CONTEXT. Honduras possesses exceptional cultural and natural resources, yet ranks as the third poorest country in Latin America and has a high incidence of extreme poverty in rural areas. The Government has recognized that multi-sectoral efforts are needed to address poverty and promote sustainable local development. In addition to creating incentives for the local private sector to invest in tourism, the Government is pursuing a broad tourism development strategy that capitalizes on the country's ecological and cultural heritage. The strategy recognizes that tourism is the world's fastest growing economic activity, with the potential to generate employment, foreign exchange, and tax revenue and, ultimately, to contribute to poverty reduction.

Sustainable Tourism: Main Issues – Despite the Honduras tourism sector's great potential, its growth has been limited by a number of issues, including: (a) lack of a strategic framework for tourism development that makes the country competitive, and persistence of legal and institutional obstacles to private investment in the sector; (b) insufficient infrastructure to support physical demands and investment in tourism; (c) poor or nonexistent public services (e.g., water, solid waste management) in priority areas; (d) difficult access to potential tourist attractions; (e) fragmented management of sectors that impact tourism (e.g., transport and communications); (f) limited application of land use planning and mapping; (g) weak municipal planning and management capacity; and (h) poor coordination between institutions and low human resources capacity.

Government Strategy – To address these issues, the Honduras Institute of Tourism (IHT) prepared a comprehensive Plan of Action for 2004-2021 to increase growth in the sector, in partnership with the private sector, donors, and civil society. The aim is to provide incentives for tourism development in support of equitable, sustainable, and responsible growth that generates employment, captures foreign currency, and promotes local/regional development. As part of this strategy, the Government plans to create a new “Archeological Tourism Circuit” that would use Copan as the primary attraction while diversifying destinations and facilitating visitor access to under-utilized and/or undeveloped sites across the country.

Copan Archeological Site and Valley – Copan’s rich stone sculptures and intricate hieroglyphs make it one of the most impressive archeological sites along the “Maya Circuit.” Its “hieroglyphic stairway” includes the longest single glyphic text found at any Maya site. Declared a World Heritage Site by UNESCO in 1980, Copan is the most popular tourist attraction in Honduras. Although an increase in the number of tourists (from 12,500 in 1975 to 135,000 in 2002) has helped bring prosperity to Honduras, the Department of Copan continues to rank among the poorest in the country. The average illiteracy rate in Copan is 49 percent, malnutrition is 55 percent, and 75 percent of households have unmet basic needs. On top of this, exclusive relations between tour operators, hotels, and airlines have enabled them to retain almost 70 percent of all regional tourist revenues, limiting opportunities for smaller, local enterprises to enter the sector.

COPAN VALLEY PROJECT. Since 2003, the World Bank has been helping to develop sustainable tourism in the Copan site and surrounding areas through the Regional Development in the Copan Valley Project. The project, financed by a $12 million credit from the International Development Association, is based on a holistic vision of pro-poor, community-based tourism and regional cultural development. The central aim is to benefit local residents and strengthen local institutions. The Copan Valley project builds upon lessons and ideas from previous cultural development activities financed by the PROFUTURO and GENFUND programs in Copan. These programs clearly identified the socio-economic needs of the Copan Valley, its natural and cultural assets, and target areas for the project. In February 2003, to help prepare the Copan Valley project, the World Bank invited all the relevant partner organizations to participate in a two-day meeting to review and discuss project objectives, components, activities, and risks. Over 30 representatives attended from the Ministries of Tourism, Culture, Finance, Arts, Natural Resources, Environment, and Sports; the National Institute of Archaeology (IHAH); the Department of Protected Areas; and Asociación Copan, a local NGO dedicated to cultural heritage preservation. This meeting helped to cement government ownership of the project while developing a consensus and establishing joint implementation arrangements among the partner institutions, taking their different approaches to heritage conservation into account.
STRATEGIC CHOICES. Building upon the issues and lessons mentioned above, the following strategic choices were made:

(a) Creation of a Tourism Circuit for Regional Development. The first strategic choice was to decentralize the tourism flow from Copan by developing other sites and parks through a new Archeological-Ecological Tourism Circuit. The circuit will comprise four other parks and sites that have not previously benefited from tourism, but are easily accessible through the region’s International Airport. This innovative choice will make it possible to: (i) protect the fragile ruins of Copan, which cannot absorb additional increases in the number of visitors without further archeological works that will take time and substantial resources to complete; (ii) protect the environment in the park and the Municipality of Copan Ruinas, already at the limit of their capacity; (iii) refine and implement the Copan Management Plan; and (iv) protect and develop other cultural heritage sites.

(b) Enhance Quality of Destinations. The challenge was not only to attract tourists to other sites, but also to encourage longer stays by enhancing existing destinations and creating new, high-quality attractions. In addition to archeological conservation, basic infrastructure, and interpretation improvements in the parks and sites, the project financed: expansion of signage; appreciation of biodiversity in the lake near Los Naranjos; a move away from commercialization of foreign crafts (from Guatemala) to local tourism production; and construction of a replica of an 8th century A.D. Maya village close to a Chorti community (living culture).

(c) Pro-poor Model for Tourism Development. Another strategic choice was the adoption of a pro-poor tourism approach. This approach recognized that cultural heritage and the environment belong to the poor, and that the poor are the most vulnerable and have lost the most from environmental degradation and misuse of cultural heritage. The project pursued this strategy by linking the preservation of archeological parks and sites and their natural environments with employment and income generation opportunities. It also promoted: (i) local business development and market access; (ii) commercial sustainability (quality of products, marketing, and positive cost benefit); and (iii) capacity development for concerned government and civil society organizations. Finally, it stimulated the local investment climate to prevent economic leakages to wealthier locations and groups.
(d) Framework for Private Sector Investment. By developing the new Tourism Circuit, the Project provided the private sector with important investment incentives and market opportunities. The framework for private sector development included: (i) the promotion of investments for regional and local development through intensive capacity development and planning exercises among local governments, women producers, indigenous organizations, artisans, and tour operators; and (ii) the elimination of existing institutional and legal barriers to business creation through the development of high-quality local crafts, quality control, and commercialization. The rediscovery, development, and successful commercialization of the Lenca ceramics was a model experience. Market niches were identified through a fund, *Fondo Prosperidad*, which financed 69 pro-poor small-scale tourism initiatives.

(e) Capacity Building and Skills Development. To help integrate local populations and stimulate entrepreneurship in the tourism business, the project provided specialized training and supported job creation related to alternative tourism development, including tour guides, and management of archeological parks and sites. Specifically, indigenous women were targeted to improve income generation skills among vulnerable populations.

![Two tourism entrepreneurships financed by Fondo Prosperidad](image)

(f) Conservation of Natural and Cultural Resources. Tourism can produce unintended negative effects such as overuse of resources, an increase in nearby populations, and generation of garbage. Lax security can provide opportunities for artifact smuggling. The project gave priority to the management and security of the sites by balancing conservation and archeological research needs with improved access, signage, and interpretation of sites and parks.

![Maya Plants and Animals](image)

![Signage system for Casa K'inich and archaeological sites, respectively](image)
(g) Environmental Education. The project also designed and implemented interactive education for children and families, to help them learn about their region’s biodiversity and history. This project component built on the work of the PROFUTURO Project, which supported the construction of Casa K’ínich (House of the Sun), an interactive learning center for children in Copan Ruinas. Casa K’ínich uses interactive exhibits, text, and sound to present the complexities of Mayan life, the Mayas’ scientific knowledge, and their close relationship to the environment. Casa K’ínich is being expanded, with new exhibits and learning materials based on new findings. Similar educational activities targeting youth have also been implemented in other parks and sites.

(b) Communications/Institutional Development. To enhance institutional capacity for tourism and cultural heritage management among public, private, and civil society actors at the national and local levels, a participatory planning process accompanied the development of the new Archeological-Ecological Circuit, based on a strong social communications strategy. The project implemented a national and international marketing campaign to promote the new tourist destinations, and helped strengthen the municipalities through the creation of a Local Planning Bureau.

INSTITUTIONAL IMPLEMENTATION ARRANGEMENTS. The project addressed the institutional complexity underpinning the initiative by establishing decentralized technical units in the Valley (responsible for strengthening local institutions and daily interaction) and a high-level Advisory Committee comprising distinguished national researchers and public officials.

- The Honduras Institute of Tourism (IHT) took responsibility for overall project oversight and coordination. The unit in the IHT that had managed an earlier Sustainable Coastal Tourism Project was enhanced to manage all project implementation activities including procurement, accounting, financial reporting, auditing, and monitoring and evaluation.
- Additionally, a small branch of this unit was established in Copan Ruinas with a procurement assistant and a cultural specialist from the Honduran Institute of Anthropology and History (IHAH) to facilitate actions at the local level.
- The IHAH, which has a legal mandate to preserve and protect archeological sites, provided technical support to all the activities related to the archeological sites.
- A Local Planning Bureau and a Municipal Tourism Unit were established in Copan Ruinas to support institutional strengthening of the Municipality.
- Asociación Copan, a renowned local NGO dedicated to cultural heritage preservation, supported IHAH on design and technical assistance for archeological activities financed by the project.
- Finally, an Advisory Committee was created with the participation of the Ministries of Finance, Tourism, Culture, Arts, and Sports, the Director of IHAH, and local mayors, to review project plans and implementation progress on a regular basis.
PROJECT COMPONENTS. The project aimed to achieve sustainable tourism development based on the cultural and natural heritage of the Copan Valley and surrounding areas through: (a) creation of an Archeological Tourism Circuit integrating five archeological parks/sites; (b) ecologically sustainable management of the parks/sites; (c) capacity development for employment associated with park/site development; (d) strategic planning for tourism development; (e) access to training and technical assistance for products and services provided by locally-owned enterprises; and (f) institutional strengthening for cultural management capacity.

Component 1 (US$6.93 million) – Integrated Development of Archeological Parks and Sites created a Regional Archaeological Tourism Circuit by financing archaeological conservation, tourism infrastructure, and participatory management in three archeological parks and two archeological sites. This component funded: (a) implementation of the Management Plan priorities in the Copan Archeological Park (financed under the PROFUTURO Project), including security equipment in the Park, environmental management and education, cultural education activities, and community outreach; and (b) Management Plan for El Puente Archeological Park, Los Naranjos Eco-Archeological Park, Cerro Palenque Archeological Site, and Plan Grande Archeological Site.

Component 2 (US$2.96 million) – Income Generation Opportunities implemented a training program and incentives to foster income generation opportunities for populations in the project areas, particularly the very poor, including indigenous communities (Chorti). This component funded: (a) local capacity development, skills development, and training for archeological workers and guides; (b) capacity development in tourism service delivery for local residents, including tour operators and municipal staff; and (c) income generation opportunities with a pre-feasibility study to identify profitable market niches and technical assistance on production and commercialization for vulnerable groups, through the creation of Fondo Prosperidad.

Component 3 (US$3.46 million) – Institutional Development and Urban Planning designed and implemented institutional strengthening for the Ministries of Tourism and Culture and for the municipalities targeted by the project through technical assistance, marketing and promotion, and a social communications strategy. This component funded both the Local Planning Bureau and the Municipal Tourism Unit in Copan Ruinas, which pioneered a process of institutional development and physical renovation at the local level.
RESULTS TO DATE

*Income generation impact:* By August 2006, three years after the project was launched, job creation in the Copan Valley had increased by 18 percent, benefiting particularly women and local artisans (the project team had predicted a 5 percent increase). Additionally, family revenues of project beneficiaries almost doubled. The *Fondo Prosperidad* financed 69 new tourism entrepreneurships (out of 500 applications), benefiting more than 1,650 people directly and an estimated 25,000 people indirectly.

An innovative feature of the project (which came out during implementation) is the way the five tourist circuits link the Maya sites and ecological parks targeted by the project with the colonial cities and indigenous villages across the Valley and the community-based tourism enterprises funded by *Fondo Prosperidad*. Each circuit was developed with possible visitor preferences in mind, with one focused on gastronomy, another on indigenous life, a third on traditional arts and crafts, a fourth on relaxation and adventure, and the last one on Copan Ruinas itself. This experience has generated a new approach to tourism development in Honduras known as “geo-tourism.”

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*Copan 5 Geo-Tourism Circuits*
Cultural Heritage impact: The Copan Valley project is one of very few active Bank-financed projects in Latin America that is investing in conservation of archeological heritage sites. Most other projects tend to focus on support services provision and tourism infrastructure. Specific activities financed by the project in Copan include: i) preparation of a management plan for all five parks and sites targeted by the project; ii) key conservation work at the Copan site, including work to preserve the access tunnels to the Rosalila Temple, sculptures, and glyphs; iii) site signage; iv) rehabilitation of the Archeological Museum and the Research Center of Copan; v) expansion of the Casa K’ínich; and vi) construction of a replica of a Maya village from the 8th century A.D. Outside Copan, the project has financed the protection and development of other cultural heritage sites, including Los Naranjos archeological site and the Pico Bonito National Park.

Institutional Strengthening impact: The management capacity of the Municipality of Copan Ruinas (epicenter of the Project) has been strengthened through the establishment of an Urban Planning Bureau and a Municipal Tourism Unit. These bodies have helped to refine and enforce critical urban development and management norms, as well as regulations for construction licensing, heritage protection, traffic, street commercialization, environmental conservation (including solid waste management and creeks protection), cadastre, street naming, and color and signage standards. In two years, this support has helped give Copan Ruinas a brand new image, while expanding income generation opportunities for its poor inhabitants and increasing their sense of local heritage and distinctiveness. New regulations and standards now in place include:

a) a long-term development vision for the municipality;
b) a new construction/renovation code for the municipality to strengthen the traditional architecture and typology which were deteriorating due to the systematic demolition and replacement of traditional buildings by out-of-context constructions;
c) new transport norms and street signage, which have organized not only the traffic but also the mototaxis and bus services for tourists;
d) a color code for the municipality, in harmony with its traditional architecture;
e) organization of adequate spaces for informal street businesses.