CASE METHOD APPLICATION IN TOURISM EDUCATION: BOLIVIA’S SUSTAINABLE TOURISM PLAN?

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Abstract

This case study is aimed at providing the tourism academic community and students with research information on the five-year tourism plan proposed by the government of Bolivia for its analysis and critique. The article describes Bolivia’s five-year plan proposed by the government to improve the effect of tourism on the country’s economy and asks students to critique the plan following the theories of C.A. Gunn and V.T.C. Middleton and R. Hawkins. A detailed Teaching Note is available from the author.

KEY WORDS: Bolivia’s tourism plan, sustainable tourism, case study

INTRODUCTION

Bolivia is known for its bleak scenery, production of tin and cocaine, and military coups [Alexander, 1982]. This statement, made twenty years ago, although far-fetched and simplistic applies to the knowledge most Americans have about this South American nation. The majority of tourism industry professionals and the average international traveler do not know much about Bolivia. Because of this lack of awareness, the country, contrary to its neighbor Peru, has not been regarded as a tourist attraction. Bolivia, however, offers some of the most striking and awe-inspiring scenery on earth. It also has one of the most differentiated populations to be found anywhere in the Americas. The Indian natives (more than half of all Bolivians) still live, to a considerable degree, in the same way they have for many centuries [Alexander, 1982]. Bolivia should be significant to the international community, not only because it contains within its frontiers very large mineral, natural gas, and agricultural resources that have only begun to be explored, but also because it has exceptional tourist attractions.

Little is known about Bolivia’s natural tourist attractions. Bolivia is the third largest South American country (about the size of Texas and California combined) and one of the two nations that are entirely inland. Geographically, the country is divided into three distinct regions (see Figure1).

METHODOLOGY

A research investigation was conducted in 2002 to obtain first-class information from primary sources about Bolivia’s tourism and the 2001-2005 plan to increase the number of tourists into the country to improve its economy. The methodology involved interviews in La Paz with the Director of Tourism and with the Director of Tourism Planning to gather up-to-date qualitative and statistical data. The internal documents regarding infrastructure and marketing efforts made accessible to the author constitute the descriptive aspects of Bolivia’s five-year tourism plan.
Assessment of Bolivia’s Tourism Activity

Tourism has been a relatively small source of revenue for Bolivia although the country has potential for greater foreign exchange earnings because of natural, cultural, and archaeological attractions, such as its lofty Andes mountains, spectacular Lake Titikaka, pre-Indian ruins at Tiwanako, vast tropical areas, national parks and reserves, and a variety of Indian cultures. In 1994, for the first time, the government officially recognized tourism as a priority industry and launched plans to double the number of foreign visitors during the next four years from about 255,000 to 500,000. Although they fell short of the target mark by some 113,000 tourists, the efforts produced some results (see Table 1).

**TABLE 1**
FOREIGN TOURISTS ARRIVALS TO BOLIVIA 1994-2001

<table>
<thead>
<tr>
<th>Year</th>
<th>Arrivals</th>
<th>% Increase From Previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>255,239</td>
<td>NA</td>
</tr>
<tr>
<td>1995</td>
<td>283,977</td>
<td>+ 11.3</td>
</tr>
<tr>
<td>1996</td>
<td>313,052</td>
<td>+ 10.2</td>
</tr>
<tr>
<td>1997</td>
<td>354,971</td>
<td>+ 13.4</td>
</tr>
<tr>
<td>1998</td>
<td>387,520</td>
<td>+ 9.2</td>
</tr>
<tr>
<td>1999</td>
<td>342,140</td>
<td>- 11.7</td>
</tr>
<tr>
<td>2000</td>
<td>381,077</td>
<td>+ 11.4</td>
</tr>
<tr>
<td>2001</td>
<td>378,551</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Source: *Ministerio de Comercio Exterior e Inversion, Estadísticas de Turismo, 2001*

The purpose of traveling to Bolivia has been primarily pleasure (62.6%), followed by visiting friends (11.3%), work (6.7%), and business (5.7%). By country, U.S. is the third-largest source of international arrivals behind Germany and France [Travel Industry World Yearbook, 2001]. The revenues for tourism have been rising steadily (see Table 2).

**TABLE 2**
REVENUES FROM INTERNATIONAL TOURISM (IN US$S)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>130.6</td>
</tr>
<tr>
<td>1995</td>
<td>144.8</td>
</tr>
<tr>
<td>1996</td>
<td>159.4</td>
</tr>
<tr>
<td>1997</td>
<td>166.0</td>
</tr>
<tr>
<td>1998</td>
<td>173.5</td>
</tr>
<tr>
<td>1999</td>
<td>179.2</td>
</tr>
<tr>
<td>2000</td>
<td>160.0</td>
</tr>
<tr>
<td>2001</td>
<td>NA</td>
</tr>
</tbody>
</table>


The number of tourists and revenues from tourism in Bolivia are lower compared to other countries in the region, such as Peru. For instance, in 2000 neighboring Peru received 1,027,000 tourists and revenues of US$ one billion. One of the major impediments in the development of tourism in Bolivia is that the official recognition of tourism as a priority industry has not been matched with the construction of infrastructure such as roads, more hotels and other tourist attractions, necessary to accommodate foreign travelers [Travel Industry World Yearbook, 2001]. Tourism, however, represents the second highest source of revenues in the country’s economy. Table 3 shows a comparison of revenues from tourism with those of other export products.
TABLE 3
COMPARISON OF REVENUES FROM INTERNATIONAL TOURISM WITH REVENUES From Bolivia’s Main Export Products (in $US)

<table>
<thead>
<tr>
<th>Product</th>
<th>1999 Revenue (in $US)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soy products</td>
<td>216.6 million</td>
</tr>
<tr>
<td>Tourism</td>
<td>179.2</td>
</tr>
<tr>
<td>Zinc</td>
<td>154.3</td>
</tr>
<tr>
<td>Gold</td>
<td>89.1</td>
</tr>
<tr>
<td>Oil products</td>
<td>73.7</td>
</tr>
<tr>
<td>Tin</td>
<td>68.7</td>
</tr>
<tr>
<td>Silver</td>
<td>68.1</td>
</tr>
<tr>
<td>Wood</td>
<td>51.0</td>
</tr>
<tr>
<td>Jewelry</td>
<td>32.0</td>
</tr>
<tr>
<td>Chestnuts</td>
<td>30.9</td>
</tr>
<tr>
<td>Cotton</td>
<td>19.8</td>
</tr>
</tbody>
</table>


Bolivia’s New Tourism Plan (2001-2005)

Bolivia’s 5-year tourism strategic plan is based on the participation and cooperation of three specific entities: the government, whose mission is to establish norms, regulate tourism activity, and create incentives leading to achieve the proposed results; the private sector, that is viewed as the primary investor and developer; and the country’s communities, that are hoped to be beneficiaries and protectors of the tourism activities. The strategic plan encompasses four major objectives:

- The creation and development of an effective, competitive tourism offer including archaeological, cultural, natural, and conventional destinations.
- The improvement of tourism services by enforcing quality regulations and creating accreditation and certification programs for personnel instruction.
- The implementation of an aggressive marketing effort to promote the image of the country to attract quality internal and external visitors.
- The creation of an articulation system among all entities aimed at improving transportation, sanitation, and other infrastructure needed for efficient tourism activities.

The plan identifies a series of shortcomings in services that the country faces. For instance, the lack of frequent flights into the country is a serious obstacle. Currently, Bolivia receives one daily flight from neighboring countries and two from the United States. Passengers traveling from Europe must change planes in Miami, Brazil, Argentina or Peru. A second problem is the lack of basic infrastructure, such as nationwide availability of potable water, electricity, and sanitation services, without which it is difficult to attract the necessary private-sector investments to build tourism establishments. In addition, Bolivia has a severe lack of modern highways to provide access to most regions of the country. The existing roads also need a system of signalization that can be followed by drivers unfamiliar with the existing road-marking system.

The current Bolivian lodging capacity is another challenge. The number of lodging properties in the city of La Paz grew from 127 in 1990 to just 139 in 2000, while the total number of rooms of the capital cities of the country’s ten departments for 2000 was 15,795. The plan asks for US$51.5 million investment for its five-year duration. The specific goals identified in the strategic plan are to reach a total of 700,000 tourists, US$ 400 million in receipts, and the creation of 150,000 direct and indirect tourism-related jobs by the year 2006.

Tourism Development Areas (TDA)

The strategic plan identifies five areas as potential sites for the development of tourism. The clusters or magnets to attract investments and coordinate specific attractions are

1. **TDA Lake Titikaka.** The region around Lake Titikaka has been subdivided in four zones offering natural attractions (Cordillera Real foothills), cultural/mystical experiences (Isla del Sol and Isla de la Luna), recreational activities (water sports), and archaeological visits (Tiwanaku ruins).
2. **TDA Cordillera Real** offers unparalleled opportunities for climbing and trekking (Cordillera Apolobamba, Quimsa Cruz, Illampu, Illimani), skiing (Chacaltaya), and rafting and fishing (Yungas' lakes and rivers).

3. **TDA Uyuni-Lagunas** is dotted with a series of beautiful small lakes (*lagunas*) and the incomparable Salar de Uyuni, a 12,000 sq.-km. salt pan of blinding white expanse that reflects the sky to the point that the horizon seems to disappear.

4. **TDA Jesuit Missions** offers a circuit through seven towns east of the city of Santa Cruz with colonial churches representing a Catholic voice in the wilderness. The area has been declared a World Heritage site by UNESCO.

5. **TDA Pantanal** is an area of watery wilderness on the border with Brazil with some of the densest wildlife population on the Continent.

**Market Strategy**

The first organized effort of Bolivia to promote tourism in the international market was “Ethno-Ecotourism from Amazonia to the Andes.” Presented in 1993, it focused on biodiversity and authentic indigenous cultures. In 1999, a study was conducted to explore the regional markets of Argentina, Brazil, Chile and the United States. The analysis concluded that the perceived image of Bolivia in the mind of potential tourists was less than clear. As a result, it was agreed to focus on a marketing effort giving the country a total new image, specifically to portray Bolivia as having the largest biodiversity and diversity of ethnic cultures in the world. The plan made a priority to be represented at Feria Internacional de Turismo (FITUR) in Madrid and Internationale Tourismus-Borse (ITB) in Berlin. Workshops were planned for the U.S. and South America as the best way to reach tour operators. Grants for the promotion of tourism were received from the Inter American Development Bank (IDB) and the Spanish International Cooperation Agency (ICA).

**Training**

Bolivia Secretariat of Tourism has developed training programs aimed at operations and managerial personnel. Classes and workshops are being offered in several regions of the country, reaching a total of 3,169 tourism professionals and employees. Sponsored by ICA, a project to start a culinary school in Santa Cruz has been completed. The school will prepare kitchen personnel to fill the country’s food preparation and service needs.

**Land Preservation**

In 1982, Bolivia created a 334,000-acre reserve in its tropical lowlands. Working in conjunction with Conservation International, 3.7 million acres surrounding the reserve were additionally protected. This area alone holds more than five hundred species of birds, thirteen types of endangered plants and animals, and more species of trees than grow in all North America. In exchange, Bolivia’s foreign debt was reduced by US$ 650,000 [Blair, 1990]. Bolivia’s strategic plan focuses on sustainable tourism, providing regulations for the protection of indigenous cultures and the environment. To this effect, a number of national parks and protected areas have been created. The most relevant are introduced here.

- **Parque Nacional Aguarague** lies between the Chaco plains and the highlands. It contains the Pilcomayo Canyon, habitat to jaguars, tapirs, anteaters, lynxes and a great variety of parrots and plant species.
- **Parque Nacional Amboro**, located at the juncture of Chaco and the Amazon ecosystems, is home to a variety of rare animals such the spectacled bear, jaguars, capybaras, peccaries, and abundant bird life.
- **Parque Nacional Carrasco**, between Santa Cruz and La Paz, has been designed to protect the rainforest in the Chapare region. Created in 1988, the 622,600-hectare park takes in some of Bolivia’s most readily accessible rain forest habitats.
- **Parque Nacional Cotapata** is amidst the La Cumbre to Coroico trek and includes parts of the mountain wilderness in the Yungas. With almost five million acres, **Parque Nacional Kaa-Iya** is the largest national park of Latin America, protecting a large region of the Gran Chaco with an indigenous reserve for the Guarani and Ayoreo peoples.
- **Parque Nacional Madidi** protects some of Bolivia’s wildest rainforest. Madidi has the world’s densest concentration of wild bird species.
- **Parque Nacional Noel Kempff Mercado** is located in the Amazon Basin and offers awe-inspiring natural scenery and spectacular waterfalls.
- **Parque Nacional Sajama** is adjacent to Chile’s Parque Nacional Lauca. It contains the 21,458-feet Sajama volcano, Bolivia’s highest peak.
- **Parque Nacional Torotoro** offers caves, dinosaur tracks and ancient ruins in the country’s Central Highlands.
Among natural reserves and protected areas is Area Protegida Apolobamba that offers hiking near the Peruvian border. It is a reserve for the local vicuna, a ruminant related to the guanaco. Reserva Beni in the Amazon Basin is home to some 500 species of tropical birds. Reserva Eduardo Avaroa in southwestern Bolivia offers active volcanoes, hot springs, geyser basins and abundant Andean wildlife. Reserva Rios Blanco y Negro that consists of three and a half million acres of undisturbed rainforest is inhabited by rare animals like giant anteaters, peccaries and tapirs. Reserva Tariquía encompasses 610,000 acres of dense cloud forest that can be explored only on foot [Estrategia para el Desarrollo del Turismo Sostenible 2000].

At the same time, Bolivia is using the term eco-tourism to market tourist circuits while failing to enforce sound environmental principles, such as clearing large tracts of jungle to build “ecological” lodges and resorts. At Madidi National Park, engineers see the Rio Beni as an ideal site for a hydroelectric dam. Environmentalists, however, are opposing the plan because the resulting lake would inundate more than a thousand square miles of forest [Kemper, 2000].

BOLIVIA’S POLITICAL AND ECONOMIC STABILITY

The people of Bolivia have been under foreign domination for hundreds of years. Early in the 15th century, Incas from Peru invaded the highlands to use the indigenous people as servants. In 1538, Pizarro’s brothers Gonzalo and Hernando conquered what is today’s Bolivia, founded cities and brought technology and animals unknown in the land, such as sheep, chickens, pigs, cattle and horses. This second conquest again marked the conversion of autonomous peoples into subject castes [Orlove, 2002]. Spanish rule was maintained until 1825, when Bolivia achieved independence. Since then, there has been a great deal of institutional instability. From 1825 until 1880, dictators ruled the country. Civilian rule (1880-1936) did not bring prosperity to the country. The second great Latin America social revolution of the twentieth century took place in Bolivia in 1952. Under the leadership of Victor Paz, miners, peasants, and middle-class intellectuals united to overthrow the small group of military men and tin barons who had ruled the country until that time. The revolution extended suffrage to all citizens, including illiterates, and undertook a sweeping agrarian reform that gave lands to the sharecroppers who desired them [Sigmund, 1970].

Presidents succeeded the 12-year period of revolutionary government from the armed forces. From the military coup of 1964 until 1989, the country’s wealthiest families, who owned most of the farmland and the mining industry, were able to control political leaders, using the government to enrich themselves. Today, for example, while in the United States the richest 20 percent of Americans has nine times the income of the poorest 20 percent; in Latin America the ratio is about 30 to one. Massive corruption is another major impediment for the eradication of poverty, together with the absence of political checks and balances [Oppenheimer, 2002]. In the twentieth century, dictators seized power in the thirties, forties, fifties, and sixties. During this period, the indigenous population was used to work the farms of the wealthy. Civilian rule was not firmly established until 1982 [Blair, 1990].

Although Bolivia is one of the safest of Latin American countries [Swaney, 2001], the existing social disparity between the very rich and the extremely poor often causes social tension and results in popular demonstrations, strikes, and traffic-cutting on the nation’s highways. As a result, some foreign tour operators don’t feel that the country is a safe tourist destination. The social-political situation, however, tends to improve. For the first time in Bolivia’s history, an indigenous candidate representing the nation’s campesinos (poor farmers) has run in congress for the presidency of the country. In the 2002 presidential elections, he obtained 20.89 percent of votes to 22.46 by the winner. Although indigenous Evo Morales did not succeed in becoming the ruler of the country, the overall representation of Bolivian natives in the political arena is increasing substantially. Currently, Bolivia is a country committed to peaceful transition in government through the electoral process [Travel Industry Yearbook, 2001].

Another major problem that the country faces is economic. Hyperinflation has plagued Bolivia on and off since the 1950s. In the 1970’s, economic growth accelerated averaging 5.5 percent a year, one of the fastest rates of expansion in Bolivian history. Political stability imposed by President Banzer favored greater foreign investment. This “economic miracle” began to weaken in 1978 when political instability returned. External financing from private sources came to a complete halt by the early 1980s [Hudson and Hanratty, 1991]. In 1985, the country suffered the world’s highest inflation rate—close to 25,000 percent. Taking advantage of an unlimited amount of credit, the Bolivian government borrowed too much
resulting in millions of dollars owed to foreign banks. As a result, 93 percent of the government’s expenses were being paid by the Central Bank for pending debts [Sanchez de Lozada, 2002]. A meal at a modest restaurant exceeded 12 million pesos per person (US$160). Exchanging one million old pesos for one new boliviano created a new currency. During the 1985 crisis, Bolivia suspended payment on its US$4.8-billion. Some creditors agreed to take 11 cents for every dollar owed. The country’s GDP in 1987 was just US$ 4.35 billion, roughly US$640 dollars per capita [Hudson and Hanratty, 1991]. Bolivia remains the second poorest nation in South America after Guyana, with a GDP per capita in 1999 of US$3,000. As a result of chronic hyperinflation and the country’s dismal debt-payment record, foreign investors have been reluctant to invest in Bolivia’s tourism enterprises. Today, inflation rate averages overpass the country’s GDP.

Weaker global growth in 2001 dampened demand and prices for Bolivia’s commodity exports, keeping growth down to 3.5%. For 2002, prudent fiscal and monetary policies should keep inflation at around 5%. Bolivia’s GDP should grow by at least 4%.

The country, however, has vast reserves of natural gas that promise to bring much needed currency from industrialized consumers such as the United States and Japan. Natural resources, together with revenues from increasing tourism, and internal social reforms should improve the economic situation of Bolivia in the not too distant future. The new administration elected in August 2002 has promised to tackle the formidable social and economic problems the country is facing. One of the major solutions is a general acceptance of the fact that a market economy must be in place to achieve growth, and that democracy must be the political system to achieve social reforms [Sanchez de Lozada, 2002].

FUTURE DIRECTIONS

Bolivia has many attractions for international tourism, particularly for the growing market of travelers seeking pristine scenery, authentic cultural destinations, and adventurous experiences. Tourists exploring Bolivia’s interior will find majestic mountains, beautiful colonial towns, the most colorful festivals in South America, and jungles teeming with exotic birds and animals. Bolivia, however, lacks the basic infrastructure of roads, hotels, and other tourist amenities. The country is not a world-class tourism destination except for a relatively small number of “adventure” tourists from Europe and the United States. Its lack of tourism infrastructure is a deterrent for tour operators to promote Bolivian destinations to travelers. Besides, although Bolivia is hoping to boost its weak economy by promoting tourism, the international perception of the country as having chronic social and economic instability tends to put off the investments the nation badly needs to attract.

It is only now that the government of Bolivia is viewing the tourism industry as an important component of the country’s economy. A period of sustained political and social stability would encourage investments by the public and private sectors, a sine qua non step to attract larger number of visitors.


ENDNOTE

1. The Teaching Note is available from the author – matt.casado@nau.edu

REFERENCES


