HANDBOOK 2

PRACTICAL STEPS FOR FUNDING CERTIFICATION OF TOURISM BUSINESSES

A publication of the Center for Ecotourism and Sustainable Development

Together with

Cover Photo: From Basecamp Explorer in Kenya. This lodge, a joint project in collaboration with the local Maasai, has received the top Gold level rating under Kenya's ESOK certification program.

Who should use this guide?

This guide is part of a series of practical, "how-to" handbooks on sustainable tourism certification. These handbooks are based on research and reports done by the Center on Ecotourism and Sustainable Development (CESD) and The International Ecotourism Society (TIES) as part of a certification project directed by the Rainforest Alliance and funded by the IDB/MIF. The research was conducted primarily in Latin America and the handbooks are particularly relevant for this region. However, important lessons learned and implications are applicable to other parts of the world. The reports and handbooks cover a range of subjects including financial sustainability, monitoring and evaluation, and numerous marketing topics. The report upon which this Handbook 2 is based, the other handbooks in this series, and additional related materials may be found at www.ecotourismcesd.org. This collection of resources is designed to help certification practitioners and interested supporters advance tourism certification so that it becomes a useful and reliable tool for travel consumers and businesses to recognize and apply the principles of sustainable tourism.

Handbook 2 is based on a research and studies which identified a funding gap for businesses interested in certification. This handbook is intended to provide those **tourism businesses** seeking certification, particularly small businesses, an overview of funding mechanisms and possible sources to help underwrite the costs of undertaking sustainable tourism certification.

Other audiences, including 'green' certification programs, NGOs, private foundations and government entities involved in sustainable development will also benefit from the background and information in this handbook.

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Introduction

Tourism businesses are the principal sources of employment in many regions and sustainable business and operating practices provide many social and environmental benefits to local communities and governments. However, tourism businesses are seldom recognized or rewarded for the benefits they provide, such as cleaner water, reduced wastes, and healthier workers. There are many reasons why tourism businesses decide to get certified, such as marketing, quality assurance, cost saving, and improved staff performance. The process of getting certified is covered extensively in Handbook 1: Simple User's Guide to Certification www.ecotourismcesd.org.

Sustainable Tourism certification is voluntary but it involves a commitment of resources and time and does not guarantee market access. This raises many equity issues, particularly in developing countries. Not all enterprises have a similar capacity (financial or managerial) for change. Large and multi-national companies are more likely to have technical capacity and skills to effect the changes required to meet standards. The equity challenge of access to sustainable practices and certification for small businesses is multi-faceted, with funding identified as a major obstacle. The following handbook is intended to offer the tourism business interested in becoming certified ideas on the type of funding needed and potential resources for certification.

Chapter 1: Financial Obstacles

Types of Financial Obstacles:
Direct Costs: short term, one time, easy to estimate
Indirect Costs: long term, larger investments, difficult to estimate
Access to funding
Managing funding
Unknown costs versus benefits

Tourism businesses that have decided to invest in certification face some financial obstacles. Many, particularly small ones, face significant financial constraints related to cash flows, cash reserves, and competing demands for resources. Certification may help break the cycle of poor market recognition, raise the professional image of the business, improve company performance, and stimulate market confidence in the product. If the financial constraints to certification are removed, more businesses are likely to view it has a necessary tool rather than an unaffordable luxury.

However, it is important to understand the financial costs of certification, weigh up the potential benefits and understand where the costs might be reduced or partially funded by outside entities.

Costs are not limited to the short term direct costs of certification – the application fees, "membership" fees (annual costs) and inspection (assessments and audit) visits. There can be significant long term, larger financial needs inherent in certification. These include the costs of implementing changes and financing the equipment and infrastructure necessary to meet certification requirements. Consider, for example, the cost of moving from free disposal of sewage to a system of treating sewage, or changing from low capitol cost equipment such as a petrol generator to a solar powered system. Medium size and large operations often must make larger investments in higher technology. However, often these improvements lead to cost savings over time and therefore most of these investments are recovered through internal efficiencies.

Comments made during marketing and certification forums
"It is too expensive." *"Many small businesses say they do not have the financial resources to cover the cost of auditors or to implement necessary upgrades and new systems to achieve certification. "*

In constrast, small businesses generally need to make fewer investments than larger businesses due to the size and nature of their business which typically have lower impact on the environment or use lower technology such as air drying of laundry. However, due to low cash reserves and minimum cash flow, long term indirect costs often place the highest financial burden on small businesses. Many small tourism businesses live on the edge of profitability, and have few extra financial resources to commit to benchmarking their practices, being audited, and improving infrastructure and operating procedures to receive a certification label. Community-based, indigenous, and small-scale tourism enterprises, particularly in developing countries, clearly need support to upgrade their management and operational capacities. They are at a disadvantage not only in accessing funding, but also in implementing any new systems and technologies.

"I would have to say that unless the certification bodies are willing to provide the certification pro bono, or at least heavily subsidized, few small operators are going to be able to afford it, including most community-based offerings." (Tom Fletcher, Ecotourism International of Nicaragua, Indigenous Comments)

Small businesses not only lack financial resources, but may also have insufficient information and technical capacity to access or manage the financial mechanisms designed to assist them. Some tourism enterprises do not know where to obtain financing, are unwilling to take on debt without clear costs and benefits, or require technical assistance to find sources of funding.

"We do not know where to obtain financing." *"We require technical assistance to access sources of funding or donations."* *"We do not wish to acquire debt for something of dubious value."*

Thus it is critical that any funding solutions address access and capacity issues of small tourism operations while making funds available on

a long term basis. Ongoing, long term technical assistance and management support is necessary. One way this can be accomplished by forming partnerships with other sustainable tourism stakeholders.

Tourism businesses should not have to face these funding challenges alone. Partnerships with other sustainable tourism stakeholders using a combination of funding mechanisms will spread the costs and risks of funding sustainable tourism certification for small businesses. These stakeholders – government, industry, NGO, donor – all have an interest in assuring that tourism operations implement high standards and achieve certification. They can also help with securing financial and technical resources. Governments, for example, realize economic, social, and environment benefits from sustainable tourism certification that improves water, energy, and waste management, ensures more equitable and better quality jobs, and raises the country's reputation for high quality tourism. In return, government agencies could provide tax incentives, technical assistance, training and funds to help underwrite the costs of certification. Donors, 'green' funds, and NGOs with missions of social equity, poverty alleviation, and conservation can "invest" in certification through grants, loans, and technical assistance. At the same time, green funds can meet their goals while taking advantage of third- party independent verification of sustainability practices that comes through certification.

What type of funding is needed?
There are different types of funding needed and these will influence the funding mechanism sought. The main types of costs are direct costs and indirect costs of certification.

Direct costs are directly related to the certification process and are usually one time (short term) costs that can be accurately estimated by the certification program. These costs vary from program to program but can include up-front costs such as application fees and purchase of technical documents, as well as costs of site visits. Many tourism certification programs offer inspection visits at their actual cost. The costs of these certification site visits or audits also from one certification program to another and depend on the use of local or international inspectors, length of the inspection, and the need for multiple inspection visits. Research indicates variable costs range from $600 - $2500 for small businesses and $3800 - $5,000 for medium to large businesses. Businesses should budget for initial assessment and certification fees and on-going annual audits based on quotes from certification programs.

Indirect costs are long term fixed and variable costs. They are more difficult to estimate as they will depend on the outcomes of the certification reports. Indirect costs include the costs of implementing best management practices, including the required training, technical assistance, and investments in infrastructure. These costs are necessary in order for the tourism business to comply with certification criteria and also meet the quality demands of the marketplace. Businesses therefore should budget for fixed costs such as any necessary equipment and infrastructure, as well as the variable costs of meeting certification standards on an on-going basis. For small businesses

solutions must also be long term. Subsidies for 3-4 years, including training, technical assistance, and on-going support, are likely to be necessary.

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Sample Costs of Sustainable Tourism Certification

Direct Costs

Fees such as application and manual

Audit/Assessment costs: (range from $150 to thousands of dollars)
- Travel, food and lodging for auditors
- Daily rates for specialists or internationally accredited auditors
- Multiple visits: pre-assessment, diagnostics, audit, and verification inspections

Logo and licensing fees – annual fees ranging from free to several thousand dollars

Indirect costs

Costs of meeting certification requirements:
- new management systems and technologies
- investment in infrastructure
- creating and maintaining management systems
- staff training on implementing certification criteria
- creating and maintaining social programs
- creating and maintaining environmental programs
- meeting and maintaining quality and service standards

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Current Funding for Small Businesses

Because of these issues, direct costs for small businesses are often subsidized by governments, NGOs, and donors. Certification programs have partnered with all of these stakeholders to improve access for small businesses. However, certification programs are increasingly under pressure to show financial self sufficiency and are therefore beginning to pass on real costs of audits and assessments by charging more realistic fees. Therefore it is wise for businesses to budget the true cost of site visits and audits.

Funding and investments in tourism certification has positive benefits. These include economic savings for certified businesses (reduced electricity and energy use, improved staff performance), protected watersheds and environments, preserved cultural heritage and more socio-economically stable communities. Sustainable tourism certification also results in benefits beyond the operation which justify government support for its costs. These external benefits include improved conservation of local environmental resources (beaches, reefs, water resources wildlife, fisheries, etc.), as well as reduced

infrastructure demands for water, power, waste removal, etc. These are "positive externalities" created by making tourism more sustainable.

Chapter 2: Funding Mechanisms

Funding Vehicles
There are numerous funding vehicles: financial assistance, subsidies, in-kind support, grants, loans and payments for environmental services (PES). Financial incentives from government and banks may also be available under certain certification programs.

Financial supports
Subsidies are costs absorbed or paid for by someone else. These can be direct payments or indirect subsidies such as reduced costs or in-kind support. Examples of current certification subsidies to tourism businesses include:

- Sliding fees: businesses pay fees for membership, application, auditing, and training based on gross sales/turnover, company revenue, or volume of product sold. Small businesses pay below costs.
- Cost reductions or credits from governments for small businesses who implement certain sustainable practices such as solar panels.
- In-kind support to tourism businesses including technical assistance to offset investment needs.
- Direct payment subsidies from NGOs, donors and governments.

Grants
Traditionally grants have been used by certification programs to offset program costs, technical assistance and training programs, but not for the costs of audits (see Section on Funding Players). Governments and NGOs have provided grants for initial certification costs for small businesses in other industries such as agriculture and forestry. Grants are not repayable, but may have specific reporting requirements for Monitoring and Evaluation (M&E). Grants can be used for direct and indirect costs and are often administered within a larger project. Some examples include the United States Agency for International Development (USAID) multi year support of the Certified Sustainable Product Alliance and the German Society for Technical Cooperation, GTZ (www.gtz.de) Programme Office for Social and Ecological Standards support of standard initiatives in various sectors.

Loans and loan guarantees
Loans have also been used to help small enterprises become certified. Loans are repayable. Loans or loan funds for small businesses should be negotiated with favorable underwriting terms, such as grace periods before the onset of payments, no personal asset guarantees, longer repayment periods, or even reduction of loan amount for prompt payments. Loans for sustainable tourism certification can be set up with guarantees from aid agencies and private businesses, lowering risk and interest rates.

In-kind support
Many organizations may offer non-cash, in-kind support such as technical assistance, marketing or business administration assistance. These programs help to offset the cash requirements of the small business by offering them services free of charge.

Conservation finance
A relatively new field, conservation finance shares the goals of sustainable tourism and taps into traditional financial markets. Around the world, investors, companies, economists and environmentalists are developing ways to create market mechanisms and financial incentives to protect the environment. Some are implemented entirely by the private sector, while others are initiated by governments. Examples include:

- Government issued bonds, tax credits, tourist taxes for certification funds, government regulated wetlands mitigation or development rights which allow development to occur in one site in exchange for money or resources for conservation in another site. Uncertified businesses could pay higher tax rates, as in Barbados. These higher taxes are then redirected towards financing the re-conversion necessary to enable businesses to be certified. For instance, in Barbados there is 150% tax concession for the costs of sustainable tourism certification consultants that will help lower water use and energy consumption. Examples of **funds** which use a combination of stakeholders, sources and mechanisms include EcoLogic, The Critical Ecosystem Partnership Fund (CEPF) and Verde Ventures (see Resources Section).

> EcoLogic Finance Inc. a nonprofit finance organization, provides loans ranging from **$25,000 to $500,000** to small businesses whose activities foster environmental conservation as well as social and economic development among their members.

Payments for environmental services (PES)
Ecosystem (or environmental) services payments are the multiple benefits that people receive from nature, such as water purification and flood control by wetlands. Landholders and communities who manage their natural resources sustainably receive payments from those using the benefits provided by the forests, coral reefs and other natural ecosystems. These payment systems are still in their infancy. Many governments, NGOs and other groups see the potential to provide alternative income streams to sustainable businesses and communities. Sustainable tourism businesses generate many economic, social and environmental benefits to communities and governments. PESs could become an important source of payments to certified tourism operations through costs reductions, credits and payments for the societal benefits they bring by implementing certain sustainable practices.

Other considerations
It is vital to see funding as only a piece of the whole puzzle. More money does not necessarily resolve the barriers to certification. Donors and governments want to see more hard evidence of the social and environmental benefits of certification. Therefore

tourism enterprises will need to accept responsibility for tracking and monitoring changes. Larger or more successful companies may receive funding more easily than those in the most need. Thus it is important for small businesses to work in partnerships with certification programs, private sector, communities, governments, and donor organizations.

When considering funding options, the capacity to manage the funds, including administrative and reporting requirements should be considered. If the funding places an undue burden on the tourism operation, business will suffer and the funding becomes counterproductive.

To understand funding resources and what type of funding is most appropriate, the following outlines the players who can provide financial resources for certification, particularly for small businesses.

The Funding Players

The different sources of funding, their pros and cons, and the responsibilities are discussed in the following section. This diagram illustrates the various funding vehicles for businesses seeking sustainable tourism certification. The number of possible combinations of players and funding sources highlights the necessity for tourism enterprises to be flexible in their approach to funding and explore the numerous channels.

Box 1: Sustainable Tourism Certification: Funding the Process for Businesses

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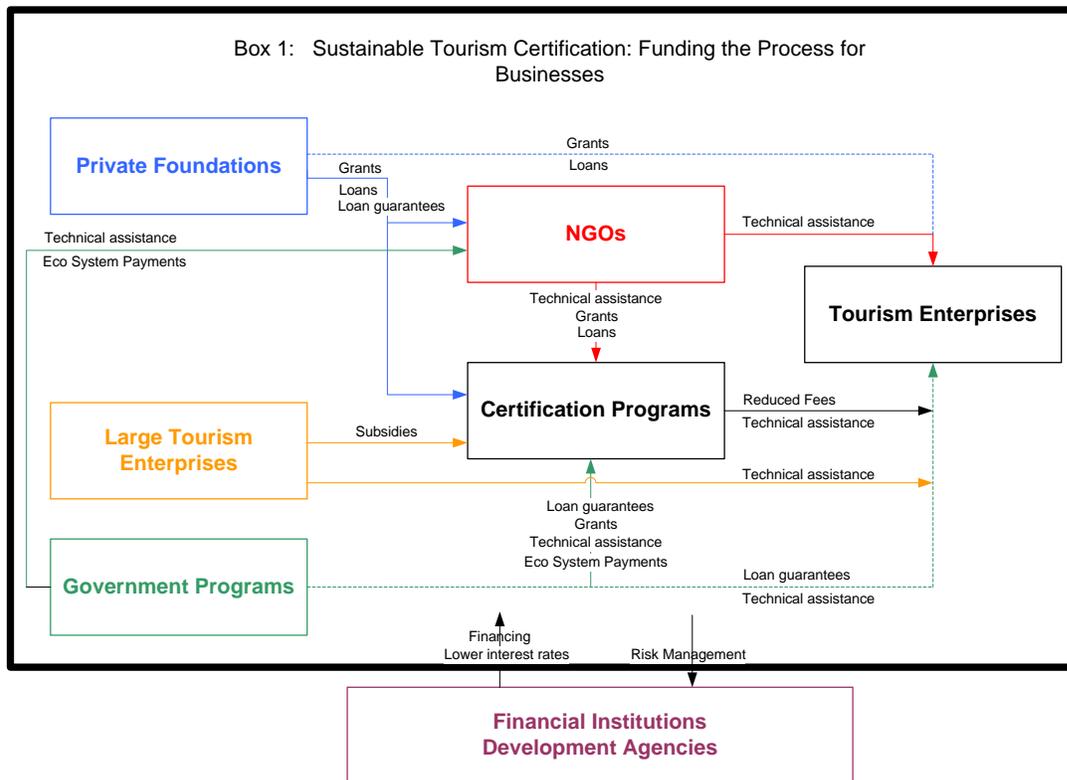
Certification programs

Some tourism certification programs have formed partnerships with NGOs, private foundations, aid agencies, large businesses or governments to create funds to offset costs related to certification, particularly for small businesses. Examples include SmartVoyager, FairTrade in Tourism in South Africa and Green Deal. (This topic is covered extensively in the CESD/TIES report "Financial Sustainability of Certification Programs", available at www.ecotourismcesd.org.) They may receive support in the form of technical assistance and subsidies from large companies that are certified or in the process of being certified. Due to issues around conflict of interest, certification programs cannot usually give financial assistance directly, but often partner with other organizations who may then offer tourism enterprises reduced certification fees, technical assistance programs or grants and loans for implementing best management practices. Most certification programs are nationally based covering only one country. Therefore funding sources may often come from within the country and may be unique to that country. Certification programs may also have programs to lower the actual costs of certification such as group assessments and "step wise" approaches. Group assessments spread the direct costs for inspections across several businesses lowering the costs per business. The step wise approach to certification does not require the business to meet all the standards at once, but allows the business to meet incremental compliance requirements over time, thus spreading the indirect costs out over several years.

> WWF states that eco-labeling schemes and environmental certification can be utilized to encourage trade and provide higher prices for producers, whilst also ensuring that environmental and social concerns are met. Voluntary certification can lead both to market access and improved ecosystem management.

Implications for Small Businesses

Certification programs are a key player in any strategy involving access for small businesses. In order to avoid conflict of interest, certification programs usually offer financial, managerial or technical assistance only indirectly to the tourism operations through partnerships and allies. Small tourism operations should request transparent cost information from certification programs, as well as discuss potential resources for funding upfront and ongoing certification costs.

Non-governmental organizations or Nonprofits (NGOs)

Many NGOs support certification as a strategy to further their own conservation or social justice goals. There are many local, national and international NGOs working in the areas of sustainable practices, land conservation, social justice and socio-economic development where sustainable tourism and sustainable tourism certification serves as an excellent strategy. Some examples of international NGOs working in the sustainable tourism sector are World Wildlife Fund (WWF), Rainforest Alliance, The Nature Conservancy, IUCN and Conservation International. (See Resource Section for websites)

Generally these NGOs do not have funds themselves, but successfully access donor and grant funding for programs and projects that involve sustainable practices, lobby governments for policies supporting sustainable practices and develop creative financing tools (see section Conservation Finance). NGOs can partner with certification programs to subsidize certification or often give grants, technical assistance and other support directly to businesses seeking certification.

Implications for Small Businesses

Small tourism businesses should research NGO websites for tourism and sustainable development programs, particularly in their region. Contacting local and regional NGOs to explore potential partnerships and identifying ways to collaborate is an important investment of time. Keep in mind that most NGOs themselves do not have large amounts of funds or they may be restricted in the use of these funds. However, NGOs can be a key to helping to identify other resources and potential projects.

Multilateral financial institutions and government aid agencies

Sustainable tourism is increasingly viewed as a tool for achieving economic growth and poverty reduction goals, as well as sound natural resource management, biodiversity conservation and local governance.

Multilateral and bilateral aid agencies such as the World Tourism Organization's STEP program, Inter-American Development Bank, UNDP's Small Grants Program, GTZ, USAID and the UK Department for International Development (DFID) supply funds in the form of **grants** to NGOs, local and national governments, technical assistance providers, industry associations or **conservation funds.** These aid agencies also invest in local and regional **infrastructure**. However, seldom are funds distributed directly to businesses. The heavy administrative requirements of these agencies usually preclude working directly with businesses, particularly small businesses, even when these are the targets or end recipients of assistance. Because these agencies are dealing with public funds, they have long qualification processes for grantees, with frequent meetings. This has essentially created a pool of preferred grantees who understand the requirements and can afford to finance the long funding qualification process and extensive record keeping. In addition, many agencies, in order to avoid criticisms of favoritism, are reluctant to promote a specific certification program. However, certification programs do form Public Private Partnerships (PPPs) with consulting companies, NGOs or donors who are awarded funds, and this can create potential resources for sustainable tourism businesses.

The Dutch government's Fund for Sustainable Development, Fundecooperación offers a line of credit for the implementation of Best Management Practices for pilot operations in Costa Rica.

Some governments support certification programs. For instance, the Certification for Sustainable Tourism (CST) is run by the Costa Rican Tourism Ministry, which subsidizes the direct costs of certification. CST offers its program for free to businesses

seeking certification. Governments and aid agencies may partner with banks to require tourism businesses become certified as a condition to receive a loan. This helps ensure that the investment is environmentally and socially sound and thereby reduces risk to the bank. In essence, becoming certified becomes part of the cost of business development covered by the loan. Banks would not have to verify sustainable practices, but can rely on independent third party verification by the certification program. Multilaterals and aid agencies can also be instrumental by providing **loan guarantee** mechanisms to banks loaning money to tourism operations in the certification process. The World Bank's International Finance Corporation has made certification a requirement for some project investments.

Implications for Small Businesses
Small tourism operators usually are not in a position to directly access government or donor agency funds. However tourism enterprises interested in certification but lacking funding should work with local government programs, NGOs, technical assistance providers and local banks to identify potential assistance programs.

Private foundations
Another potential source of funding certification is private foundations. There are literally thousands of foundations around the world addressing issues of sustainable development, social equity, indigenous and community based enterprises. Funding from foundations varies widely from small seed grants of $50 to multi year grants or loans in the hundreds of thousands. Funding may be given directly to tourism enterprises, community groups or certification programs, or through NGOs and local associations. What is important to keep in mind is that priorities and funding priorities can shift from year to year, and foundations are more likely to provide start up funds rather than long term assistance for certification. There are numerous websites and resources to identify potential resources for foundations such as www.foundationcenter.org.   Additional resources can be found in the Resources section of this report.

Some of the US-based foundations that have supported sustainable certification programs in tourism, forestry and agriculture around the world include the Ford Foundation, Kellogg Foundation, MacArthur Foundation, Rockefeller Brothers Fund, Wallace Global Fund, and Summit Foundation.

Implications for Small Businesses
Small tourism businesses should research funders and programs to identify potential resources to fund certification. Some funders will work through local NGOs or agencies within larger projects.

Private businesses
Tourism businesses along the supply chain, including tour operators, airlines, travel media, and other intermediaries have much to gain from sustainably managed tourism accommodations and attractions, particularly in environmentally or culturally sensitive

areas. However, the tourism industry to date has not been a major supporter of the relatively new sustainable tourism certification programs. Although, historically the tourism industry has supported quality and service certification programs – AAA, Michelin, and Mobil's 5 Star.

Fortunately, there are some businesses that recognize the value of sustainable practices and certification. These businesses have financed certification by paying some of the direct and indirect costs of certification for small businesses, offering technical assistance, marketing support or helping to create certification funds. Financial support may be directly to small businesses, or through partnerships and subsidies with certification programs and NGOs.

Implications for Small Businesses
Small tourism enterprises should identify businesses within their supply chain that could offer support either in-kind or financial. Identify businesses which would benefit from working with certified sustainable tourism businesses.

Table 1 The Funding Mechanisms

Stakeholder	Types of funding offered	Pros	Cons	Best access for small businesses
Tourism Certification Programs	Grants, in-kind support, sliding fees	High interest to include small businesses in portfolio	Have their own financial struggles	Direct Contact
NGOs	Grants, loans, in-kind support, conservation finance	Soft money; Interest in supporting small businesses	Project oriented and short term	Direct contact, Internet research
Government and Aid Agencies	Grants, loans, ecosystem payments, loan guarantees	Large amounts, multi year, broad development goals	Bureaucratic and costly administration requirements;. Difficult to access	Through local government programs, NGOs and technical assistance providers
Private foundations	Grants, loans, loan guarantees	Soft money; often no repayment; relatively easy administrative requirements	Project or short term orientation; one time	Directly or through NGOs and certification programs
Tourism Industry	In-kind support, technical assistance, loans	Business oriented, understand issues and problems	Bottom line or short term orientation; repayment requirements	Directly or through NGOs and certification programs

Chapter 3: Steps to Obtain Funding

Once the tourism operation has weighed the potential benefits of certification and decided to begin the certification process, they must find the financial resources. Some businesses may be able to pay for the process without outside funding. Other tourism operations need to turn to outside financial support in order to implement best management practices and eventually get certified. There are a number of basic steps the business should take which will help match funding needs to the types of funding and resources available.   All funding does come with some strings attached and understanding those requirements- whether **monitoring**, **reporting** or **repayment** requirements- will help ensure that the funding benefits rather than burdens the tourism operation.

The tourism enterprise should begin by looking at their current business plan and budgets. Some small businesses have no formal plan, but a simple business plan should be developed as the basis before looking for funding. It is essential that the business understands its current financial situation before seeking additional resources. A basic business plan and budget can be accomplished using templates available from many resources and organizations. Many are available on the Internet, including the free SME Toolkit website from the World Bank's International Finance Corporation http://www.smetoolkit.org/ which also includes regional toolkits.   The budgets should include amounts for both short and long term costs of certification.

Here are the basic steps:

1. Define funding needs

Create a budget and identify the specific funding needs by type: technical assistance, certification costs, infrastructure, etc. Certification programs can provide information regarding costs for the direct fixed and variable costs of certification.

Budget (3 years estimate)	
Personnel	someone to manage the process
Certification direct costs:	
audit visits	travel, fees
certification costs	travel, fees
Logo or licencing fees	
other fees	

Only upon an initial assessment, or with expert consultation, is it possible to realistically estimate indirect certification costs. These costs are usually much higher and longer term than direct costs.   Many businesses typically underestimate the amount of resources and time needed to implement best management practices and to meet certification requirements. As each tourism business is different and may already have some practices in place, there is no rule of thumb for estimating indirect costs without examining the tourism business itself.

Budget (3 years estimate)	
Indirect Costs	
Changes in infrastructure	water or waste treatment, housing, etc
Developing Management Systems	waste, water, health and safety, etc
Maintaining Mgt Systems	personnel, documentation
Higher operating costs	increased wages, training programs, etc

Businesses will also realize gains through eco-efficiencies – reduced water use, waste and electricity. These savings can also be estimated and used to offset costs.

Once the business plan, revenues and costs are defined, the tourism operation can investigate different funding sources discussed in the previous section. Funders could include foundations, green funds and credits, and government sponsored programs.

2. Research and investigate your potential funders

- Develop a list of potential funders using Web research, looking at projects in the region and talking to local and national associations, banks and technical assistance providers. See Chapter 4 for additional resources.

- Gather information on your potential funders.   Research and define deadlines for applications. Look at the funder's geographical and program focus and

size of grants.. Has the funder supported certification or sustainable practices in the past? Have they funded tourism projects? Look over the funder's website. For grants, look at the guidelines, and other related materials to see if there is a fit between the funder's grantmaking priorities and your financial requirements.

- Short-list your target funders by matching your needs (Step 1) to funders.

- Research short list of funders more thoroughly. Review websites, annual reports, and current work with other tourism enterprises and/or certification programs.

- Talk with other recipients of funding from these organizations or institutions for lessons learned.

- Begin to reach out to the potential funders and build a relationship to gain support internally. Be open about needs and capacities.

- Prioritize a few foundations, agencies and organizations to target.

- Research the approval process, including timing and key decision makers.   It is important to follow the proposal/application submission instructions outlined by the funder in their guidelines.

Some funders such as foundation require a proposal. Other funding will require an application (following section) or an initial letter of inquiry. The following outlines the steps in preparing a proposal for a foundation grant, however the basic steps are applicable for many types of funding.

3. Write the proposal
- Fine tune the business plan, with budgets, identifying possible sources for different activities that align with the different funders objectives

- Typically, you will first submit a "letter of inquiry," which is a short document describing the nature of your work and the purpose of the grant request.

- Make it obvious how certification and sustainable tourism will contribute to the funder's objectives, including realistic outcomes
    – for each funder, a tailored proposal should demonstrate how certification and sustainable tourism will address the funders goals and meet their objectives
    – keep the proposal straightforward and focus on positive outcomes
    – make it impossible to say no by showing how this proposal will help them achieve their mission while being innovative and making positive changes

4. Apply for 'green' loans and credits

Green funds and credit often have a specific application process. The following is a sample process of applying for a loan from the EcoLogic Finance Inc., a nonprofit finance organization whose mission is to support the development of businesses operating in environmentally sensitive areas of Latin America, Africa and Asia.

How to Apply for a Loan from EcoLogic Finance www.ecologicfinance.org
Pre-application: To determine if your organization satisfies the selection criteria, please complete the enclosed pre-application and send it to the address below or to a representative of EcoLogic Finance.

Visit: After a preliminary determination is made that the solicitant meets the criteria to receive a loan, we will arrange for a representative of EcoLogic Finance to visit the site of the organization. Because we generally make only one trip per year to the various countries in which we have operations, it is important to contact us with sufficient time in advance of when the funds are required.

Presentation of application: Be it before or after the initial visit, the organization must provide EcoLogic Finance with a complete application that includes financial and descriptive information (this can be given directly to the Investment Officer in charge).

Evaluation: Once the **complete** application is received, EcoLogic Finance will take 3 to 4 weeks to review and evaluate the application. The speed of the process will also depend on the quality of information and the solicitant's ability to respond to follow-up questions and requests in a timely manner.

Approval: Once the evaluation is complete, the application is presented to our loan committee who makes the final decision to approve.

Formalization: After the loan has been approved it will undergo legal formalization. The duration of this process is dependent upon the type of guarantee that is being offered.

5. Follow up and follow up, again

- Follow up and persistence will pay off. Many times the process can be long or maybe require additional input
- Consider hiring a professional consultant to help with the process - from identifying potential resources to shepherding the proposal
- Don't get discouraged by delays, requests for more information or even no.
- Be patient and if you get a no, ask why to improve your proposal/application
- Be prepared for success!

Chapter 4: Additional Resources

Business Plans

SME (Small and Medium Enterprise) Toolkit including Business plan guidelines with regional guidelines http://www.smetoolkit.org/
Spanish resource guide for SMEs including how to develop a business plan.
http://www.mipyme.com/

General Resources on Funding Resources

The Planeta website has an index of funding from different sources that is updated on a regular basis http://www.planeta.com/ecotravel/tour/ecotourism_fspot.html

EcoClub http://www.ecoclub.com/finance
European Foundation Centre http://www.efc.be/
Foundation Center www.foundationcenter.org online research for international grants:
    www.proposalwriter.com/intgrants.html
Fundraising and Grants Directory:
    http://www.fundsnetservices.com/
Grantseekers Guide to the Internet:
    http://www.mindspring.com/~ajgrant/guide.htm
Grantmakers without Borders:
    http://www.internationaldonors.org/advicegs/index.htm
Worldwide Initiative for Grantmaker Support (WINGS):
    http://www.wingsweb.org/

- **Governmental and Industry Associations**

Asociacion Ecuatoriana de Ecoturismo:
    http://www.ecoturismo.org.ec/
Belize Tourism Industry Association: www.btia.org
Canadian International Development Agency(CIDA):
    http://www.acdi-cida.gc.ca/
Chemonics International: www.chemonics.com
Department for International Development (DFID):
    http://www.dfid.gov.uk/
Environmental Business Finance Program (EBFP):
    http://www.ifc.org/ebfp
EU Support for Tourism Enterprises and Tourism Destinations, an Internet Guide:
    http://ec.europa.eu/enterprise/services/tourism/tourism-publications/documents/internet_guide_en.pdf
Fundecooperacion:
    http://www.infoagro.go.cr/financiamiento/   Catalogo_fundecooperacion.htm

Gesellscaft for Technische Zusammenarbeit (GTZ), Programme on social and ecological standards:
> http://www.gtz.de/en/praxis/2204.htm

Inter-American Development Bank (IDB) and Multilateral
> Investment Fund (MIF): http://www.iadb.org/mif/

International Finance Corporation (IFC), World Bank Group:
> www.ifc.org

Organization of American States (OAS): http://www.oas.org/tourism/home/

SNV Netherlands Development Organization: www.snv.org

Sustainable Tourism for Eliminating Poverty (STEP), World
> Tourism Organization (WTO): http://www.unwto.org/step/

United Nations Development Program (UNDP/GEF):
> http://www.undp.org/gef/05/

United Nations Environment Program (UNEP/GEF):
> http://dgef.unep.org/

UNDP/GEF Small Grants program: www.undp.org/sgp

United States Agency for International Development (USAID):
> www.usaid.gov

World Bank: www.worldbank.org

Clean Technology Centers in Target Countries

Costa Rica
Tel: (506) 202-56-08
Fax: (506) 234-61-63
Director: Dr. Sergio Musmanni
E-mail: cnpml@cicr.com
Website: http://www.cnpml.or.cr/

Guatemala
Tel: (502) 2331-9191
Fax: (502) 2334-1090
Director: Sra. María Amalia Porta
E-mail: cgpl@cgpl.org.gt
Website: www.cgpl.org.gt

Ecuador
Tel: (593 -2) 226 0673 – 246 9881 – 244 3388 ext 229
Fax: (593 – 2) 226 0673
Director: Arq. Oscar López
E-mail: cepl@pequenaindustria.com
Website: www.pequenaindustria.com

Brazil
Tel: (51) 3347.8410
Fax: (51) 3347.8405
Director: Hugo Springer
E-mail: cntl@dr.rs.senai.br
Website: www.rs.senai.br/cntl

Non-Governmental Organizations (NGOs) and Not For Profits

Asociación Alianza Verde: www.alianzaverde.org
Belize Audubon Society: http://www.belizeaudubon.org/home.htm
Belize Enterprise For Sustainable Technology:
   http://www.best.org.bz/
Belize SME Guide: http://www.belizeinvest.org.bz/
Belize Trade and Development Investment Service (Beltraide):
   http://www.belizeinvest.org.bz/
Center on Ecotourism and Sustainable Development (CESD):
   http://www.ecotourismcesd.org
Conservación y Desarrollo: www.ccd.org.ec
Conservation International (CI): www.conservation.org
   The Critical Ecosystem Partnership Fund:
      http://www.cepf.net/
   Verde Ventures:
      http://www.conservation.org/xp/verdeventures/
EcoLogic Development Fund: www.ecologicfinance.org
Oxfam International: www.oxfamx.org
Programme for Belize: http://www.pfbelize.org/
Rainforest Alliance (RA): www.ra.org
The International Ecotourism Society (TIES): http://www.ecotourism.org
The Nature Conservancy: www.tnc.org
Toledo Institute for Development and Environment:
   http://www.tidebelize.org/
World Wildlife Fund (WWF): www.wwf.org

Foundations

Blue Moon Fund: green consumption and voluntary standards
   www.bluemoonfund.org
ALCOA Foundation: conservation and sustainability
   http://www.alcoa.com/global/en/community/info_page/foundation.asp
Doris Duke Foundation: Camp Certification. Rainforest Alliance forestry.
   www.ddcf.org/
Ford Foundation: FairTrade, coffee, tourism and forestry
   www.fordfound.org
HIVOS: economy and credit facilities, sustainable development
   www.hivos.nl

Kellogg Foundation: agriculture, Latin America and Caribbean
www.wkkf.org
MacArthur Foundation: Conservation and Sustainable
Development, forestry certification. www.macfound.org
Moore Foundation: Camp Certification, coastal areas, fisheries
www.moore.org
Oak Foundation: Camp Certification. conservation/sustainable
development marine conservation. www.oakfdn.org
Pew Foundation: http://www.pewtrusts.com/
Rockefeller Brothers Foundation. Camp Certification. FSC
certification. www.rbf.org
Summit Foundation: MesoAmerican reef conservation. agriculture
and tourism. www.summitfdn.org
Surdna Foundation: conservation. www.surdna.org
Wallace Global Foundation. FSC certification, FairTrade and
Rainforest Alliance, indigenous peoples, CESD. www.wgf.org

Funding Resources for Indigenous Groups

Amazon Conservation Team: www.ethnobotany.org/index.html
Christensen Foundation: www.christensenfund.org/
Cultural Survival: www.culturalsurvival.org
International Funders for Indigenous Peoples: Funders and
Resource Guide available for purchase. Includes guidelines
for proposal writing and a comprehensive list of funders.
www.firstpeoples.org/
The Angelica Foundation: http://www.angelicafoundation.org/
World Bank Grants Facility for Indigenous Peoples:
http://siteresources.worldbank.org/INTINDPEOPLE/948158-
1113428433802/20662536/englishcall.pdf or write
indigenouspeoples@worldbank.org

Resources:

Unless noted otherwise, studies and reports are available on CESD website, at www.ecotourismcesd.org.

Centro para el Ecoturismo y el Desarrollo (CESD), Memoria de la Conferencia Perspectivas Indígenas Sobre el Ecoturismo y la Certificación, Quito, Ecuador, Septiembre 2006.

Chemonics International, "Conservation Finance for Indigenous Reserves in Ecuador: Obstacles to and Opportunities for Sustainability," report prepared for USAID, January 2006. Available at: http://www.proyectocaiman.org/content/doc_pdf/CAIMAN%20Conservation%20Finance %20Final%Report.pdf.

Davis, Adam, "Mainstreaming Environmental Markets," in *From Walden to Wall Street: Frontiers of Conservation Science* (Washington, DC: Island Press, 2005).

International Funders for Indigenous Peoples and First Peoples Worldwide, "Indigenous Peoples Funding and Resources Guide," 2nd edition, 2004. Available from website: www.firstpeoples.org/ifip.html.

Planeta Forum, "Emerging Industry Forum Recommends Donors Take Market-Based Approach to Ecotourism Development," November 2006. Available at: http://www.planeta.com/ecotravel/tour/emerging.html.

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Rome, Abigail; Sanders, Edward; Vergara, Sintana; and Bien, Amos; edited by Martha Honey. CESD/TIES, "Marketing Strategy for Sustainable Tourism Certification", for Rainforest Alliance, February 2005.

Schuyler, Kevin, "Expanding the Frontiers of Conservation Finance." in *From Walden to Wall Street: Frontiers of Conservation Science.* (Washington, DC: Island Press, 2005).

Spenceley, Anna, CESD/TIES, "Financing Tourism Certification in Africa." For Rainforest Alliance, 2006.

UNEP, prepared by Xavier Font, "Tourism Certification as a Sustainability Tool: Assessment and Prospects," January 2006. Available at: www.fair**tourism**sa.org.za/resourcecentre/resources/**tourism_certification**_as_**sustainability**_report.pdf

World Tourism Organization, "Recommendations to governments for supporting or establishing national certification systems for sustainable tourism," 2003. Available at: http://www.world-tourism.org/sustainable/doc/certification-gov-recomm.pdf.

About CESD:

Launched in 2003, the Center on Ecotourism and Sustainable Development (CESD) is a non-profit research organization dedicated to the improvement of ecotourism as an instrument of biodiversity conservation and poverty alleviation. With offices in both Washington, D.C. and at Stanford University, CESD functions as a bi-coastal institute, conducting research and offering programs, conferences, and courses at both locations, as well as field research opportunities at home and abroad.

CESD's mission is to design, monitor, evaluate, and improve ecotourism and sustainable tourism practices and principles, through collaborative work by academics and industry experts.

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www.ecotourismcesd.org

www.rainforest-alliance.org/tourism.cfm?id=main

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