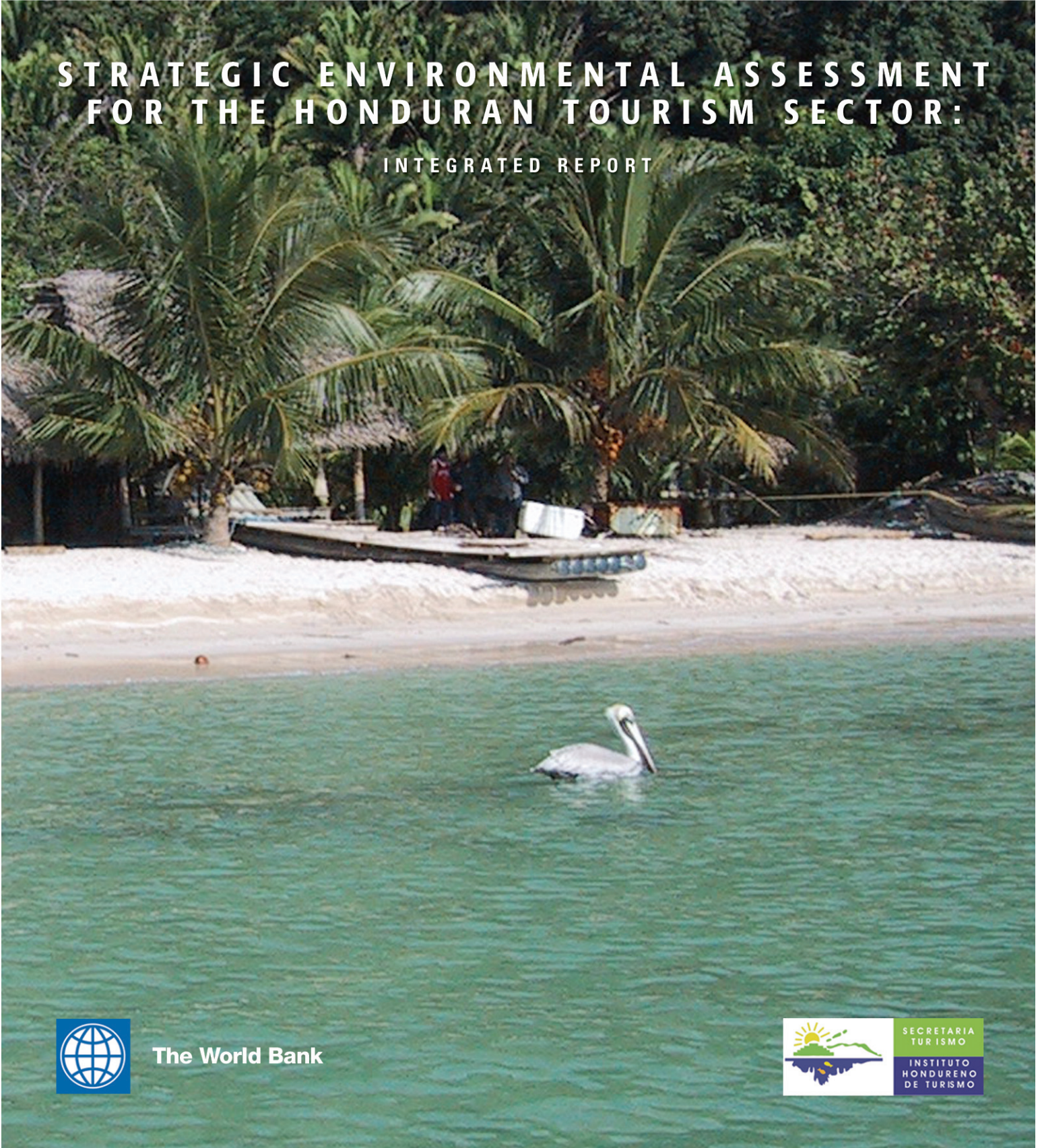


STRATEGIC ENVIRONMENTAL ASSESSMENT FOR THE HONDURAN TOURISM SECTOR: INTEGRATED REPORT



The World Bank



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Strategic Environmental Assessment for the Honduran Tourism Sector:

Integrated Report

October 2005

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Latin America and Caribbean Region
Environmentally and Socially Sustainable Department

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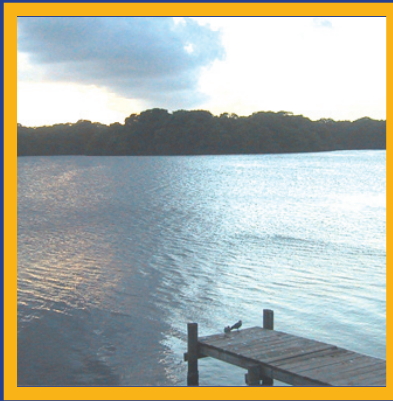


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Introduction

The World Bank, in collaboration with the Honduran Institute of Tourism (IHT) and with support from the Norwegian Trust Fund for Sustainable Development, carried out a Framework Strategic Environmental Assessment of the Honduran Tourism Sector. The *Strategic Environmental Assessment (SEA)*, a rapidly growing new instrument for environmental management, is a systematic process for evaluating the environmental consequences of proposed policies, plans or programs, in order to ensure they are fully included and appropriately addressed at the earliest stages of decision-making.¹

SEA is a tool to promote a broader vision and understanding of the environmental as well as social and economic macro-level implications of proposed policies, plans, or programs, providing a useful framework against which impacts and benefits can be measured. Its purpose is not to substitute, but rather complement the limitations of project-level environmental impact assessments of individual projects, in that it assesses the cumulative impacts as well as long-term and large-scale implications of a proposed policy, plan, or program, and offers viable alternatives to inform and support the decision-making process.

Justification

Honduras is currently the third poorest country in Latin America. Approximately 65 percent of its 7.1 million inhabitants live in poverty, 45 percent live in extreme poverty, and it is ranked as 115th out of 184 countries in the Human Development Index. In the aftermath of Hurricane Mitch in 1998, the country's rural poverty levels increased from 69 to 74 percent.² Experiences worldwide have shown that the tourism sector has great potential to contribute to poverty reduction. If designed properly, tourism policies can be very effective tools in the generation of economic as well as social development in a country. In Honduras, tourism is the third largest sector of the economy in terms of share of Gross Domestic Product (GDP), following clothing production in the *maquila* factories and remittances. The IHT has established a long-range goal in which, by the year 2021, Honduras would be the number one tourist destination in Central America, implying a growth rate of 20% from the 1,018,044 annual visitors today³, and having developed and diversified its tourism markets, products and destinations, and in which its growth would respect the cultural, social and natural environment and contribute to the strengthening of national identity⁴. This goal would be reached through developing and diversifying tourism markets, products and destinations in a balanced and sustainable manner. An effort will be placed on job creation, increasing tourist expenditures and the length of stay, reducing economic leakages, improving infrastructure and services and developing both local and regional economies.

¹ Sadler and Verheem 1996.

² Honduras Poverty Reduction Strategy Progress Report 2004.

³ Figures include daily visitors, overnight tourists, business visitors, and cruise ship tourists. Vision for Tourism in the Year 2021, IHT.

⁴ Translated from a Vision for Tourism in the Year 2021, IHT.

Figure 1: Map of Honduras



The Honduran Government has identified the North Coast, the Bay Islands and the Copán Valley as priority areas for tourism development. To reach its vision outlined in its tourism policy, the IHT has embarked on the formulation of its first National Tourism Development Strategy, as well as a Regional Tourism Strategy for the North Coast and a National Eco-Tourism Development Strategy. In light of this scenario, the IHT and the World Bank identified the ideal window of opportunity to carry out a framework SEA of the tourism sector in the priority tourism areas of the country, which will serve to inform and shape the formulation of these current strategies, as well as serve as a model for future tourism development in the whole country.

Objectives

The overall objective of this SEA was to provide the IHT with the necessary framework to ensure the long-term environmental and social sustainability of its National, North Coast, and Eco-Tourism Strategies. Above all, the SEA aimed to integrate environmental, social, and economic considerations into the government's tourism strategy, and recommend alternatives for ensuring sustainable tourism development that safeguards the natural environment, achieves economic growth, promotes income and employment generation and ensures community participation in benefits.

In particular, the aim of this SEA was to: (i) promote a learning process and build in-country capacity for a broader and understanding of sustainability implications of the IHT's tourism strategy; (ii) conduct a systematic assessment at the macro-level of key critical issues for tourism development; and (iii) identify necessary actions and offer strategic alternatives to inform the policy-formulation process.

The SEA also aimed to generate other long-lasting benefits, such as: (i) *Intra-governmental Synergies and Coordination* - Coordination among the various sectors of the economy that impact or are impacted by tourism development. This will allow for dialogue with other government ministries to develop cooperative management approaches and to avoid government duplicity; and (ii) *Increased dialogue* – the SEA was used to provide a forum for dialogue among a wide variety of stakeholders with interest in the tourism sector. Civil society, private sector, and other governmental sectors had the opportunity to express their views and priorities.

Methodology

Given that at the time this SEA process initiated a tourism strategy for the Honduran North Coast was in draft form and that financial resources were not available to carry out a detailed and full-blown SEA, it was decided in conjunction with the IHT to undertake a Framework SEA analysis of tourism in the Honduran North Coast, Bay Islands, and Copán Valley. The intent of the Framework SEA was to assess tourism development strategies and identify macro level social and environmental impacts, externalities and linkages to other sectors. The Framework SEA is supported by a number of specific issue papers addressing critical issues affecting sustainable development of the tourism sector.

This Framework SEA developed a unique methodology that is aligned with the realities and needs of the country, which sought to maximize the value-added of SEAs as a highly useful tool to inform policy formulation. The methodology emphasized the process to be as important as the products generated, also adopting a highly participatory and iterative process, involving rapid consultations with stakeholders. Initial discussions were held with the IHT in October 2003 as to how an SEA of the tourism strategy for the Honduran North Coast and Copán Valley could be initiated. Thus, the Framework SEA's methodology was comprised of (i) a core strategy analysis paper; (ii) a series of brief, concise, and highly analytical issue-specific papers based on the three priority areas analyzed; and (iii) an Integrated Document that incorporates and synthesizes all findings.

During an initial consultation workshop in Tegucigalpa, stakeholders discussed their common vision for tourism development and identified priority areas and issues for Honduras. Given the feedback provided, the issue of solid waste; wastewater; social inclusion and income generation; human resources and human capital; policy and legal frameworks for environmental management; and environmental and social best-practices, were identified as the priority issues that needed to be addressed.

The structure of the analyses was as follows:

1. Strategy Analysis Paper:

Framework for Sustainable Tourism Development in the North Coast, Bay Islands, and Copán Valley.

2. Environmental Issue Papers:

- a. Solid Waste Policy Analysis and Management Plan.
- b. Wastewater Policy Analysis and Management Plan.

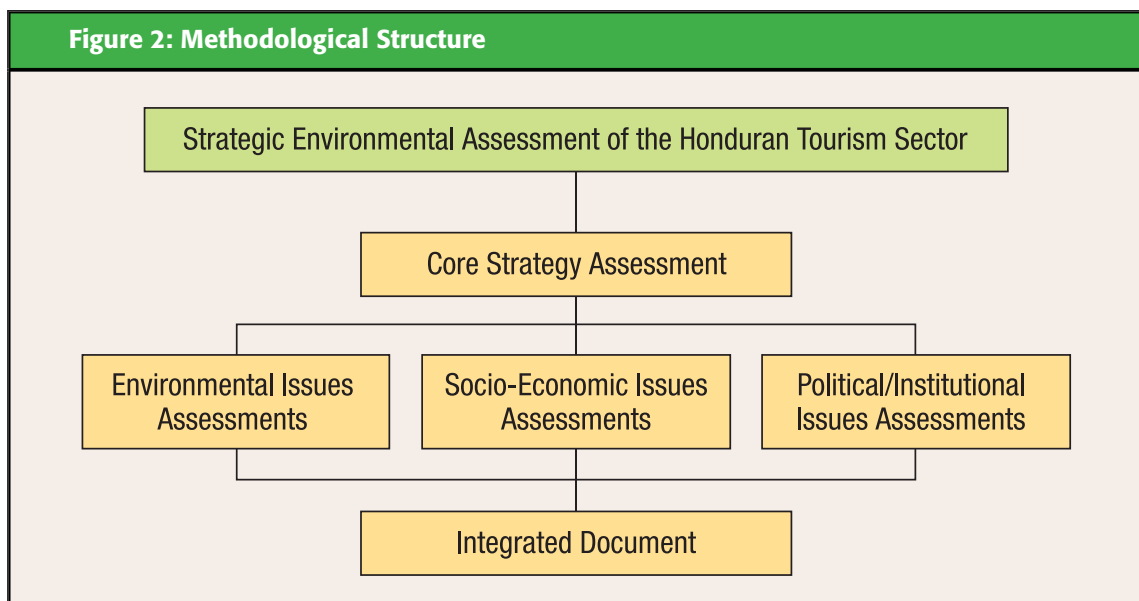
3. Socio-Economic Issue Papers:

- a. Strategy for the Maximization of Income Generation and Community Participation in the Honduran Tourism Sector through Micro-Development.
- b. Human Resources Issue Paper: Improvement of Training and Educational Capacity for the Sustainable Development of the Honduran Tourism Sector

4. Political/Legal Issue Papers:

- a. Analysis of the Tourism and Environmental Policy, Legal, and Institutional Frameworks and Environmental Management Capacity.
- b. Environmental and Social Best Practice Guidelines for Sustainable Tourism Development in Honduras.

Thus, the following structure, comprised of a core SEA analysis paper, complemented by 6 issue-specific papers, was designed for this SEA:



The core strategy assessment, which provided the basis for raising issue-specific papers, analyzed issues, linkages, impacts, and externalities, and developed growth scenarios which projected alternative tourism growth scenarios - accelerated, moderate, and slower trends - for the short, medium, and long terms. The environmental, socio-economic, and policy/institutional papers strategically addressed the issues considered most critical to each respective sphere. As part of the policy framework, the guidelines will ensure the environmental and social sustainability of the strategy and provide a basis for future draft legislation.

The Process

Identification. The first phase of the process initiated with dialogues with the IHT and meetings with high-level decision-makers at the national government level, including the Minister of the Presidency and Sub-Ministers of Environment, who strongly endorsed the initiative.

Preparation. The second phase consisted of: a screening exercise, including a needs assessment and identification of priority areas; definition of project scope and methodology; meeting with the Inter-governmental Tourism Cabinet, led by the Ministry of the Presidency, and composed by, among others, the Ministries of Health, Education, Environment, Social Investment, and Transport; and a stakeholder consultation. At the consultation meeting, priority linkages and key environmental and social issues were identified, including insufficient tourist infrastructure capacity, inadequate solid waste and wastewater management, concerns over biodiversity protection in protected areas and their buffer zones subject to tourism development projects, the need to ensure that benefits from tourism development reach local communities, concerns over human resources capacity in the tourism sector, and the inconsistencies and inadequacy of the current regulatory framework for environmental impact assessment of tourism projects.

Implementation. The third phase consisted of extensive desk-review; compilation of information; field assessments; identification of the specific issue areas to be evaluated and development of such papers; a stakeholder workshop to present and discuss preliminary results; revision of the findings; a final seminar to present results and conclusions; and finally, in-country and international dissemination of the work and its findings through publication of documents and CDs.

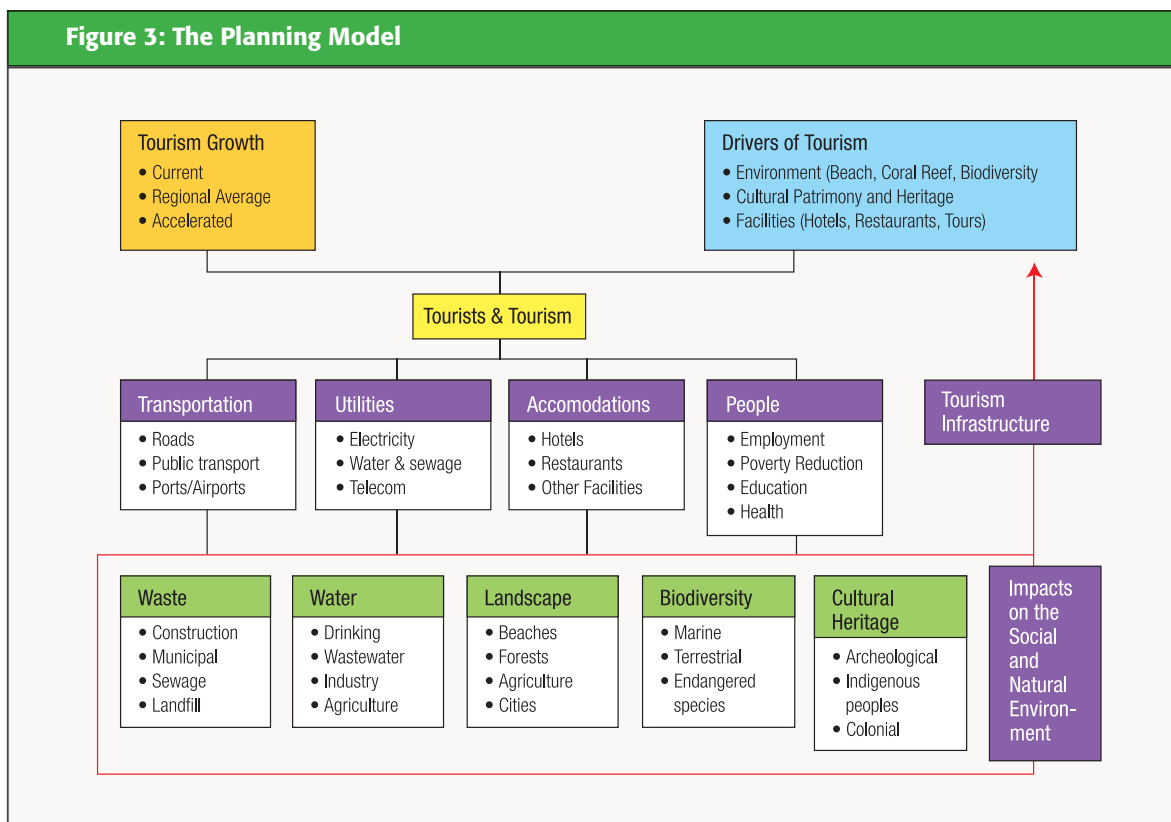
The Assessments

THE CORE STRATEGY ASSESSMENT

The SEA analysis paper assesses the complexity and interrelationship of possible tourism impacts from a strategic viewpoint, providing an overview of the environmental and social implications of tourism development in North Coast, Bay Islands, and Copán Valley areas. The scope of the assessment includes an analysis of impacts and externalities; development of growth scenarios; and development of a Sustainability Analysis Matrix.

Linkages and Externalities

The core strategy assessment attempts to look at impacts beyond those caused by single tourism projects by looking at the linkages of tourism to other sectors of the economy, and also by examining externalities, those indirect effects arising from tourism activities. The assessment is based on a Planning Model approach, which provides the frame for more detailed investigation into key issues, linkages, impacts, and externalities (see Figure 3 on the following page). This Planning Model was formulated using a 'systems thinking' technique known as cognitive mapping, which seeks to illuminate and assess - often implicit yet under-considered - assumptions about social and organizational change and development, emphasizing complexity and interconnectedness, with the overarching goal of stimulating critical thinking.



The planning model seeks to show what drives tourism development, beginning with the number and type of tourists that arrive, and their motivations for coming. Then the model shows the implications for tourism, both in terms of linkages to other productive sectors and *inputs* needed for development in terms of tourism infrastructure, and the social and environmental *impacts* of tourism activities.

Linkages

The total effect of tourism development is the aggregation of all its direct and indirect impacts. In this sense, the SEA identified and assessed the linkages between the various sectors of the economy affecting, and affected by, tourism development. A number of linkages were identified in an initial consultation workshop in Tegucigalpa, which were then validated and analyzed, and other linkages were identified in field assessments and analysis. The key sectors that have a relevant link to tourism were identified as:

- **Poverty Reduction and Social Development.** The more mechanisms are in place to ensure that local populations are involved in the development of tourism - and hence, the benefits generated from it - the stronger the link between tourism and poverty reduction. Otherwise, the trickle-down effect will be too

weak or inexistent. Currently, the elasticity between economic growth and poverty (0.65) is insufficient to reach the country's poverty reduction target. The government should thus focus on the establishment of more effective mechanisms to ensure that benefits are well spread amongst the population and on employment generation.

- **Education.** The link between tourism and education is very strong and positive. This holds for both formal education and training and informal customs and manners. If the country is to achieve its tourism development goals, massive investments in human capital and the educational and vocational sectors are needed, with special emphasis placed on adequate university curricula on one hand, and capacity-building for small and medium enterprises on the other.
- **Infrastructure.** There are very strong links between tourism and infrastructure services, particularly Transportation, Energy, Solid Waste, Wastewater, and Telecommunications. In order for tourism growth to match the demand from both a growing number of tourists and the currently under-serviced local population in an environmentally sustainable manner, the trade-offs must be carefully assessed, where the sectors are not perceived as competing, but where compatibility aspects are explored.
- **Biodiversity.** Conservation and preservation of the country's biodiversity must be a core feature of the tourism development plan. The link here can be positive or negative: tourism development, if not managed carefully, may lead to the degradation of protected areas and the loss of biodiversity and endangered species; nonetheless, tourism also has a strong potential as a driving force in the conservation of the country's environmental assets, protection of its biodiversity and natural habitats, as well as in environmental awareness and employment generation.

Externalities

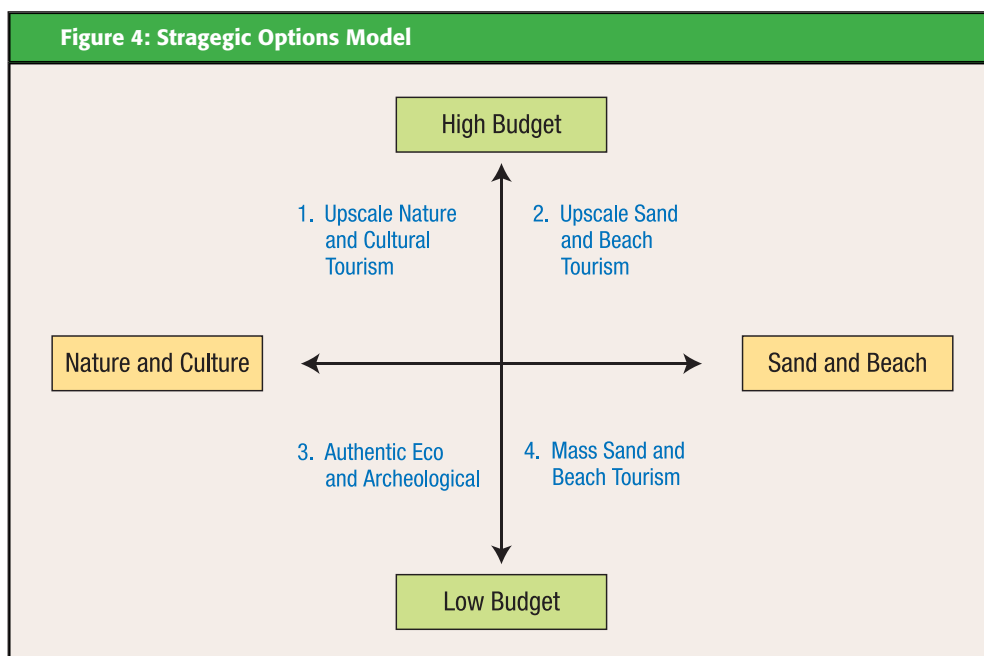
Externalities are defined here as a subset of unintended by-products of tourism, whose costs are external to the decision-makers. Effects can be either positive or negative, and are in turn also a type of linkage, in that it involves causation in addition to correlation. The following are the main externalities identified for the Honduran tourism sector:

- **Migration.** The region where this effect has been most prominent is the Bay Islands, with their relative wealth and prospects for continuing development. Given the limited carrying capacity of the islands in terms of space and infrastructure, the sensitivity of its marine ecosystem, in addition to cultural differences, migration, unless it becomes better managed, will continue to be negative externality of tourism.
- **Uncontrolled Growth in Municipalities.** The main tourism destination municipalities, such as Copán Ruins, Tela, and Roatán, have been and will continue to experience increased pressures on infrastructure services, particularly for waste management, as well as on ecosystems. This occurrence is, thus, a negative externality, given there is generally very limited capacity for both services provision and environmental management at the municipal level. If, on the other hand, the growth takes places in a regulated and well-planned fashion, accompanied by sound urban development plans and the appropriate level of capacity and resources, then it has strong potential for creating positive impacts for economic and social development.

- **Environmental Awareness.** An important positive externality of sustainable tourism development is increased environmental awareness, both amongst local populations and local and national governments. An understanding and responsible mentality regarding the importance of environmental conservation is critical in a country such as Honduras, not only because of tourism’s reliance on its natural environment, but also because of its proneness to natural disasters, which are exacerbated by a degraded environment.
- **Economic Diversification.** Another main positive externality, particularly for Copán Valley and other agricultural regions, is that tourism industry allows for diversification of the local economic base. As these local economies diversify, not only do they become less vulnerable to changes in commodity prices and global trends (key for Honduras, which was severely hit by the coffee crisis in the early 90s), but diversification also diminishes environmental problems caused by unsustainable agricultural activities.

Growth Scenarios

Strategic Options Model. The starting point of the scenario development is a Broad Strategic Options Model that considers the two main dimensions that drive tourism in Honduras: the *type of tourist* and the *type of tourism activity*. Figure 4 below illustrates this model: Honduras can either invest on (i) high budget or (ii) low budget tourists; and the (i) nature and culture or (ii) beach tourism. These four factors allow four different *products* of tourism as a vision, or path, for the country, as represented by each quadrant, where ideally there will be a combination of at least two products. In order to reach its policy goals and be consistent with its strategy principles, the Government of Honduras should strive for a blend of options 1, 2 and 3, with a stronger emphasis on option 3; Option 4 should be avoided as it is the least environmentally and socially sustainable one.



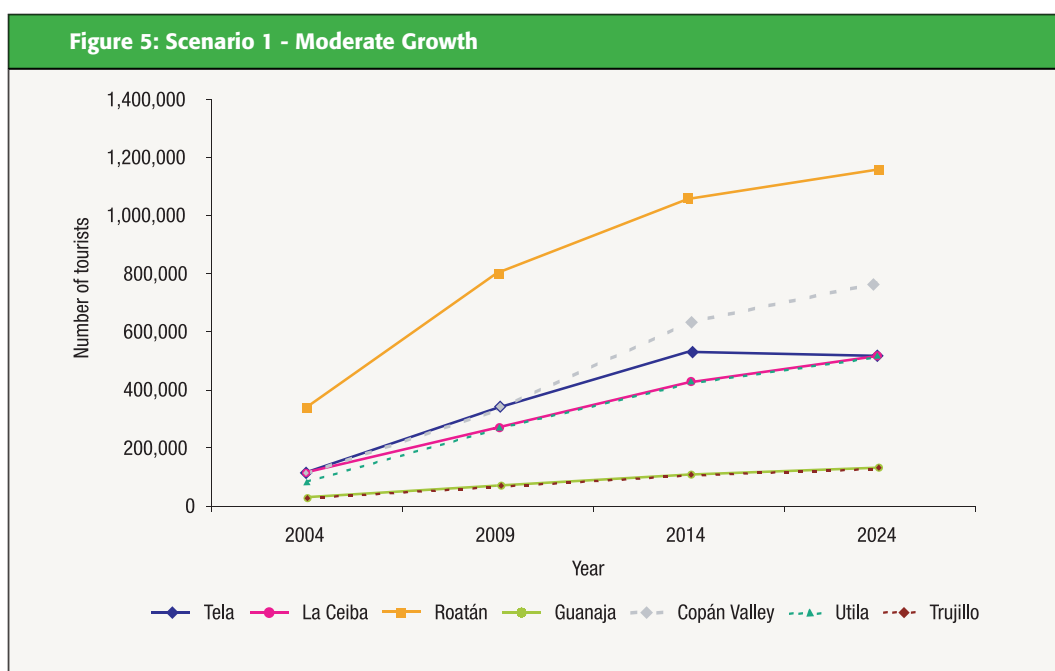
Scenario Development

Three tourism growth scenarios were developed to serve as a visualization of the context surrounding tourism growth, capturing some of the key dimensions that influence its development. The project offered alternative scenarios according to different spatial and temporal considerations. The scenarios projected three growth rates: moderate, low and high; in three time ranges: short, medium, and long terms (corresponding to the years 2004-2008; 2009-2014; and 2014-2024, respectively); over a geographical spread that took into account the seven main tourism destinations in Honduras: Tela, Ceiba, Trujillo, Roatán, Utila, Guanaja, and Copán Valley. It is important to understand that the scenarios are hypothetical outcomes of the government’s strategies and external factors beyond the control of the government, such as world economic trends or natural disasters.

The scenarios were then assessed in six aspects: (i) environmental sustainability (assuming a continuation of the government policy and its capacity for environmental management); (ii) economic potential (the ability to generate economic growth); (iii) benefits; (iv) disadvantages; (v) major environmental issues; and (vi) cumulative effects. Finally, a main recommendation was drawn, specific to scenario characteristics.

Scenario 1: Moderate Growth: This scenario analyzed a growth rate of 15% per-year in the short-term; 8% in the medium-term; and 2% growth in the long-term. This represents the current average rate at which Honduras has been growing in the last few years, and assumes a gradual decrease to the more sustainable level of 2% per year (based on the experience of Costa Rica).

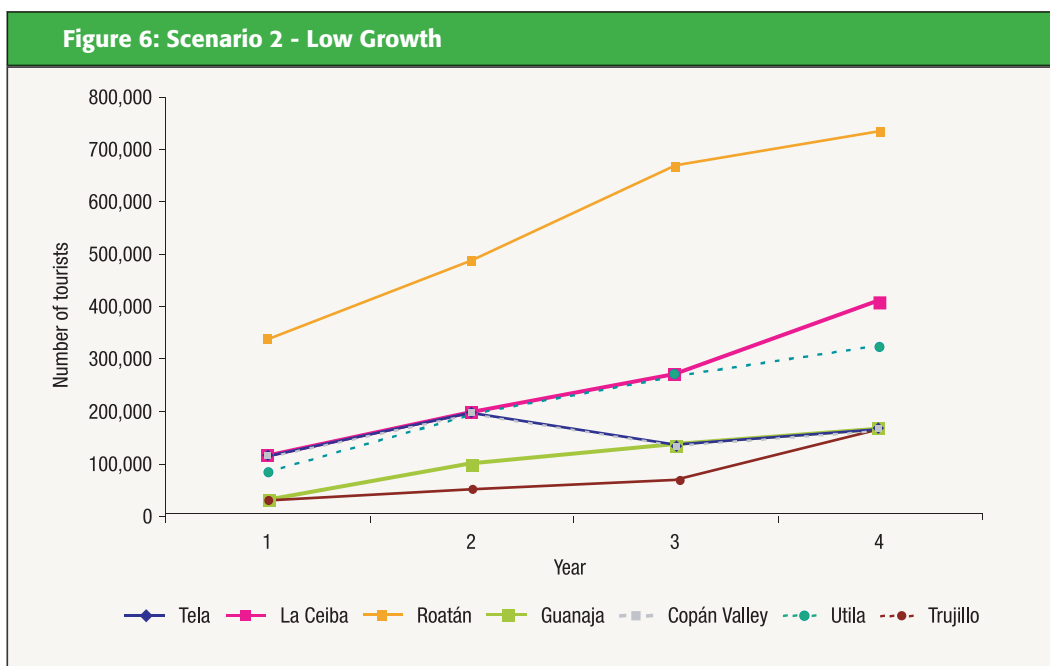
The environmental sustainability of this growth scenario is considered to be low, although with high potential for economic growth. The main disadvantage is that quality and environmentally conscious tourists shy away



from the most visited destination, the Bay Islands, due to high levels of environmental degradation and over-pressure for basic services, since tourism is highly concentrated in sand and beach tourism. The major environmental issue that arises here is waste disposal in the Bay Islands and Copán Valley, as well as irreversible damage to coral reefs. Cumulative effects are projected on a range of environmental resources and natural capital, including the coral reefs, biodiversity, and particularly, water resources. The main recommendation is emphasis on solutions to wastewater management problems.

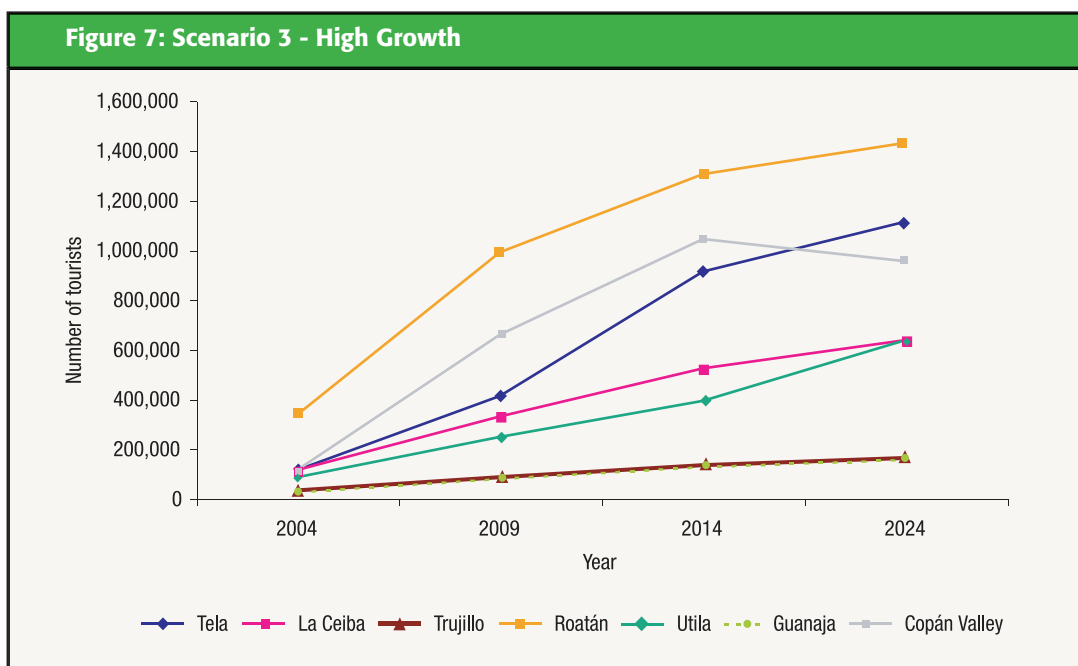
Scenario 2: Low Growth: This scenario analyzed a growth rate of 8% per-year in the short-term; 5% in the medium-term; and 2% in the long-term. In this case, Honduras does not accomplish its policy goal of becoming the Number 1 tourist destination in Central America by 2021: it underperforms relative to its neighbors, especially Costa Rica and Mexico, partly due to lack of tourism infrastructure.

The environmental sustainability of this growth scenario is high, although its potential for economic growth is low. Environmental damages are limited due to limited tourist activity and eco-tourism becomes an important niche in the long-run. On the other hand, the disadvantage is that tourism does not become an engine for economic growth, as envisioned by the government. The major environmental issue is deforestation in the Copán Valley and degradation of national parks due to competing industries (in particular, palm oil production in the north coast), causing the main cumulative effect to be impacts on biodiversity due to pressures from other sectors of the economy. The particular recommendation for this scenario is for the government to develop small-scale niche markets for tourism that can compensate for the lack of large-scale tourism development and concurrently prevent environmental degradation from small and medium scale economic activities.



Scenario 3 High Growth: This scenario analyzed an accelerated growth rate of 20% per-year in the short-term; 8% in the medium-term; after which it drops to a sustainable level of 2% in the long-term. This scenario implies a rise in the number of tourists from 1,842,000⁵ today to 3,176,100 in 2024.

The environmental sustainability of this scenario is considered to be low, with economic growth being high in the short-run, then decreasing. The main disadvantage is high environmental degradation due to unsustainable pressures from the added burden of tourists on natural assets and infrastructure. That is, in this scenario, there is an economic boom, but at the expense of the environment. The major environmental issue becomes degradation of natural capital and coral reef and beach erosion and unregulated development. Cumulative effects are considered irreversible impacts on reef systems and loss of mangroves and associated biodiversity. The main recommendation to government is to develop municipal capacity to face environmental challenges.



Sustainability Analysis Matrix of the Regional Coastal Tourism Strategy and the National Ecotourism Strategy

The Sustainability Analysis Matrix was developed with the aim of complementing and integrating the core assessment. The matrix analyzed the Regional Coastal Tourism Strategy and the National Ecotourism Strategy according to *lines of action* and *priority programs* set forth in those documents. The actions and programs were not limited to tourism, but included such areas as institutionality, environment, and urban development. The sustainability analysis, presented in the form of a matrix to optimize its usefulness, considered the

⁵ Resumen de Bahía de Tela, December 2003.

following, per government action or program:

- (i) Identification and evaluation of issues for environmental sustainability;
- (ii) Identification and evaluation of issues for social sustainability;
- (iii) Evaluation of the recognition of issues in the strategies (whether high, medium, or low);
- (iv) Identification of actions required to ensure sustainability of that program or action;
- (v) Designation of responsible agencies; and
- (vi) Recommendations for the level of priority to be awarded.

ENVIRONMENTAL ASSESSMENTS

Waste Water Policy Analysis and Management Plan

Wastewater was identified as one of the most serious problems faced by the country and one of the biggest obstacles for tourism development. Currently, there is only 30 to 40% service coverage in the tourism areas of the country. The most common wastewater treatment system is oxidation lagoons, with very little attention being paid to the impact of effluents after treatment. The resulting contamination of beaches causes serious ecological and aesthetic impacts, as well as poses a significant threat to public health.

Considering that inadequacy of the treatment method used today and the fact that there is already a under-coverage for the existing population, the SEA assessed the wastewater conditions in the five main tourist destination towns, and recommended key actions and the most appropriate and feasible alternatives for Honduras. The analysis of alternatives considered local conditions, protection of public health and environmental quality, cost, and the existing infrastructure, especially the existing and feasible treatment plant locations and the sewerage layout.

The main recommendations emerging from the assessment were: (i) Master Plans for Wastewater Management should be developed on a region-wide basis for each of the tourism clusters, with a twenty-five year horizon; and (ii) establishment of a system of submarine outfalls as the most cost-effective and environmentally-friendly alternative for wastewater management along the Honduran coast. Thus, a reform of the Wastewater Norm would be necessary to allow such option. This is considered the best alternative for Honduras as disposal would not interfere with coral reefs or recreational waters and the most economic alternative in terms of construction and maintenance.

Solid Waste Policy Analysis and Management Plan

This assessment identified needs and recommended alternative specific actions that can be taken into account to improve the waste management function needed to achieve sustainable tourism development. The main conclusions are: (i) that the Honduran regulatory framework contains the legal mechanisms for the planning and implementation of sound solid waste management strategies, but enforcement of the environmental regulations is weak and precludes the benefits of the regulatory system; (ii) the most critical aspect

in municipal environmental policy planning and implementation is the need for institutional strengthening and capacity-building for municipal waste management and environmental regulatory compliance; and (iii) licensing requirements for hotel and the entire industrial sector at large shall stipulate solid waste management requirements and non-compliance penalties.

The four main recommendations drawn from the assessment, to be incorporated into the solid waste management plans, and aimed at improving the reliability, cost-effectiveness and quality of solid waste management, were: (i) establishment of Regional Solid Waste Management Strategy for sets of municipalities in each of the tourism clusters, which would provide a more efficient, cost-effective, and environmentally sound solid waste collection and disposal alternative to the current strategy in which each municipality manages its waste individually; (ii) establishment of a capacity-building program aiming at strengthening the administrative and technical function of the municipalities, including specific training on solid waste management services contracting; (iii) immediate introduction of a municipal recycling program, which should be expanded upon the opportunities provided by current informal recycling efforts to promote the employment generation related to recycling; and (iv) establishment of consumer education programs at the municipal level to promote environmental-friendly solid waste management practices, including waste minimization, reuse, recyclables separation at source and littering prevention.

SOCIO-ECONOMIC ASSESSMENTS

Maximization of Income Generation and Social Inclusion in the Tourism Sector:

In 2003, GDP per capita in Honduras was US\$ 774.20, with nearly two-thirds of the population living in poverty, and Gross National Income (GNI) from tourism was US\$475.6 million.⁶ In light of this scenario, micro and small enterprises (MSEs) were identified as a viable instrument to achieve sustainable tourism and poverty reduction. This study assessed the current situation, needs, and opportunities for micro and small enterprise development as a means to maximize the inclusion of the population in the benefits of tourism development in Honduras. There is a strong presence of MSEs in the tourism sector: in 2000, 60 percent of them acted in the commercial, restaurant, and hotel industries; and there is even greater potential and a broad variety of opportunities for MSE development. However, concurrently, their potential as tool for income generation and social inclusion has not been appropriately explored. The government has not developed viable tools or formulated the most effective public policies to maximize their role in tourism development. For instance, only 8 percent of MSEs had received any type of training or capacity-building. Currently, MSEs face a number of challenges in their development, expansion or execution, the main ones being: (i) major difficulties in constitution and legalization processes; (ii) lack of capacity-building, training, and technical assistance; and (iii) difficulties in receiving microcredit. Given the high potential for marginalization and impoverishment of the local population in the development of tourism as it stands today in Honduras, it is critical and fundamental that these challenges be addressed and a viable, executable, and inter-sectorial program be established.

The assessment's main recommendations were: (i) that the role of IHT should be to promote and provide incentives, and not to be responsible for, any program for the support and development of microenterprises

⁶ World Bank Honduras Country Brief, August 2003.

in the tourism sector; (ii) as a first step, IHT should promote pilot programs for the establishment of tourism-related MSEs in the three main tourism clusters; (iii) dialogue and synergies with other responsible sectors of the government will be essential, most notably, with the Ministry of Education and the Honduran Institute for Professional Training (*Instituto Nacional de Formación Profesional - INFOP*); and (iv) most importantly, as a long-term and core strategy, establishment of a Program for the Promotion of Micro and Small Enterprises and for Community and Municipality Strengthening, non-existent in Honduras today. On one hand, the program would provide financial and non-financial assistance to tourism-related MSEs at both the creation and strengthening stages, through access to micro-credit and capacity-building and monitoring and follow-up programs. On the other hand, it would strengthen the Municipal Tourism Units, which play an active and fundamental role in the program, including involving the communities and organizing trainings..

Human Resources Assessment: Improvement of Training and Educational Capacity for the Sustainable Development of the Honduran Tourism Sector

Human resources capacity in the tourism sector is one of the key instruments to elevate the competitiveness level of the industry. In Honduras, there is a lack of strategy to address the relation between the quality and quantity and diversity of the supply existent to meet the growing demand for tourism services, thus contributing to the sustainability of the tourism development. This assessment looked at the strengths and weaknesses of human resources capacity in the tourism sector and developed an Action Plan for effective improvement of the quality and provision of human resources in the tourism sector.

The major finding of the assessment was that, although there are formal training and education programs for tourism in Honduras, they are clearly lacking in quality and connection to the reality and needs of the tourism labor market. At the national level, for instance, 22 training centers and 6 universities offer degrees in tourism, however, none offer specializations within tourism, such as hoteling, transportation, or restaurant management. Overall, employees in the hotel, restaurants, tour operators, guide services, and transport sector show low levels of administrative capacity of and even lower levels of educational capacity in specific aspects relating to tourism management.

The following three strategies were recommended as part of the Action Plan:

- (i) **Improve the quality of the formal education:** Create or improve the quality of formal training in tourism at the high school, technical school, and university levels; create a forum among educational institutions, tourism service providers and the IHT/INFOP, to keep the tourism curricula accordance with industry needs and trends; offer programs in tourism development, with specialized subprograms such as hotel administration, food and beverage, product development.
- (ii) **Enhance IHT's role in human resource capacity:** The assessment's main recommendation is to create a National Capacity-Building and Educational Quality Program for the Tourism Sector. The aim of such program is to improve the human resources and management capacity in the tourism sector in Honduras, making it more competitive in the regional market, and improve the quantity and quality of services offered in Honduras, thus attracting more high-budget tourists whose stay period and average expenditures tend to be higher than low-budget tourists; develop a National Guide Certification Program and other quality assurance programs.

- (iii) **Strengthen the Tourism Training Unit of the Honduran Institute of Professional Training (INFOP):** Improve the capacity of the institution by hiring qualified instructors and providing manuals and equipment for training courses.

POLITICAL AND LEGAL FRAMEWORK ASSESSMENTS

The Analysis of the Tourism and Environmental Policy, Legal, and Institutional Frameworks and Environmental Management Capacity

This exercise carried out an analysis of the existing policy, legal and institutional frameworks governing the Honduran tourism sector and related sectors, an institutional assessment of the environmental management capacity at both the national and municipal levels, and developed an Action Plan with specific recommendations. The assessment included a review of strengths and weaknesses of policies and incentives in support of tourism development; and effectiveness of the legal and political frameworks; and a critical assessment of the institutional capacities and limitations of the UGA in IHT, SERNA and the municipalities in the North Coast, Bay Islands, and Copán Valley.

The report concluded that, overall, critical gaps and inconsistencies exist in the environmental legislation, and that there is a general lack of understanding and, consequently, enforcement of environmental laws relating to tourism, mainly due to lack of both resources and infrastructure in regulatory bodies. Additionally, institutional arrangements between the tourism and environmental bodies are weak. There is weak environmental management capacity at the national, and especially, municipal levels. Finally, there is a fundamental lack of inter-institutional coordination between IHT and SERNA, exacerbated by a highly centralized regulatory system.

Key specific actions to address the weaknesses and enhance the political, legal, and institutional framework include:

- (i) **Political Issues:** Government should focus on the harmonization and cohesion of the tourism policies with policies linked to tourism, aiming at the maximization of incorporation of environmental concerns; and reform policies to employ regulatory incentives for compliance rather than the application of punitive measures.
- (ii) **Legal Issues:** IHT and SERNA should prepare an Awareness and Dissemination Plan, including preparation of information manuals and compendiums of environmental requirements and laws, deliver seminars and courses, and establish information centers; and Government should more fully define the roles and responsibilities of regulatory agencies involved in tourism. The main recommendation, considered to be a stepping stone for all others, is the reform of the Environmental Impact Assessment Legislation to include cumulative and long-term impacts of tourism activities. Such a reform would allow for the more effective assessment of certain types of tourism activities, such as the construction of medium or large sized hotels, whose impacts transcend requirements for individual hotel units.

(iii) Institutional Issues: The UGA-IHT and the UMAs must be strengthened: the Government should prepare a specific institutional capacity building project, including increasing and training staff, and establish cooperation network between these environmental units; Also, the roles and responsibilities of IHT and SERNA should be redefined, especially regarding environmental regulatory responsibilities. The role of municipalities should also be defined, especially in regards to the environmental review and regulation of tourism projects requires definition and clarification.

Environmental and Social Best Practice Guidelines:

The aim of the Environmental and Social Best Practices Guidelines are two-fold: First, it provides tourism developers and operators with a set of internationally recognized general norms and principles that can contribute significantly to achieve environmentally sustainable, as well as economically viable, and socially and culturally appropriate tourism. They provide technical and procedural best practice advice that can be used in conjunction with other planning instruments and approval processes in Honduras. Second, considering that the tourism sector is for the most part unregulated in terms of environmental and social controls, the guidelines also offer a framework to be incorporated in future legislation and regulations.

The guidelines include, among others: (i) environmental protection guidelines for all types of coastal ecosystems, such as, inter alia, mangroves and wetlands, beaches, coral reefs and marine resources, and protected areas; (ii) socio-cultural safeguards, such as public consultation requirements, principles for community participation, and cultural protection of vulnerable groups; (iii) general land-use planning guidelines for coastal areas, including architectural siting and aesthetic considerations; (iv) environmental development guidelines for solid waste, wastewater, pier and marina construction, and hotel environmental management systems, purchasing, housekeeping and laundry; and (v) cruise ship environmental guides, including waste management and disposal, fuel management, and anchoring. The SEA recommended the government adopt and disseminate the Environmental and Social Best Practice Guidelines and promote its application in the private sector.

Conclusions

The main conclusions of the Framework SEA for the Tourism Sector sought to strengthen the National, North Coast, and Eco-Tourism Strategies by contributing to their environmental and social sustainability. Solutions, to be effective, must be of a dynamic and systemic nature. The challenge, however, does not lie within the tourism sector alone. It is fundamental that the strategies be complemented by key actions, which do not fall under the jurisdiction of the tourism sector. The IHT has a key role in promoting these actions and ensuring its adequacy, but it depends on related sectors of the government to embrace them and carry them through.

The following are the eight key recommendations drawn from the Framework SEA to ensure the sustainability of tourism development in Honduras:

- **Establish Regional Solid Waste Management Policies.** The proposed Regional Solid Waste Management Policies would provide a more efficient, cost-effective and environmentally-sound solid waste

collection and disposal alternative to the current strategy of individual municipal management, by implementing regional strategic plans for sets of municipalities in each of the tourism clusters;

- **Establish a National Recycling Policy.** The recommendation calls for the creation of a National Recycling Policy in Honduras. The policy would support municipal recycling programs, which should be expanded upon the opportunities provided by current informal recycling efforts to promote the employment generation related to recycling;
- **Reform the National Wastewater Norm to allow for the Ocean Outfalls Alternative.** The establishment of a system of ocean outfalls is the most cost-effective and environmentally-friendly alternative for wastewater management along the Honduran coast. However, a reform of legislation regulating wastewater discharge procedures and standards would be necessary to allow discharge of wastewater through ocean outfalls with preliminary treatment.
- **Institutionalize a National Program for the Support of Micro and Small Enterprises and Strengthening of Communities and Municipalities.** This recommendation calls for the establishment of a comprehensive and inter-sectorial program to support MSE development in Honduras. The program would both (a) provide financial and non-financial assistance to tourism-related MSEs at the creation and strengthening stages, through access to micro-credit and capacity-building and monitoring and follow-up programs, and (b) strengthen the Municipal Tourism Units, which would play an active and fundamental role in the program, including involving the communities and organizing trainings.
- **Design and Implement a National Program for Capacity-Building and Strengthening of the Educational Quality in the Tourism Sector.** The proposed program would seek to improve the human resources and management capacity in the tourism sector in Honduras, making it more competitive in the regional market, and improve the quantity and quality of services offered, thus attracting more high-budget tourists whose stay period and average expenditures tend to be higher than low-budget tourists.
- **Revise and strengthen Environmental Management Capacity at National and Sub-national Levels.** This recommendation calls for a specific institutional capacity-building strategy aimed at the strengthening of The Environmental Management Unit (UGA) at IHT and the Municipal Environmental Units (UMAs), including increasing and training staff, and establish cooperation network between these environmental units. Also, the roles and responsibilities of IHT and the Ministry of Environment (SERNA) should be redefined, especially regarding environmental regulatory responsibilities. The role of municipalities should also be defined, especially in regards to the environmental review and regulation of tourism projects.
- **Adapt the Environmental Impact Assessment Legislation to include the assessment of cumulative impacts at the regional level.** A reform of the EIA Legislation is recommended wherein the environmental impact of tourism activities would be assessed at a broader, more macro-scale, including cumulative and long-term consequences. Such a reform would allow for the more effective assessment of certain types of tourism activities, such as the construction of medium or large sized hotels, whose impacts transcend requirements for individual hotel units.

- **Disseminate the Environmental and Social Best Practice Guidelines and Promote of its adoption by the private sector.** The proposal calls for the country-wide dissemination of the guidelines to offer a useful tool to tourism developers and operators which provides a set of internationally recognized norms and principles to help achieve environmentally sustainable, economically viable, and socially and culturally appropriate tourism. The guidelines provide technical and procedural best-practice alternatives that can be used in conjunction with other planning instruments and approval processes in Honduras.

The following initiatives have been pursued by the government in lieu of the SEA's recommendations:

- **Proposal for reform of the Wastewater Management Law.** With support from the Norwegian Trust Fund (NTFESSD), the proposal for reform of the wastewater legislation to allow for the ocean outfall alternative was developed and presented to government representatives. This proposal was discussed at an international workshop on 'Ocean Outfalls as an Alternative for Wastewater Disposal on the Coastal Zones of Honduras,' conducted in Tegucigalpa by IHT and World Bank, in partnership with the Organization of American States (OAS) and Pan-American Health Organization (PAHO).
- **Creation of the Bahia de Tela Special Regime Area (Área Bajo Régimen Especial – ABRE - Bahía de Tela).** Through a government decree, the Bahia de Tela Special Regime Area was established as an instrument of strategic and participatory management for the establishing norms, policies, and land-use plans. The decree incorporates a number of key SEA recommendations, including involvement of the Afro-Descendant Garifunas in the planning and decision-making process; provisions for the inclusion of local population in the benefits of the tourism development activities in the area; inclusion of the ocean outfall option as an alternative method of wastewater management; and inclusion of best-practice zoning and land-use regulations.
- **Institutional Strengthening.** Following recommendations to strengthen the environmental management capacity of the Environmental Management Unit (UGA) at IHT as well as the Municipal Environmental Units, IHT is expanding the number of technical staff of its UGA and establishing UMAs in other municipalities within the tourism cluster areas. Also, an Institutional Strengthening Plan for the Honduran Institute of Anthropology and History (*Instituto Hondureño de Antropología e Historia* - IHAH), was commissioned, given the institution's key role in tourism in the country.
- **Promotion of the Best Practice Guidelines.** With funds from the NTFESSD, The Environmental and Social Best Practice Guidelines are being published and will be disseminated throughout the country by the IHT.
- **Incorporation of SEA Recommendations into the National, Regional, and Eco-Tourism Strategies.** The findings of the core strategy analysis and the issue-specific assessments have been internalized by high-level government officials and incorporated into the process of development of the three tourism strategies.

List of Acronyms

EIA	Environmental Impact Assessment
ESSD	Environmentally and Socially Sustainable Development Department
GDP	Gross Domestic Product
GNI	Gross National Income
IHAH	Institute Hondureño of Anthropología e Historia (<i>Honduran Institute of Anthropology and History</i>)
IHT	Instituto Hondureño de Turismo (<i>Honduran Institute of Tourism</i>)
INFOP	Instituto Nacional de Formación Profesional (<i>Honduran Institute of Professional Training</i>)
MSEs	Micro and Small Enterprises
NTFESSD	Norwegian Trust Fund for Environmentally and Socially Sustainable Development
OAS	Organization of American States
PAHO	Pan-American Health Organization
QAT	Quality Assurance Team
SEA	Strategic Environmental Assessment
SECTUR	Secretaría de Turismo (Tourism Secretariat)
SERNA	Secretaría de Recursos Naturales y Medio Ambiente (<i>Natural Resources and Environment Secretariat</i>)
UGA	Unidad de Gestión Ambiental (<i>Environmental Unit</i>)
UMA	Unidad Municipal Ambiental (<i>Municipal Environmental Unit</i>)

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