

Award Rationale
Responsible Tourism On Board Tren Ecuador
in Ecuador



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on behalf of

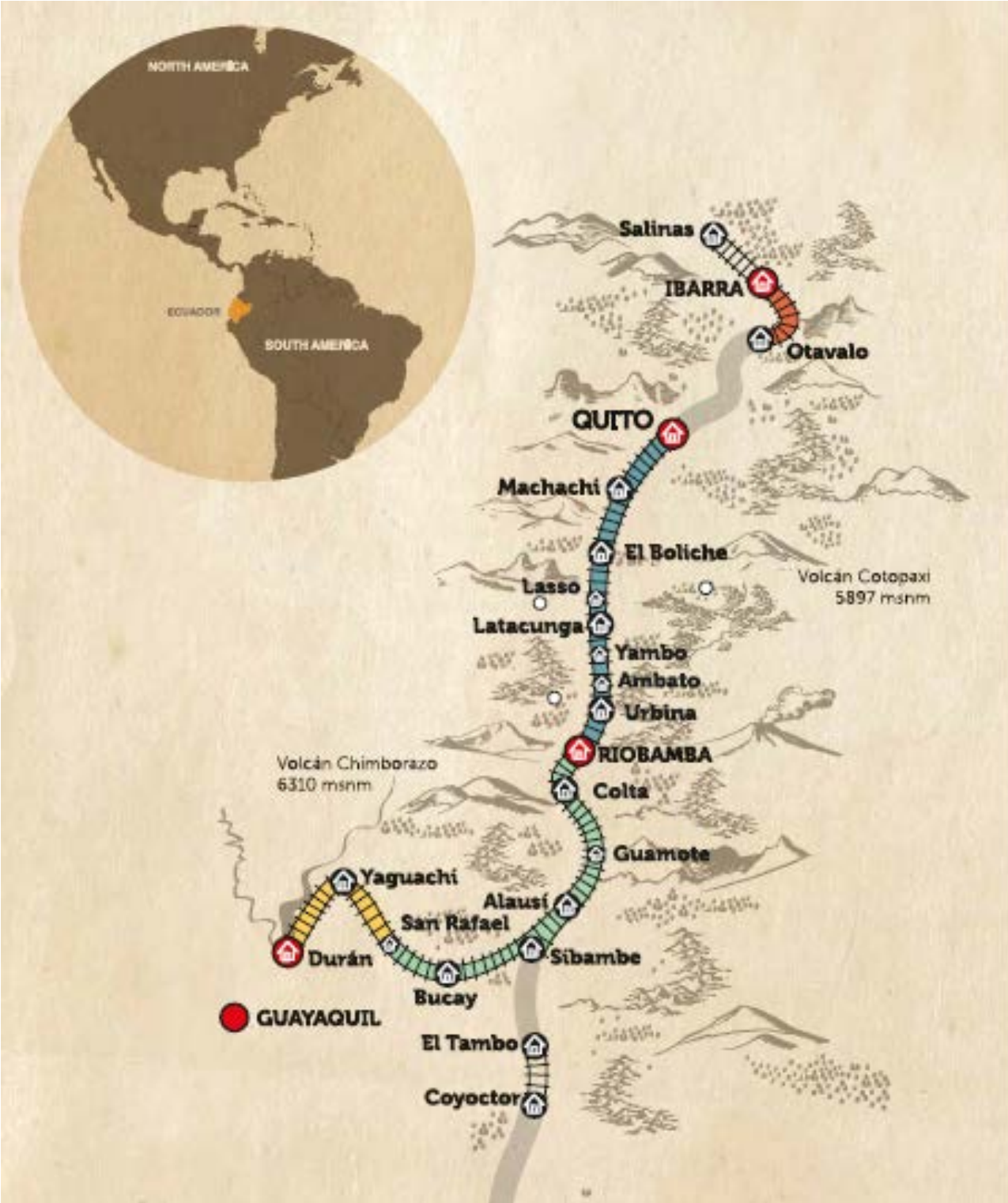
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Overview map of Tren Ecuador



Reference: Tren Ecuador

1 INTRODUCTION

The application for the TO DO! 2018 was submitted by “Trenes del Ecuador” (FEEP - Ferrocarriles del Ecuador Empresa Pública) from Ecuador. The research regarding the application was conducted by the author on behalf of the Institute for Tourism and Development (Studienkreis für Tourismus und Entwicklung e.V.) from 7th to 10th November, 2017. Discussions were held at the office of Trenes del Ecuador with the outgoing Director for Marketing & Sales and his successor as well as with the quality managers. A key element of the research was the participation in a four day cruise with the “Tren Crucero” (train cruise).

During the cruise, two guides and the train’s staff were available for discussions and to answer questions. The trip was a standard tour in which 15 other tourists participated, so that the author was able to experience the “normal programme” of such a trip. The nights were spent in different hotels along the way as an integral part of the tour programme.

The four day cruise covered a distance of 504 km. The first part of the route started in Quito and led north via Otavalo towards Ibarra and back to Quito in the evening. On this day the programme included, among other things, a visit to a former textile factory that was converted into museum, and a rose plantation. At a traditional wood carving family business we learned interesting things about the lives and work of the wood carvers. The first day of the trip also led through very impressive scenery, passing the volcanoes Cayambe (5790 m) and Cotacachi (4944 m). The day concluded with a group dinner at the hotel in Quito.

The second day began as early as 6.30 am and the train started from Quito to the South via Ambato towards Riobamba, passing the volcanoes Cotopaxi (5.827 m) and Chimborazo (6.310 m). The train climbs heights of up to 3.600 m. In Urbina, at the foot of the Chimborazo, we met Don Baltazar Ushca, the last ice cutter of Chimborazo who is today officially considered as "living cultural heritage" of the country. Like his ancestors, he carries blocks of natural glacial ice down to the nearest town where it ends up in small pieces in various fresh fruit juices or is used to produce ice cream. Don Baltazar is now 73 years old. Since the age of 15, he has been fetching ice from the Chimborazo glacier. His father who had also been working as an ice cutter was albinic and was regarded as the son of Chimborazo. Don Baltazar therefore considers himself as a grandson of Chimborazo and enthusiastically talks about his work. “I spent all my life getting ice from “Taita Chimborazo” (Taita is Quechua, meaning father). As long as I am able to walk, I will continue“, he emphasizes. However, most people nowadays buy ice made in factories, so that the hard work merely earns him a pittance. But that will not make him think of packing up. Nowadays, his brother Don Gregorio is his most important customer, as he uses the ice to produce delicious ice cream which the group got an opportunity to taste.

The third day took us to the ‘Nariz del Diablo’ (Devil’s Nose), a unique steep part of the route with an almost vertical declivity. The rail track leads up (or down) in a zigzag manner. The skills and experience of the train driver and his helpers was impressive, the view breathtaking. The distance travelled on that day was 145 km, leading from an altitude of 2.764 m down to Bucay at 294 m. Apart from the Nariz del Diablo, the visit of an indigenous market was another highlight of the day.

On the fourth and therefore last day, the train cruise started in Bucay, with Durán as its destination, a small town near Guayaquil, Ecuador’s biggest city. Highlights of the day were the impressive green scenery and a visit to a cocoa plantation where we got the opportunity to help in the production of chocolate. Ecuador is well-known for the excellent quality of its cocoa. The well-prepared and beautifully decorated food that we had on the train was prepared by women’s groups from the village communities. Apart from stories about the culture and history, the tourists could also enjoy music performances on the train. The closer the trip led us to the coast, the more lively the music got. Dancing guides, waiters, and guests brought the coaches into full swing.

With 120.000 tourists per year, the state-owned enterprise “Tren Ecuador” is the biggest tour operator in Ecuador. With its train cruise it offers an exceptional tourism project. To implement the project, the unused rail network between Quito and Guayaquil was reactivated for national and international tourism. Since 2010, a four day ‘cruise’ between Guayaquil on the coast and Quito in the Andes has been offered for upmarket international tourism; smaller parts of the rail network also for national tourism. The declared objectives of this government project and national

cultural heritage are to ensure participation and to strengthen the local economy. The train does not just bypass the communities, but involves them in the tour programme and catering in various ways. The concept of the touristic 'luxury experience' includes personal encounters with the different local cultures along the travel route in the 23 cafés at the stations, 14 handicraft markets, 13 local museums, music and dance groups, etc. A total of 1.300 jobs were created, with 5.000 beneficiaries in the communities. 180 local micro-enterprises are under contract. They are paid in line with fair trade conditions and get comprehensive consultancy and training in order to meet the strict quality criteria of Tren Ecuador.

Tren Ecuador is an innovative, socially responsible and sustainable tourism project which has created new tourism products along the travel route and a high quality travel experience.

The expert in charge recommends awarding **Responsible Tourism On Board Tren Ecuador** with the TODO! 2018.

2 BACKGROUND AND SETTING

2.1 Ecuador – Economic setting

Ecuador has a population of about 16.400.000. The capital Quito is situated at an altitude of 2.850 m. With 2.2 million inhabitants, it is the second biggest town in Ecuador. At the same time, Quito is the capital of Pichincha province. The old town of Quito is world cultural heritage. The official languages of Ecuador are Spanish, Kichwua (from the Quechua family of languages from the Andean region), and since 2008 also Shuar (an indigenous language from Amazonia). Another 23 indigenous languages are spoken.

Ecuador is a multi-ethnic and multi-cultural country where Mestizos, Whites, Arabs, Asians, Afro-Ecuadorians and indigenous people all live together. Statistics on the ethnic composition are difficult to gather and may, depending on the source, provide different results, as they are based on the self-identification of the people interviewed. Any information people provide on their ethnic group is based on subjective cultural factors and social prestige rather than on their real origin.

The last self-identification of 2010 showed that the population consists of about 72 percent Mestizos, ten percent Afro-Ecuadorians, seven percent indigenous people, and six percent people of European origin. According to the indigenous organisation CONAIE, however, about 50 percent of the total population are indigenous people. According to the Human Development Index¹ of 2016, Ecuador ranks 89th of 188 countries and belongs to the group of countries with high human development. Germany ranks 4th (very high human development).

With the election of Rafael Correa (of the party Movimiento Pais) as new president in 2006, the Ecuadorian electorate decided that a new constituent assembly was needed. The new constitution entered into force as from October 2008 and brought significant changes. It refers to the concepts of Pachamama ("mother earth") and *sumak kawsay* ("good life", in Spanish "bien vivir") which have their origins in indigenous culture. The economy is to be social and based on solidarity (earlier: social and market-based) and committed to sustainable development. The new constitution guarantees basic social rights to food, health and education, as well as state sovereignty over "strategic resources".

¹ The **Human Development Index** (HDI) of the United Nations is a composite index for states. The HDI has since 1990 been published by the United Nations Development Programme (UNDP) in their *Human Development Report*.

The HDI does not only consider per capita gross national income, but also life expectancy and the duration of education measured by the number of years of schooling of a 25 year old person, as well as the prospective duration of school education of a child of school entrance age. The HDI was mainly developed by the Pakistani economist Mahbub ul Haq who closely worked with the Indian economist Amartya Sen and the British economist and politician Meghnad Desai.

In 1999, the rate of inflation was more than 60 percent, in 2000 almost 100 percent. The Ecuadorian state lost access to international financial markets and bank accounts in the country were frozen in order to support the banking system. The central bank had lost control over all instruments of monetary control – inflation, exchange rate, and the amount of money in circulation. Therefore, in January 2000, Jamil Mahuad, president at that time, announced that the Ecuadorian currency 'sucre' would be abolished and that the US dollar would be the official currency of the country. After this major financial crisis, millions of Ecuadorians emigrated.

The remittances ("remesas") by Ecuadorian migrant labourers are of tremendous importance. After the export of oil and bananas, the "remesas" are the third biggest source of foreign exchange in Ecuador. Due to the low oil prices, Ecuador is currently experiencing a recession. The country's economy strongly depends on oil production, which decreased from 60 percent of exports in 2011 to 30 percent in 2016, followed by banana exports (16.3 percent).

The average income in Ecuador is 460 dollars per month; the minimum wage 375 dollars.

Tourism

Tourism in Ecuador is an important and growing economic sector. Ecuador receives more than one million visitors per year. The largest group are tourists from the neighbouring Latin American countries Colombia and Peru (very often backpackers with low purchasing power), followed by almost equal shares of tourists from Europe (Spain, Germany, and others) and the United States. The government wants to become more independent from petrodollars and is striving to make tourism the second largest source of foreign exchange over the next few years.

The country has four different zones of vegetation (Galápagos, coast, Andes, Amazonia) and a high diversity of landscapes and cultures which unlike in the large neighbouring countries are easy and fast to visit in Ecuador. The most important destinations are the Galápagos Islands, the Avenue of the Volcanoes, and the colonial cities of Quito and Cuenca.

Ecuador has over the past few years developed into an attractive tourist destination. World cultural heritage sites, indigenous cultures, the highest biological diversity per square kilometre worldwide, the Galápagos Islands and a high diversity of species captivate visitors. In Ecuador, the globally growing tourism sector has the potential of improving living conditions, creating jobs, contributing to local value added, and involving indigenous communities and overcoming poverty. More value is attached to the resources of nature and they are often protected. In order to realise the positive effects of growing tourism and avoid negative impacts on the environment and the local population, there is a need for more support for sustainable tourism.

Weak points in positioning Ecuador as a sustainable tourism destination are the often low qualification of staff and few opportunities for further education and training, remuneration below average, environmental damage, and inadequate involvement of the local population in the touristic value chain, and high barriers for small and micro enterprises and community-based tourism initiatives to enter the market. Quality and sustainability standards have so far been integrated in only very few companies and destinations. The same also applies to the innovative competence to design new and sophisticated travel products, and to effective market communication.

Ecuador has a credible profile as an eco-tourism destination. Since 2013, it has been awarded several times with the World Travel Award in the category "World's Leading Green Destination". It has a large number of conservation areas: eleven national parks, nine "ecological reserves", and four "biological reserves". By now, they include good examples of visitor management, e.g. "NP Galápagos, NP Machalilla, or the Reserva Ecológica Cotacachi y Cayapas". The government has committed to promote sustainable tourism.

Tourism policy in the country is coordinated by the tourism ministry MINTUR which in 2007 adopted the "National development strategy for sustainable tourism". Its core objectives are the improved economic involvement of the local population, the creation of jobs and training opportunities, the protection of national natural and cultural heritage and the establishment of the brand Ecuador as a "sustainable tourist destination" on the international market.

2.2 Ferrocarriles del Ecuador Empresa Pública (FEEP)

The rail track was completed in 1908, connecting the highlands (Quito) and the coast (Guayaquil). During the 1980s and 1990s, lack of maintenance of the tracks and damage due to natural disasters increasingly disrupted services, so that only parts of route were functional. Due to its enormous and integrative relevance for the development of the country, the track was repaired in late 2010 and the route was reconceptualised as a cultural and touristic symbol. An important objective was to enable local communities along the rail track to participate in economic and social development.

Ferrocarriles del Ecuador (FEEP) is a state-owned enterprise with 428 employees. FEEP offers ten routes of one to two days (expeditions) and a trip of four days (“Tren Crucero” – train cruise). The expeditions are mainly booked by domestic tourists, the more expensive Tren Crucero by foreign tourists.

Depending on the route, the prices of the expeditions range between 22 USD and 69 USD (one way). There are special prices (about 30 percent discount) for children below 12 years of age, senior citizens, and people with disabilities. Prices include transport, meals, sight-seeing, cultural programmes, and accompanied visits.

The price of the four days train cruise Tren Crucero ranges from 1.650 USD (luxury experience) to 2.300 USD (gold class). The price includes transport, accommodation, all meals, sight-seeing, and guide services. The guides are young people with an excellent education who know the culture and the country very well and who love their work.

3. THE PROJECT

Ferrocarriles del Ecuador consider their programme as an innovative social project that makes local communities take centre stage, in line with the principle of joint social responsibility, and strengthens cultural identity.

Along the rail network, there are 23 cafés, 14 handicraft stations, museums, and music groups partnering with the programme. The cafés and handicraft markets were established by FEEP. The people running the cafés and handicraft markets are licensees. They are from the communities along the rail network. The operators were selected by FEEP in line with qualitative and social criteria. They got their qualification in line with strict quality standards and receive continuous training. They are paid fair, transparent prices and are subject to regular quality checks.

According to the motto “Better places to live are also better places to visit”, FEEP tries to improve the living conditions of communities along the rail tracks. Most of the people in these communities belong to the poorest strata of the population. Before the rail track was reactivated, they hardly had any income opportunities to make a living.

FEEP has received several awards – as the ‘best luxury train of South America’, as well as the World Travel Awards 2014, 2015, 2016, and 2017, and the World Responsible Tourism Award 2016 as the best project for poverty alleviation and social integration.

4 EVALUATION AGAINST THE TO DO! CONTEST CRITERIA

Comparing the activities of the project with the TO DO! contest criteria leads to the following assessment.

4.1. Participation

In which ways have the interests and needs of the local population been taken into account in the planning phase and throughout the project?

Workshops were organised in the communities along the rail tracks, in which local authorities, groups, and citizens participated. From the beginning, efforts were made to find ways to support people in the communities in the development of economic activities and the preservation of their cultural identity and their heritage while at the same time offering tourists authentic travel experiences and a touristic value added.

In the places chosen, a balanced selection of potential entrepreneurs was identified and trained. Especially the most disadvantaged groups, such as women, indigenous people, youths, and elderly people, were integrated in a targeted manner. The idea was to establish cafés and handicraft markets at the stations along the rail track, to support the operators in their 'professionalization' and to establish and officially register them as micro-enterprises.

FEEP has four responsible young managers for product development and quality management, with each of them active in one of the regions (north, centre, south, and coast). These committed, skilled employees are always there to support and advise the micro-entrepreneurs, organising trainings or product quality improvements, or solving problems.

As the train cruise is a high quality product, a lot of emphasis is placed on maintaining quality standards in the micro-enterprises – whether in direct contact with the tourists or as suppliers for FEEP.

4.2 Economic benefit

Ensuring the economic participation of broad local population strata in tourism

With about 120.000 tourists annually, FEEP is the biggest tour operator in Ecuador. The declared objective of this government project and national cultural heritage is participation and the strengthening of local economies. The train does not simply bypass local communities, but involves them in the tour programme and catering in various ways. The concept of touristic 'luxury experience' also includes personal encounters with different local cultures along the travel route, with 23 cafés at the stations, 14 handicraft markets, 13 local museums, music and dance groups contributing. A total of 1.300 jobs were created, with about 1.000 families benefitting (and about 5.000 beneficiaries in the local communities); 180 local micro-entrepreneurs are under contract. They are paid in line with fair trade conditions and get comprehensive consultancy and training in order to meet the strict quality criteria necessary for "Tren Ecuador".

In order to ensure a fixed income for the people running the cafés and handicraft markets, the ticket fare includes meals and a small souvenir. In this way, the café operators will know the number of guests prior to their arrival and can calculate accordingly. So FEEP arranges with the managers of the cafés and stipulates in the programme where the guests will be coming to eat. In this way, they can be distributed to the different businesses in a fair manner.

For a small snack and a drink, café operators get 2,50 USD per guest, for an entire meal about 7 USD, and for a small souvenir 1 USD. On average, ten percent of FEEP's turnover go to the micro-entrepreneurs. In addition, they earn money when guests buy from them directly. FEEP does not have exclusive contracts with the micro-entrepreneurs, so they can also work for other customers.

The café operators have entered into a strategic alliance with FEEP and fixed it in a contract. FEEP establishes the enterprises and provides the entire infrastructure. In turn, they pay a – rather symbolic – monthly rent of about 30 USD.

By signing the strategic alliance and cooperation with FEEP, the micro-entrepreneurs commit to pay part of their income to the community. Furthermore, they commit to purchase at least 50 percent of the products needed for their dishes from local producers.

The number of tourists declined in 2017. The country had to cope with natural disasters such as earth quakes, volcano eruption, and strong rainfall with flooding. Of course, this also had an impact on FEEP's number of guests and on the micro-enterprises working with them along the route. The country is slowly recovering and the tourist numbers are again on the increase.

4.3 Awareness raising

Enhancing the awareness of local people with regard to the chances and risks of tourism development for their economic, social and cultural lives

The development of the programme has from the beginning been targeted at preserving the cultural identity and secure the livelihoods of local communities along the rail tracks. A number of trainings were conducted in order to guarantee the quality of the products and services offered and to maintain fair pricing. Ecuador is not a destination for mass tourism; tourists visiting Ecuador are interested in nature and culture. The 120.000 guests per year are tourist groups guided and managed by FEEP and are always accompanied by guides. The micro-entrepreneurs do not work in the cafés or at the handicraft markets every day. They have other sources of income which are only complemented by the tourism activities.

4.4 Cultural identity

Strengthening local culture and the cultural identity of local people, avoiding/minimising any social and cultural damage caused by tourism, supporting intercultural encounters and exchange between hosts and guests

The programme is focused on encounters between the population and the tourists during which the community members experience direct appreciation of their culture. Whether it is in the local cuisine, handicrafts, dances, or music – the local culture is omnipresent. The community members are in direct contact and exchange with the tourists. When dancing, they invite tourists to join in – invitations that are always readily accepted.

4.5 Decent work

Creation of qualified jobs and/or improvement of the working conditions in tourism with regard to social security, working hours, education and training, and remuneration

The cooperation between FEEP and the micro-entrepreneurs is an official cooperation stipulated by contract. The service providers are legally registered micro-entrepreneurs. By participating in this project and by being officially registered, the micro-entrepreneurs now have access to the formal market and no longer need to work illegally. On the one hand, they now have to pay taxes, on the other hand they are now active in the legal market where regulated service contracts apply, social security is paid, minimum wages apply, etc. This is a big milestone in the country's touristic and economic development. Where thousands of people used to live on the margins of society, they now have decent work and get a secure income.

4.6 Gender equality

Equal participation of women and men in planning and implementation processes within the frame of their cultural background and values

In the selection of service providers, great attention is paid to considering the most disadvantaged groups (e.g. women). As a result, more than 50 percent of the enterprises are run by women. They are registered female micro-entrepreneurs and they are the ones who signed the contracts for the cooperation with FEED. Such a high degree of participation is a success of FEED, as a lot of awareness raising had been done in this regard.

4.7 Environmental sustainability

Taking into account criteria of low environmental and climate impact and sustainable use of natural resources

Environmental aspects are considered in all areas. Environmental sustainability criteria are applied to the café operators, the preparation of food, and the development of handicraft products. For the preparation of food, vegetables, fruits and other ingredients are mainly sourced from local producers. In the production of handicrafts and souvenirs, mainly natural materials are used and increasing importance is placed on recycled products for further use. In the cooperation contracts it is stipulated that endangered animals and plants must not be used, and on the train plastic is not used.

As part of the International Year of Sustainable Tourism for Development (2017) declared by the United Nations, the International Union of Railways (UIC) has established the working group "TOPTRAIL Sustainable Tourism on Trail". FEED has played an active role in this working group and in the development of criteria and indicators. A standard is to be developed on how companies measure and report the social, cultural and ecological impacts of their activities on a voluntary basis.

4.8 Future sustainability

Ensuring the economic and institutional sustainability of the project

Repairing and reactivating the rail track was a major public investment which may not amortise so fast. It was an investment into the country's infrastructure, for the future of sustainable tourism, poverty alleviation, and the development of disadvantaged communities.

To assess the project's return on investment, we need to consider not only the business income generated from tourism activities, but must also value the economic, social, and ecological gains (e.g. which additional social costs would arise if the many micro-enterprises were not integrated into the country's formal economy). Independent of the project, structures have been established along the rail track which enable micro-entrepreneurs to offer quality products and services to other customers, too, and to make a living for themselves.

The new Ecuadorian government confirmed that the project with its social business objectives to empower disadvantaged local communities would be continued.

5 CONCLUSION

FERROCARRILES DEL ECUADOR deserves the TODO! 2018 in every respect, as by involving local communities along the rail track, it contributes significantly to the economic and social development of poor regions and to responsible, sustainable tourism. Tourists get a very good overall impression of the country, as the rail track runs through almost all the geographical regions and climatic zones of Ecuador. In addition, the project promotes encounters and exchange between tourists and the local population, as well as an overall environmentally friendly mode of transport, and deceleration on a train moving through the landscape with a maximum speed of 50 km/h.

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