip and have more time for travel.

From 2011 to 2013, the majority of visitors to Kapawi, nearly 60 percent, stay for a 4-day programme, followed by an average of 35 percent staying for a 5-day programme (Figure 8). The minimum 3-day programme is the least favoured choice; the time and cost to reach Kapawi makes it difficult for many tourists to justify such a short stay. This factor is important to consider for marketing options, as visitors with more time will be inclined to choose a longer length of stay and, therefore, backpackers or tourists with less available time in mainland Ecuador may not choose to visit Kapawi as a complementary destination if they are already undertaking internal tours, even to other natural destinations closer to main cities, as a second option besides the Galapagos Islands.

In the period from 2011 to 2013, as an average, almost two-thirds of sales were made through travel agencies, both national and international, which currently represent the main commercialization channels for Kapawi. The remaining 35 percent are managed by direct sales through the Internet or the offices of Kapawi in Ecuador. The data presented in this section suggests that strengthening marketing strategies aimed at the age groups described above and with travel agencies is an important strategy to overcome the current reduction in visitors. Management must take this compulsory step for the enterprise's financial sustainability and the continuous provision of benefits to the Achuar communities.



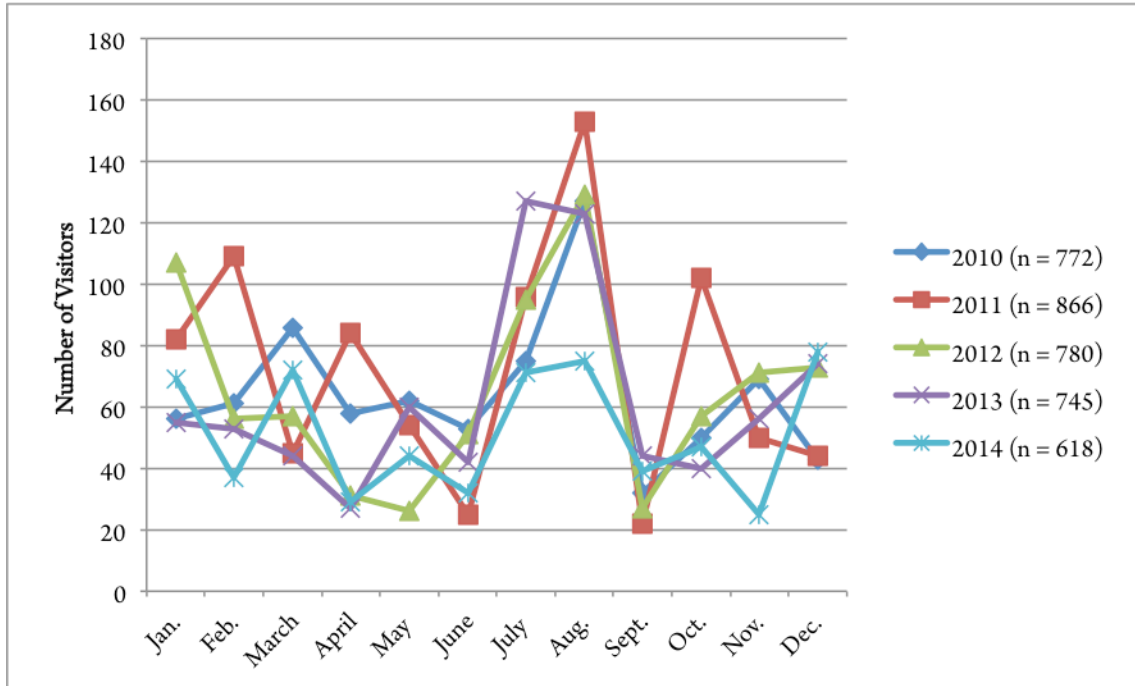


Figure 5. Visitors to Kapawi by month and year (2010-2014).

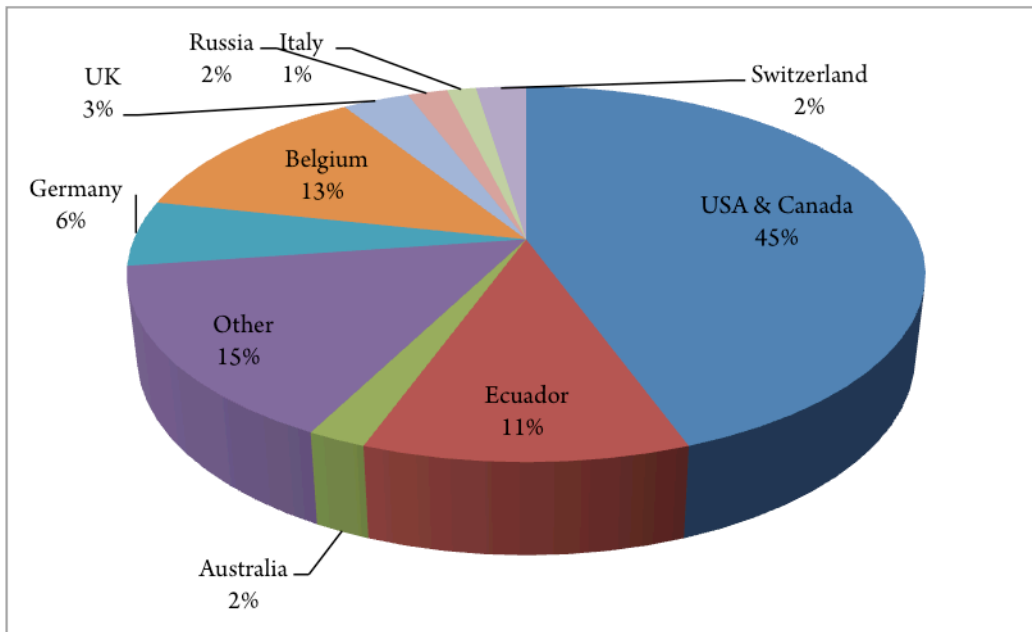


Figure 6. Visitors to Kapawi by country of origin (2011-2013).

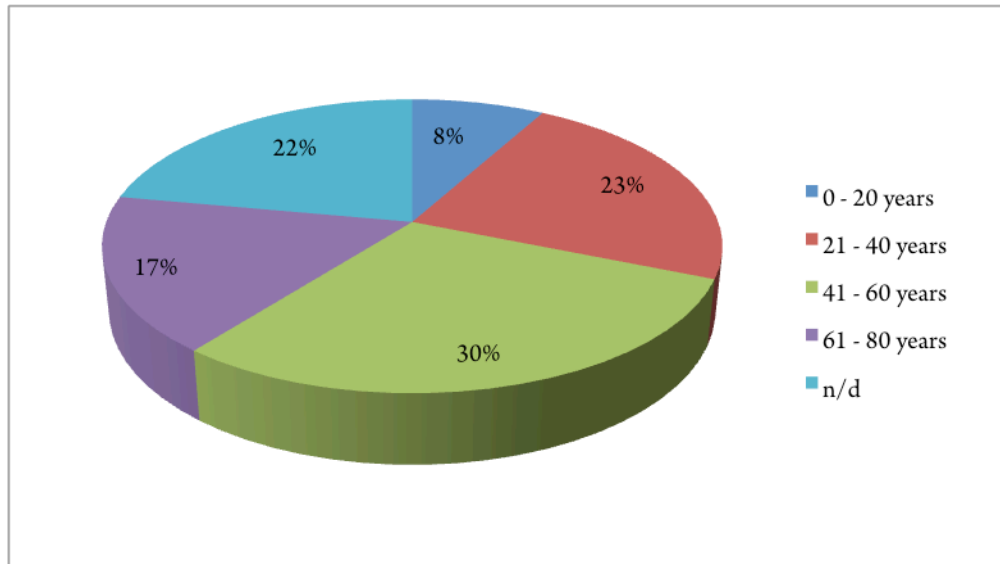


Figure 7. Visitors to Kapawi by age (%).

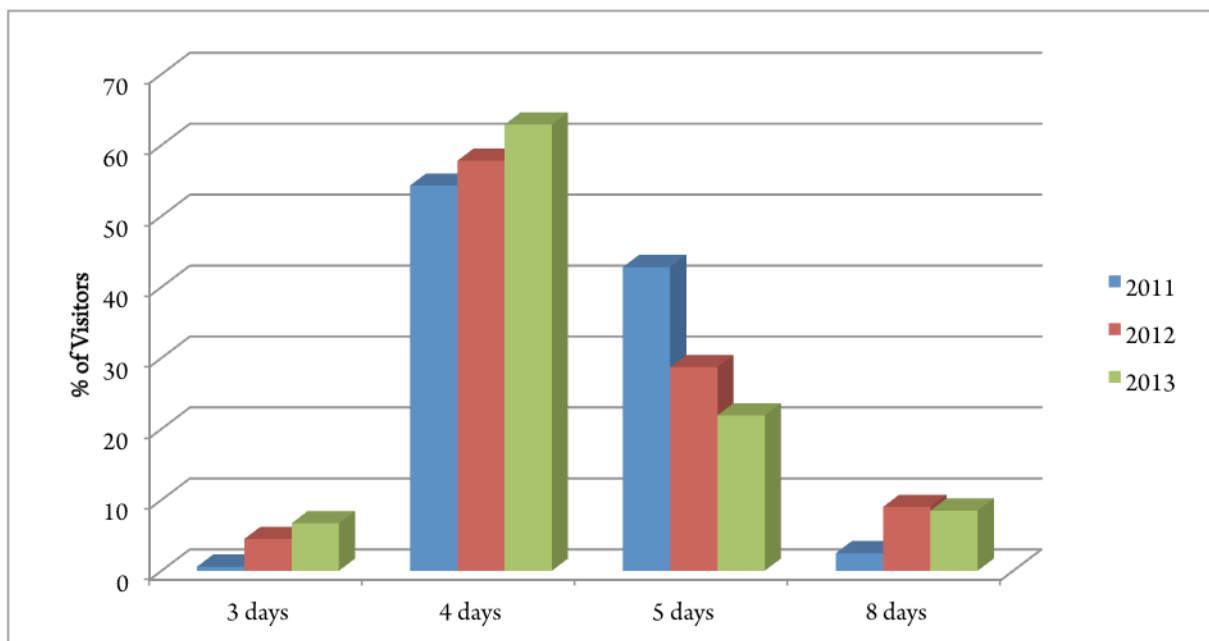


Figure 8. Length of stay in Kapawi by year.

## Benefits

Before ecotourism, the Achuar had very few sources of economic development and income generation. After the transfer process, 65 percent of the lodge's employees were from the Achuar communities. For the communities near the lodge, it is estimated that up to 60 percent of their total income comes from direct employment. Research by Ordóñez (2012) suggests that jobs for Achuar people increased from 66 percent in 2009 to 80 percent in 2010. According to the enterprise's management in Quito, full-time and eventual employment<sup>6</sup> for the Achuar increased to 85 percent in recent years, which includes both trained staff—especially guides, chefs, administrative assistants, and the lodge manager—as well as unskilled positions such as laundry or cleaning.

Achuar people are given priority when employment opportunities are available, and such opportunities are communicated through high frequency radio in Achuar and Spanish. Currently, Kapawi staff includes around 40 workers in both the operations and administrative areas of the enterprise. Some 71 percent of these employees are persons of Achuar nationality, while 28 percent of employees are non-Achuar inhabitants of the region (Belohrad, 2013). The larger number of Achuar people working in Kapawi led to improved relations with participating communities. The fact that lodge employees come from all the participating communities has increased transparency and trust between the communities and the hotel. Also, employees keep their respective communities informed of what is happening at the lodge, thus improving communications between all the parties. Yet, if economic conditions deteriorate and fewer staff are needed, some discord between the communities would result. In addition, people in the communities of the MAANA association consider that ecotourism has helped to revitalize the production of Achuar handicrafts because more Achuar handicrafts are produced nowadays than they would do without tourism. Several interviewed community members said that the handicraft production has increased with tourism. During fieldwork, it was also observed that tourist groups seem to purchase significant amounts of handicrafts during the cultural visit to the community. In addition, besides direct income from the lodge revenues, handicraft sales represent 21% of income for the communities of the MAANA association (Impulsa, 2012). This led to an increase of handicraft production, particularly by women, which was not the case before tourism. Arts and handicraft products are one of the most important sources of direct revenues, especially for women. This activity is highlighted in Kapawi, which provides specific benefits not only in terms of monetary resources, for other Achuar community members not working in the lodge, but also for cultural revalorization.

These activities also have a gender dimension: Women receive direct benefits from sales and produce authentic handicrafts. Achuar women are also teaching their young teens traditional methods of handicraft production, which conserves traditional knowledge and techniques. Therefore, young women are motivated to produce local handicrafts that reflect the cultural values of the Achuar people. This is an important strength of Kapawi—visitors can appreciate and learn about the Achuar spiritual values and culture, can participate in handicraft making, and can provide direct economic resources to the artisans, mostly Achuar women. Women also benefit in gastronomy areas through training and employment in the lodge, including the opportunity for other women to sell their food products to the lodge, especially fishing and certain crops. Although no collective productive system has been

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<sup>6</sup> Employment on an occasional basis, both full-time and part-time.

established yet to supply the lodge, individual Achuar families sell agricultural produce and other goods to the hotel.

Accordingly, tourism has had a positive impact on women by providing them with new opportunities. Currently, there are more women working at the lodge, and many Achuar men have started encouraging women to take up employment, given the benefits not only for the individual employee but for the whole family. Several Achuar women commented that, within the family, women tend to be the better financial managers because they are more likely to save and plan a family budget.

Also, the money earned through products produced by the women (handicrafts or food products) is directly paid to the women. This revenue therefore makes it possible for women to increase their engagement and influence in their families and communities. However, working at the lodge is not generally easy for the women as Achuar men would still expect them to comply with Achuar cultural norms, which would, for instance, involve not speaking to male tourists.

In addition, Kapawi has primarily provided collective benefits and has contributed to six different Achuar communities besides Kapawi. These are the communities of Wachirpas, Ishpingo, Kusutkau, Wayusentsa, Sharamensa, and Suwa. Kapawi provides a direct contribution of US\$35 per passenger to the communities, known as the Achuar contribution. This is distributed to the MAANA Association. The community of Kapawi delivers the resources, which amounts to around US\$500 per year for the Kapawi community while the other communities receive US\$400.

The decision to invest and spend the money vested in each community, which reaches consensus in the quarterly meetings—the Workshop Payments. The enterprise leaves this to the community's own decision. Such resources are usually spent on education, health, and travel support to leaders and community members that need to participate in meetings in other regions or in emergency situations.

Health and transportation benefits are critically important given the remoteness of this region. Even though health care is free in Ecuador, transportation costs to health centres or hospitals are high and a big share of a family's income is spent on travel costs. Hence, the main costs for Achuar families are transportation and medical emergencies. In case of a medical emergency, Kapawi provides free air transport. Furthermore, income generated from tourism has been invested in continuous training programs for the Achuar communities in the form of volunteer projects, exchange programs, specialized courses, and study agreements with universities.

Beyond contributing income to the communities of the MAANA association, a further 7,000 Achuar people benefit collectively from the enterprise because Kapawi has also helped protect Achuar territory from encroachment. The objective of the association is to protect Achuar rights and land; revenues and support from Kapawi helped in the process of land titling and legal tenure. The Achuar territory was legally titled by the state in 2010. This has allowed for the creation of an Achuar reserve with an extension of 681,218 hectares, which is protected and managed by the communities.

For this purpose, Kapawi has supported the implementation of a territorial development plan and land zoning, based on local traditions as Achuar's culture and beliefs stress the value of maintaining their land, their forest, and their own way of life. The only extractive activities that are carried out in the area are those necessary for the subsistence of the surrounding Achuar communities and for some resources

that the lodge needs, including wood for repairing cabins and walkways. Large-scale extractive activities—such as oil, mining, and commercial logging—are prohibited in the Achuar territory. This is a decision that the Achuar organization and communities maintain due to persistent fears around the negative impacts of extractive industries on the culture and the environment.

One of Kapawi's objectives is to reduce poverty and social exclusion in the Achuar community in order to transform the socioeconomic conditions and employment generation, with different positions at Kapawi held by Achuar people. Community leaders generally perceive that these opportunities also provide positive impacts for young people who can work in the enterprise and the lodge instead of having to migrate to other provinces to find jobs that do not value the Achuar culture or contribute to the sustainable management of their territory. Kapawi provides opportunities for young people to stay in their own communities and engage in economic activities, training, and, in many cases, work in the lodge. Given that economic options for Indigenous young people may be scarce, many young Achuar have left the communities to find jobs in more urban settings and never come back to the community. This migration is a trend shared by several communities in the Amazon. However, young people, especially from the MAANA association, can now work in their own community-based tourism enterprise and manage their own resources.

In addition, besides winning several national and international awards for its success, Kapawi has helped to stimulate and replicate similar projects with the NAE in other communities beyond the project area. Due to Kapawi's success, many Achuar, including the NAE leadership, are very committed to tourism. As a result, two other communities are now developing tourism activities in their own communities. This has led to replication: Kapawi's achievements have supported the development of new projects. One of these new initiatives is the Tiinkias Ecotourism Center, which promotes cooperation and complementation with other Achuar communities based on the example set by Kapawi.

### Challenges

Despite the individual and collective benefits produced by Kapawi during the last 20 years, a number of challenges remain that could affect not only the relations between the communities and the enterprise but also the operations and sustainability of the Indigenous venture. Economic and financial sustainability are the main challenges in a medium and long-term scope for the enterprise, which are determinants for the provision of continuous benefits to the Achuar communities. Kapawi's challenges are summarized below:

- a. Cultural deterioration is one of the main challenges, which has been present throughout the last few decades. Partly due to the remoteness of the Achuar territory, the Achuar culture is quite distinct with several traditions present and maintained in the communities. Consequently, not all of the changes introduced by Kapawi have been easily assimilated by the Achuar, especially at the early stages of the enterprise. Kapawi, since the beginning, has been a test for Canodros. They have had to mix and manage two very different cultural modes and perspectives into one ecotourism operation. This challenge remains to date, even after the transfer of control to the Achuar; several Achuar leaders have expressed their concerns about losing their culture.

- b. Another negative cultural impact of tourism has been the increased materialization and Westernization of the Achuar culture. For instance, in one of the communities that has been dealing intensively with tourism, the women started to charge for the *chicha*<sup>7</sup> offered to their non-tourist visitors. The free offering of *chicha* is a very important part of the Achuar culture and, therefore, the Achuar themselves organized an intervention in the community and emphasized that the Achuar have to clearly separate what is acceptable in dealing with tourists and what is expected in receiving other visitors. Yet, this cultural impact is not always linked to ecotourism; the Achuar, in recent times, have increased contacts with the outside world. For example, young people travel to other regions and cities in Ecuador where they have access to Western products and culture.
- c. In some cases, Achuar goods have been substituted with outside products. For instance, many Achuar had replaced their handmade *pinink*<sup>8</sup> bowls with plastic cups. Revenues received by tourism activities have provided some Achuar families with the opportunity to spend their resources on other Western products instead of maintaining traditional ways of producing goods.
- d. Another social challenge is the separation of the lodge workers from their families and the disruption of traditional structures. Given the distances between the lodge and the communities, some of the workers are away from their homes for up to four weeks, with very limited opportunities to contact their families. This can be very hard for families because roles and responsibilities are generally gender specific. When the men are gone, the women may have no one to provide them with meat or fish, which is why the Achuar workers take every opportunity to send food back to their families. This isolation from the family is also the reason why no married Achuar woman has ever worked at the lodge. Being gone from the family would be incompatible with the role of wife.
- e. In terms of training, Kapawi requires support to strengthen its existing capacity-building and training plan, which is largely focused on Achuar workers. Even though more Achuar people are working in the lodge, managing and providing more advanced managerial training is still a challenge. Another challenge is to include training that reduces asymmetries between trained and new staff. The lodge uses a rotation scheme, in which staff change every two years, in order to avoid the creation of inequalities and to give fair opportunity to Achuar members from different communities. This practice requires continuous training in order to avoid the instability as a result of changing well-trained staff with inexperienced ones every couple of years.
- f. An on-going challenge involves the distribution of benefits among communities (e.g., in the form of job opportunities or tourist visits) and communication, which is not only essential for maintaining the operation but also for fostering positive relations between the Quito

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<sup>7</sup> *Chicha* is the traditional beverage consumed by the Achuar. It is an alcoholic drink made out of fermented yucca, which the Achuar drink during the whole day.

<sup>8</sup> *Pinink* are traditional Achuar hand-crafted, earthen bowls, which are used to drink *chicha* and often feature beautiful paint designs.

office, the lodge, and the communities. Ensuring fair distribution of benefits remains challenging due to the remoteness of Kapawi and the vast distances separating the lodge and several of the communities. The different communities of the MAANA association receive different amounts of revenue from ecotourism, but three of the communities closest to Kapawi generally receive the highest income. However, other communities that do not receive the same level of funding are questioning the value of supporting the enterprise, which could lead to new challenges in the future. It is not a homogenous territory: Some communities are a relatively short walk from lodge, while others are five days away. One of Kapawi's most complex aspects is that it is not run by a single community; each community has different issues and different perspectives.

- g. Financial sustainability and low-occupancy are currently the main institutional challenges for Kapawi since the number of visitors and revenues have dropped since 2008. Given the remote location, transportation and operational costs are higher compared to other lodges in the Ecuadorian Amazon, which affect Kapawi's financial situation. Therefore, marketing becomes an essential process that is increasingly needed to address the recent reduction in tourism flows to Kapawi.
- h. Another management challenge is the financial, human, and technical resources for marketing strategies that could reverse the financial situation and recover tourism flows as described in the market analysis section; this is currently perceived as one of the main problems by Kapawi's management. Marketing programmes and strategies have been reduced since Canodros' transfer to the Achuar and even recently, given the reduction of resources available to Kapawi. Finding a new partner to market Kapawi after the transfer process could have been a way to overcome these challenges. However, it was essential for the Achuar to maintain their confidence in the lodge management during the transition and bringing in more "outsiders" could have been problematic at the time.
- i. Currently, significant marketing tools for Kapawi are the awards they have received and certifications by recognized entities such as Rainforest Alliance and others. Yet, participation in international fairs and events are not always possible, as it generally includes high costs and sometimes dependency on other institutions.
- j. Commercialization is another challenge and alliances are needed, particularly to reach new tourism segments through promotional strategies and marketing, especially because two-thirds of Kapawi's sales are made through travel agencies, as detailed in the market analysis. In addition, national markets and age segments are relevant considerations for strengthening commercialization channels. Given the reduction in tourism flows after the transfer process, Kapawi needs to work on recovering previous levels while staying within current optimal carrying-capacity levels to avoid further environmental and cultural impacts. This is a concern expressed by several community members and by workers at the lodge. Also, for other Indigenous tourism projects, marketing and commercialization programmes should be addressed at the very beginning of the projects, even though the attention at early stages is focused on infrastructure, training, services, and products.

## **Lessons Learned**

Kapawi is one of the first ecotourism enterprises in the Amazon. This venture was created for the purpose of contributing to the economic, social, and cultural development of the Achuar, as ecotourism is one of the few sustainable development options for this Indigenous group. For the Achuar, Kapawi represents an adaptive livelihood strategy, an alternative to other more deleterious economic activities viewed as potential threats to the Achuar culture and biodiversity. Looking at Kapawi's evolution in the last 20 years, eight main lessons for managing an Indigenous ecotourism enterprise can be learned:

- a. Community ownership and appropriation are essential to maintain the communities' support even in difficult financial and institutional times. One of the most remarkable achievements in Kapawi is the strong sense of ownership among the Achuar of the MAANA association over the enterprise. It is highly unlikely that the Achuar communities would have been willing to tolerate a reduction in jobs and profits associated with the decrease in tourists if they did not believe Kapawi was their own enterprise, which can provide benefits to their communities. This is a continuous process that entails permanent communication between the enterprise and the communities.
- b. The ecotourism experience offered needs to meet a market demand. Despite being one of the most well known Indigenous ecotourism enterprises in Ecuador and the Amazon, Kapawi has been struggling for a number of years with low occupancy and needs to start a process of reorienting ecotourism activities towards a more high-end market. Despite the fact that an Indigenous enterprise has social, environmental, and cultural goals, the bottom line is that such a venture is still a business. Even though it incorporates development and non-profit goals, the enterprise should generate revenues and profits to be sustainable and achieve other goals that are inherently related to its functioning, such as environmental conservation, cultural revitalization, and social development. Indigenous ventures and projects have to compete with other tourism initiatives, which means these enterprises need to be market-oriented, performance-driven, and competitive to produce sustainable results aiming to address social, economic, and environmental issues in the Indigenous communities where they are located. Furthermore, an Indigenous enterprise can promote networks and alliances with other social, economic, and environmental sectors and should be accountable to their own Indigenous communities through transparent mechanisms to produce tangible results and individual and collective benefits. Otherwise, the benefits and positive impacts that the enterprise could produce in the long run will be undermined and could be minimized.
- c. Building positive relations between the Indigenous communities and the enterprise is critical to prevent internal conflicts and impacts, and to avoid mistrust related to benefit sharing. Maintaining good communications between the involved parties is crucial in order to provide transparency and accountability to the communities. The reduction of tourist numbers after the transfer process reduced the ecotourism derived income available to communities, which understandably caused concern. To increase transparency, the new payment system established in 2008, known as the Payment Workshop, involved direct engagement among the communities, the general manager, and the lodge administrator.



This new system has greatly improved communication and trust between the lodge staff and the communities. The general manager takes the opportunity to visit each community to conduct a payment workshop, which involves discussing issues relevant to the lodge operations. The payment workshops conducted by the enterprise are attended by community members who actively engage in discussions about the future of their venture and the lodge, which strengthens communications between the enterprise and the communities. Payment workshops have contributed to the reduction of some conflict, especially given the number of communities involved in Kapawi. This could be a lesson learned for other communities in the Amazon and similar schemes could be developed and replicated in other Indigenous tourism enterprises and projects. However, we also note that a reduction in revenues, and therefore payments, could also affect the contentment with such methods.

- d. Indigenous tourism enterprises need to actively and continuously manage their impacts. Just like other projects, Kapawi has had several unintended impacts in the surrounding communities, which have only been resolved through strong Achuar leadership in the communities and mechanisms such as the Payment Workshops. It is Kapawi's responsibility to proactively tackle issues related to their activities, such as increased competitiveness between communities, growing dependency on outside goods, and waste generation. Clear social and environmental indicators and continuous impact monitoring systems are essential for any Indigenous tourism enterprise.
- e. Providing community training in participatory budgeting is also essential to ensure that community members receive tangible benefits and avoid expropriation by community leaders. Participatory budgeting means that spending decisions have to be authorised beforehand with full community involvement. This ensures that community leaders are being held accountable for the spending of tourism income. Such training and participatory budgeting has been very important to increase the capacity of the Achuar communities to manage the ecotourism revenue and ensure that benefits are shared fairly within the community.
- f. In order for benefit-sharing systems to be perceived as fair, the enterprise needs to include community concerns and needs. As such, benefit-sharing systems should be developed in a participatory manner. Kapawi shows that this development incorporates two levels. First, negotiations between the tourism enterprise and the involved communities need to establish a fair allocation of benefits and responsibilities; in the case of Kapawi, this meant allocating bigger shares to communities that have to bear the costs of ecotourism activities (e.g., in the form of hunting restrictions and timber provisions). Second, deliberations and agreements on how to manage ecotourism revenue should achieve consensus within the communities to ensure a fair distribution of benefits; in some communities, misspending of funds was common with community members claiming to have received little benefits. In accordance with the deliberative nature of decision-making in the Achuar culture, the management of Kapawi involves a constant dialogue with the surrounding communities to receive feedback on benefit-sharing developments.

- g. Respect for traditional structures and decision-making processes is also important. Traditional Achuar governance structures facilitate deliberative decision-making processes. In order to reach decisions, issues are discussed in lengthy meetings and then voted on. Major decisions can only be taken if consensus between all the communities is reached, which can also take a lot of time. In addition, the Achuar strongly value equality and fairness. For that reason, all political representatives in the NAE and also in the communities are democratically elected and the people filling those positions generally change with each vote to give opportunities to other Achuar. Kapawi's management reflects and incorporates those beliefs and norms. As a result, the communities democratically elect the director of CEKSA. Also, employment at the lodge reflects the Achuar belief in equal opportunity; only a limited number of positions are available at the lodge so those positions are generally rotated.
- h. Training in financial management and other managerial skills is vital from the beginning of any Indigenous tourism project and venture. Kapawi has shown that training and scholarship opportunities are essential in order to ensure that Indigenous peoples can take up positions at all levels of an ecotourism venture, but particularly in managerial positions. The management of a high-end tourist lodge like Kapawi requires skills and experience. Kapawi's management provides training opportunities not just in the lodge but also by organising visits to and training at other hotels. It also facilitates a volunteer English teaching programme for lodge staff. To also address the wider need for educational opportunities, the NAE has given several young Achuar scholarships to complete university degrees and other technical education; among them, the former lodge administrator who was recently appointed as Kapawi's first Achuar general manager. These steps are needed to ensure members of the Indigenous community benefit from job creation and are qualified to fulfill jobs at all levels of the enterprise. As a result, since 2010, young Achuar with studies and training are assuming managerial roles and are becoming a new generation of community leaders. Within this process, a managerial transition will mark the future path for Kapawi as an Achuar assumed in 2015 the position of general manager for the first time ever since the foundation of the Indigenous enterprise. This decision was supported and promoted by NAE, the Board of Directors and the communities. However, the new manager will have to face main challenges with respect to the financial sustainability of Kapawi. This will be a key step in the history, not only of this venture, but also in terms of Indigenous tourism enterprises in the Amazon and Latin America.

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