TOURISM IN THE ECONOMIC GROWTH OF AREQUIPA REGION: ASSESSMENT AND DEVELOPMENT POLICY IMPLICATIONS

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Abstract
The objectives of this paper are, firstly, to determine the role of tourism in the economic growth of the Arequipa region and, secondly, to propose actions that can shed light onto the policy making by the regional authorities which have selected the sector as a trigger of development. We have used the Ivanov and Webster methodology based on economic growth decomposition. Our results show tourism’s potential in Arequipa’s economy and the key role that community tourism could play in the conduct of the region’s socioeconomic characteristics and its environmental and cultural restrictions.

Keywords: Arequipa; Development; Community Tourism; Sustainable Tourism
Clasificación JEL: Q01, O54, O41, O18, L83

1. Introduction
Arequipa’s economy revolves around manufacturing and trade as well as other sectors. These activities made up 18.4 percent, 13.4 percent and 16.4 percent of the Gross Value Added (GVA) of the region in 2009. Nevertheless, agriculture and related activities represented 13.2 percent of this magnitude and a 17.7 percent of its active population was employed in this sector (INEI, 2010). In fact, the rural population constitutes 12.5 percent and is located, predominantly, in the Valley of Colca which consists of extensive rural areas where poverty is intense (Baldárrago, 2007). It is important to highlight that 8.6 percent of the population of the Valley of Colca live under extreme poverty and the region as a whole has a poverty rate of 21 percent, while 22.6 percent of its population have a basic need unmet. Moreover, 30.2 percent of households lack a water supply, 35.6 percent have no sewer system and the illiteracy rate is 6.3 percent.

To combat these harsh realities it is necessary to resort to specific approaches which work in all dimensions of development, that is, economic, social, cultural and ecological areas as well as the full-life paradigm (Sharpley and Telfer, 2002). In this sense, tourism is usually highlighted as an integral factor in development policies due to its potential, quick, and less costly impact on growth (Croes and Vanegas, 2008, p. 94). It increases employment and foreign exchange earnings, boosting the economic growth (Sharpley, 2002 and Muhanna, 2007). As a result, it is not surprising that the Regional Government of Arequipa considers tourism a focal point of its strategic development program. In fact, it intends to turn Arequipa into a competitive touristic destination of national and international certification offering quality services. The final aim should be to improve quality of life and social equity while traditions and cultural identity are spread, natural
and cultural heritages are preserved and participation of the local population in
development is encouraged (Gobierno Regional de Arequipa et al., 2003).

According to the Tourism Office of the Regional Government, tourism contributes to 2.3
percent of the regional GDP of Arequipa and provides 65,000 jobs in both a direct and
indirect way. Thus, touristic promotion could boost Arequipa’s economic growth given
that the region has important cultural and natural resources. Nevertheless, Arequipa has
still to overcome many cases of deficient infrastructure as well as having environmental,
social and heritage limitations to manage in order to defeat negative repercussions of
tourism; for instance, the environmental degradation or a low level of social association
which can impede on development.

Therefore, the main aim of this paper is to measure the contribution of tourism to the
economic growth of the Arequipa region to highlight its potential to boost it. We have
applied the methodology of the economic growth decomposition developed by Ivanov
and Webster (2007) since other widely used techniques that are based on Input-Output
Tables were not suitable owing to the lack of a feasible set of data. In addition, we
explain the prospects and restrictions which the region can expect using the sector as a
development trigger and propose a possible policy option: community tourism. As far as
we are aware, this is the first study that analyses these topics.

The remainder of the paper is laid out as follows. Section 2 briefly reviews the literature
and explains the methodology as well as the data sources, Section 3 presents the results
and highlights policy implications; while a final section contains a summary and

2. Literature review, methodology and data

A wide range of studies have been carried out to measure the impact of tourism on
economic growth and development at a regional level. Special attention is paid to rural
regions since tourism could be a catalyst to supplementing income and triggering
economic growth (Donaldson, 2007; Cortés-Jiménez, 2008; Feng, 2008; Gülcan et al.,
2009 or Das and Rainey, 2010).

Nevertheless, the economic evaluation of tourism is not a simple matter. A global
analysis tool developed for that purpose is the Tourism Satellite Accounts (TSA)
promoted by the World Tourism Organization. Its construction at a regional level has a
growing importance owing to its usefulness as regional planning tool. In fact, the
evaluation of economic impact of tourism has been predominantly based on I-O Analysis.
However, Dwyer et al. (2004) stated that the estimation of the net impact of tourism in an
economy using I-O technique ignores key economic aspect in assuming that there is a
free and unrestricted flow of resources to tourism industry and ignoring the resource
limitations, the working of the labour market or the relation with the rest of the world.
Therefore, I-O Analysis, as multiplier techniques do, only counts the positive effects on
economic activity and, in that way, usually overestimates the economic impact of
tourism.

Computable General Equilibrium (CGE) models start from an I-O framework, but take
into account the links between markets and, therefore, the negative impacts of tourism, as
an increase of tourism activity imply, for example, less available resources or consume
for other sectors. Moreover, as Costas and Eeckels (2009) pointed out, CGE models are implemented when data are not available or are of low quality. So, this technique has been widely used, above all, in Australian studies and in the analysis of impacts of certain events: Dixon et al (1982), Dwyer (2005 and 2006), Pambudi et al (2009). Nevertheless, it must be highlighted that CGE models simulate the impact of an external crisis on an economy, they do not show what has happened as Ivanov and Webster (2007) method do.

Starting from the growth of GDP per capita, \( G_r \), as a measure of the economic growth:

\[
G_r = \left( \frac{Y_{a1 \{p \mid P \mid a \} \_0}}{N_1} - \frac{Y_{a0 \{p \mid P \mid a \} \_0}}{N_0} \right) \times 100
\]  

(1)

where \( Y_{a1 \{p \mid P \mid a \} \_0} \) is the GDP in constant prices, \( Y_{a0 \{p \mid P \mid a \} \_0} \) is the GDP in the base year, \( N \) is the average size of population, index 1 denotes the current period and index 0 is the base period, Ivanov and Webster (2007) disaggregated the tourism GDP in constant prices, \( \sum_{i=1}^{\infty} Y_{d0 \{p \mid P \mid a \} \_0} \), from the GDP in constant prices of the other industries, \( \sum_{i=1}^{\infty} Y_{d0 \{p \mid P \mid a \} \_0} \), and tourism GDP in the base period, \( Y_{d0 \{p \mid P \mid a \} \_0} \), from GDP of other sectors in base period, \( \sum_{i=1}^{\infty} Y_{d0 \{p \mid P \mid a \} \_0} \), obtaining the following expression:

\[
G_r = \left[ \frac{Y_{d0 \{p \mid P \mid a \} \_0}}{N_1} - \frac{\sum_{i=1}^{\infty} Y_{d0 \{p \mid P \mid a \} \_0}}{N_1} - \frac{\sum_{i=1}^{\infty} Y_{d0 \{p \mid P \mid a \} \_0}}{N_0} \right] \times 100
\]  

(2)

So, the part of real GDP per capita growth that is a consequence of tourism would be:

\[
G_{r_t} = \frac{Y_{d0 \{p \mid P \mid a \} \_0}}{N_1} - \frac{Y_{d0 \{p \mid P \mid a \} \_0}}{N_0} \times 100
\]  

(3)

It must be noted that \( G_{r_t} \) does no capture the secondary (indirect and induced) effects of tourism on economic growth. They are depicted by the difference between \( G_r \) and \( G_{r_t} \), and are considered direct effects of other industries on economic growth. On the other hand, we must highlight that Ivanov and Webster methodology, in contrast with other techniques more useful to predict external crisis impacts, allow us to assess the contribution of tourism to economic growth of our selected area: Arequipa region. We must take into account that there are still no regional TSA in Latin America in spite of it being one of the activity sectors more promising in the future. Peru is not an exception:
the lack of a feasible statistical tourism system prevents the direct analysis of the component of the demand of goods and services that could be related to tourism within the economy as well as the observation of the supply of tourism goods and services within the same economy as a reference.

Our data has been collected from Departmental Series of the National Accounts supplied by the National Institute of Statistic and Computing of Peru (INEI) for the 2001-2009 period and from the estimates and projections of population of INEI and United Nations Population Fund (2009). Even though Ivanov and Webster methodology could be applied with data on Gross Value Added (GVA), we have chosen to use GDP since it is probably a better measurement for economic growth and welfare because it includes also net taxes which are the basis of the collective consumption of a society. As we use national accounts data, our analysis only considers the tourism activities directly linked to tourism which are included in the heading of Hotels and Restaurants.

3. Results and policy implications

As table 1 shows, tourism activity in Arequipa, measured by GDP constant 1994 prices, has registered a cumulative average rate of change of 5.85 percent during the period 2001-2009; while Lima, the most visited destination in Peru, and the whole country experienced an increase of 5.51 percent and 5.61 percent, respectively. Arequipa has maintained higher year-on-year rates of growth than Lima and the National Total during the analyzed period too, excepted in 2006 and 2007. Nevertheless, we must highlight the rates reached by Arequipa in 2007 and, above all, 2008. The arrivals of tourists rose by 6.1 percent and 5.7 percent in those years; while the overnight stays grew by 10.49 percent and 9.23 percent. Nevertheless, as previously mentioned, Lima and the National Total had higher year-on-year rates of growth than Arequipa in 2007. This year the tourists that arrived to this region were less numerous than the visitors to Lima or the whole country since they chose alternative routes.

At this point, it should be taken into account that Arequipa has a developed tourism system and a public administration implicated in promoting this activity. Both the Regional Government and the Regional Management of Foreign Trade and Tourism have shown a special interest in using tourism as a development trigger (Gobierno Regional de Arequipa et al., 2003). So, the Regional Strategic Development Program states as main specific objectives in this area, firstly, to improve the touristic supply through enhancing the networks of hotel, tour operators and other services related with tourism; secondly, to train human resources in tourism business management and, finally, to develop new touristic products (Gobierno Regional de Arequipa et al., 2003). Moreover, the region has created an entity in charge of boosting tourism in the Valley of Colca, the Autonomous Authority of Valley of Colca. It has the aim to promote and preserve its natural and historic heritage, as well.

With regard to the connectivity of the region, it should be highlighted that its international airport, placed at approximately 7.5 miles of the town centre of Arequipa, is the third on the country in terms of passenger movement. In 2009 it was used by more

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1 MINCETUR (2008b) shows three touristic routes in Peru: North, Center and South. Arequipa is included in the last one.
than 500,000 people, only the airports of Lima and Cuzco overcame this figures. Nevertheless, the situation of the road network is quite different: the asphalt stretches do not reach the 30 percent and its maintenance is unsatisfactory. So, road trips are usually long and uncomfortable.

On the other hand, we must underline the slowing down suffered by the growth of GDP in tourism in 2009 in all the areas considered, but the behavior of Arequipa is better again. The crisis made tourist arrivals increases go down to -3.27, -3.27 and -3.72 percent rates in Arequipa, Lima and Peru; while the overnight stays grew at 16.17 percent in Arequipa and only at 4.96 percent in Peru in year-on year terms.

The average cumulative growth of Arequipa total GDP is higher than Lima and the National Total during the analyzed period, as well (Table 2). Nevertheless, its year-on-year rates of increase were lower than those of the other considered areas in 2003, 2006, 2008 and 2009. The reasons can be found in the fall suffered by the production activities of Fishing and Mining in 2003 (27.4 and 10.5 percent, respectively) in Arequipa, the rise of Construction and Trade in the whole country (14.76 percent and 11.65 percent, respectively) and the increment of Mining in Lima (951.5 percent) in 2006, and the downturn of Fishing (8.3 percent) in 2008 in Arequipa, as well as the decrease of Manufacturing by a 10.8 percent in 2009. On the other hand, it should be stressed the rate reached by the region in 2007 (15.6 percent) owing to the increment of its Mining activity (116.4 percent).

However, the Arequipa population raise was lower than that of Lima and the National Total in average cumulative terms (table 3), its year-on-year rates being lower during the 2001-2009 period, too. Moreover, it should be highlighted that all the selected areas experienced a downward trend in this respect, with the exception of Lima in 2009.

If we consider the GDP in tourism in per capita terms, we can observe that Arequipa region showed a higher rate of year-by-year growth than Lima and the National Total, except in 2003, 2006 and 2007. Data compiled in table 4 reached their greater values in 2008 (10.08 percent). In fact, the average cumulative rate of growth registered by Arequipa during the period was 4.65 percent versus 3.85 and 4.30 percent of the Lima region and the whole country, respectively. The analysis of GDP per capita produces similar results. Arequipa average cumulative change rate was above the other areas and follow the trend of Lima and Peru. Moreover, the region rose by a 14.38 percent in 2007 while Lima and Peru registered an increment of 9.02 percent and 7.61 percent, respectively. As mentioned above, this year, Mining production activity grew by 116.4 percent in Arequipa; while Lima and the whole country registered change rates of -12 percent and 2.7 percent.

As regards of the assessment of the contribution of tourism activity to the economic growth, data of table 6 must be interpreted as the percentage of the GDP per capita growth generated by the increase of the tourism activities. Our results manifest a close proximity between the figures reached in Lima and the National Total: 0.2 and 0.16 percent on average during the 2001-2009 period, respectively. The tourism contribution to the Arequipa growth was lower than that of these areas: 0.13 percent on average in the same period. It was lower in all the analyzed years, except in 2002.
Table 1: GROWTH OF GDP IN TOURISM CONSTANT 1994 PRICES (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>AREQUIPA</th>
<th>LIMA</th>
<th>NATIONAL TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>5.02</td>
<td>2.87</td>
<td>3.06</td>
</tr>
<tr>
<td>2003</td>
<td>4.41</td>
<td>4.40</td>
<td>4.66</td>
</tr>
<tr>
<td>2004</td>
<td>4.87</td>
<td>4.46</td>
<td>4.49</td>
</tr>
<tr>
<td>2005</td>
<td>5.85</td>
<td>5.39</td>
<td>5.37</td>
</tr>
<tr>
<td>2006</td>
<td>4.97</td>
<td>5.14</td>
<td>5.14</td>
</tr>
<tr>
<td>2007</td>
<td>8.43</td>
<td>9.09</td>
<td>8.88</td>
</tr>
<tr>
<td>2008</td>
<td>11.23</td>
<td>10.77</td>
<td>11.10</td>
</tr>
<tr>
<td>2009</td>
<td>2.28</td>
<td>2.24</td>
<td>2.26</td>
</tr>
</tbody>
</table>

Source: National Institute of Statistic and Computing of Peru and own

Table 2: GROWTH OF GDP IN CONSTANT 1994 PRICES (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>AREQUIPA</th>
<th>LIMA</th>
<th>NATIONAL TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>8.45</td>
<td>3.84</td>
<td>5.02</td>
</tr>
<tr>
<td>2003</td>
<td>3.52</td>
<td>4.36</td>
<td>4.03</td>
</tr>
<tr>
<td>2004</td>
<td>5.45</td>
<td>5.12</td>
<td>4.98</td>
</tr>
<tr>
<td>2005</td>
<td>6.84</td>
<td>6.92</td>
<td>6.83</td>
</tr>
<tr>
<td>2006</td>
<td>6.10</td>
<td>8.99</td>
<td>7.74</td>
</tr>
<tr>
<td>2007</td>
<td>15.60</td>
<td>10.61</td>
<td>8.87</td>
</tr>
<tr>
<td>2008</td>
<td>8.72</td>
<td>10.90</td>
<td>9.76</td>
</tr>
<tr>
<td>2009</td>
<td>0.19</td>
<td>0.43</td>
<td>0.85</td>
</tr>
</tbody>
</table>

Source: National Institute of Statistic and Computing of Peru and own

Table 3: GROWTH OF POPULATION (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>AREQUIPA</th>
<th>LIMA</th>
<th>NATIONAL TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>1.32</td>
<td>1.82</td>
<td>1.41</td>
</tr>
<tr>
<td>2003</td>
<td>1.24</td>
<td>1.76</td>
<td>1.36</td>
</tr>
<tr>
<td>2004</td>
<td>1.19</td>
<td>1.70</td>
<td>1.32</td>
</tr>
<tr>
<td>2005</td>
<td>1.17</td>
<td>1.63</td>
<td>1.28</td>
</tr>
<tr>
<td>2006</td>
<td>1.12</td>
<td>1.54</td>
<td>1.23</td>
</tr>
<tr>
<td>2007</td>
<td>1.07</td>
<td>1.46</td>
<td>1.17</td>
</tr>
<tr>
<td>2008</td>
<td>1.04</td>
<td>1.42</td>
<td>1.14</td>
</tr>
<tr>
<td>2009</td>
<td>1.04</td>
<td>1.43</td>
<td>1.13</td>
</tr>
</tbody>
</table>

Source: National Institute of Statistic and Computing of Peru and own

Table 4: GROWTH OF GDP IN TOURISM PER CAPITA IN CONSTANT 1994 PRICES (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>AREQUIPA</th>
<th>LIMA</th>
<th>NATIONAL TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>3.65</td>
<td>1.03</td>
<td>1.62</td>
</tr>
<tr>
<td>2003</td>
<td>3.12</td>
<td>2.60</td>
<td>3.26</td>
</tr>
<tr>
<td>2004</td>
<td>3.64</td>
<td>2.72</td>
<td>3.14</td>
</tr>
<tr>
<td>2005</td>
<td>4.63</td>
<td>3.70</td>
<td>4.04</td>
</tr>
<tr>
<td>2006</td>
<td>3.81</td>
<td>3.54</td>
<td>4.03</td>
</tr>
<tr>
<td>2007</td>
<td>7.29</td>
<td>7.52</td>
<td>7.61</td>
</tr>
<tr>
<td>2008</td>
<td>10.08</td>
<td>9.21</td>
<td>9.85</td>
</tr>
<tr>
<td>2009</td>
<td>1.23</td>
<td>0.80</td>
<td>1.12</td>
</tr>
</tbody>
</table>

Source: National Institute of Statistic and Computing of Peru and own

Table 5: GROWTH OF GDP PER CAPITA IN CONSTANT 1994 PRICES (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>AREQUIPA</th>
<th>LIMA</th>
<th>NATIONAL TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>7.04</td>
<td>1.99</td>
<td>3.56</td>
</tr>
<tr>
<td>2003</td>
<td>2.24</td>
<td>1.86</td>
<td>2.63</td>
</tr>
<tr>
<td>2004</td>
<td>4.20</td>
<td>3.37</td>
<td>3.61</td>
</tr>
<tr>
<td>2005</td>
<td>5.61</td>
<td>5.20</td>
<td>5.48</td>
</tr>
<tr>
<td>2006</td>
<td>4.92</td>
<td>7.33</td>
<td>6.44</td>
</tr>
<tr>
<td>2007</td>
<td>14.38</td>
<td>9.02</td>
<td>7.61</td>
</tr>
<tr>
<td>2008</td>
<td>7.61</td>
<td>9.34</td>
<td>8.52</td>
</tr>
<tr>
<td>2009</td>
<td>-0.84</td>
<td>-0.99</td>
<td>-0.27</td>
</tr>
</tbody>
</table>

Source: National Institute of Statistic and Computing of Peru and own

Table 6: TOURISM CONTRIBUTION TO ECONOMIC GROWTH (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>AREQUIPA</th>
<th>LIMA</th>
<th>NATIONAL TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>0.11</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td>2003</td>
<td>0.09</td>
<td>0.14</td>
<td>0.13</td>
</tr>
<tr>
<td>2004</td>
<td>0.11</td>
<td>0.15</td>
<td>0.12</td>
</tr>
<tr>
<td>2005</td>
<td>0.13</td>
<td>0.20</td>
<td>0.16</td>
</tr>
<tr>
<td>2006</td>
<td>0.21</td>
<td>0.19</td>
<td>0.15</td>
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<tr>
<td>2007</td>
<td>0.27</td>
<td>0.38</td>
<td>0.28</td>
</tr>
<tr>
<td>2008</td>
<td>0.27</td>
<td>0.46</td>
<td>0.37</td>
</tr>
<tr>
<td>2009</td>
<td>0.03</td>
<td>0.04</td>
<td>0.04</td>
</tr>
</tbody>
</table>

Source: National Institute of Statistic and Computing of Peru and own
The tourism contribution to the Arequipa economic growth was highest in 2007 and 2008: 0.21 and 0.27 percent when in the cases of Lima, main entrance of the country, and Peru was of 0.46 and 0.37 percent, respectively. This data is significant if we take into account that the results of Brida et al. (2008) analysis were lower for USA, Spain, France or Italy when the series match up: they are placed down on 0.1 percent.

At this point, we must consider that the weight of the GDP yielded by Hotels and Restaurants over the total GDP in Arequipa is less than that registered in Lima and, above all, in Peru: 2.9 percent on average during the analyzed period versus 5.21 percent and 3.8 percent, respectively. So, our results stress the potential of tourism for Arequipa economy and, therefore, the importance of an adequate decision-making to develop the sector in the region. In this respect, it is crucial to take into account its socioeconomic characteristics and its limitations relating to environmental protection and cultural heritage. As previously mentioned, Arequipa is a region with wide rural areas suffering high indices of poverty that affect more intensively women. Nevertheless, it counts on wide natural, cultural and social resources.

The Valley and Canyon of Colca, placed in a National Reserve, allow nature tourism and practicing adventure sports like canoeing, mountain cycling or trekking, too. The cultural tourism could be met by the Inca archaeological remains, a wide set of architectural pieces of different architectural styles (Renaissance, Baroque and Neoclassicism) and, above all, the Arequipa town (Cultural Heritage of Humanity since 2000). However, it should be stressed that one of the main appeals of Arequipa could be its own local communities. The Collaguas and Cabanas population, the ethnic groups of Colca Valley, maintain a life style based on indigenous traditions and, hence, with very different characteristic to the rest of the national society. So, the community tourism could be an excellent option to diversify Arequipa economic activities and, moreover, the tourist supply over and above the cultural tourism which has been the main objective of tourist promotion policies until the nineties and, therefore, characterizes Peru as a destination. It could be an alternative to strengthening the region and reducing its poverty level and ethnic discrimination (Gobierno Regional de Arequipa et al., 2003, p. 63) by encouraging a greater participation of population, specially the indigenous one, in small business of family or community character.

According to MINCETUR (2008a), the rural community tourism is any activity developed in the rural environment in a drawn up and sustainable way. It should be based on the local population participation and on the rural culture and be organized to benefit the whole community. Therefore, it answers the tourist requests for new experiences, boosts the area economic development, improves the environmental conservation and prevents the undesirable impacts of tourism (Maldonado, 2005 and Manyara and Jones, 2007). Moreover, World Tourism Organization (WTO, 2002) and MINCETUR (2008 a) point out that this kind of tourism could reduce, as a complementary activity to agriculture, the rural areas poverty as it could be an export and employment source. It should be highlighted, at this point, that Arequipa region has significant environmental

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2 It must be highlighted that rural environment includes district capitals as their configurations, dimensions and lifestyles still are rural.

3 The rural culture includes customs, heritage, gastronomy and values and lifestyles, as well.
problems that have led to processes of extinction of some species (Gobierno Regional de Arequipa et al., 2003, p. 60).

Furthermore, the community tourism is an effective mean of boosting the gender equality, one of the limitations for regional development noted by the strategic development program of Arequipa (Gobierno Regional de Arequipa et al., 2003, p. 63), since tourism requires a higher participation of women employment (WTO, 2003). So, community tourism could generate opportunities for creating small business intensive in women’s labor. The experiences of Salt pans of Maras4, Raqchi and Pampallaqta hamlets5 and Chinchero weaver women6 could be good examples to follow. Similar initiatives could increase the financial independence of women and improve their training (Baldárrago, 2007) and standard of living (OIT, 2002). Nevertheless, it should be taken into account that there is evidence that sometimes female participation in rural tourism tends to reinforce traditional roles. The participation of women as entrepreneurs could be minimal (Sparrer, 2003). So, special attention must be paid to these questions at putting the initiatives into practice.

Moreover, it should be stressed that this process success will only be possible if the local communities play the leading role since the main objective of this policy is building an active local fabric where the social and economic balances could be regulated in respecting the individual, the communities and the cultural and social lifestyles. In this respect, the low level of association movements in Arequipa (Gobierno Regional de Arequipa et al., 2003, p. 63) could be a handicap to overcome with community tourism initiatives. Furthermore, it should be necessary to improve the housing habitability (light, water and sewer system) in rural areas of the region, the access to new communications and information technologies, since only the 15.5 percent of households had internet access in 2009 (INEI, 2010), and the road networks. In this regard, it should be pointed out that the 86.2 percent of Arequipa municipalities had started activities to boost tourism; while the 93.6 percent had undertaken actions to preserve the environment in 2009 (INEI, 2010). It could be a good signal of the communities’ interest.

4. Conclusions

The agriculture and its related activities still play an important role in the economy of the Arequipa region, above all, in the Valley of Colca where the rural population and the poverty are concentrated. Moreover, the region suffers serious shortages in respect of the road networks, the access to new technologies of communications and the social dimension. Nevertheless, the Arequipa Regional Government is committed to the development and has selected tourism promotion as a key axis of its strategic development program to improve the population quality of life and the social equity. But, at the same time, the policy makers want to spread traditions and cultural identity and to

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4 A set of 3000 natural pools on the hills side where salt is extracted for human consume since Inca age.
5 Little hamlets of Cuzco farmers and ceramist who have converted their homes to receive tourist and share with them their Inca ancient customs and traditions
6 Chinchero weaver women have constituted a cooperative to preserve their traditional way of making blankets and bags and to promote their sales to Europe and USA.
preserve natural and cultural heritages, as well as, to encourage population participation in the development.

In that respect, community tourism could be an excellent option to manage the potentials of the region in the natural, cultural and social areas. Community tourism promotes women employment, reassesses the ethnic and cultural identity of local populations, promotes the transmission of heritage and preserves the environment. So, community tourism should avoid the negative impact of tourism, too.

It should be taken into account that the results of our empirical analysis show that the GDP generated by tourism in Arequipa has reached a cumulative rate of growth slightly higher than those of Lima and the whole of the country in the analyzed period. In year-on-year terms, this region stands out from Lima and national total except in 2006 and 2007, when the tourists preferred alternative routes. A similar path can be observed in analyzing the whole and tourism GDP in per capita terms: the average cumulative rate of growth of Arequipa was above the other selected areas in the analyzing period. On the other hand, we must highlight that the contribution of tourism activity to the economic growth of Arequipa was lower than in the cases of Lima and the whole of Peru, stressing the potential of tourism as a boost to the Arequipa economy.

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