

Project of Creation an hotel establishment for the Geotourism of Madagascar

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ABSTRACT

Within the framework of the development of tourism, and more particularly of the development of Geotourism in Madagascar, a creation of Geotouristic hotel establishment of ecolodge type. It aims to improve the quality of tourist service offered, in order to match the supply to the demand.

Keyword: *Tourism, Geotourism, Development project, Madagascar.*

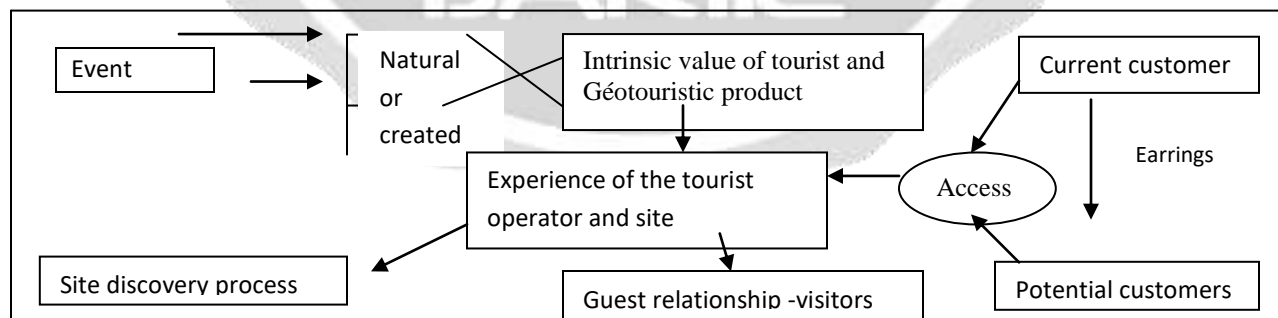
1. INTRODUCTION

The project creation of a Geotourism hotel establishment of the ecolodge type finds its interest in the policy of exploitation and protection of the environment, since an ecolodge is developed and managed in a way that respects the environment. After outlining the strategic direction of the project, the following points will be considered: (i) project description, (ii) cost-benefit analysis, and (iii) project impacts on tourism promotion.

2. STRATEGIC METHOD AND RESULT OF THE PROJECT

A Geotourism product is defined by the combination of all the elements of the service that tourists consume and assumes the presence, on site, of all the inputs or components of the product: access infrastructures, natural or cultural heritage attractions, and customer services. It is, in a way, the result of a particular assembly of inputs. These inputs are made up of various services: restaurants, transportation, recreation and entertainment. The competitiveness of the domestic product will depend mainly on the quality and diversity of the inputs offered. Figure 1 integrates all the elements that constitute the global offer of the company that works in Geotourism.

Diagram 1. Geotourism offer in the Tourism Sector



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At the base of any offer is a site or an event, and both of these possibilities are of natural or created origin. As a result, four types of experience can result: (i) a natural site: a mountain, (ii) a created site: an amusement park, (iii) a created event: a festival. All this constitutes the intrinsic value of the tourism and geotourism product, or the basic offer. Around this intrinsic value is built the experience that the customer buys.

The experience includes all the elements of development, but it also derives from all the additional services, such as Geotourism, that the company can add to its basic offer. It is these services that allow companies to develop

competitive advantages. On the one hand, the nature of the service and, on the other hand, the expectations of the customers will help the company to decide if it should add services to its offer and, if so, which ones would be the most relevant.

In order to have an experience, customers must be able to access it. Access is not limited to physical considerations, but also includes psychological access (reaching the customer), media access (delivering the right message) and distribution (making the experience available). Finally, customers can be current or potential, with the former influencing the latter through word-of-mouth. Understanding the process of the experience will ensure that it runs smoothly, while building the host-visitor relationship will contribute to its quality.

The analysis of all the dimensions leads to the design of the experience and allows the company's managers to give the added value of the site, in addition to facilitating the determination of the price. The service offer that the company makes to its customers must take the form of an experience. Thus, all its decisions must contribute to enriching this experience, so that it has the highest possible value in the eyes of the customers who have purchased it.

Value is a perception, and therefore varies from one individual to another. Perception emerges from the client's expectations and the comparison of what he must provide to obtain what he covets, and what he actually receives in exchange. Like any perception, the perception of the value of a service is strongly influenced by the personal variables that characterize each individual. It is up to the company to make sure that the perception of the value of its offer is equal to its actual offer.

But it all depends on the products that the country can offer to visitors. Geotourism products compete with each other instead of complementing each other to form a united whole that satisfies the needs of visitors, and thus can develop tourism. Understanding the essence of the project requires the description of the Geotourism Ecolodge hotel establishment.

2.1 Project description

In order to develop Geotourism, a project to create a Geotourism hotel establishment of the ecolodge type is proposed for the country. In order for the hotel establishment to be a model, the infrastructure installed would require an isolated natural environment rich in biodiversity. The project finds its interest in the policy of regionalization of the economic development of the country. The implementation of the project, requires the study of architectural and environmental standards, and procedures for launching the project. This approach will have to respect the policy of the development of tourism.

Architectural and environmental standards : The construction of an ecolodge hotel requires two categories of specific standards. The construction guidelines are based on (i) architectural requirements, and (ii) the environmental plan.

Architectural requirements: The aim is to integrate the establishment into the environment. The constructions must obey well-defined rules and standards, both in terms of implantation and orientation. These rules and norms can be found in the Guide de l'Ecotourisme, published by the Ministry of Tourism.

On the environmental level: It is recommended to use fast-growing endemic species for reforestation activities, and the use of indigenous plants for hedges and grassing is also desired. In addition, it is necessary to take into account the ecological balance of the fauna and flora of the environment, and not to use generators as back-up but to opt for renewable energy (solar, wind).

For the launch of the project, the diversification of local values and international innovations in the geotourism business is necessary. It is therefore necessary to identify the bottlenecks, malfunctions and failures that are the cause of administrative slowness on the one hand, and the inconvenience of potential investors on the other. In this case, it is necessary to vary the interesting and educational activities of tourism for Geotourists.

The choice of a site is based on the possibility of the Geotourism activity, the existence of positive impacts on the economy in this region and the sustainability of the activity. A local approach is the first condition for a good

planning: presentation of the project by the promoter, consultation on the possibilities of local participation, taking into account the local socio-cultural values, then the enhancement of local materials that push the entrepreneurs to show more originality.

The operation of this establishment consists in helping the local communities in the valorization of natural and cultural values. Therefore, periodic monitoring and evaluation of the project's impacts should be carried out, which will correspond to the normal life phase of the facility. These measures will require assistance in the management of the operation of the facility and the environment. Technical assistance will be needed to implement the development policy and regional autonomy.

Project Implementation Procedures : In order to proceed with the execution of the project, the elements for its implementation must be defined. The purpose of this section is to conduct a case study based on the project design. There are two steps to the project design: (i) the definition of the project objectives,

- (ii) the logical framework of the project, and
- (iii) programming of activities to be undertaken.

Project objectives: The development of the tourism and geotourism sector in Madagascar is the main objective of the project. This development requires the undertaking of numerous actions. Among these actions are this project. The project will have for targets the State, the tourists, the professionals of tourism and, the local population. The elements to be analyzed will be: (i) the needs for each target, (ii) the products that will satisfy the needs of each target, (iii) the price that the target is willing to pay to have the product, (iv) the system that the target will have to pay to obtain the product, and the system of distribution of the product to the stakeholders. Table 01 shows the analysis of these elements by the Marketing-Mix of the project to create a Geotourism hotel establishment of the ecolodge type for the country.

Table 1. Marketing-Mix of the Project Creation

Items	Target			
	status	Tourists and Geotourist	Sector professionals	Local Population
Requirement	Achievement of the objective	Easy access	Increase in the number of tourists	Good image of Brand
Products	Formal activity	Availability of site capacity	Increase in reservation of stay	Realization of the Project
Price	Project cost	Reasonable price	Compétitive price	Fees for Awareness
Information system	Report of the Ministry of Tourism	Publicity	Colloquium and members' meeting	Regional media
Distribution system	Official Journal of Madagascar	Establishments of travel and tourist animations	Tourism establishments	Establishment of project

In this table are the elements that are connected to each other, such as the needs that must be satisfied by the products, for which they require a certain price. The information and distribution system are the mandatory means to obtain these products. The effort of the tourism sector is to valorize its strong point which is the Geotourism. It is therefore a question of working in such a way as to:

- (i) protect the natural, social, cultural, and economic environment; and
- (ii) to ensure the permanent campaign of the tourist promotion by the Geotourism

Logical framework of the project: In order to have a means of control to limit the uncertainties related to the realization and implementation of the project, the elaboration of the logical framework is necessary. Table 2 shows the different phases of this framework.

Table 2. Logical Framework of the Establishment Project

Designation of the element	Objectively verifiable indicators	Means of Verification	Critical Hypothesis
<u>Goal:</u> Improvement of the intrinsic value of the tourism product	Increase in the number of visitors	Official statistics	Availability of sites visited by tourists
<u>Objective:</u> To improve the quality of service	Qualified staff	Diploma of the training centers	Existence of training centers
<u>Output:</u> Creation of the project	Physical presence of the establishment	Inspection	Financial contribution
<u>Inputs:</u>			
- Search for Financing	Amount of projected achievement	Signed agreement	Achievement of the negotiations
- Acquisition of land	Purchase of land	Legalized bill of sale	Availability of land

For the goal of improving the intrinsic value of the tourism product, the objectively verifiable indicator is the increase in the number of visitors, because there will be impacts on visitors through access and experience of the sites by visitors. The means of verification will be official statistics. The objective of improving the quality of service cannot be achieved without the presence of qualified personnel, and the means of verification will be the diplomas provided by the training centers.

Regarding the outputs, the creation of the project will be made possible by the physical presence of the institution. Finally, the use of inputs, the search for financing and the acquisition of land require the respect of the amount of the realization forecast and the purchase of land. Successively, these outputs and inputs will have as means of verification, the inspection, the signed agreement and the legalized deed of sale.

2.2 Scheduling of activities to be undertaken

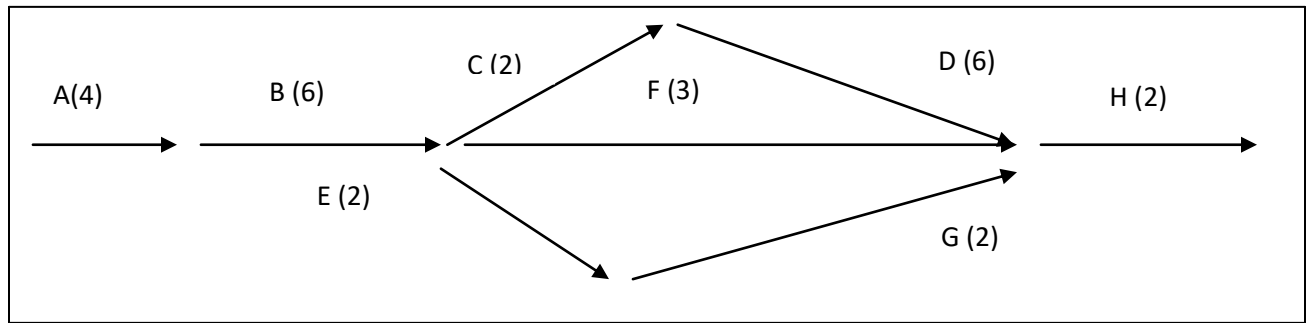
: This work consists of coordinating the main tasks to be accomplished for the realization of the project creation. The scheduling study using the Critical Path Method (CPM) deals with the activities taken into consideration for the realization of the project. Table 3 shows the CPM scheduling steps for these activities.

Table 3. Scheduling of Project Activities

Activity	Designation of Activities	Pre-requisite activity	Duration (months)
A	Study of the project physical situation	-	4
B	Search for financing	A	6
C	Procurement of the land	B	2
D	Construction	C	6
E	Procurement of materials	B	2
F	Recruitment of personnel	B	3
G	Acquisition of equipment	E	1
H	Installation of personnel and equipment	D, F,G	2

This table shows the CPM scheduling steps for these activities. The search for funding is the crucial problem of the project. No project can be realized, if there is no way to finance it. It depends on the mutual expectations between the concerned managers. The activities A and B are the basic activities of the project, they are the obligatory passages of all the activities. Activities C, D, E, F, G, which are technical activities, are carried out simultaneously, according to their priority and their tasks. As for the last activity H, it is a post-required activity to the activities D, F and G, it can be undertaken only last, because it depends on these branches of activity. The relevance of the project depends on the provision of a good technique. This will allow to control and follow the attitudes and steps to be followed during its activity. For this, it is necessary to make the critical path of each activity. Figure 2 shows the activities marking the critical path.

Figure 2. Project activity networking



The Critical Path in this project is characterized by activities A, B, C, D, H. These give the duration of the project which is 20 months in this case. The activities on the critical path are those whose start and finish dates must be respected, with one activity that can be started later than planned without disrupting the total duration of the project.

The way of calculating the free margins of the project corresponds to the good veracity of the study carried out and can avoid errors in the accomplishment of the work. The different activities and their respective execution time can be recorded in the project life calendar in the following Diagram 3. They will be used to facilitate the control and monitoring of the activities.

Figure 3. Project Gantt chart

Activity	Duration (month)									
	2	4	6	8	10	12	14	16	18	20
A	[Solid bar from 0 to 4]									
B	[Solid bar from 0 to 6]									
C	[Solid bar from 6 to 8]									
D	[Solid bar from 12 to 18]									
E	[Solid bar from 6 to 10] [Dashed bar from 10 to 14]									
F	[Solid bar from 12 to 15] [Dashed bar from 15 to 18]									
G	[Solid bar from 12 to 14] [Dashed bar from 14 to 16]									
H	[Solid bar from 18 to 20]									

— Duration of an activity
 - - - Free Margin

In this scheme, activities E, F, and G have a four- and five-month time margin, respectively. That is, contracting, procurement of materials, recruitment of staff, and procurement of materials, which can be moved back within these time margins. The project description is not sufficient to develop the project. Other aspects should be studied, so that the study is complete and the realization is facilitated. These are the commercial and financial aspects.

Cost-benefit analysis is useful to tourism development authorities. They will be able to make decisions about whether to approve public funding or invest directly in a project. The costs and benefits associated with a tourism development project can be evaluated in terms of actual benefits under different scenarios.

Financial projections of certain key variables must be made at the beginning and end of the project. Initial capital investments, required infrastructure and equipment, annual operating costs, annual revenues from the sale of goods and services directly associated with the project and, finally, the value of the assets at the end of the project must be evaluated. Once the costs and benefits are translated into today's value, financial feasibility is demonstrated if the benefits exceed the costs. This requires the analysis of the project management.

Production capacity of the project: The services to be considered concern the management of transport and the establishment. The latter is made up of many rooms, and formed by material facilities and services provided to

customers. Each room is equipped with a double bed with a bedside lamp, a television set with a video recorder, a complete and sufficiently ventilated bathroom. This establishment also has a restaurant with cutlery. The operation of the establishment will not only be carried out by hoteliers and restaurant owners, but also by a marketing manager who also acts as an internet administrator. In order to calculate the benefits of the project, all the benefits (direct and indirect) must be accounted for, minus the lost income or opportunity costs of activities that could not be carried out because of the project. Hence, the steps to be undertaken will be: (i) the cost of investments, (ii) the financing plan, (iii) the forecast of the project's turnover, and (iv) the project's expenses.

(i) Investment costs: The realization of the benefits to be envisaged by the project requires a certain number of investments. To calculate the costs of the project, it is necessary to account for the socio-economic costs associated with the project. The investments will have to be made before the first year of operation, i.e. at year 0. Construction costs, based on factor costs in Madagascar. Operating equipment costs include the cost of equipping the ecolodge and installing electrical equipment, the cost of office equipment and furniture, and the cost of computer equipment.

(ii) Financing plan: It reflects the uses financed by the resources. The resources to finance these investments come from the capital contribution of the associates and from a loan made with a bank. The sums not used for investments constitute the initial working capital at year 0. Most companies that do not have significant resources cannot access bank loans, due to the high costs of guarantees and collateral required by banks. But the BTM/BOA Bank, grants a captivating exception on business loans to associations that agree to cover the collection risks from its members. Thus, the choice of the bank is justified.

(iii) Forecasting turnover: The tourism product confers a nature that affects the marketing of it. To obtain the forecasted turnover, the calculation of all sales is mandatory. The forecast turnover of the transport for the first year of operation, and for the other four years, is formed by the receipts from the operation of the vehicles.

The hotel establishment also has two other activities which are accommodation and catering. The projected turnover of the first year of operation of the accommodation is formed by the revenue from the rental of rooms with an average daily occupancy rate of 60% for 360 days, and the daily rate can be fixed according to the tourist seasons. The price of the accommodation includes the cost of the service of the interpreter guide during the visit of a site. Indeed, this service will allow tourists to make the most of their stay. From the second year of operation, there is a constant increase in the number of people per day, because the capacity of accommodation is reached, and the price of a night always remains fixed. For the catering business, the projected turnover for the first year of operation is formed by the revenue from the menus served with an average daily rate of 60% for 360 days. The strategy of the approach applied before shows therefore the respect of the price policy applied in the Marketing-Mix, i.e. reasonable and competitive prices on the tourist market.

(iv) Expenses: The operation of the establishment is made up of expenses such as purchases of goods and other purchases, external expenses, taxes, personnel expenses, financial expenses and depreciation. This project is supported by a tax exemption on profits during the first five years of operation. For other purchases, external expenses, and taxes, respective rates are applied, such as those of the same form as a similar establishment as the project, successively 10%, 5%, and 1% of annual turnover. The other purchases include the relative expenses in consumable materials, maintenance products, office supplies, water consumption, and fuels and lubricants. For the other four years of operation, other purchases are increased by 10% over those of each previous year.

External expenses include expenses related to maintenance and insurance premiums for vehicles and infrastructure, advertising, bank commissions and postage and telecommunications, and are estimated at 10% of annual revenues in the first year of operation, due to the launch of the project requiring maximum advertising. They are then evaluated at 5% of the annual turnover for the other four years of operation. Taxes and duties are expenses related to vignettes, fiscal stamps, professional taxes and other taxes, and are evaluated at 1% of the annual turnover for each year of operation.

The personnel expenses of this project include monthly salaries, bonuses, social security charges and employer's contributions. The latter are paid to the Caisse Nationale de la Prévoyance Sociale (CNaPS) and the Organisation Sanitaire Inter-Entreprise (OSTIE) at the respective rates of 13% and 5% of gross salary. The personnel expenses from the third year of operation are increased by the bonuses granted to the personnel, the rate of

which is fixed at 10% of the gross annual salary. A 5% increase in the base salary is also made every two years. During the five years of operation, the number of staff remains the same. The financial expenses during the five years represent the interest expenses of the loan. The depreciation charges for the five years of operation represent the depreciation of the investments.

Financial feasibility Analysis: The operation's projected summary financial statements can confirm the financial feasibility of the project. These summary financial statements are formed by projected income statements that show whether the operation will make a profit or loss over a certain period of time.

Before opening, the business has no operating debts but financial debts to the bank. Pending the decision of the partners on the allocation of the results, these are incorporated into the capital account of the following year. At the end of Year 1, the balance sheet changes its information and assets. All the headings for Year 2 (assets and liabilities) are those of the balance sheet at the end of Year 1.

The determination of the internal rate of return is no longer performed, because from the financial statements it can be deduced that the project is profitable. This is noted by the fact that: (i) the net results are increasing, (ii) the net cash flows are still positive and increasing, and (iii) at the end of the fifth year of operation, the project is no longer in debt. The loan repayments have been made correctly, and by the end of the fifth year of operation, the institution has a very strong net cash position that allows it to make additional investments from the sixth year of operation to grow the revenues. In this case, the establishment could expand its activities.

3. THE RANDOM EVENT OF THE PROJECT

Madagascar has important potentialities that are little or badly exploited. Also, in a perspective of geotourism development, it is necessary, from this previously improved offer, to recreate an image around the destination to the country. For this purpose, it would be necessary to implement important efforts of information and promotion, mobilizing all human, material and financial resources of public or private origin to ensure a climate of confidence in favor of the investors. This project contributes to the development of tourism on three levels: (i) economic, (ii) social, and (iii) environmental.

3.1. In economic terms

The implementation of the project could attract various socio-economic operators to work in the country. Thus, new sources of income will be made available to the population, especially for young people. The establishment of a Geotourism site would influence the decrease of the unemployment rate, and the effect on the life will be translated by an improvement of the quality of life of the population in the country. Therefore, this situation will contribute to a more rational development of the national economy.

In order to reduce the pressure on the forest, which is the guarantee of success of the project, alternative activities to agricultural activities in the forest must be regulated. In this sense, agricultural extension workers and also project funding agencies, should bring innovations in production techniques, but also offer the local population the possibility to evacuate their productions for the site and the tourists. A Geotouristic site must always be easy to access. Therefore, the population wishes the rehabilitation of the road networks, if not even the creation of new ones. It will thus generate an improvement of the image of the destination, and to the valorization of the Malagasy biodiversity.

3.2. On the social front

The establishment of a geotourism site is for some, a source of disagreement for the villagers, for others the opposite is also possible. The cohesion would come from the population's awareness of the value of their ecological heritage, thus leading to a common will to preserve it. The management of water is a problem in all village localities. The establishment of a geotourism site would bring about social development, in particular access to drinking water.

3.3. On the environmental side

The forest is vital for man. It is therefore necessary to preserve the forest. The project contributes to the conservation and sustainable development of natural resources. Its progressive development will lead to a rational

management of natural sites and impacts to the biological balance of natural resources. The establishment of a Geotourism site can serve as a tool in the fight against pollution caused by household waste. The tool will generate an integration of the local population in the development of Geotourism. Moreover, it will valorize the artisanal products and the local cultures in a respect of cleanliness.

3.4. Impacts of the project

Any traveler who travels outside of his or her region will have to allocate expenses for necessities and staycation activities. This is what generates significant income that benefits the economic development of businesses, working families, job creation and the government. All of these foreign currency inflows into the local and national economy contribute directly to the country's balance of payments. They can create a balance between the revenues derived from tourism spending and the economic costs necessary to provide the various services.

Financial impacts: The ecolodge provides income for households and taxes for the state. This income provides for the needs of each household and allows it to participate in the increase of the country's resources. This project will be a brake on the exodus of rural populations insofar as it motivates them to stay in the area. The taxes paid at the state level strengthen the operating or investment budget of the region. Thus, net foreign exchange surpluses that are likely to be fixed locally.

Economic impacts: At the micro-economic level, this project is a source of income for households and promotes rural development. The added value generated by the project expresses the specific contribution of this activity to the national economy. It is part of the elements that make up the national accounts. These added values therefore make it possible to measure the economic growth rate of the region and the country. The economic impact extends to various sectors, including

(i) in the primary sector: there is the valuation of consumable products, for example the purchase of materials needed for catering; and there will be a knock-on effect on the other sectors of the economy (agri-food industry, energy, transport, trade), because the production is used for the development of tourism activities; and,

(ii) in the tertiary sector: there is the valorization of scientific research, the increase of commercial transactions and the expansion of banking revenues, as well as the development of a regionally balanced tourism.

On the macro-economic level, the project generates income for the State through direct and indirect taxes, contributes to the balance of payments, and helps to finance the external debt: net foreign exchange earnings. It can also help finance infrastructure, such as roads.

Social impacts: The various geotourism activities are considered to create numerous jobs, in addition to the jobs that these activities create in other sectors of economic activity (agriculture, commerce, construction, energy, transport, services, etc.). In spite of the small number of people employed, part of the unemployment rate can be reduced.

Primary jobs correspond to the people assigned to the goods and services directly used by tourists or marketed. They are divided into direct jobs resulting from purely tourist activities and indirect jobs resulting from partially tourist activities (transport, bars, leisure and sports centers, etc.). Secondary jobs correspond to activities that are not tourist in nature. These jobs cover both:

(i) upstream induced jobs, i.e., all jobs resulting from the production of goods and services used, in the form of intermediate consumption or capital goods, for the realization of tourism services, and;

(ii) jobs induced downstream, i.e. all jobs resulting from the production of goods and services used by people who earn their income from tourism, i.e. non-tourism jobs (doctors, teachers, maintenance staff). These jobs produce goods and services consumed by tourists. But there are also the environmental impacts of this project.

Environmental impacts: The environmental impacts of the project can be the continuation and strengthening of the environmental protection program (information, education, communication and awareness). Because our project consists at the same time to create a Geotouristic park of discovery, and to show the aptitude of the regional Geotouristic elements. The project is also a way to attract international and national tourists every year. It allows to keep the promotion held by Geotourism. The implementation of this project will therefore generate a potential activity of the local community around a site.

4. CONCLUSIONS

At the end of this study, it is necessary to recognize that the geotourism activity in the tourism activity weaves a web of services that are linked together like the links of a chain gathering upstream the industrial activities and downstream the different services such as hotels, restaurants, transport, banking services, telecommunication and trade. Through the know-how of the operators, the environment available on the spot in the ecotourism zones, can create tourist spaces corresponding to the aspirations of the tourists.

But as abundant as these tourist potentialities are, they would not be of any use, and cannot provide the expected results, as long as their exploitations are not rational. Hence, the need for the establishment of this project of creation of Geotouristic hotel establishment of ecolodge type for Madagascar.

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