



TOURISM FOR A BETTER WORLD

## Equitable Benefit-Sharing Mechanisms for Community Based Tourism Organizations

This module provides a framework for rural Community Based Tourism Organizations (CBTOs) to establish **fair, transparent, and sustainable** methods for distributing the income generated from tourism activities.

### 1. The Principle of Equitable Distribution

**Equitable** does not mean **equal**. It means distributing benefits fairly based on the **level of input, risk, need, and contribution** of different stakeholders. The primary goal is to ensure that tourism genuinely contributes to reducing poverty and improving community well-being.

- **Risk Mitigation:** Distribution must consider the resources (land, time, labor) provided by community members and the potential impact (e.g., loss of privacy, wear and tear on homes).
- **Motivation and Retention:** A fair system motivates members to maintain quality, participate actively, and remain committed to the CBTO's long-term success.

### 2. Establishing the Revenue Allocation Model

Before any distribution, the CBTO must decide how gross revenue is allocated into distinct funds. A typical model involves three main components:

#### A. The Operational Fund (30–40% of Revenue)

This fund covers the costs of running the tourism business. It is essential for sustainability.

- **Wages and Salaries:** Payments to CBTO staff, guides, cooks, and other direct service providers.
- **Operating Expenses:** Costs for supplies (food, cleaning materials), utilities (water, power), and maintenance (repairs to homestays, trails, or equipment).

- **Marketing and Administration:** Fees for online booking systems (like those facilitated by Equera), printing, and essential office supplies.

### B. The Community Development Fund (CDF) (15–25% of Revenue)

This fund benefits the **entire community**, including those not directly employed by the tourism operation. This is the mechanism that proves tourism is a true force for communal good.

- **Examples of CDF Usage:**
  - **Infrastructure:** Installing a community water pump, maintaining a local road, or renovating a health clinic.
  - **Education:** Scholarships for local youth, purchasing school supplies, or funding teacher training.
  - **Conservation:** Protecting local forests, paying for anti-poaching patrols, or waste management.
- **Decision-Making:** Decisions on how the CDF is spent **must be made democratically** by a general assembly or an elected committee, not just the CBTO management.

### C. The Member Dividend Fund (40–55% of Revenue)

This is the direct cash benefit shared among the officially registered CBTO members (e.g., homestay owners, artisans, land providers).

#### 3. Mechanisms for Sharing the Member Dividend

The distribution of the Member Dividend Fund must be based on clear, pre-agreed criteria. Two common mechanisms are used, often in combination:

##### A. Direct Service Fee Model (Based on Contribution)

This is the most common model for services directly provided to the tourist.

Service Provided	Mechanism/Basis	Example Calculation
<b>Homestay/Accommodation</b>	<b>Fixed Percentage of the Room Rate.</b> Rewards the family for providing the room, utilities, and daily hosting.	Homestay receives <b>70%</b> of the accommodation fee; CBTO receives 30% for booking/admin.

Service Provided	Mechanism/Basis	Example Calculation
<b>Guiding Services</b>	<b>Hourly/Daily Wage or Fixed Fee.</b> Directly rewards the guide's time and expertise.	The guide receives a fixed rate of \$X per day, paid from the Operational Fund.
<b>Artisan Sales</b>	<b>Commission or Direct Sale.</b> Rewards the skill of the crafter.	Artisan receives <b>85%</b> of the sale price; 15% goes to the Operational Fund for the shop space.

### B. Equity-Based Share Model (Based on Membership/Incentive)

This model distributes a portion of the dividend fund based on points or shares, often rewarding broader participation and long-term commitment.

Criteria	Rationale	Points Example
<b>Active Membership</b>	Rewards members for attending meetings and remaining in good standing.	<b>10 Points</b> for every year of active membership.
<b>Training Completion</b>	Incentivizes skills improvement (e.g., hygiene, guiding).	<b>5 Points</b> for completing a certified training course.
<b>Investment in Quality</b>	Rewards members who upgrade their facilities (e.g., adding a new bathroom, improving cleanliness).	<b>5 Points</b> upon successful annual quality audit.

Individual Member Payout = Member's Total Points divided by Total Points of All Members x Member Dividend Fund

### 4. Key Pillars of Transparency and Accountability

A benefit-sharing mechanism will fail without community trust. Transparency is the only way to build that trust.

- **Public Ledger:** Maintain a detailed, accessible ledger (even a simple one on a chalkboard in the community hall) showing:
  - **Total Monthly Income** from tourism.
  - **Total Expenses** itemized by category (salaries, supplies, maintenance).

- **Allocation** into the three funds (Operational, CDF, Dividend).
- **CDF Spending Decisions and Receipts** (where the money was spent and the evidence).
- **Regular Reporting:** The CBTO management team must hold **quarterly or semi-annual general meetings** to present the financial report and answer questions from all community members, not just the CBTO members.
- **Auditing:** Implement a simple **internal auditing committee** (composed of trusted, non-management members) to verify the books, ensuring adherence to the agreed-upon allocation rules.

### Digital Tools for CBTO Financial Transparency and Accountability

Leveraging simple digital tools can drastically improve the efficiency, accuracy, and trust in a rural CBTO's financial management, making the process faster and easier than relying solely on paper ledgers.

#### 1. Simple Spreadsheet Solutions (Low-Cost, High Control)

The most accessible tool is a simple spreadsheet (e.g., **Google Sheets** or **Microsoft Excel**), which can be accessed on a basic smartphone, tablet, or PC.

##### A. Income & Booking Tracker

Column	Purpose	Example Entry
<b>Date of Stay</b>	When the service was delivered.	2025-12-05
<b>Booking Reference</b>	Unique ID (from Equera or internal).	EQ-1245
<b>Service Provided</b>	Defines the revenue stream.	Homestay Night / Guided Walk / Artisan Sale
<b>Gross Revenue</b>	Total amount received before allocation.	\$50.00
<b>Service Provider</b>	The direct beneficiary (e.g., Mama Aida, Guide Moses).	Mama Aida

**Formula Automation:**

- A simple formula can automatically calculate the allocation: If the total is \$50.00, it can instantly calculate the **Operational Fund** share, the **CDF** share, and the **Member Dividend**.
- This removes human error in the primary calculation stage.

## B. CDF Expenditure Register

This dedicated sheet tracks how the communal funds are being utilized, which is crucial for proving community benefit.

Column	Date of Expense	Description	Amount Spent	Approved By	Supporting Document
Example	2025-12-10	Purchase of cement for school latrines	\$350.00	CDF Committee	[Photo of Receipt]

**Transparency:** By sharing the link to the live Google Sheet (read-only access) with the community, the management provides a transparent, real-time view of where the money goes, satisfying the accountability demands of the Public Ledger.

## 2. Mobile App and Accounting Solutions (Ease of Use, Scalability)

As the CBTO grows, dedicated mobile-friendly accounting apps can further streamline operations. These often require a minimal subscription but offer strong features.

### A. Simple Accounting Apps (e.g., Wave, Zoho Books, or local equivalents)

- **Invoicing and Expense Tracking:** Guides and homestay owners can use the app on a phone to quickly generate an invoice for the CBTO and record their small personal expenses (e.g., buying supplies), eliminating paper trails.
- **Bank Reconciliation:** The app links directly to the CBTO's bank account, automatically matching deposits (revenue) and withdrawals (expenses) to the digital records, greatly simplifying the auditing process.
- **Automated Reporting:** These apps can instantly generate professional-looking **Profit & Loss Statements** and **Balance Sheets**, which are invaluable for reporting to community members, lenders, and partners (like Kitara Foundation or Equera).<sup>1</sup>

### B. Mobile Money & Digital Payments Integration

- In many parts of Africa, mobile money platforms (e.g., M-Pesa, MTN MoMo) are the primary way people transact.<sup>2</sup>

- **Direct Payouts:** CBTO dividends and salaries can be paid directly to members' mobile money wallets, creating an immediate, trackable, and undisputed record of payment.
- **Recording CDF Contributions:** All service providers (e.g., the local carpenter hired to repair a hut) can be paid via mobile money, and the transaction confirmation acts as a digital receipt for the CDF or Operational Fund expenditure.

### 3. Implementation Steps for Digital Adoption

Step	Action	CBTO Responsibility
<b>1. Tool Selection</b>	Choose the tool that matches the skill level and internet access of the team (start with Google Sheets).	Management and Audit Committee.
<b>2. Training</b>	Conduct intensive, hands-on training for 3-5 key members (the Treasurer, the Booking Manager, and an Auditor) on data entry and basic formulas.	External partner or a locally trained youth/Equera digital expert.
<b>3. Community Buy-in</b>	Demonstrate the system at the General Assembly, focusing on how the digital tool <i>increases</i> transparency and reduces confusion, not just its technical complexity.	Management and Community Elders.
<b>4. Policy Update</b>	Formally amend the CBTO's operating procedures to mandate the use of the digital ledger for all transactions.	CBTO Board.

Using digital tools moves the CBTO from a reactive, paper-based system to a proactive, real-time, and transparent management structure, strengthening trust and ensuring the benefits of tourism truly reach the community.

#### Integrating Kitara Foundation's Empowerment Model with Digital Tools

The **Kitara Foundation** model emphasizes holistic, community-led development, focusing on training, self-reliance, and ensuring that benefits flow directly and equitably to the communities.<sup>1</sup> Integrating this philosophy with digital tools ensures that their core principles of **Transparency, Inclusivity, and Capacity Building** are executed efficiently and sustainably.

Here are specific examples of how digital tools can reinforce the Kitara Foundation model:

## 1. Digital Tool for Transparency (Strengthening Accountability)

Kitara Foundation stresses that tourism must give a **fair share of profits back to the local community** and that guests should **know exactly where the money will go**.

Kitara Foundation Principle	Digital Tool Integration	How it Works in Practice
Fair Share & Accountability	Shared Google Sheets CDF Tracker (as the Public Ledger)	The CBTO Treasurer enters monthly gross revenue into the shared spreadsheet. Formulas instantly calculate and allocate the <b>Community Development Fund (CDF)</b> share (e.g., 20%). The CBTO posts a <b>read-only link/QR code</b> to the sheet in the village hall.
Empowered Oversight	WhatsApp/SMS Reporting & Photo Receipts	When the CDF is used (e.g., to buy cement for the clinic), the CDF Committee sends a <b>photo of the receipt</b> and a short text update to a designated community WhatsApp group. The Treasurer links this digital receipt directly to the expense entry in the Google Sheet.
Result	This replaces verbal or paper reports with <b>instant, verifiable, and permanent digital proof</b> , reinforcing the Foundation's goal of strong, transparent governance and preventing the misuse of communal funds.	

## 2. Digital Tool for Inclusivity (Empowering Women and Youth)

The Foundation's work explicitly aims to empower traditionally marginalized groups like **women and youth** by ensuring they are involved and benefit from the tourism economy.<sup>3</sup>

Kitara Foundation Principle	Digital Tool Integration	How it Works in Practice
Job Creation & Skills Building	Equera Platform User Profiles & Digital Payouts	When a homestay owner (often a woman) or a local guide (often a youth) provides a service, their individual revenue share is logged under their unique <b>digital profile</b> on the Equera platform (or a linked system).
Equitable Distribution	Mobile Money Integration (M-Pesa/MTN MoMo)	The Member Dividend is paid out automatically via <b>mobile money</b> . The digital system provides a transaction record, proving the income flow to the individual—critical for women who may not traditionally control household finances.
Result	This creates a <b>verifiable income trail</b> for every participant, ensuring women and youth receive and control their earned money, fostering the self-reliance and economic empowerment championed by Kitara Foundation.	

### 3. Digital Tool for Capacity Building (Knowledge Transfer)

Kitara Foundation focuses heavily on training in **small business management, quality standards, and digital literacy**.<sup>4</sup> Digital tools are the delivery mechanism.

Kitara Foundation Principle	Digital Tool Integration	How it Works in Practice
Standardization & Quality	Digital Checklist App/Form (e.g., Google Forms)	The CBTO management develops a digital checklist based on the <b>Foundation's quality standards</b> (e.g., "Clean latrine,"

<b>Kitara Foundation Principle</b>	<b>Digital Tool Integration</b>	<b>How it Works in Practice</b>
		"Guide briefed guests on culture"). The Audit Committee uses a phone to complete this digital audit form for each homestay, grading them quickly and consistently.
<b>Incentivizing Quality</b>	<b>Equity-Based Share Model Automation</b>	The completed digital audit forms automatically feed into the main spreadsheet, awarding the ' <b>5 Points for Investment in Quality</b> ' (as discussed in the previous module). This digitally rewards compliance with quality standards.
<b>Result</b>	This uses technology to efficiently <b>monitor and reward</b> adherence to the high-quality, authentic standards promoted by Kitara Foundation, making the training immediately measurable and impactful on members' income.	

The digital integration acts as the **engine of accountability** for the Kitara Foundation's social mission, ensuring that the principles of empowerment and equitable distribution are not just good intentions but verifiable, measurable realities.

### **Strategic Benefits of Digital Transparency for CBTO External Partners and Fundraising**

Digital transparency, driven by tools like shared spreadsheets and mobile money tracking, transforms a rural CBTO's financial data from internal records into a **powerful strategic asset**. This shift significantly improves the CBTO's credibility, making it more attractive to **external partners (e.g., tour operators, NGOs)** and greatly enhancing its **fundraising capabilities**.

#### **1. Benefits for External Partners e.g., Tour Operators**

External partners prioritize **risk mitigation, reliability, and ethical impact**. Digital transparency directly addresses these concerns.

- **Verifiable Ethical Claims (Fair Trade Tourism):**
  - **The Problem:** Tour operators face pressure to prove that the money spent by their clients genuinely benefits the local community and doesn't get captured by middlemen.
  - **The Digital Solution:** The CBTO can easily share aggregated, verifiable reports (from their accounting app or spreadsheet) showing the exact percentage of revenue that goes into the **Community Development Fund (CDF)** and the **Member Dividend Fund**.
  - **Strategic Benefit:** This allows partners to confidently market the CBTO as a **certified ethical/fair-trade product**, increasing bookings and providing a competitive advantage over less transparent options.
  
- **Operational Reliability and Consistency:**
  - **The Problem:** Partners need assurance that the CBTO can reliably handle bookings, maintain quality, and manage finances professionally.
  - **The Digital Solution:** Digital systems (like Equera integration) provide a clear, real-time log of bookings, cancellations, and quality audit scores. The consistent use of mobile money payments proves the CBTO has reliable financial processes.
  - **Strategic Benefit:** This demonstrates **professionalism and lower operational risk**, encouraging long-term contracts and larger commitments from high-volume tour operators.
  
- **Proof of Concept for Replication:**
  - **The Problem:** Organizations like Kitara Foundation and development agencies seek successful models that can be scaled to other communities.
  - **The Digital Solution:** The structured data—showing revenue generated, costs managed, and transparent benefit distribution—serves as a complete **Proof of Concept**.
  - **Strategic Benefit:** The CBTO becomes a **model organization**, attracting funding for expansion and receiving priority support for new projects due to its proven, measurable success.

## 2. Benefits for Fundraising and Grants

Grants, especially those from international development organizations or corporate foundations, demand **rigorous evidence** of impact and financial fidelity.

- **Demonstrating Direct Impact (The CDF):**

- **The Problem:** Funders require clear metrics on how their money or the supported business activity translates into social change.
- **The Digital Solution:** The **CDF Expenditure Register** (the shared spreadsheet) provides an itemized, time-stamped record of communal investments (e.g., "\$350 for cement for the clinic," "\$500 for student scholarships").
- **Strategic Benefit:** The CBTO can submit a grant proposal stating: "Our CBTO has successfully generated \$5,000 for community projects in the last two years, verifiable via our public digital ledger." This **data-driven evidence of self-reliance** is far more compelling than mere promises.

- **Fulfilling Fiduciary Responsibilities:**

- **The Problem:** Donors must ensure that funds are used exactly as stipulated in the grant agreement and not misappropriated.
- **The Digital Solution:** Simple accounting apps generate professional, auditable **financial statements** (e.g., Income Statements) that meet the fiduciary standards of most international donors, removing the need for costly external accounting.
- **Strategic Benefit:** The CBTO is positioned as a **low-risk investment**, making it easier to secure grants for capacity building, product upgrades, or environmental conservation efforts.

- **Illustrating Inclusivity (Data on Women/Youth):**

- **The Problem:** Many grants are specifically targeted at empowering women or youth.
- **The Digital Solution:** The CBTO can run reports from their payment system showing the **total dividends paid to female members** versus male members, or the percentage of guiding income earned by youth.
- **Strategic Benefit:** This quantitative data allows the CBTO to accurately report on **gender and youth equity targets**, which is often a mandatory requirement for social development grants advocated by partners like Kitara Foundation.