

Project for the  
Preservation and Conservation  
of the Shuar People  
and the Ecuadorian Amazon Jungle



Creation of the  
Nunkui Ethno-Biological Center  
in the Kutukú and Shaimi Forest Reserve

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## 1 SUMMARY

### PROJECT NAME:

Creation of the Nunkui Shuar Ethno-Biological Center in the Kutukú and Shaimi Forest Reserve.

### PROJECT OBJECTIVE:

To revive the cultural values of the Shuar people and protect all natural resources, making it possible to utilize these resources in a comprehensive development project involving the Shuar culture, tourism in the Amazon, and scientific research on the Amazon's natural wealth. This comprehensive approach will ensure a harmonic development of man with nature.

### LOCATION:

The NUNKUI Ethno-Biological Center will be located in the Province of Morona Santiago, Morona district, within the territory that comprises the Kutukú and Shaimi Forest Reserve. That reserve contains 311,500 hectares.

### AMOUNT OF LAND USED BY THE PROJECT:

The project will require 10,000 hectares in its first phase, from the unexplored area of the reserve. Structures will be built there for ecotourism, research, and culture. All the structures will be built using a traditional Shuar design, which is incapable of inflicting serious harm on the environment. The land area of the project will tend to expand in the future.

### PROJECT DURATION:

The Project will have a duration of ten (10) years.

### INVESTMENT:

The project has a total cost of US\$ 1.214.023 ( 00/100 UNITED STATES DOLLARS).

### FINANCING:

Financing for this project will be distributed as follows:

Nunink & Nunkai Foundation	20%, US\$ 242.804,60
External contributions requested	80%, US\$ 971.218,40

### ENTITY IN CHARGE:

The Nunink & Nunkai Ethno-Biological Foundation will be in charge of planning the project and disseminating information on the project, as well as seeking and channeling financing.

## Project: Creation of the Shuar Nunkui Ethno-Biological Center in the Kutukú and Shaimi Forest Reserve

## 2 INTRODUCTION

Ecuador is a country with one of the world's best legislations regarding human rights, collective rights, and laws protecting the environment. In accordance with the Constitution of the Republic of Ecuador:

## Section Two: Environment

Article 86. The State shall protect the right of the population to live in a healthy and ecologically balanced environment that guarantees sustainable development. It shall make certain that this right is not encroached upon, and shall ensure the preservation of nature. This right is declared to be one of public interest and shall be regulated by law...

Ecuador is a country of great contrasts, with tremendous natural wealth. Our country has an area of 26,079,000 hectares, 18% of which are conservation areas, 20% of which are indigenous territories, and 5% of which are swamps. The rest are areas earmarked for agricultural activities or are native forests not included within the State Forest Reserves.

The Ecuadorian Amazon Jungle is the most extensive area of the nation's territory. It is constituted almost in its totality by tropical rain forests, which are the world's richest in terms of biodiversity, extending over an area of 138,000 Km<sup>2</sup>, that is, 48% of the nation's territory. Yet sadly, this jungle is completely unprotected, as current legislation has many loopholes and needs to be much stricter. In the Amazon there are species of flora and fauna in existence that have yet to be inventoried and/or classified, given that we have areas with a high rate of endemic species.

It is in the Amazon Region that the SHUAR people live. Indeed, the Shuar is the Amazon's largest group, with a population of approximately 40,000 persons by conservative estimates. Their language, Shuar Chicham, belongs to the Jíbaro linguistic family. They inhabit the provinces of Morona Santiago, Zamora Chinchipe, and part of the provinces of Pastaza, Napo, and Sucumbíos.

Traditionally the Shuar have displayed a pattern of disperse settlements, with a social organization based on polygamy and an enormous cultural, social, religious, and ecological wealth dating back thousands of years.

Unfortunately, in recent years, the Shuar have undergone a period of erosion and decline as an Amazon people, due to the increasing threat of acculturation, poverty, and the constant encroachment of western culture, which creates an illusion of a non-existent world, forcing the Shuar to change their traditional, natural way of life, language, and customs.

Conditions of life for the Shuar are ever more disastrous. A bilingual / Hispanic educational system has been instituted with no rhyme or reason. Likewise, the health care system, in its infancy, has yet to save lives. In fact, there has been an increase in deaths attributable to the most common types of illnesses.

Technical and technological assistance in the fields of communications, agriculture, roads, waterways, and air transportation are in their infancy. These services are rudimentary and centralized by religious groups, government officials, and politicized indigenous organizations. There is a poor distribution of land, which has resulted from a chaotic, conflict-laden settlement pattern, while the oil, mining, and logging companies pose a constant threat to the ecology. The cultural wealth of the Shuar is being abandoned and often rejected, as it is overshadowed by western culture. These are just a few reasons why it has been said that the Shuar are dying, even though they are within reach of their fountain of salvation, which is nature and the Shuar culture. The problem is simply that no one has showed them what to do. We believe that as Shuars, we will only make progress if we base ourselves on everything that our ancestors built over the slow passage of time. That could be the salvation of a people who face uncertainty, owing to the lack of capacity and leadership demonstrated by indigenous leaders and the

central government. We seek new, real alternatives, correcting past mistakes, sowing in fertile ground to reap good fruits.

Today, we can find western technicians and scientists who have coined terms such as “sustainable development, food security” and other similar expressions. These concepts incorporate formulas or equations derived from lengthy studies and analyses based on western theories of economic development. Yet these approaches are incapable of recognizing that, in practice, true sustainable development, which has allowed for a safe food supply, is what has been carried on by indigenous peoples. Living there in the jungle, where they are born, grow up, reproduce, and die, indigenous peoples live in their habitat, and have managed to develop for thousands of years.

Such an ideology, natural policy, or sustainable development, is what is sought by the Project. The Project incorporates a Shuar world view, that of ARUTAM, our supreme being. ARUTAM is conceived as a divinity manifested through various deities, with distinct forms, powers, and wisdom, whose life is similar to the daily life of a Shuar.

Just as our Supreme Being, ARUTAM, presents himself in various forms, our project also develops in a various spheres: in the aspect of the conservation of nature, culture, and the future of the Shuar people.

### 3 JUSTIFICATION

The Amazon jungle includes extensive areas that are yet unstudied, many of which lie within State Forest Reserves, administered by the Ministry of the Environment.

Among the many existing areas are the Kutukú and Shaimi Forest and Vegetation Reserves, with an extension of 311,500 hectares, forming the hilltops and slopes of the ancient Kutukú and Shaimi Cordillera. This area is situated in the districts of Morona, Sucúa, Santiago, and Méndez, in the province of Morona Santiago.

This region includes a virgin forest, with a great wealth of biological biodiversity and scenic resources. Some of its features are considered to be natural sacred temples by the Shuar, whose value is incalculable. It has jungle areas unexplored by man, even though the surrounding buffer zone is under constant demographic pressure and is being encroached upon by agricultural activities that employ very poor techniques. Lately, this pressure has been accentuated, due to constant encroachments on the part of logging, mining, and oil companies.

This is one of the last reserves of the Shuar people. It is in need of a sound management plan, biological research programs, and environmental education programs, jointly supported by production projects that target the surrounding communities. Otherwise, we are certain that the destruction of this reserve and of the Shuar people themselves is imminent, for indeed, the reserve and the Shuar people are intimately interrelated.

The Nunkui project seeks a 10,000-hectare concession from the government in its first stage, in order to conduct scientific studies, along with cultural and biological research, and ethno-tourism.

Pursuant to the Regulations of the Law on Forests and Conservation of Protected Wildlife Areas, Article 15, the only activities permitted within the forests and vegetation reserves, subject to

authorization from the Ministry of the Environment ...shall be the promotion of wild flora and fauna, sustainable forest management, scientific activities, tourism, and recreational activities.

The project will support social development sub-projects. We will do extensive work in areas such as education, creating training centers in various areas such as crafts, bilingual education, traditional medicine, Shuar literature, the raising of small animals, production of non-traditional crops, etc.

In order for the Shuar to recover their social, cultural, and economic autonomy, it is important to propose new strategies so that they may become producers, rather than consumers.

We wish to promote these projects. Although pessimists may view them as utopian, we believe we can carry out these projects. This is an effort that will take many years, but we are sure that we will succeed in this endeavor, establishing harmonious development between mankind and nature. We do not wish to place a price on nature, nor place environmental services on the market. Much less to we wish to place a price on the right to pollute. We declare that we are defenders of life and enemies of an imposed death.

The Ecuadorian Amazon region is one of the areas under the greatest political, social, environmental, and economic pressure. This brings serious problems, which demand a rapid solution. Otherwise, in the near future, the Amazon will be completely devastated.

The indigenous Amazonian peoples have been sentenced to extinction. The few that remain cling to their small land base. There are only six Amazon ethnic groups that have managed to survive out of the many that once existed. Among them are the Shuar people, who face the challenges of extreme poverty and an uncertain future for the coming generations.

We are presenting a complete project covering various aspects: the Shuar Ethno-biological Center. This center will be administered by the Nunink Nunkai Foundation, which will manage policies promoting a harmonious development of nature and sustainable production.

Ethnotourism will serve as a medium to finance environmental projects and programs, along with community development programs. The project would strive to halt and put an end to the destruction of the jungle. Efforts will be made to protect and restore renewable and non-renewable natural resources so as to maintain a balance and regulate all environmental factors.

The Kutukú and Shaimi Forest Reserve is the last reserve with flora, fauna, and tourist attractions that can be found in the thin strip of the Kutukú Cordillera. Given its irregular relief and inaccessibility, this site has become the last paradise of the Amazon.

This is the final refuge for the Shuar ethnic group, where it is sought to revive the Shuar culture. Traditional building structures will be used. Traditional celebrations will be held. Myths, legends, and traditions will be revived. Here, the native people will teach the world to live in harmony with nature, and the world will be able to have direct contact with the Shuar.

The following are some of the most important activities to be carried out as part of the project:

- To conduct an observation expedition, which will collect data, explore the area, conduct research, and determine the type of work we wish to do.
- To develop a sound management plan.
- To establish the Biological Research Center.

- To create a natural aquarium with native species, thus ensuring their continued existence.
- An animal nursery with species of fauna for repopulating the jungle.
- A botanical garden of ancestral medicinal plants, in order to ensure the conservation of ancestral secrets and prevent biopiracy of Shuar science.
- An orchid grove, conserving the great diversity of orchids now in existence.
- Nurseries for reproducing native species, which will be used in order to reforest devastated areas.
- A controlled ecotourism and ethnotourism, so as to make the world aware of the natural beauty we have.
- The holding of cultural events; design and construction of the museum and library.
- Training and deployment of the crafts center and marketing of crafts.

The coming together of the biological reserve with the Shuar culture will lead to the creation of the Shuar Nunkui Ethno-Biological Center.

## 4 OBJECTIVES

### 4.1 GENERAL OBJECTIVES

To revive the cultural values of the Shuar people and protect natural resources, all of which are being lost. At the same time, these resources would be utilized in a comprehensive development project involving tourism, culture, and research.

The use of renewable resources is proposed, at a pace that does not exceed their rate of renewal. Non-renewable resources would also be used at a rate no higher than necessary for their substitution by renewable resources. We are not employing the technique of manipulating property and wealth. Similarly, we do not partake in the objective of maximizing monetary rewards in the shortest possible term for a given group of persons. What is sought is an economy that adopts a long-term vision, evaluates costs and benefits, and also takes into account the interests of the communities and of nature.

### 4.2 SPECIFIC OBJECTIVES

- To make the existence of the Shuar culture known in our country and internationally, so that the value of this culture, which dates back thousands of years, will be recognized.
- To create jobs, benefiting local communities economically through sustainable projects.
- To conduct research and observation work, and to inventory the flora, fauna, and scenic resources existing in this zone. It will be sought to develop tourism, while minimizing the impact on the environment.
- To raise awareness, so that the communities will defend and conserve the environment, along with renewable and non-renewable resources, and the ecological systems of this region.
- To provide a pleasant place for visitors, where they can be in touch with nature and enjoy the accommodations offered at the Ethno-Biological Center.
- To hold Shuar cultural events, so as to keep the ethnic group alive.
- To achieve harmonious development between man and nature through integrating natural wealth, ethno-tourism, culture, and research of the flora and fauna.

## **5 THE COMPANY**

The NUNINK-NUNKAI ETHNO-BIOLOGICAL Foundation will be governed by the provisions of its bylaws and internal regulations. Said bylaws and regulations will be set forth to ensure their proper application.

The company's legal domicile will be in the Santa Ana Neighborhood, Sevilla Don Bosco Township, Morona District, Province of Morona Santiago. The foundation will have national jurisdiction and may establish representative offices in any part of Ecuador or abroad.

The Foundation is an autonomous, non-profit corporation under Private Law, regulated by the provisions of Title XXIX of the Civil Code.

The Foundation as such will not participate in any collective act of a political or religious nature.

The Project of the Nunkai Ethno-Biological Center will be directed and administered by the Nunink-Nunkai Ethno-Biological Foundation. Said Foundation will be legally recognized by the Ecuadorian government and will come under the Ministry of the Environment. In order to ensure efficient management, each department will take charge of its own activities and have its own responsibilities, yet the Nunkai Ethno-Biological Center will be comprised by all of the departments, considered together. Each department, based on its needs, will adopt policies consistent with the Foundations' objectives. Companies may be formed as needed, and will be legally authorized by the Ministries of Social Welfare, Tourism, and the Environment, so as to operate in keeping with legal requirements.

The Center will oversee the following departments:

### **RESEARCH DEPARTMENT**

Will take charge of managing and administering the areas of:

- 1) An expedition for observation and data collection.
- 2) Exploration of the area, research, and selection of the type of work we wish to do.
- 3) Establishing a Biological Research Center.
- 4) Developing a sound management plan.
- 5) The creation of a natural aquarium with native species.
- 6) An animal nursery with species of fauna from the zone.
- 7) The implementation of a botanical garden with ancestral medicinal plants.
- 8) The construction of nurseries for reproducing native species.

### **DEPARTMENT OF ETHNOTOURISM**

Will take charge of managing and administering:

- 1) Construction of the cabins for lodging.
- 2) A variety of services for the tourists.
- 3) Training of community guides.
- 4) Technical study of scenic resources.
- 5) A controlled ecotourism and ethnotourism.

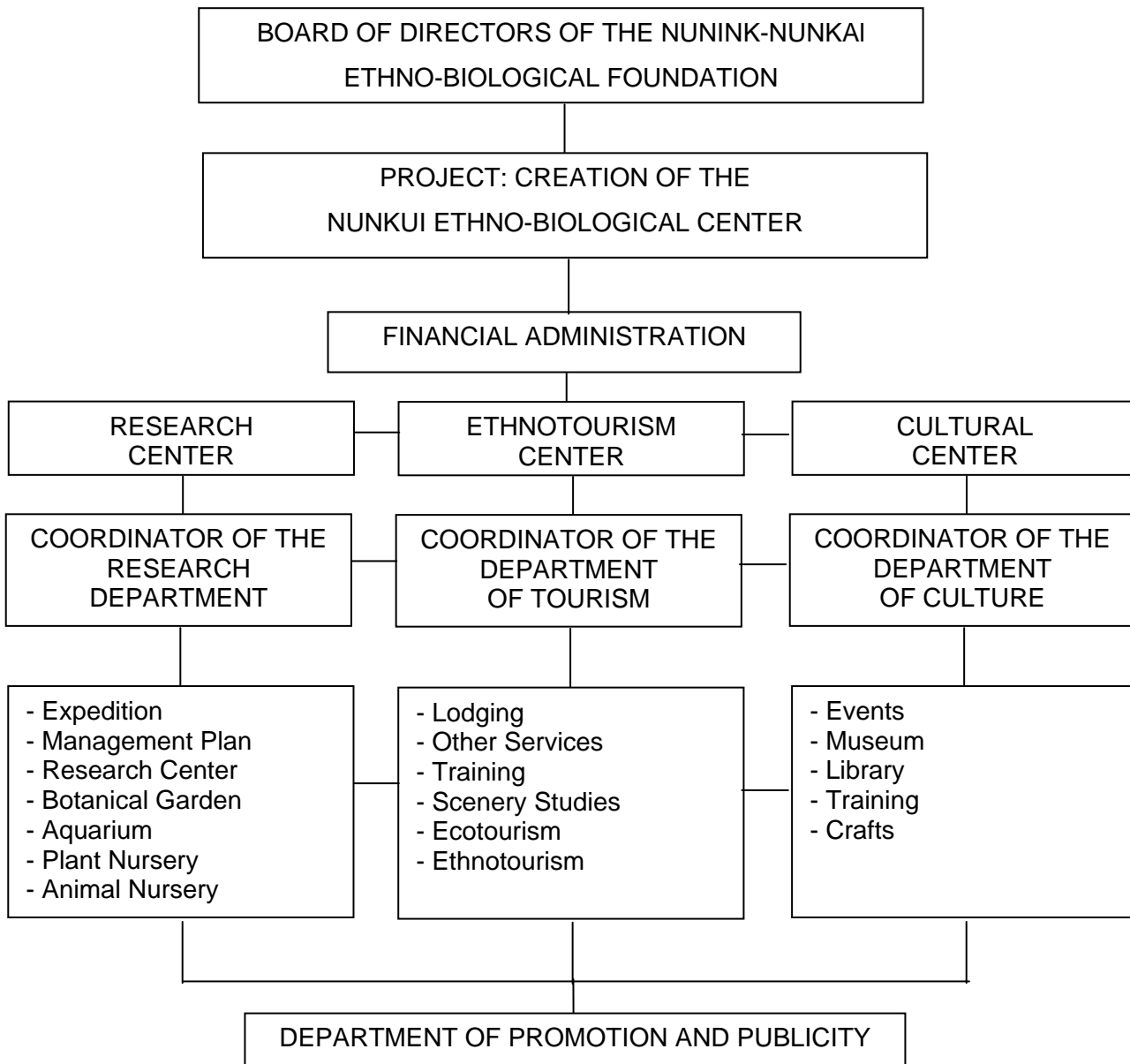
### **DEPARTMENT OF CULTURE**

Will take charge of managing and administering:

- 1) The holding of cultural events.
- 2) Design and construction of the museum.
- 3) Library.
- 4) Training and deployment of the crafts center.
- 5) Crafts.

This type of project is designed to produce and generate economic income, under a business mode. In this way, conditions for eventual competition would be defined, with the aim of creating wide-scale major community-based micro enterprise, which would serve as a model for future projects.

The company will be directed by a Board of directors, to be comprised in accordance with the following flowchart:



The officers of this project will carry out specific functions in accordance with their positions:

#### **BOARD OF DIRECTORS OF THE NUNINK-NUNKAI FOUNDATION**

Will be those who make all decisions regarding the project.

#### **FINANCIAL ADMINISTRATION**

Will oversee the economic aspects of the project. Its personnel must display ability, trustworthiness, security awareness, and extensive skills in the field of financial administration.

#### **COORDINATOR OF THE RESEARCH DEPARTMENT**

Will be headed up by a specialist in research, who will be responsible for the department's personnel, management of the research and its results, and the development of projects for future studies. This area will take charge of the Ethno-Biological Center's research and scientific studies.

#### **COORDINATOR OF THE DEPARTMENT OF TOURISM**

Designation for persons in charge of managing and administering the various areas into which this department is divided.

#### **COORDINATOR OF THE DEPARTMENT OF CULTURE**

Will be the person heading up this department and all the matters the department handles involving Shuar culture.

#### **DEPARTMENT OF PROMOTION AND PUBLICITY**

A person with extensive skills and imagination for disseminating information and promoting the services provided or developed in the various departments will fill this position.

## **6 MARKET PERSPECTIVES**

### **6.1 PRODUCTS AND SERVICES**

The Ethno-Biological Center will offer visitors the following services:

**Lodging.** The Nunkui Ethno-Biological Center will provide lodging for tourists. It will offer comfortable single, double, triple, and quadruple rooms, and individual cabins equipped with a private bath, air conditioning, and a waiting room.

**Cabin Information and Administration.**

**Restaurant and Kitchen.** This Center will provide the restaurant service, where breakfasts will be served along with Ecuadorian food and traditional indigenous dishes.

**Recreation.** For recreation there will be a game room, a bar, a natural spa, tours, biological research areas, an animal nursery, aquarium, and plant nursery.

**Ethnic Art Stores.** This store will offer a variety of crafts produced by nearby communities, for purchase by visitors.

**The Ethnic Museum and Library.** Will provide visitors with vivid information on the culture of the Shuar and other Amazon ethnic groups. It will also be equipped with a library, an audiovisual room, Internet access, and computer equipment.

**Laboratory.** The Center will have a laboratory with basic equipment for use in its research. For purposes of conducting studies, it will have an aquarium, animal nursery, and plant nurseries with

native species. It will serve volunteers and/or Center staff who have an interest in or desire to conduct studies in this area.

Guides and Trails. Tourists will have bilingual guides available, who will escort them to teach them about the reserve. Along the way the tourists will see spots previously designated as sacred waterfalls and the Cave of the Tayus. We will also offer canoe trips and visits to lakes, plant nurseries, orchid groves, rivers, and animal nurseries. In addition, we will have observation towers.

Events Hall. We will have a traditional cabin structure, where we will be able to show visitors presentations on traditional topics and hold traditional Shuar festivals.

## 6.2 LOCATION

The NUNKUI Ethno-Biological Center will be located in the Province of Morona Santiago, Morona district, within the territory that comprises the Kutukú and Shaimi Forest Reserve. That reserve contains 311,500 hectares, of which the project will require 10,000 hectares in its first phase, in the northern part of the reserve. From Macas our project is a distance of approximately 70 Km. in a straight line. It is a distance of 250 Km. from the Ecuadorian capital to the tract we have selected.

This area has an access road coming off the Macas-Puyo-Quito highway. There are local public and inter-provincial transportation lines, and first-class roads are now being built.

There are regular flights provided by the Austro Company to and from Cuenca-Macas-Cuenca. The TAME Company offers Quito-Macas-Quito service. Both companies offer this service three days a week.

The Project area has an irregular landscape. Its soils are yellowish or red, and are clay based. The soil is leached, with low fertility, contains toxic aluminum, and is susceptible to erosion. For that reason, a prior study is required, with support from environmental impact studies.

The altitude ranges from 600 to 2,000 meters above sea level. The average rainfall is 1,500 to 3,000 mm. per year. Temperatures range from 12° to 22.8° Centigrade.

The location corresponds to the following life zones: BMhpm [submontane rain forest “*Bosque muy húmedo pre montano*”]. BMhmb [cloud forest “*Bosque muy húmedo montano bajo* “], and Bh [rain forest “*bosque húmedo*”].

## 6.3 SIZE

The Ethno-Biological Center will have a size of 10,000 hectares, in the least explored area of the reserve.

For use by tourists, it will have cabins for lodging, with an installed capacity to provide lodging for 54 visitors, distributed as follows:

- 1 Cabin with 2 single rooms each.
- 1 Cabin with 2 double rooms each.
- 2 Cabins with 2 triple rooms each.
- 3 Cabins with 2 quadruple rooms each.
- and 2 Cabins with rooms for 6 persons each.

In addition, there are cabins serving as residences for the employees. There are also cabins for administration and information, another for a restaurant, recreation, and a bar.

There will be:

One Shuar museum

A laboratory for biological research with the necessary equipment.

An events hall, along with the structures listed in Point 6.1

The project will occupy an area of 10,000 hectares. These lands will be used for research, ecotourism, and the reviving of Shuar cultural values.

The Ministry of the Environment has agreed to turn over this territory, provided that the request is backed by a pre-financed project, as the Constitution of the Republic of Ecuador so states ...its use must be supported and justified by a project, so as to ensure its proper management.

#### **6.4 PROJECT REVENUES**

The project of the Nunkui Ethno-Biological Center requires a major investment for the construction of an Ethno-tourism Center, a Research Center, a Cultural Center, and small social development projects.

The Ethno-tourism Center will be in charge of the tourism area, an income-generating area whose profits will be used to maintain and finance future environmental field research. Its income will also be used for supporting cultural aspects and small-scale production projects for the Shuar communities. The Ethno-tourism Center will be an AUTONOMOUS Center.

The Ethno-tourism area is expected to generate income from lodging, the restaurant, events, and complementary services. We will have a service that sells souvenirs and articles of frequent use. The game room and the bar will generate income through the sale of all types of beverages. There will also be a charge for the tours conducted along ecological pathways. All of these will be included in a tourism package offered to the visitors.

It is expected that the installations will be fully occupied several times a year, when major Shuar ceremonies are held. These festivals will include presentations of Shuar folklore, and will be one of the major attractions.

The research center will be in charge of conducting research on the flora and fauna of the area, environmental problems, etc. It will have a sufficient infrastructure to perform its work and receive volunteers or students who wish to do intern work or who need to use the center to conduct some type of research, provided that they are in agreement with the philosophy for which the Center was created.

#### **6.5 PROMOTION**

The principal pillar of the project is the TOURISM area, as that will provide the economic support for the other areas. For that reason, tourism will be given major priority in the project's management.

The tourists will be our benefactors. In order to attract a greater number of tourists, major promotion work will be carried out through tourist magazines, posters, brochures, the Internet, web pages, and radio advertising.

At all Travel Agencies, Tourism Operators will be offered a commission for each sale of our services.

Promotional work will be concentrated in the cities of Guayaquil, Cuenca, and Quito, whose populations have a significant impact on tourism, as well as in Macas, the city closest to the project.

The same type of promotional work will be conducted in the Americas and European countries, since Ecuador is very attractive to tourists from those countries.

In addition, signs and other indicators will be placed on roadways to attract a greater number of visitors.

## 7 DEMAND

### 7.1 DEMAND ANALYSIS

Tourism in Ecuador is the fourth most important industry for generating the country's foreign currency reserves. Data provided by Ecuadorian Tourism Corporation (*Corporación Ecuatoriana de Turismo – CETUR*), shows that the increase in tourism is highly significant, and is one of the pillars of Ecuador's economy, although it also indicates that there is much work to be done.

**Average Years:** The years of 1991-1995 should be viewed as unusual, given that Ecuador was undergoing a severe economic crisis and was engaged in a military conflict with Peru. This fact is clearly seen, as we can see that revenues suffered a sizeable decline or grew at a minimal rate.

In the year of 1997, tourism ranked higher than oil exports and products of the sea, which ranked 5<sup>TH</sup> and 6<sup>TH</sup> respectively. It also placed higher than other revenue-generating activities.

1998 shows a growth rate similar to that of previous years. The year was characterized by increased stability, despite problems such as the El Niño weather phenomenon and the country's economic crisis.

### 7.2 FOREIGN TOURISTS

CETUR data regarding foreign tourists to Ecuador allows us to know the number of persons who visited Ecuador from their respective continents an/or countries of origin between 1991 and 1995.

We can conclude that the largest number of tourists come from Colombia, the United States, and Peru in the Americas, followed by Europe, with a considerable participation.

### 7.3 ECUADORIAN TOURISTS

Our market study on Ecuadorian tourists will utilize data obtained by CETUR based on an estimate of the number of vehicles and passengers on spans of the national General Plaza - Macas highway system between 1990 and 1995. These estimates indicate more than one million persons arriving in Macas in 1998. This figure does not consider arrivals along the new Macas – Puyo – Quito highway, for which the Ministry of Public Works has no data. We can accurately state that the figures given above could be tripled, depending on the time of year. There is no set number of persons that arrive in Macas based on the various points of entry.

## 8 TECHNICAL PHASE

### 8.1 PRODUCT

The first step in the production process is that of Civil Works. The project contemplates the construction of nine cabins for lodging. The cabins will either have single, double, triple, or quadruple rooms, equipped with a private bath, waiting room, and air conditioning.

The reception and administration area will have all the equipment and furnishings necessary for said purposes.

The restaurant will be designed to meet the demand of the project's visitors. It will have capacity for 60 persons, and will have all utensils, furnishings, and equipment necessary for said purposes.

The game room will have whatever it needs for its purposes.

The recreation areas will be divided into sections for games, along with a natural spa. It will also have a cultural events hall and a museum.

The ecological trails will have the necessary signs for visits to the Ethno-Biological Center.

As part of the attractions, the Research Center's work and progress will be shown to tourists, as well as its infrastructure features, such as animal nurseries, plant nurseries, aquariums, etc.

The Research Center will enter into agreements with universities, schools, non-governmental organizations, and persons interested in conducting studies and research. The Research Center will be in charge of the animal nursery, aquarium, plant nursery, and other significant studies or research sponsored or subsidized by non-governmental organizations, universities, etc., who may use our research equipment, so long as their research follows our policies.

### 8.2 SIZES AND LOCATION

The cabins are located in the province of Morona Santiago, Morona district, within the Kutukú and Shaimi forest reserve.

The characteristics of the site are good. The determinant factors for locating the cabins at the chosen site are that the site has all the basic services to function properly. In addition, the Center has a secondary access road.

The project is located at an altitude of 600 meters above sea level. It is 250 km. from Quito and 60 km. from Macas (in a straight line). Rainfall is 3,000 to 4,000 mm. per year. The site adjoins a tropical forest, which is divided by a river.

In this area are the Cave of Los Tayus and waterfalls, which will serve as a tourist attraction.

The cabins will have an installed capacity to house 54 persons, distributed over nine cabins. The Center will be situated within an area of 2,000 square meters, that is, two hectares. This area will be earmarked for building the cabins used for lodging, administration, reception, a restaurant, museum, game room, natural spa, and other areas for recreation, research, and culture.

Pathways will be built in the remaining hectares, which will be earmarked for research and future project ecotourism expansions.

### 8.3 DESCRIPTION OF THE PRODUCTION PROCESS

The first step in the production process is that of Civil Works, followed by promotional work to publicize the services offered by our company. The promotional work will be conducted over the press, radio, the Internet, and other communications media.

The second step is that of receiving the customers. The receptionist will be in charge of welcoming the visitors, servicing them immediately and providing them with all types of information.

Tourists will be escorted to their rooms, accompanied by a hotel attendant who will assist them with all their needs.

For breakfast, lunch, or dinner, customers may visit the restaurant, which will offer a well-varied menu. For the tourists' entertainment there will be a game room and a bar, where they can enjoy a variety of beverages.

In addition, we will also have a natural spa, pathways, and scheduled tours. All of this will form a part of a tourist package, customized to the visitor's tastes.

There is ample space so that visitors can enjoy all the conveniences. We expect tourists to be satisfied and happy they visited us.

#### Equipment and Tool Requirements

The equipment and tools necessary for the project are indicated by sector:

- **Rooms:** There will be beds, night tables, a fan, a closet, etc
- The bathroom will require towels, soap, and cleaning materials, which, in general, should be biodegradable.
- **Bar and Restaurant.** Will use: Music equipment, appliances, kitchen utensils, furniture and furnishings in general, fans and lamps, etc.
- **Reception and Administration:** Office equipment, office furniture.
- **Recreation:** Billiard tables (this is used because it is a game that doesn't make noise), cleaning articles (biodegradable), first aid equipment, etc.

\*All the equipment and tools to be used in the project will be redesigned to meet environmental standards and principles of respecting nature. For example, the audiovisual equipment will only be used with earphones, which must be requested by the visitor. Otherwise, the visitor will not be provided with said equipment.

Articles, equipment, and western games will have to comply with the following rules in order to be used within the center: they must be redesigned so as not to produce noise. If they do produce noise, the noise should be reduced to the lowest possible level, and their use will be limited.

## 8.4 PERSONNEL NEEDS

a. **Direct Labor:** The direct labor needed for the project is a hotel attendant, cook, waiter, busboy, etc. They will receive their respective salaries per month each year, plus legally mandated benefits.

b. **Indirect Labor:** The indirect labor needed, such as the maintenance and cleaning personnel, guards, guides, etc. will receive their respective salaries per month each year, plus legally mandated benefits.

c. **Other Personnel:** A manager, administrator, secretary, bookkeeper, and receptionist.

## 8.5 TECHNICAL ASSISTANCE

It is planned that a professional will be contracted, with extensive skills in the field of tourism administration, who will carry out the functions of Company Manager.

There will also be bilingual and native guides. In addition, there will be a technical auditing consultant. Other workers or technical personnel will also be needed (casual labor, accountants, and engineers). This will be the most indispensable personnel for commencing the project. In the future, personnel will be required in accordance with the needs of the establishment.

## 8.6 PRODUCTION SCHEDULE

The production schedule responds to the tourist seasons. In our country, specifically, there are high and low seasons. During the low season our installations will have an occupancy rate of 50% for the first year, 55% for the second year, and 60% for the third year, until a customer base and stability in the tourism industry is established.

Under the proposed plan, the production schedule will focus upon completing the construction of all the cabins. Cabin construction is projected to take place during the months of June, July, August, September, October, November, December, and January. At that time, they will be opened to receive tourists, as that is the start of the peak season in our country, when people take their vacations and make plans to visit the area where our cabins are located.

For one (1) month, promotional offers of free visits will be made to promote the establishment.

At the end of the year an overall evaluation will be made. A decline in demand is foreseen for the remaining months, at which time other activities will be promoted, such as packages and offers to attract tourists.

# 9 INVESTMENTS AND FINANCING

## 9.1 INVESTMENTS

Fixed Assets	Units	Unit Price	Total Price
Information & Administration Cabin	1	2,600	2,600
Restaurant & Kitchen Cabin	1	5,850	5,850
Recreation Cabin	1	5,005	5,005
Museum and Store Cabin	1	6,760	6,760
Events Cabin	1	5,135	5,135
Laboratory Cabin	1	3,770	3,770
Lodging Cabins	9	5,070	45,630
Workers' Cabin	1	4,550	4,550

Hunting Hut	1	1,950	1,950
Shaman Hut	1	1,963	1,963
Sacred Hut	1	1,885	1,885
Observation Tower	1	20,540	20,540
Pathways		135,785	135,785
Pumped Water Pipelines	2	22,750	45,500
Solar Panels		51,870	51,870
Animal Nursery	1	45,500	45,500
Aquarium	1	42,900	42,900
Plant Nursery	1	44,590	44,590
Treatment Plant		31,200	31,200
Piped Water		6,240	6,240
Work Tools		27,300	27,300
Library		27,950	27,950
Office Equipment		38,350	38,350
Office Supplies		5,850	5,850
Research & Laboratory Equipment		195,000	195,000
Information & Administration Furnishings	24,700	24,700	
Furnishings, Restaurant & Kitchen		49,400	49,400
Furnishings, Recreation		6,110	6,110
Furnishings, Museum		11,570	11,570
Furnishings, Events Hall		9,490	9,490
Furnishings, Laboratories		6,500	6,500
Furnishings, Lodging		36,400	36,400
Natural Spa		3,250	3,250
Publicity		11,310	11,310
Communications Equipment		33,670	33,670
Appliances		50,700	50,700
Miscellaneous Equipment		16,250	16,250
<b>SUBTOTAL</b>			<b>1.063.023</b>
<b>Differed Assets</b>			
Initial Expenses		6,500	
Pre-operative Expenses		29,900	
Operating Expenses		48,100	
Contingencies		23,400	
Miscellaneous		6,500	
<b>SUBTOTAL</b>		<b>1.177.423</b>	
<b>WORKING CAPITAL</b>		<b>36,600</b>	
<b>TOTAL INVESTMENT</b>		<b>1.214.023</b>	

In accordance with new laws regarding currency, the official currency of Ecuador is the AMERICAN DOLLAR, replacing the SUCRE, whose price or exchange rate before September, 2000 was 1 US dollar = 25,000 Sucres.

The Economic situation in Ecuador has been irregular, marked by great contrasts. As such, it has been necessary to update the total cost of the project. The average inflation rate that existed up until 1996 was taken into account, as that way, one could speak of in terms of equilibrium. This approach yields an average annual rate of 29.5% (We used 30% for purposes of calculations on this project). This

annual average was used so as not to inflate costs to the point that the project would be lost. Indeed, in the following years, inflation grew considerably. It was 43.4% for the year 1998, 60.7% for 1999 and 96.6% for the year 2000. It should be borne in mind, however, that those years were atypical for Ecuador, as the country faced crises such as floods provoked by the El Niño phenomenon, political crises, strikes and work stoppages which caused the downfall of the President. The country was also affected by the dollarization of the Ecuadorian economy, when the U.S. dollar became the new official currency.

## 9.2 FINANCING

To cover the investments indicated above, the following financing plan has been considered: The project has a total cost of US\$ 1.214.023 USD (00/100 UNITED STATES DOLLARS).

Financing for this project will be distributed as follows:

Nunink Nunkai Foundation	20%, US\$ 242.804,60
External contributions requested	80%, US\$ 971.218,40

## 9.3 DURATION OF THE PROJECT

The project will have a duration of ten (10) years, as of the time at which its financing is obtained. In the first year and a half it is projected that all sorts of construction work for the project will be built, after which the center will be functioning 100%.

Ecotourism is what generates revenues for the center, and the center is expected to be generating a profit as of its ninth (9<sup>th</sup>) year.

## 9.4 ENVIRONMENTAL IMPACT

To mitigate any damage to the environment, traditional Shuar building structures will be designed. Noise-causing tools or devices will be avoided as much as possible, or said equipment will be redesigned for our use. The structures will be built using ancestral techniques.

There will be a treatment plant for liquid and solid wastes.

## 9.5 ECOLOGICAL REINVESTMENT

After the ninth (9<sup>th</sup>) year, all the money invested in the project will generate a profit. Using that profit, the amount that was invested in the entire project will be placed into a special fund. This fund will be used for projects servicing the Shuar communities and culture, and for environmental research, and the maintenance of the Center.

For more information, please contact:

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