

Coastal and Marine Tourism in Costa Rica, Panama and Nicaragua

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TABLE OF CONTENTS

INTRODUCTION	5
1. TRENDS IN COASTAL AND MARINE TOURISM IN THE AREA OF STUDY	5
1.1 COASTAL DEVELOPMENT MODELS	8
1.3 ROLE OF GOVERNMENT	15
1.3.1 Regulations	15
1.3.2 Judiciary System	16
1.3.3 Land use planning	16
1.3.4 Environmental impact	17
1.3.5 Infrastructure development	18
1.3.6 Incentives & subsidies	20
1.3.7 Marketing	20
1.4 ROLES OF OTHER ACTORS	21
1.4.1 The buyers	21
1.4.2 Developers and investors	22
1.4.3 Chain hotels and brand names	23
1.4.4 Trade associations and chambers	23
1.4.5 Non Governmental Organizations	24
1.4.6 Financial Institutions and development agencies	24
1.4.7 The Media	25
1.5 ENVIRONMENTAL AND SOCIAL IMPACTS OF COASTAL TOURISM DEVELOPMENTS	25
1.5.1 Environmental impacts	25
1.5.2 Social and Economic impacts	26
1.6 GROWTH OF A MARKET FOR SUSTAINABLE TOURISM	27
1.6.1 The Consumer	27
1.6.2 The Government	27
1.6.3 Certification for Sustainable Tourism	28
1.6.4 The role of NGOs	28
1.6.5 Sustainable tourism and vacation home developments	29
1.6.6 Green suppliers	30
1.6.7 Other actors	30
2. TESTING WWF'S HYPOTHESES	30
2.1 HYPOTHESIS #1	30
2.2 HYPOTHESIS #2	31
2.2.1 Costa Rica	32
2.2.2 Panama	36
2.2.3 Nicaragua	37
2.3 HYPOTHESIS #3	38
2.3.1 Tourism operators/chain hotels/cruise lines	38
2.3.2 Consumer demand	38
3. CAVEATS POSED BY CESD	38
4. GLOBAL FORCES CAUSING DESTRUCTION IN "HOTSPOTS" REGIONS	39
5. RECOMMENDATIONS FOR WWF	40
5.1 REVIEW OF WWF CENTRAL AMERICA ACTIVITIES	40
5.2 KEY LEVERAGE POINTS FOR ENSURING SUSTAINABLE TOURISM	41
5.3 SPECIFIC STRATEGIES AND OPTIONS FOR A WWF TOURISM PROGRAM	42
SOURCES	45
DOCUMENTS AND PUBLICATIONS	45
PERSONS INTERVIEWED	48

ACRONYMS

ACRONYM	SPANISH	ENGLISH
AyA	Acueductos y Alcantarillados	Institute of Water and Sewage (Costa Rica water supplier)
BCIE	Banco Centroamericano de Integración Económica	Central American Economic Integration Bank
BCR	Banco de Costa Rica	Bank of Costa Rica
CAFTA	Tratado de Libre Comercio Centroamérica, República Dominicana y los Estados Unidos	Central American Free Trade Agreement
CANATUR-Nicaragua	Cámara Nacional de Turismo de Nicaragua	Nicaragua Tourism Chamber
CANATUR-Costa Rica	Cámara Nacional de Turismo de Costa Rica	Costa Rica Tourism Chamber
CCC	Cámara Costarricense de la Construcción	Costa Rican Construction Chamber
CCH	Cámara Costarricense de Hoteles	Costa Rica Hotel Association
CCSS	Caja Costarricense del Seguro Social	Costa Rica's Social Security Fund
CESD	Centro de Ecoturismo y Desarrollo Sostenible	Center on Ecotourism and Sustainable Development
CFIA	Colegio Federado de Ingenieros y de Arquitectos de Costa Rica	Costa Rican Engineers and Architects Association
CIMAT	Comisión Interinstitucional de Marinas y Atracaderos Turísticos	Costa Rica's supervisor on marinas
CNP+L	Centro Nacional de Producción Más Limpia	Costa Rica's National Center for Cleaner Production
CODI	Consejo de Desarrollo Inmobiliario	Real Estate Development Council of Costa Rica
CST	Certificado de Sostenibilidad Turística	Costa Rica's Sustainable Tourism Certification
DGAC	Dirección General de aviación Civil	Costa Rica's General Director of Civil Aviation
FECON	Federación Nacional para la Conservación del Ambiente	Costa Rica's National Federation for the Conservation of the Environment
ICT	Instituto Costarricense de Turismo	Costa Rica Tourism Board
IDA	Instituto de Desarrollo Agrario	Rural Development Institute
IDB/BID	Banco Inter-Americano de Desarrollo	Inter-American Development Bank
INBio	Instituto Nacional de Biodiversidad	Costa Rica's National Biodiversity Institute
INTUR	Instituto Nicaragüense de Turismo	Nicaragua Tourism Board
INVU	Instituto Nacional de Vivienda y Urbanismo	Costa Rica Urban and Housing Institute
IPAT	Instituto Panameño de Turismo	Panamanian Institute of Tourism
JAPDEVA	Junta Administradora de Puertos	Caribbean Port Authority
MARENA	Ministerio de Ambiente y Recursos Naturales de Nicaragua	Nicaragua's Ministry of Environment and Natural Resources
MINAE	Ministerio del Ambiente y Energía	Costa Rica's Ministry of Environment and Energy
MOPT	Ministerio de Obras Públicas y Transportes	Costa Rica's Ministry of Public Works and Transportation
NGO	Organización No Gubernamental	Non Governmental Organization
SETENA	Secretaría Técnica Ambiental	National Technical Secretariat of the Ministry of Environment (Costa Rica Environmental Impact Office)
UCR	Universidad de Costa Rica	University of Costa Rica
USAID	Agencia Internacional de Desarrollo de	United Status Agency for International

Costa Rica, Nicaragua & Panama: Coastal Tourism Trends

	los Estados Unidos	Development
WWF	Fondo Mundial para la Vida Silvestre	World Wildlife Fund
ZMT	Zona Marítimo Terrestre	Maritime-Terrestrial Zone or coastal zone

Coastal and marine tourism in Costa Rica, Panama and Nicaragua

Introduction

This report presents the results of a coastal and marine tourism research for Costa Rica, Panama and Nicaragua, which is part of the study of “Global Trends in Marine-Oriented Tourism & Strategies for Sustainable Development Interventions”, carried out by the Center on Ecotourism and Sustainable Development for the World Wildlife Fund (WWF). WWF initially identified the following regions for specific case studies: the East African coastal region (including Kenya, Tanzania and Zanzibar, and Mozambique), the Coral Triangle (Malaysia, Philippines, Indonesia, Papua New Guinea), MesoAmerica (including the Yucatan, Belize and Honduras), and Mexico’s Gulf of California. WWF selected these regions as being of the highest priority because of the wealth and diversity of life they support, the destructive challenges they face, and WWF’s ability to impact them over the next decade. In discussions with CESD, it was agreed to add the Pacific coast regions of Costa Rica, Panama and Nicaragua, as areas important in coastal and marine tourism development.

1. Trends in coastal and marine tourism in the area of study

Since mid 1980s, Costa Rica was able to develop an interesting model of nature-based-tourism, ecotourism, which has provided a series of economic, social and environmental benefits to the country, as well as some problems. To a much lesser extent, both Nicaragua and Panama have tried to build up their own ecotourism offers as well.

More recently, the three countries have been experiencing the boom of the coastal tourism/vacation home model, which is developing very rapidly, causing many more environmental, social and economic impacts and jeopardizing opportunities for the sustainable development of the tourism industry. In Costa Rica, despite its Peace with Nature Initiative and its supposed commitment to sustainable tourism, the Arias government continues -like previous administrations- to pursue both ecotourism and mass coastal tourism.

Another type of tourism is cruises, which stop in both Costa Rica and Panama. Cruises have shown not to be as beneficial as regular stayovers. In 2005, Costa Rica received 280,017 cruise passengers and 1,659,165 stayovers (six times more). While passenger spending a day was \$55, stayovers spent \$120 (two times more). Also, while passenger spending per is \$55, stayovers spent \$1000 (18 times more).

Most of the real estate development in the area of study is a Pacific coast phenomenon. In Nicaragua, development concentrates along the Pacific coast, especially in the Isthmus of Rivas (Montelimar, San Juan del Sur), although there are initiatives as well along the coasts of Carazo, Managua and León. Rivas is considered as the leading region for tourism development, which combines beaches, cattle ranches, lake Cocibolca, the colonial city of Granada, and several towns of artisans. Rivas benefits from its geographic location next to Guanacaste, Costa Rica:



Nicaragua: Real estate development

In Costa Rica, most developments concentrate around San José -mostly in the neighborhoods of Escazú, Santa Ana and Belén- and along the Pacific coast, especially in Guanacaste (Playa Hermosa, Tamarindo), Central Pacific (Puntarenas, Jacó, Parrita and Manuel Antonio), and the South Pacific (Dominical, Osa). Guanacaste is the main recipient of real estate investment, and is the home of the Guanacaste Conservation Area, which protects the last remnant of tropical dry forest in Mesoamerica. Guanacaste combines cattle ranches, extensive cantaloupe production, small cities and towns, and vacation areas. It is the centerpiece of Costa Rica's coastal development, where mass tourism began in early 1990s, and has been accelerating since then. Today this type of development is spreading down Costa Rica's Pacific coast. The Osa region, in the South Pacific -famous for its biodiversity and tropical forests- is considered as the new frontier for real estate development.

Costa Rica, Nicaragua & Panama: Coastal Tourism Trends



Costa Rica: Real estate development

In Panama, the most popular regions are Chiriquí, Pedasi in the Azuero peninsula, Vista Mar, Coronado and Altos de Maria in western Panama province, Las Perlas Archipelago on the Pacific Ocean, and Taboga Island near Panama city. There are also developments in Bocas del Toro, on the Caribbean side:



Panama: Real estate development

An internet article mentions that average prices in Costa Rica are to the roof, from \$400,000 to millions and recommends looking somewhere else if money is a limitation. It describes Nicaragua as the most affordable market for foreign ownership -with average prices of \$70,000-, and categorizes Panama as the hottest market of the moment, with an average price of \$90,000 in the lower side, and expected to rise¹. According to Chicago Tribune², Representative Jerry Weller is connected to extensive land investments in Nicaragua, he hasn't declared the extent of his holdings on his required congressional disclosures, and he indicated dramatically different purchase prices for the land in American and Nicaraguan records as a way to avoid taxes.

1.1 Coastal development models

Today there are several different types of coastal development which are increasingly tying tourism to second or vacation homes. The following list is more or less presented in a chronological order, although differences may exist between one country and another.

- **Individual coastal vacation ranches, homes and villas:** This is evident in coastal zones such as Pochomil in Nicaragua and El Coco and Jacó in Costa Rica, where wealthy families established vacation homes. Many properties have been there for decades and have gradually shifted from ownership by upper class nationals to international vacation and retirement homes. The Somoza family from Nicaragua used to have a family complex near Santa Rosa, Costa Rica.
- **Conventional tourism lodging:** These include normal average hotels for international tourists as well as inexpensive hotels for national tourists. Until the early 1980s, there were virtually no foreign owned tourism hotels in Costa Rica. Rather hotels were locally owned and relatively modest and small – under 100 rooms. These included a few time share resorts, such as one at Playa Hermosa where middle and upper class Costa Ricans vacationed.
- **International hotels and brands:** Beginning in the early 1980s, some foreign owned resorts moved in. One of the first complexes was at Playa Flamingo. They are usually linked to well known brands and hotel chains such as Four Seasons and Marriott. They usually include attractions such as marinas, golf courses, shopping facilities and even residential areas with apartments and homes. They may cover large extensions of land (for example 200 to 2,000 hectares), and can be long-term projects, up to 20 years to complete.
- **Condominium and Vacation Home Communities:** These tend to be gated communities, with homes usually built on relatively large pieces of land; sometimes forested or in countryside areas. They are a good choice for people looking for a second home for residence or vacation. Their attraction is the combination of lower density and higher end development, which make them much more expensive than apartments. However, developers of single family home sites may have more difficulty pre-selling the project. For this reason, developers may link the homes to a larger project that includes a resort and other amenities. According to a study by the Costa Rica Hotel Association, CCH, between 2002 and 2006, 1197 construction permits for houses were given in eight coastal villages by the local municipalities³. In this country, according to information gathered from several real estate magazines and internet sites, prices of homes

and apartments vary depending on region, specific location, size and details, but they start at \$250,000, with a mid-range of \$500,000, and may go over \$1,000,000 in some cases.

- **High Rise Apartments:** This model has been developed in Panama for more than a decade now and it has finally arrived in Costa Rica, where more than 10 towers are under planning and construction just in downtown San José, plus several others in Guanacaste and Jacó. Towers are not been constructed in Nicaragua yet, where memories of the devastating 1972 earthquake are still fresh in the minds of people. The model is mostly based on vertical towers, which offer more ocean view opportunities on the coast to a larger number of owners. Their appearance signifies that ocean view land is becoming increasingly scarce and expensive. In addition, they appear to signal the entry into the market of a somewhat less affluent clientele. In Costa Rica, these apartment complexes are between 3 and at most 20 floors, whereas in Panama it is common to find condo towers of 30 floors or more. Panama City, in particular, is building its image as the “New Miami” which celebrates a vibrant, cosmopolitan, high density, urban lifestyle. The more up-scale apartment buildings are offered in combination to complementary attractions on the premises such a resort, shopping center, cinemas, restaurants, and a marina. Often, they can be part of a larger project linked to a hotel chain, especially in tourism destinations such as Guanacaste. According to the CCH study, the same coastal municipalities granted 71 permits for condominium and 82 for apartment complexes between 2002 and 2007⁴. In Costa Rica, prices for condos vary depending on region (Jacó vs. Herradura), specific location (for instance, beach front), size and details, but they start at \$150,000, with a mid-range between \$250,000-400,000 although a few may go over \$1,000,000. This model of combining condos with resorts has become popular as it is a perfect alternative to stand alone hotel projects. In these projects, "fractional ownership" is becoming more attractive than "time shares". "Time sharing" is the right to use specific weeks of a resort during a specific time period. Simply put, it is the pre-purchase of future vacation weeks. On the other hand, fractional ownership means the person physically owns a percentage of the asset. It gives the owner the opportunity to purchase only a number of the total shares from an asset. Both the benefits and the costs are split amongst a limited number of shareholders.

Developers can build a condominium and sell the apartments to investors as a piece of a hotel. Owning the apartment instead of renting a hotel room offers the opportunity to enjoy a home away from home and have access to security and amenities such as gym, pool, gardens and concierge assistance for tourism services. Buyers can also receive the residual income throughout the year with

the security of an investment managed on site. Another advantage is that apartments in foreign countries are easier to resell than private homes. On the other side, at least in Costa Rica, many hotel entrepreneurs consider this model as competition because it has the potential to attract tourists that otherwise would have stayed in their facilities. In order to better understand this phenomenon, the CCH did a study which reveals that, between 2002 and 2006, 71 construction permits for condominiums and 82 for apartments were given by the municipalities of Liberia, Carrillo, Santa Cruz and Garabito in eight coastal districts. It is important to mention that 71 condominiums is the number of projects, not the number of units, which could be much higher. In the case of Nicaragua, where the lodging industry is still incipient, this is not a concern⁵.

In addition, these types of vacation developments have been accompanied by two other significant tourism attractions: marinas and golf courses:

- **Marinas:** According to CIMAT -Costa Rica's supervisor on Marinas⁶- there are currently 21 projects, most of them on the Pacific coast: The marina in Marriott Los Sueños, with room for 200 boats, has been active for several years already, whereas a new marina with 300 spaces just opened in Quepos. The marina in Golfito is being planned for 214 units. The rest are in the process of being constructed or in the planning phase. Each investment goes from \$10 to \$40 million, for a total of around \$400 million. In Costa Rica, a marina requires a concession, which is given for 20 years by the local municipality, although legislation is being modified to extend it to 30 years. Marina developers are often consortiums of Costa Rican and international partners, as well as international groups. Some already have tourism and real estate investments in the country and some others have international experience in marina development or associate with partners with that kind of experience. The demand for marinas is growing due to the number of people buying properties in Costa Rica who want to bring their boats and yachts with them. At the same time, it has been shown that the presence of a marina can trigger real estate development and raise property prices in a community or region. Nevertheless, it is difficult to say if there really is sufficient demand in Costa Rica for 21 marinas, or if it actually responds to real estate speculations. At least in Costa Rica, a marina needs an environmental impact assessment. The new marina in Quepos is supposed to comply with high environmental standards.
- **Golf Courses:** They are usually linked to international hotels and brands. "All tourists enjoy golf", is the explanation given for seven golf courses in Guanacaste, with other 15 or more on the way. Nevertheless, according to statistics, only 3.1% of tourists visiting the country play golf. Each golf course demands the same amount of water needed by a community between 3000 and 7000 inhabitants. Condos in front of golf courses sell

20% higher. In Panama, Vistamar Golf and Beach Resort offers full membership for \$25,000 to apartment owners.

1.2 Coastal Land Ownership

a) Costa Rica

In Costa Rica, the Maritime-Terrestrial Zone (ZMT) was defined by Law 6043, which was passed in 1977. It states that the first 50 meters above the high tide mark is called the “public zone.” This area plus the entire beach left uncovered during low tide, is public; building any kind of facilities in this zone is officially prohibited. Access is also public and cannot be denied to anybody. The next 150 meters above the public zone is called the “restricted zone,” and it is necessary to have a concession from the municipality to build anything in this area. In order to obtain a concession, there must be a land use plan designed by Costa Rica’s Tourism Board, the ICT. Those who hold a formal concession by the local government are called concessionaires, and they have the legal right to use the land, under the conditions established by the law and the land use plan. Also, all the territory of the islands is subject to concession after the 50 meters. This law does not affect construction done prior to 1977.

Coastal cities such as Jacó, Puntarenas, Golfito, Limón, and others are not under the ZMT legislation, and development along the shore is permitted. Other areas are also outside the ZMT legal framework and have different mechanisms for the protection of the coastline. They include the harbors (Caldera, Moín), and coastal lands under three government departments: The Port Authority (JAPDEVA), the Ministry of Environment (MINAE) and the Rural Development Institute (IDA). JAPDEVA is responsible for the management of the harbor at Moín, Limón, plus all the lands from Moín to Tortuguero, along the canals. MINAE is responsible for coastal national parks and refuges including Santa Rosa, Ostional, Las Baulas, Manuel Antonio, and Corcovado on the Pacific coast, and Tortuguero, Cahuita and Gandoca y Manzanillo on the Caribbean coast, plus all the mangroves. Also, the Papagayo project, under ICT, has its own legal framework.

Private ownership cannot legally exist within the ZMT. Nevertheless, because of weak legal enforcement and inefficiencies by municipalities, considerable building goes on within the ZMT: the market for land is highly dynamic, with concessionaires and local inhabitants “sell” land in the ZMT without legal documents. This is raising false expectations about the extent of property available and encourages illegal land trading and investments on tourism and real estate. Currently, just the Municipality of Osa has 30 cases against invasions to the ZMT in Uvita and Drake in both the 50 meters and the 150 meters. On Drake, at least four hotels own buildings within the 50 meters.

There is overlap not only of legislation but also of the responsibilities of various government departments. According to Law 6043, municipalities are responsible

for the administration and use of the ZMT, but they must coordinate the administration of tourism areas with the ICT, and the administration of non-tourism rural areas with IDA. These overlapping responsibilities have led to numerous inter-agency conflicts and forced the government to invest technical and financial resources to resolve these disputes in court.

Above the ZMT, land is subject to private property laws and regulations. There has always been a land market in coastal areas in Costa Rica, but the difference now is the scale. Originally, there were large properties in the form of haciendas, mostly in Guanacaste and Puntarenas. Also, there were small coastal fishing communities. The first tourists were Costa Ricans from small cities farther from the coast: for example, people from Liberia visited El Coco, people from Orotina visited Jacó. They were followed by tourists from San Jose and other parts of the Central Valley and, in many cases these people ended up buying vacation homes on the coast. Gradually small local businesses – restaurants, dive and fishing shops, boat rentals, groceries, etc -- started to service these vacationers. This originated a demand of goods and services from small local businesses. With the tourism boom that began in the late 1980s, small and medium enterprises owned by both Costa Ricans and long-term foreign residents began to mushroom in many coastal communities. Under this model most of the money stayed within Costa Rica since the vacationers and the tourism businesses were mostly Costa Ricans or foreigners who lived permanently or semi-permanently in Costa Rica.

In recent years, there has been a shift to larger investments in both tourism developments and real estate sales, much of it in the hands of foreigners, predominantly from the U.S. In many beaches, especially in the North and Central Pacific, the prices of the land have increased dramatically due to both growing scarcity and real estate speculation as Costa Rica's international reputation has grown. As a result, developers have sought to ensure return on investment through high density coastal designs that combine apartment complexes with a resort, or by buying cheaper land in mountain areas away from the coast, where lower density condo projects can still be profitably developed.

Another result has been the displacement of the original inhabitants who have sold their properties. Often, the money is gone fast and people are left without either money or land.

Once the developer has sold a project, the association of owners is responsible for the management of the condominium. The construction company is free of all responsibility after five years. Owners may not actually live in their units but just visit periodically. Apartments/homes could be leased to other people for periods of time, providing the owner a source of income.

One potential consequence of real estate development is the growth of foreign enclaves, where people live and satisfy their needs, such as shopping and

amusement. There could be little interaction with the residents of the country, with the exception of gardeners and maids. Local problems that haven't been resolved, such as the lack of good quality public infrastructure, safety, social problems such as prostitution and drugs, trash collection and others might discourage people from wandering outside of their gated communities. It is still too early, but so far local governments haven't been able to offer efficient solutions to solve those challenges.

Ownership and the cultural landscape in Costa Rica have changed dramatically along the coasts since the 1980s. Most of the best hotels are owned by foreigners, especially Americans and Canadians. US dollars are the main currency, prices are too expensive for Costa Ricans, English is becoming the main language and the predominant culture is alien⁷.

Studies in other countries such as Spain⁸ have shown that proprietorship changes through time. The original owners decide to sell and move forward to other destinations. Later, the second owner does the same thing, prices go down, the apartment/home deteriorates and money is not invested in restoration. Erosion of the quality of the property is usually accompanied by an erosion of the destination itself. It is too early to predict that Costa Rica will follow this pattern, but it is a possible scenario to consider in the future.

Along with higher density construction along Costa Rica's coast and the movement of developers inland, other developers are looking to Costa Rica's two neighbors, Panama and Nicaragua. Coastal development is expanding in both countries, most dramatically in Panama, where it is helped by political stability and an aggressively pro-tourism development government.

b) Panama

In Panama, the coast belongs to the State but there are valid possession rights of people who have lived there for over 40 years. They legalize their possession and can sell the land to developers. This is a completely legal procedure. Low class people benefit from this since they have the possibility of commercializing their lands. Almost all the Pacific coast and about 50% of the Caribbean coast have been bought for residential development for retirees from the United States and Canada. The main developers are national entrepreneurs who have acquired land on the coast. Prices go from \$5 to \$30 the square meter. 18,989 foreign residents bought homes in Panama at prices between \$150,000 and \$350,000. Panama real estate is expected to experience a sustained 5% growth during the next five years, at least, since the land for such developments have already been acquired by developers⁹.

c) Nicaragua

In Nicaragua there is a historical problem in terms of land ownership. During the Somozas dictatorship, the land was concentrated by the dictators' family and their allies, who held legal property titles. From a legal perspective, it was clear who owned what in Nicaragua. With the Sandinista Revolution in 1979, there were numerous expropriations of land that passed to the government, based on the following criteria: a) properties that were owned by the Somozas and their allies or by people who were linked to political crimes during the dictatorship; b) land declared of public interest by the Sandinista government and, in these cases, original owners were supposed to be compensated through financial payments or by an exchange of land somewhere else; and c) land owned by people associated with the counter-revolution or who had left the country indefinitely because of the Revolution. Lands seized by the Sandinistas were distributed among their followers. Land in many coastal areas was distributed among cooperatives, but they hardly got any equipment and infrastructure to work. After the Revolution (after 1990), because they couldn't prove historical ownership to banks, they could not get credit. Many cooperatives decided to sell their land to whoever was interested. Yet, there were former owners who had not being indemnified and had claims over the land. Before the Sandinistas stepped down, they passed laws 85 and 86, which state that if people or entities are able to prove that they were using or occupying a piece of land when that legislation was passed, they have ownership rights over that land¹⁰.

Nicaragua also has a coastal law created during the Revolution that declared as public land the space from high tide to 200 meters in land. Nevertheless, this has been very difficult to implement because there are lots of private constructions already there, including Barceló-Montelimar. This law is currently being revised by the National Assembly.

Because of all these situations, there is a lot of legal confusion about land ownership in Nicaragua. This is a critical situation that hasn't being solved yet and that has limited both national and foreign investment. It is not recommended to buy property without having certainty about of the legal status of the ownership. Banks, for instance, do not finance any investment involving land without the history of the legal ownership for at least 40 years. There are cases of real estate projects with uncertainty about the legal status of the lands acquired for development. Because of the increased importance of tourism in Nicaragua, the value of coastal lands has increased dramatically, and the number of supposed owners claiming rights over properties has multiplied as well. An example of this is Arenas Bay. Nicaragua's National Tourism Chamber, CANATUR, recommends investors to have good legal advisors and to know the legal history of the ownership of the property¹¹.

1.3 Role of government

1.3.1 Regulations

Costa Rica's legal framework for land use planning and development involve several laws. For example, the ZMT has a complex framework including the Law 6043 from 1977, and involves other 25 laws, 4 decrees and several resolutions by the General Procurator, the General Comptroller and the Constitutional Chamber. The Law 4240 from 1968 of Urban Planning recognizes the responsibility and authority of local governments to plan and control urban development within the borders of their counties, through the establishment of land use plans.

ICT is responsible to approve permits for all tourism projects larger than 300 square meters. It must verify that projects comply with the legal framework, especially if they want to apply for the "Declaratoria Turística", a tourism license which offers certain benefits to enterprises with 10 rooms or more.

When a company complies with all the requirements it is the role of the municipalities to provide construction permits. Nevertheless, in a context of a growing number of construction projects associated to tourism and real estate, they lack the human, technical and material resources to do the job. Also, there aren't any efficient mechanisms of communication and coordination between the different institutions involved, especially ICT, the Urban and Housing Institute (INVU), the Institute of Water and Sewage -Costa Rica's water supplier- (AyA), the National Technical Secretariat of the Ministry of Environment -Costa Rica Environmental Impact Office- SETENA, and the Costa Rican Engineers and Architects Association (CFIA). During the first semester of 2007 CFIA inspectors visited 797 constructions projects in the Northern Zone, Guanacaste and the Central Pacific and found out that 25% did not have the required municipality permit. Also, 14 engineers were supervising works without being affiliated to CFIA, which is a legal requirement. There were projects that lacked of blueprints and supervising engineers. As a result, municipalities fail to collect the 1% tax over the value of the investment and constructions have more negative impacts on the environment.

According to Law 7744 from 1997 for Concession and Operation of Touristic Marinas, the construction and operation of marinas require a concession, which is given by the municipality. Anyone interested in obtaining the concession can submit a bid. Once the municipality agrees which bids can move forward, all technical aspects are evaluated by CIMAT, the government's supervisor on marinas. Environmental issues are dealt with by SETENA. CIMAT has two months to approve projects, but can use up to four months if necessary. An approval or pre-qualification of a project by CIMAT does not guarantee the concession to a particular company. In fact, all bidders could be pre-qualified if they comply with the requirements, including experience in development and

operation as well as economic capability. The Municipality is ultimately responsible for issuing the concession.

In Costa Rica red tape, complex regulation and corruption are common problems. The current government aims at simplifying the process by which construction and other permits are issued for tourist-related developments.

In the case of Nicaragua, new regulation is highly needed in terms of normalizing ownership. There is a project in Congress for a “Law of Public Registration of Property”. In terms of the institutional framework, Nicaragua also needs to modernize the public archives where properties are registered. CANATUR-Nicaragua opposes the enforcement of the Law of Coastal Zone, which resembles the system existing in Costa Rica. If this law is implemented, it will affect owners who will lose their rights and will depend on the municipality to obtain a concession. Besides, the Nicaraguan government does not have the resources to pay for indemnifications. According to CANATUR, this regulation only benefits municipalities, which will get resources through concessions, but it does not benefit the private sector. For tourism and real estate developments there are many requirements by Nicaragua’s Ministry of Natural Resources, MARENA, and the Nicaraguan Tourism Institute, INTUR. Unfortunately, with the new government many people have been replaced and these entities have seen their capacities diminished.

1.3.2 Judiciary System

Impartiality of the Judiciary System is not a problem in either Costa Rica or Panama. This seems to be a problem in Nicaragua, though. During the Sandinista Revolution the magistrates were mostly Sandinistas. After 1990, the Sandinistas and the Liberals were able to distribute the seats among people loyal to each party. Because of this, it is difficult to guarantee impartiality to any investor with a claim he or she considers just. Recently, a judge authorized the confiscation of ESSO facilities in the port of Corinto, based on the argument that the company was avoiding taxes. The Nicaraguan government then tried to force a deal with the Company: The facilities would be returned if the governmental Petronic could use ESSO tanks to storage oil provided by Venezuela. This has created a conflict between the government and the company and generated mistrust in the judiciary by the private sector.

1.3.3 Land use planning

In Costa Rica, according to the Law of Urban Planning, land use planning is the responsibility of the municipalities, which have the power to give development directives through land use plans. However, currently most counties lack of regulatory plans and it can take years for them to go from the drafting table to being approved and implemented. Because of a lack of land use plans to control

development, local governments have often had their hands tied, which forces them to approve non traditional projects such as 15 story towers.

The IDB-Catastro project, supported by the Inter-American Development Bank, IDB, will finance the land use plans for the counties of Guanacaste. Each one costs between \$100,000 and \$200,000. They are expected to be adjudicated this year, designed during 2008 and approved and ready to be put into practice by 2009. Meanwhile, the Government is working on a Presidential decree to regulate rampant development along the coast of Guanacaste. Once a regulatory plan comes into being, it will automatically revoke the decree.

ICT also plays a role in the land use planning for tourism purposes. According to its Sustainable Tourism Plan¹², ICT works at three different planning levels: a) the first is the national level and the planning instrument is the National Tourism Plan; b) the second level is each one of ten planning units that have been identified for the whole country, and the planning instrument is the “general plan for land use and tourism development”, for each one of the units; c) the third planning level is the local, defined as “sustainable tourism centers” and the planning instruments include the coastal regulatory plans (ZMT) and existing local development or regulatory plans. Development is supposed to concentrate in the centers of sustainable tourism, where public and private resources should support training, marketing and other activities that contribute to the improvement of the destination.

It is important to mention that the ICT plans were designed without including the variable of real estate development. The rapid growth of this phenomenon is changing the assumptions upon which the plans were based and may turn them in a short period of time.

In Panama¹³ the municipality does not participate in land use planning and it is not involved in providing permits for development activities such as tourism and real estate. The central government is the one responsible for local planning. The municipality has a role when tourism services such as restaurants or hotels are given as concessions within wild protected areas in their territories.

Nicaragua lacks of land use planning and there are no laws that assign responsibilities in this area.

1.3.4 Environmental impact

The coastal tourism/vacation home model is causing serious environmental problems in some coasts. In Tamarindo, Guanacaste, where development is blooming, fecal pollution in the water makes swimming dangerous¹⁴.

In Costa Rica, SETENA is legally responsible to supervise any potential environmental impacts by any developments, including tourism initiatives. Such projects must present an environmental impact assessment to demonstrate good use of the natural resources involved. Even though the entity has technical resources to carry out its activities, the supervision is very slow and the demands for its services are growing. SETENA is not efficient in the follow-up either, once projects have been built and are operating. Only in 2007 SETENA has opened more than 2500 hundred new files but has only provided 370 environmental viabilities, which means that there are hundreds of files still waiting to be processed. Besides, SETENA does not have the capacity to supervise the 12000 projects that have received viabilities since its creation in 1995. In order to strengthen SETENA's capacity, the government has decided to increase its budget for 2008 in 147%, from ¢441 millions to ¢1090 millions, and to increase the personnel from 52 to 91 people. Besides, local offices will be open in Guanacaste and other provinces. The new resources will be used not only to respond more rapidly to project developers, but also to strengthen supervision in the field. This involves enforcing environmental laws and prosecuting violators.

SETENA¹⁵ describes the real estate development taking place in Guanacaste not as tourism, but as urban development, because the behavior of the people involved is very different from the one of regular tourists, who visit just for a few days. Owners of apartments and houses stay during weeks, months or even on a permanent basis. SETENA reports that customers who apply for environmental viability considers this just as another requirement to comply with, when it is actually a very important thing to guarantee the preservation of the qualities of the environment. SETENA is currently experiencing an increased number of applications, as well as a lot of pressure to bear results in a short period of time. SETENA is worried about the cumulative impacts of individual projects located in a single area, because the sum of small impacts could damage the environment in ways difficult to control. An example is the construction of a well: the extraction of water from one single well may not cause any problems, but a lot of water extracted from many wells could lead to the salinization of underground reserves.

In Nicaragua, environmental impact studies are mandatory and they are the responsibility of the Ministry of Natural Resources, MARENA, but it lacks of technical resources in this field.

1.3.5 Infrastructure development

Having excellent and modern infrastructure is very important for the development of the tourism industry. As part of its land use planning process, ICT identifies the needs of infrastructure in the different "centers of sustainable tourism", including: a) basic services (drinking water, electricity and phone services); b) sanitary infrastructure (collecting and disposition of solid and liquids residues); c)

infrastructure for accessing destinations: terrestrial, aerial and aquatic (river, ocean) access.

The Ministry of Public Works and Transportation, MOPT, is the governmental institution responsible for coordinating the development of infrastructure. The country has at least a thirty-year delay in this field. The current government is working on two different flanks to improve the situation: One is investing in some urgent works, mostly roads, with financial resources that include funds raised through tax collection as well as international loans. The other is a new legislation, the “Law of concession of public works”, currently in Congress, that will allow the government to concede the construction and operation of infrastructure of a value above \$100 million to private companies. Through this law, the country will avoid running into debt and enjoy the benefits of more efficient administration by the private concessionary. Some of the works that could eventually be given in concession include a mega-port in Moín, the airports of Liberia and Limón, the new airport in Palmar Sur, the highways that connect San José with different regions of the country, and others. For the new airport in Palmar Sur, MOPT has secured funds to hire the technical studies required, plus the Master Plan. According to MOPT, this airport should be developed and operated without negative impacts on the surrounding ecosystems.

Resources to finance many of these works may be provided by the Central American Economic Integration Bank, BCIE, which has offered resources for infrastructure, renewable energy and communications. BCIE provides funds not only to governments but also to the private sector, which could stimulate private investment of infrastructure in the context of the Law of Concession of Public Works.

The General Director of Civil Aviation, DGAC, is responsible for the operation and maintenance of local airports. Currently it is improving the facilities of several of them, including the Tobías Bolaños in San José, and the local airports in Golfito, Palmar Sur, Nosara, Drake, Laurel, Barra del Colorado and Batán. Improvements include passenger facilities and landing ground.

The municipalities are responsible for local infrastructure. Most of the times, they lack the necessary resources to fulfill their responsibilities. Their income comes from local taxes and from budget assigned by the central government. In Tamarindo, in the county of Santa Cruz, the improvement of a critical road has been financed with the support of local investors.

AyA is the country’s main water supplier, and provides permits to any construction under its jurisdiction. Projects getting their water from municipality or local aqueducts must obtain their permits from the local government. This latter service, though, does not guarantee the same quality as AyA and projects depending on them might end up digging their own wells, in many cases in an illegal way. Guanacaste and Manuel Antonio experience water shortages,

especially during the dry season. AyA has a project named Tránsito Arenal-Corobici, which aims to move the surplus of water from the cordilleras to the coast. It is scheduled to be completed in 2009, and aims to improve water supply across much of Guanacaste's coastline. Santa Cruz, Filadelfia and Liberia, as well as all those communities found from Papagayo to Tamarindo will be receiving the benefits of this project. A feasibility study for the entire project has still to be carried out. The funding is coming from the BCIE.

In Nicaragua, according to CANATUR, there are a lot of needs in terms of infrastructure such as roads, sanitation, and others, but the government hasn't been able to supply most of these needs. Because of that, a lot of the works have been financed by the private sector. For example, Sea Side Mariana, in Pochomil, is providing \$1.8 million to improve access roads. The private sector is also paying \$70,000 for the design of a coastal road.

1.3.6 Incentives & subsidies

In Nicaragua, Law 306 offers incentives to tourism and real estate activities in the form of tax reductions to imported goods used for construction and equipment. If a proprietor of an apartment within a hotel (called condhoteles) wants to participate, for ten years, he must rent his unit at least nine months a year. This incentive has indirectly stimulated real estate investment in that country. This law does not apply to housing projects not related directly to tourism. Decree 628 allows retired people to bring cars and equipment for their homes tax free.

1.3.7 Marketing

Marketing has played a very important role in selling both Costa Rica and Panama as tourism destinations. Their success partly explains the interest of investors to develop real estate projects in both countries, since they are now internationally known and respected. As a matter of fact, real estate investments are taking advantage of the image of the region as a tourism destination. Also, it is not uncommon that tourists visiting the countries request information about properties to buy. The marketing strategies differ in each country, though.

Costa Rica uses its image as a nature destination, which shows in the ICT's campaign "No artificial ingredients". ICT's marketing budget is financed by the 3% tax to hotels, but the Institute hasn't been able to efficiently collect these resources. Besides, this tax is not charged to apartments and homes because they are not technically considered as tourist rooms. This denies ICT the access to considerable financial resources to cover its needs. Currently, ICT is planning to eliminate the 3% tax and substitute it for a fixed \$17 tax which will be charged to any plane ticket to Costa Rica. This initiative has already been presented by Minister Benavides to the tourism community, including airlines, and has raised a

lot of support. In March of 2007 President Arias announced its goals on tourism for his administration, including a four per cent annual increase in the number of tourists entering the country (about 70,000 extra visitors a year), a four per cent increase in the number of cruise ship visits, a 12 per cent increase in hotel room numbers (about 3700 new rooms each year) and a 40 per cent increase in the number of companies awarded the Sustainable Tourism Certification, CST. Minister Benavides also announced that the annual investment in marketing will double. It is important to mention that ICT does not promote Costa Rica as a destination for real estate investment, although many tourism companies are connected to such developments.

Panama has fought for years to overcome the negative image left by the Noriega regime and the occupation by the United States in 1990. The efforts are yielding amazing results: with 9% growth this year, Panama is becoming one of the most dynamic economies in the hemisphere. The Panamanian Institute of Tourism (IPAT) is currently lead by singer and actor Ruben Blades. One of his goals has been to make of Panama a retirement destination. He has actively used his image to attract both tourist and new residents. The results have been positive: In 2006, visitation to Panama experienced a growth of 20.1%, the highest in Latin America. Also, with an income of \$960 million generated through tourism last year, the country experienced a growth of 23.1%, the 3rd largest in Latin America. Panama is carrying out very aggressive campaigns in the United States, Canada and Spain¹⁶.

In 2003 Nicaragua passed a General Law of Tourism, which assigned resources to INTUR generated through taxes. This duplicated the budget for the promotion of the country from \$500,000 to \$1 million. INTUR also established an alliance with PRONicaragua, a mixed public-private agency that attracts foreign investment, to promote tourism. There is not an explicit strategy to promote Nicaragua as a second home destination. Developers do it on their own. Still, some people can benefit from Decree 628.

1.4 Roles of other actors

1.4.1 The buyers

The needs and interests of buyers play an important role in real estate development. Reasons to invest in the region include: ocean view and/or tropical nature as an added value; owning a second home for residence or vacations; real estate ventures that could rapidly yield profit; move savings from financial to real estate investments, which may result in higher returns; when an apartment or a home is linked to a renowned hotel chain, that offers confidence to potential buyers. A segment of the North American populations, the baby boomers, are reaching retirement age and many want to retire in countries that offer certain

advantages, such as safety and closeness to the United States. Many buy apartments and homes with the purpose of selling them in three to five years and get large profits. Right now is it much more profitable to buy properties in Central America than in the United States.

Costa Rica's pensionado policy is designed to attract foreign retirees and might encourage some people to buy property. Legislation defines two main immigration categories, Permanent Residency and Temporary Residency. The Pensionado and Rentista becomes a sub-category to obtain Temporary Residency. Permanent Residency is only reserved for immediate relatives of citizens or those that have had a Temporary Residency category for at least three years. To be eligible for the Pensionado Category, the applicant must demonstrate a pension of at least \$600 per month. Under the Rentista residency Category the income requirement is \$1,000 per month. There is an additional income requirement if the applicant intends to have their spouse or children apply as dependents to their category. The Rentista applicant must prove an income of \$2,000 per month if they apply jointly with their spouse. If they include children in the application then it is \$500 additional in income for each dependent child.

Panama is being promoted as the number one retirement destination in the world. Advantages exemptions for importing household items and cars, discounts on prescription drugs and healthcare services, discounts on public transportation, special insurance benefits, and discounts on airfares, restaurants, theatres, fast food chains, and others. Also, it is easy to get Retirement visas. There are two types of retirement visas: 1) The Pensionado Visa, for those retirees who get a pension from the government or private corporations and whose monthly income is not less than \$500 per month; 2) The Rentista Retirado, or Private Income Retiree Visa, which receives the benefit to travel with a Panamanian passport (which does not entitle the person for a Panamanian citizenship).

1.4.2 Developers and investors

Entrepreneurs who want to develop real estate projects seek private capital from investors to finance them. Investors with resources seek enterprises with capacity to create value and multiply their money. Currently, numerous national and international consortiums are looking for investment opportunities in Central America.

Regional consortiums investing in real estate include Grupo Pellas from Nicaragua, related to sugar cane, biofuels and banks and Grupo Roble, from El Salvador, owner of several hotels, malls, office centers and housing projects in the region. Grupo Roble is a supporter of Fundación Natura, a Salvadoran NGO. Alliances between local and foreign groups are also common: A new plan for the construction of an international fair complex in Costa Rica involves Interbolsa,

responsible for the financial aspect of the project, and Feria de Valencia and Alta Group Desarrollos, responsible of design and construction.

In March, 2007, eight bidders competed for the concession of Marina Flamingo in Guanacaste, with bids from \$12.5 million to \$45 million. Some of the consortiums participating already have investments in Flamingo or in other parts of Costa Rica. Some others have international experience in different parts of the world or are connected with partners that possess that experience. In Tamarindo, investors and developers have provided private funds for the improvement of local infrastructure, which is the responsibility of the municipality of Santa Cruz, which hasn't been able to fulfill the growing needs of the community. In July 2007, the Guanacaste Chamber of Tourism, backed by the Tamarindo developers, signed an agreement whereby \$130,000 in private funding will be used to survey and design a section of road between 27 Abril and Villareal. In return, the ministry will budget for the road works in the first weeks of 2008.

1.4.3 Chain hotels and brand names

Several well known chains have opened hotels in the region or have announced their intention to do that. They include Marriott Los Sueños, in Herradura, Four Seasons in Papagayo, J. W. Marriott in Pinilla, Hyatt in Brasilito, Ramada in Jacó and Starwood (St. Regis, Sheraton group) near Herradura. More recently, Steve Case, founder and former president of AOL, confirmed the construction of a \$800-million-dollar hotel in Punta Cacique by his company, Revolution LLC. All these investments include additional attractions, such as marinas, golf courses, shopping facilities and residential areas. The joint development between hotels and real estate began a few years ago with Four Seasons and Marriott Los Sueños and is a growing trend in the region. Also, these establishments attract other hotels and real estate investments in their areas of influence, which hope to benefit from their image.

1.4.4 Trade associations and chambers

The CFIA, with regional offices in Guanacaste and Puntarenas, is responsible to approve the construction blueprints as a way to verify the quality of any engineering and architectural work. It also estimates the value of the project. CFIA has statistics of all projects approved. The Costa Rica Construction Chamber, CCC, is a trade association founded more than 40 years ago. Construction is currently one of the most dynamic sectors of the Costa Rican economy. The Real Estate Development Council of Costa Rica, CODI, is a private entity recently established to support the responsible development of the real estate sector. Among its goals are: support rational administrative procedures, accomplish a balance between freedom and regulation, reduce loss of opportunities and financial costs, support a more comprehensible and clear

legal framework, and others. Members include important enterprises and corporative groups such as Florida Inmobiliaria, Nativa, Grupo Roble, Grupo Génesis, Hacienda Pinilla and Los Sueños, all of them with important projects.

1.4.5 Non Governmental Organizations

FECON: The National Federation for the Conservation of the Environment denounced the negative impact of tourism and real estate developments along the coast. They consider sustainability promises such as Steve Case's as typical of any other tourism projects that have damaged the environment in Guanacaste.

1.4.6 Financial Institutions and development agencies

Currently, private and public banks in Central America are designing or offering a wide number of choices for investors, including investments abroad or in the countries. They are designed to attract customers with high saving capacity, interested in long-term investments, less afraid to take risks and willing to invest abroad. One of the targets is real estate projects. In fact, there is a growing participation of public and private banks in financing hotels and real estate. This is the result of an evolution of the financial sector, which is establishing more flexible mechanisms to investment in those activities.

In Costa Rica, the rapid development along the coasts of Guanacaste and Puntarenas pressured banks to ease lending policies towards foreign investment. Before there were few banks that were interested in financing foreign businesses, but today major private banks (e. g. Scotiabank) can finance 60 to 75 per cent to any foreigner who can demonstrate financial soundness. "Multifondos de Costa Rica" is working on two real estate funds for investors with a minimum participation of \$50.000. The Banco de Costa Rica, BCR, will launch a long term real estate fund focused on the construction of projects, for investors with a capacity of at least \$1 million.

Some financial entities specialize in getting money for investments in different fields, including real estate. Examples are Grupo SAMA and Interbolsa, from Costa Rica.

The BCIE raises financial resources worldwide to invest in Central America and offers county members the opportunity to have access to financial resources for infrastructure, renewable energy and telecommunications. During 2007, BCIE is providing credit to Costa Rica for \$700 millions. BCIE also finance the private sector. For example, it provided \$9 million to Grupo Pellas from Nicaragua to finance feasibility studies and design of Marinas de Guacalito, a luxury complex which will be located in Playas de Tola, Rivas.

In Panama new conditions include periods of 30 years to return the loan, which have allowed Panamanians to acquire homes in the mountains and coasts. Foreigners are asked for a 30% advanced and they can apply for a loan to cover the other 70%. Main banks include HSBC, Nova Scotia and Banco General. The Panama Canal as a brand is very attractive. The expansion of the Canal will take seven years and it likely that the economy will continue growing at 9% during that period. 16 new international banks have arrived to participate in the financing of the works. There is now a lot of money in the country and ways to use it is by financing local consumption and foreign investments¹⁷.

In Nicaragua, when lending money to buy land or to invest in a development project, banks require knowing the legal history of the property involved back 40 years, in order to prove ownership.

1.4.7 The Media

Newspapers, magazines, TV news and radio stations report on different aspects related to tourism and real estate: new companies in the market, roles of governmental institutions, activities and limitations of municipalities, threats to conservation, environmental problems, infrastructure development, good environmental practices and experiences, legal issues and many others. This is especially true in Costa Rica, where there is a market for environmental news and local development.

1.5 Environmental and social impacts of coastal tourism developments

1.5.1 Environmental impacts

Water is one of the main environmental concerns. In Guanacaste, the growing need of water in an area characterized by periodic drought is stimulating the consumption of underground reserves through legal and illegal wells. This may lead to their salinization. Other worries include the generation and treatment of residual water and the adequate management of rainwater. In Manuel Antonio, wastewater goes directly from hotels to Quebrada Camaronera, which borders the national park and is used by tourists who just cross it on foot to get in the park.

Other impacts deal with effects during construction, especially when practices are not adequate. These may be experienced in the immediate surroundings of the facilities, or farther away. For example, sediments generated from removing the soil for new constructions may impact coral reefs kilometers away. Another problem related to this is the disposal of rubbish along rivers, forests or mangrove swamps. A main concern in Tamarindo is the effects of city lights on the nesting habits of leatherback turtles.

The introduction of exotic species of plants in gardens for ornamental purposes may displace local birds and insects related to them. Also, exotics might be more demanding of water resources than local vegetation.

Vertical construction stimulated by high prices of land has a negative impact on the scenic profile. In destinations characterized by scenic beauty, such as Quepos and Manuel Antonio, this may eventually deteriorate one of the main natural attractions in that area.

In Panama the main challenges include the conservation of mangroves and coral reefs, especially because these two ecosystems are little known and understood¹⁸.

1.5.2 Social and Economic impacts

One important impact is the competition between local communities and tourism and real estate development for access to water resources. There is also a growing demand of other services such as electricity, phone and internet, as well as for agricultural products.

Also, many social problems that had been common only in the cities are now present in tourism destinations, such as delinquency, drugs, prostitution, alcoholism, loss of local culture, and others.

The CCC stresses the benefits of construction development for Costa Rica, including job generation, growing dynamism of commerce and industry, improvement of infrastructure and basic services and the generation of wealth.

An interesting social indicator is the growth of 21.36% in the number of affiliates to the Costa Rica's Social Security Fund, CCSS, from 956.475 in 2003 to 1.130.641 in 2006. During the same period the population grew only 4% and the number of people with new jobs grew 8.3%. The reasons explaining this include more control by the CCSS, the implementation of the "Labor Protection Law" and the arrival of foreign companies with electronic systems to manage human resources, which facilitates control. For companies connected to real estate projects, the number of affiliates grew 40% during the three years. This can also be an indicator of more stability of the Nicaraguan population in Costa Rica, now more confident about demanding their labor rights, plus a lack of enough labor to cover the needs of agriculture and urbanization.

1.6 Growth of a market for sustainable tourism

1.6.1 The Consumer

There seems to be a consumer demand for sustainable tourism:

- About ¾ of tourists say their travel should not damage environment.
- The majority of tourists say they want to learn about customs, geography and culture.
- At least 1/3 of tourists say they are willing to *pay more* to companies that benefit local communities and conservation.
- For tour operators, superior environmental performance brings branding and price advantages.

1.6.2 The Government

The experience of Costa Rica has shown that ecotourism is an activity with the potential to generate a series of environmental, social and economic benefits. On the other hand, the newer coastal tourism/vacation home model is provoking numerous problems that jeopardize opportunities for a sustainable development of the tourism industry and the country as a whole. Despite its Peace with Nature Initiative and its supposed commitment to sustainable tourism, the Arias government continues -like previous administrations- to pursue both ecotourism and mass coastal tourism.

The Peace with Nature goals include: a) contribute to the maintenance and recovery of the natural ecosystems that sustain life on Earth; b) support environmental sustainability; and c) contribute to the survival of society and improve its quality of life. In the framework of the initiative, the government's commitments are: i) sustainability must be a long term policy of the state; ii) public and private sectors must assume their responsibility with sustainability; iii) the focus should be in practical solutions; iv) sustainability must be part of the country's international agenda; v) there must be solid and coherent environmental management frameworks; and vi) all institutions from the public sector must adopt good environmental practices. If this commitment is real, "Peace with Nature" could become an excellent national framework to demand the private sector to demonstrate with practical actions the sustainability of its productive activities and respect for the natural environment.

Unfortunately, this may not be the case: even though since July the government worked on a Decree with a series of rules to regulate tourism and real estate investments along the coast, this hasn't been signed yet -which could obey to pressures from investors- and it may never see the light. Although the details were never officially revealed, the draft limited construction up to five kilometers

inland from the 50-meter maritime zone and restricted building heights anywhere from 14 meters to about 34 meters. It also provided directives on the use of soil in coastal and rural areas and the density or concentration of inhabitants per surface area. It also aimed to protect the area's fragile ecosystems, river basins, superficial and subterranean waters, vegetation and fauna.

It is also important to mention that the government is also committed with economic growth, which is not always a peaceful process with nature: It aims to increase exports from \$8 billion to \$20 billion in just four years. This is also part of a social strategy to lower poverty from 20% to 16% during the same period. All these objectives indicate that the government's bets to a combination of economic growth, social development and nature preservation. This is a very challenging path to follow and contradictions will certainly arise.

In Panama and Nicaragua sustainable tourism is not promoted by the governments. The new Nicaraguan government has launched a series of general sustainability principles which need to be accompanied by specific actions to be implemented. In this country, neither INTUR nor MARENA carry out specific sustainability programs for the tourism industry. Sustainability is present in tourism programs supported by international cooperation, such as Araucaria (Spanish) and Green Central America Initiative (German).

1.6.3 Certification for Sustainable Tourism

An interesting practical mechanism used in Costa Rica to avoid and/or mitigate the negative social, economic and environmental impact of tourism developments with the Certification for Sustainable Tourism, , CST, promoted by ICT and implemented through an national accreditation committee involving several highly respected public and private entities, including ICT, MINAE, University of Costa Rica, UCR, the National Biodiversity Institute, INBio, Costa Rica's National Tourism Chamber, CANATUR, and others. The CST was designed to differentiate tourism sector businesses based on the degree to which they comply with a sustainable model of natural, cultural and social resource management. So far hotels and tour operators can participate of this program, which consists of a scale of 5 "levels" of sustainable tourism achievement. 61 hotels and 7 tour operators are already participating in the program.

1.6.4 The role of NGOs

There is a wide diversity of NGOs working in Costa Rica and other countries, which are playing an important role in disseminating sustainability practices and technical capacity among tourism and real estate development. Some examples are:

- **Rainforest Alliance:** One of the most interesting examples of an NGO working in sustainable tourism is Rainforest Alliance. This organization has created a series of materials on sustainability, certification, and good social, economic and environmental practices for the tour operators and the lodging industry. RA also works directly with hotels in the implementation of good practices in Costa Rica, Guatemala and Belize and will start soon in Nicaragua with a program supported by the United States Agency for International Development, USAID.
- **MarViva:** This is a non-profit, non-governmental organization that works together with the authorities and communities to protect marine and coastal resources along the Eastern tropical Pacific and the Caribbean. They have a series of publications about coastal and marine conservation. One of them is “*A friendly guide to the Management Plan for Las Baulas Marine National Park*”. Las Baulas is right off the coast of Tamarindo, a community with high real estate and tourism development, which is threatening an important nesting site for marine turtles.
- **Costa Rica’s National Center for Cleaner Production, CNP+L:** It was established in 1998 by the Chamber of Industry, with the purpose of creating national capacity for cleaner production, prevention of contamination and eco-efficiency. The Center has contributed to the development and implementation of good productive practices and environmental products of interest to different productive sectors, including the tourism industry.
- **IUCN:** The IUCN Mesoamerican Regional Office developed a manual¹⁹ which offers technical guidance on good environmental practices for urban infrastructure development, including residential, commercial, touristic, and others.

1.6.5 Sustainable tourism and vacation home developments

Most real estate investments are conventional developments. Still, there are some projects which are being planned and/or developed based on sustainability criteria. Some examples are:

- **“Cielo Vista del Oceano”:** A \$50 million investment in Garabito, combines residential development (400 units) with reforestation programs in alliance with the local community.
- **Punta Cacique:** Located between Hermosa and El Coco beaches. This is owned by Revolution Places, Steve Case’s company. It’s an \$800 million investment in a ten year period, which will include two hotels, residences and golf course. According to Case, it will include integration with the local community and nature preservation. \$1 million would be invested in local training to stimulate the development of small enterprises. He also promised to plant one million trees.

- **Marina Pez Vela:** This is a \$16.6 million investment located in Quepos. It is expected to be completed in August, 2008. It includes a hotel, 60 apartments and a shopping center. This project claims to have being designed based on environmental criteria and two of its characteristics are technical training program for the community and environmental protection.

Projects like these require the participation of a wide diversity of professionals such as biologists, ecologists, engineers, architects, interior designers, geographers, sociologists, and others, with a vision of an environmental, social and economic sustainability.

1.6.6 Green suppliers

There is a growing need by the tourism sector to have access to “green suppliers” of products, services, raw materials and other inputs, which can contribute to a greener operation of their activities. During EXPOTUR 2006 and 2007, there was a parallel activity called “EXPOVERDE”, a fair of environmentally friendly products for the tourism industry, organized by Fundación Corcovado with the support of Rainforest Alliance and Horizontes Nature Tour.

In October 2007, Q’artos is organizing a “green suppliers” event with 350 hotels and 42 suppliers of green goods and services. Q’artos is aiming to generate awareness about the importance for tourism enterprises to demonstrate their environmental and social commitment.

1.6.7 Other actors

During this study it wasn’t possible to identify a direct involvement of other actors such as bankers/financial institutions and international development agencies in sustainability issues related to tourism or real estate investments.

2. Testing WWF’s Hypotheses

2.1 Hypothesis #1

This first hypothesis states that *“key global actors are real estate development industry - which includes principally financial institutions- and real estate developers who can operate at any level from local to global and are primarily private sector”*.

This study has shown that the national, Central American and international private sector has played a very important role in the current blooming of real estate developments in Central America. The developers are entrepreneurs who want to develop projects and seek capital to finance them. Renowned consortiums include Grupo Roble and Grupo Pellas. Investors with resources seek enterprises with capacity to create value and multiply their money. Enterprises divide their stock in shares and sell them to private investors, who can be individuals or “clans” of investors. Money can also be gathered by national and international financial entities which then invest in different initiatives. In Costa Rica, even the public banks are creating funds to invest in real estate. Private financial entities include Grupo SAMA and Interbolsa, from Costa Rica. Private banks include BAC, HSBC and Scotiabank. Public banks include Banco Popular and BCR, in Costa Rica.

Alliances between local and foreign groups are also common: A new plan for the construction of an international fair complex in Costa Rica involves Interbolsa, responsible for the financial aspect of the project, and Feria de Valencia and Alta Group Desarrollos, responsible of design and construction.

An interesting case is the BCIE, which used to obtain resources mainly from international cooperation. Now, even though it stills channels cooperation funds, it mainly accesses money worldwide, which is available thanks to the dynamic growth of the global economy in the last few years. The BCIE provides resources not only to governments but also to the private sector.

Motivations for these developers and investors to choose Central American countries include the closeness to the United States, the positive image these countries have been building during the last decade, their consolidation as tourism destinations, relative low prices for the land comparing to the US, a favorable business environment and governmental support. Of course, these characteristics may have local variations from country to country. For instance, Nicaragua is considered as the most affordable market for foreign ownership, Costa Rica is highlighted as an ecotourism paradise, and Panama is promoted based on the canal, the use of dollars and the modern capital city.

Credibility can be an important factor in tourism and real estate investments. For instance, Steve Case is well known as the founder of AOL. Among his investors are former tennis players André Agassi and his wife Steffy Graf, and Philippe Cousteau, grand-child of Jacques-Yves Cousteau.

2.2 Hypothesis #2

This second hypothesis states that “Governments, together with public institutions and private investors, are key in making land use & infrastructure decisions for coastal tourism developments”.

2.2.1 Costa Rica

2.2.1.1 Who makes decisions for coastal areas?

This study has identified that decision making for land use planning and infrastructure development is restricted by the legal framework and the Government's institutional capacity. It has also identified that Costa Rica was not ready for the rapid private development in tourism and real estate that the country is experiencing. Because of this, Costa Rica is been very slow in reacting at both national and local levels to this phenomenon.

a) About land use & ownership: In general, ownership in Costa Rica favors private investment. The Constitution of the Republic of Costa Rica states the right to private ownership. Nevertheless, there are exceptions to these: the Maritime-Terrestrial Zone, public wild protected areas such as national parks and biological reserves, buffer zones around the harbors of Caldera and Moín, indigenous reserves, and some others. Access to beaches is public and, within the 150 meters of the ZMT, a concession can be obtained from the municipality for private usufruct. In practice, the situation of the ZMT is confusing and different types of legal and illegal possession overlap. Currently, there is a project in Congress for a new law to avoid corruption and stimulate development of the ZMT. This Project, presented by the Libertarian Party, proposes the privatization of the restricted zone (with the 150 meters), providing property titles instead of concessions. The project argues that the current concession system encourages corruption at the municipalities and deterioration of lands given in concession; it also states that privatization will encourage local development and protection of natural resources, will reduce corruption in municipalities, and increase local government income through property taxes. This is a very controversial project, which hasn't been passed even though it was presented in 2001.

Even though municipalities are responsible for land use planning of the territories under their responsibility, they lack the capacity to carry out planning and implementation. By law, municipalities must develop and implement land use plans for their territories. During the last five decades, the central government has undertaken many responsibilities at the local level through ministries and other public institutions, which has undermined local capacity. Unfortunately, many important activities such as land use planning haven't been carried out efficiently either at national or local level. Currently, the municipality system is being reformed to encourage decision-making at the local level, improve local capacity, and provide stable sources of income.

Costa Rica has some experience in planning for tourism purposes. ICT is responsible of planning the ZMT, and the "Sustainable Tourism Plan" is

supposed to be an instrument that can be used at the local level. Nevertheless, it never considered the current second home development, which is rapidly turning the plan obsolete.

The current lack of capacity at national and local levels to deal with the rapid growth of real estate development worries the Costa Rican Government, which worked on a Presidential decree to regulate rampant development along the coast of Guanacaste. This was supposed to be a temporary measure applied only where there isn't any regulatory plan yet. Once a regulatory plan comes into being, it would automatically revoke the decree. This should take between two to three years. The Decree was supposed to be signed in July 25th but, according to ICT officials, it was brought back to the drawing table and it hasn't been signed and, there seems to be a lot of pressure by the private sector about it.

b) About infrastructure development: National infrastructure is the responsibility of the MOPT, whereas local works are the responsibility of the Municipality. The latter is financed through budget assigned to local governments by the Congress and the Ministry of Hacienda, and through local taxes. Tourism and real estate development has increased the demand of good quality infrastructure and services, including roads, bridges, sidewalks, water supply, sanitation, landfills, and others. In spite of a higher economic growth and increased visitation by tourists, during the last 15 years, Costa Rica has been left behind in terms of infrastructure development by other countries in the region. Again, the legal and institutional frameworks have worked against the country. This has not discouraged tourism and real estate development, but adds a lot of pressure to the Government to develop higher quality infrastructure and public services. Currently the Congress is revising the legal framework to facilitate the concession of public works. The advantage of this model is that the country avoids running into debt, while enjoying the benefits of the efficient operation and maintenance of infrastructure by a private company. The role of the government is to monitor the company's compliance with the agreed terms during the life of the concession.

c) About the environmental and social areas: With the multiplication of tourism and real estate development projects, SETENA lost its capacity to respond efficiently to requests of environmental viability, which involves the review environmental impact assessments and supervision in the field. The Government's decision to strengthen SETENA with more budget, resources and personnel is crucial, because foreign investment will continue to increase, which means that Costa Rica must be more careful about its impact on the natural environment. This decision seems to be congruent with "Peace with Nature".

From a social perspective, the enforcement of labor legislation by the Government and the CCSS, growing cooperation by private enterprises and a lack of enough workers to cover the growing needs of agriculture and

construction has resulted in a larger number of affiliates to the CCSS, which provides more resources to strengthen the country's health system.

d) About Formal vs. informal policies; legal vs. extra legal: Several interviewees stated that corruption is an important issue in tourism and real estate development. This is very difficult to corroborate and during this studies it wasn't possible to identify any legal accusations against public officials. The causes for corruption identified include: a) The legal responsibilities of public entities (MINAE, ICT, municipalities, SETENA, AyA, others) are not always clear and sometimes they overlap; b) public institutions tend to be efficient and procedures can be very complex and take months or even years; c) public personnel accept bribes to accelerate processes or at least not to slow them down and to ignore violations to legislation, such as deforestation and pollution; d) for an investor waiting too long for permits can be costly and for many it is easier and cheaper to pay to obtain them. Also, as shown by CFIA, many projects decide to begin construction without municipality permits and, sometimes, they even lack of a formal engineer to supervise the process. This is a symptom of both municipality corruption and incapacity to supervise developments. Negative results involve the loss of income through 1% tax for the municipalities, bad quality of the developments and environmental impacts.

2.2.1.2 The “culture” of decision making

In the process of decision making in Costa Rica in the context of tourism and real estate development, different contradictory values and world visions collide:

a) Central vs. local: Costa Rica still makes a lot of decisions at the Central level. Nevertheless, the trend is to yield more power to the municipalities. This process has been slow down by a lack of personnel, experience and technical resources in the local governments, as well as for psychological dependency and partisan loyalties on politicians in San José, especially ministers and congress people, who want to be perceived as benefactors by the local communities.

b) Conservation vs. development: Costa Rica has a long tradition of conservation of its natural heritage based on a legal and institutional framework, with the support of the civil society and the international community. The current administration has launched the “Peace with Nature” initiative to show its commitment to conservation. At the same time, this same government is determined to place Costa Rica as a key player in international free trade and one of its goals is to attract foreign investment and increase exports in the next three years. This can lead to contradictory decisions, such as the construction of a new international airport in Palmar Sur.

c) Market vs. national policy: The rampant real estate development in Costa Rica is not the result of a coherent and explicit national policy to stimulate that

activity. Instead, it is the effect of the country's success as a tourism destination and its international image as a peaceful country that preserves nature. This has attracted the interest of investors who find in second home development a market opportunity. Costa Rica's lack of capacity to offer good quality infrastructure and public services has not frustrated investors, but the multiplication of development projects increase pressure on the Government to provide them.

d) Planning vs. improvisation: Most local governments haven't had the capacity and the resources to develop the land use plans for the territories, required by law. The lack of these plans has favored a development characterized by improvisation, chaos, overlapping of contradictory uses, and high social and environmental impacts. Having the plans is not enough: local governments also need technical, financial and human resources for their implementation.

e) Efficiency vs. red tape: Public entities from the Central government and the municipalities often lack the human, financial and technical resources to carry out their legal and administrative duties in an efficient manner. Also, the legal framework is not always clear when assigning responsibilities or may duplicate them. As a result, procedures to obtain permits can be complex, long, tedious and expensive in terms of the time an investor needs to wait to start a development. A developer who wants to play with the rules can end up very frustrated, trapped by the red tape: in the long term, this can be costly and money may be lost. Of course, in this context, there are investors who favor corruption and disdain for the law.

2.2.1.3 Sustainable development: who supports, how important?

a) Government: The "Peace with Nature" initiative is a commitment of the current administration to sustainability. The government's concern about potential impacts of rampant real estate development is reflected in its intention to draft a Decree with a series of temporary rules that could control development while municipal plans are completed. Nevertheless, the delay in its signing may be an indication of pressure by private investors and developers. The CST program, which the government is determined to expand, may be a useful tool to promote good environmental and social practices among hotels and tour operators.

b) NGO: Some non governmental organizations are playing an important role in terms of social control of tourism and real estate developments (for instance, FECON, MARVIVA). Others are active participants in sharing technical information about sustainability best practices (Rainforest Alliance, IUCN, others).

c) The industry: The interest of some outstanding companies in sustainability and local development is a great opportunity. If they implement good environmental, social and economic practices and have a positive impact on the local culture and economy, as well as on the environment, they can contribute to set up the standards for the entire industry. Also, with investments of hundreds of millions of dollars, these companies can put pressure on the government to adopt sustainability measures to avoid the deterioration of Costa Rica as a tourism destination.

d) The consumers: Tourists and new residents are attracted by nature but, in general, sustainability does not seem to be an important criterion for choosing Costa Rica as a destination or new home. A recent study *“Competitive Destination Planning: The Case of Costa Rica”* (Cornell Hospitality Report, 2006) examined travelers’ habits and attitudes, using a sample of U.S. tourists to Costa Rica, applying Stanley Plog’s long-established continuum of travelers’ psychographic types as matched to their preferred destinations. This report states that “Costa Rica may be losing some of its cachet as a relatively unknown destination for venturesome travelers (known as Venturers, in Plog’s continuum). Instead, the results give strong indication that development in Costa Rica has reached the point that the nation appeals to the broad mid-market of travelers, whom Plog dubs Mid-Centrics. While destination planners may at first applaud the increased arrival numbers of the Mid-Centrics, it soon becomes apparent that they spend less than the intrepid Venturer-type visitors, and their presence encourages the kind of rampant development that leads to a destination’s decline”. According to ICT²⁰ the tourist profile is changing, including segments which are more dependent on having everything at hand. This, of course, stimulates real estate investments. ICT is planning to measure this phenomenon at the national level and by region as well.

2.2.2 Panama

Attraction of real estate investments is an official policy in Panama. The main concern for the government seems to be the responsibility of investors in front of final consumers. The cancellation of two big projects worried the government in terms of the negative impact on the country’s image. Another concern is misleading publicity. Currently Congress is working on legislation to protect the rights of consumers.

In terms of decision-making, the market plays a very important role in Panama. Legislation is not restrictive for the commercialization of coastal lands and the best sites have already been bought or are already under development. There is relative efficiency in terms of providing permits to new businesses and there is little corruption.

The country has also prioritized the development of first class infrastructure, including highways, harbors, bridges, airports and the Panama Canal. Environmental and social impacts do not seem to be a primary concern for the government and sustainability is not considered.

2.2.3 Nicaragua

Decision making in Nicaragua is very complex because of historical, political, legal and administrative reasons. The situation of landownership, for example, imposes a lot of limitations and fore developers and financial institutions to be very careful. Yet, in spite of this, the Bolaños administration had a clearer policy to attract foreign investment in tourism and other productive activities (CAFTA, incentives, others). On the contrary, the new Sandinista government does not have a very clear policy on foreign investment and sends confusing signals:

- It accepts the Central American Free Trade agreement, CAFTA as a fact but also enrolls in Chavez' ALBA initiative, which opposes free trade promoted from the USA.
- ProNicaragua sends a delegation to Costa Rica to invite foreign companies to move to that country, arguing that it offers better opportunities thanks to CAFTA, but at the same time the Sandinista government supports the "No" campaign in the Costa Rican referendum.
- The Sandinista controversy with ESSO arises a lot of questions about the manipulation of the legal systems for ideological, political and economic reasons.
- Recently, the government fired most of the staff at INTUR - including liaisons with other Central American institutions, as well as people with valuable experience and knowledge- to hire Sandinista partisans.

The private sector is actually the most important actor in the country's economic development. PRONicaragua also plays an important role in attraction of investment, but this entity is a hybrid between public and private. The private sector is currently negotiating with the government a proposal about all those areas that need support. Tourism is on the list. A mixed public-private team is working on this proposal, which includes the commitments of the private sector and the required support from the government.

There is no evidence that foreign investment is decreasing because of the election of the Sandinistas. In fact, a recent new arrival is HSBC, an international bank. If the government proves that it is capable of doing its job without affecting or attacking the private sector, foreign investment will continue.

About sustainability, the Sandinista government has adopted a series of principles, which need to be adapted to the different productive sectors and their activities. That offers an interesting opportunity to promote specific actions for the sustainability of the tourism industry and residential investments.

2.3 Hypothesis #3

This third hypothesis states that *“two secondary players – 1) tourism operators/chain hotels/cruise lines and 2) consumer demand -- have some influence on decision making”*.

2.3.1 Tourism operators/chain hotels/cruise lines

The establishment of renowned companies such as Four Seasons and Marriott, which include a diversity of products such as hotels, golf courses, marinas, homes and luxury apartments, contribute to place the region in the world map as a sophisticated tourism destination. These enterprises are followed by new investments which are attracted by the business opportunity those brands create. Even though this is a reality mostly in Costa Rica -especially in Guanacaste- Nicaragua is making an effort to benefit from this: PRONicaragua's promotional strategy refers to the country's location next to Guanacaste, “the fastest growing real estate market in Costa Rica”. Cruise lines allow people to see a little bit of the countries they visit and contribute to position destinations in the mind of their passengers. Taking a cruise may be a good opportunity to explore several countries and their business opportunities or possibilities for second homes.

2.3.2 Consumer demand

It is now very common that tourists who visit Costa Rica ask about opportunities to buy property. They are attracted by nature and by the friendliness of the population. Also, many are reaching the age of retirement and are looking for a second home in a nice environment. Many are looking for investment opportunities and they find them in Central American. According to the American Embassy in San José, 50,000 Americans are currently living in the country, while 150,000 Americans already own property there. Having visited the countries may influence the consumer's decision, but it is also obvious the Internet in playing a very important role in promoting Latin America for second homes. The expectations are that demand will continue to increase during the next few years.

3. Caveats posed by CESD

a) Caveat #1: Consumer demand

Understanding consumer demand and trends can be useful in terms of making the case to governments and industry for the market wisdom of more socially and environmentally responsible tourism development.

In the framework of this study it wasn't possible to identify clear trends on the market indicating an interest or a commitment of consumers on sustainability. Still, climate change has raised a lot of concern within the United States and worldwide. This issue and could offer a way to generate awareness among consumers about the need to a sustainable tourism and the adoption of lifestyles more respectful of natural limits.

b) Caveat #2:

There are a growing number of innovative players in mass tourism (owners of resort chains, smaller cruise lines, etc.) who are seeking, in various ways, to "green" their operations. WWF could seek ways to enlist and work with these as industry champions to strengthen a new type of more socially and environmentally responsible development.

There is a growing interest by the private sector in contributing to sustainability. Also, there is more access to information about sustainability practices that apply to construction processes and tourism development. There are also national and international certification programs that could be useful to raise sustainability standards of the tourism industry.

c) Caveat #3

WWF should not ignore the World Bank, USAID, IDB, BCIE and other development agencies as potential allies in building its tourism strategy.

These regional and international financial agencies could play an important role in establishing sustainability criteria when providing funds for infrastructure development and other initiatives.

4. Global forces causing destruction in "hotspots" regions

This study identified that civil, residential, and hotel infrastructure planning and construction on coastlines can be a destructive force for biodiversity in Central America. In general, these developments are not considering the dynamics of ecosystems such as coastal forests, rivers, beaches, mangrove swamps, coral reefs and others. They are the habitat of numerous species with particular characteristics in terms of life styles, movements, food, mating, and nesting habits. The construction of hotels, homes, apartments and other facilities may displace numerous plants and wildlife from their natural habitats. Impacts from

building on coastlines are not only experienced in the immediate surroundings but they also affect resources found at greater distances. The movement of earth for construction purposes may generate sediments that will eventually end up in the sea and affect coral reefs and communities of fish and other species. Sediments introduced in the ocean may ultimately deteriorate or kill coral reefs. A degraded coral reef hosts very little biological diversity. Besides, it loses its capacity to contain wave erosive forces during storms. Tall buildings too close to nesting sites at beaches could project shadows that diminish sunlight and the eggs' capacity to incubate. At night, lights from buildings and airports may discourage female turtles from nesting. Other problems generated by these developments include a dramatic increase in the use of energy and the subsequent impact on global warming and climate change. Other problems include more solid waste and higher demand of fresh water resources.

5. Recommendations for WWF

5.1 Review of WWF Central America activities

WWF Central America's priority thematic areas are the region's coasts and oceans. All actions are developed under the concept of integral coastal management, which includes working with local communities. Most activities in Central America are based in the Mesoamerican Reef, which extends from the Yucatan Peninsula in Mexico, including the Reef Barrier in Belize, the Caribbean coast of Guatemala and the Islas de la Bahía/Cayos Cochinos complex along the Northern coast of Honduras. Key issues include sea turtles, fishery's certifications and integrated management of resources. Special sea turtle programs are carried out in Costa Rica.

Conservation of marine turtles: Algunas de las playas de Centroamérica se cuentan entre los sitios más importantes del mundo para el desove de las tortugas marinas. In Costa Rica one of the projects is located in Gandoca y Manzanillo, in the southern Caribbean and it is implemented through ANAI, a local NGO. Currently WWF Central America has a specialist in sea turtles, Carlos Drews, who supports the implementation of multilateral actions on conservation and protection agreed by the countries. He is also working on a regional strategy for all Latin America and the Caribbean to recover the species.

Certification of fisheries: This activity focuses mainly in shrimp and lobster, based on the criteria defined by the Marine Stewardship Council. Thanks to an alliance with Unilever, one of the largest buyers of frozen seafood, WWF Central America is trying to develop a market based on certified fisheries. The goal is to use the power of the customers to identify and differentiate sustainable marine products with an ecological label.

Research: Scientific research is carried out to determine the status of marine resources in the Mesoamerican Reef and design management policies.

Wild protected areas: WWF Central America provides financial and technical support to create management plans and ecological evaluations in marine protected areas at the Mesoamerican Reef. It also offers human resource training.

Education: WWF Central America develops communication campaigns addresses to fishermen, protected area managers, and decision makers about the importance of conserving and using resources sustainably.

Sustainable Tourism: WWF Central America supports sustainable tourism. This involves working with big chain hotels and cruise lines. Activities include improvement of social and environmental standards for low impact tourism activities. Sian Ka'an protected area is being developed as a model of low impact tourism. Tourism policies of Belize are also being designed with that focus.

5.2 Key leverage points for ensuring sustainable tourism

Decision making in the countries covered in this research can be very complex and can be influenced by history, politics, the legal and institutional frameworks, international image of the country, and expected profitability, among others.

When working with governments, it is important to influence them to adopt and implement sustainability strategies. Governments require addressing people's needs, such as poverty alleviation, generation of jobs, and good quality education, health and housing services. Sustainability is not something separate from all of this. On the contrary, it is essential that national and local governments understand that development has to be sustainable. Offering people good quality of life includes the conservation of biodiversity and the natural environment as well as the preservation of cultural values. In fact, this is even more crucial in tourism, which depends on the natural and cultural attractions of destinations.

The participation of the private sector is essential. There are tourism and real estate companies which are aware of the need to preserve the natural and social values of the destination and are more willing to implement sustainability practices. Some of these are making huge investments, understand what is at stake, and are willing to take action. Identifying and working with these enterprises could be a way to influence the rest of the sector. One way to involve the private sector is to work with professional associations and chambers such as tourism, construction or real estate chambers.

Financial institutions could be another interesting target. Many of them implement social responsibility programs and could be attracted by biodiversity conservation and sustainability. Besides, they have the possibility of using sustainability criteria when choosing clients who are investing in tourism and housing developments.

Several NGOs have already identified good sustainability practices and environmentally friendly technologies for the tourism industry. Many of these also apply to real estate development. These NGOs could be interesting allies to promote changes of behavior among private entrepreneurs, tourists and residents. There are also national and international certification programs in sustainable tourism which include aspects such as planning, good construction practices, and biodiversity or nature conservation as part of their criteria. These programs could play an important role in promoting sustainable tourism among the private sector. This study did not identify certification programs for real estate but there is certainly a need in this field, which could incorporate residents in implementation of good practices such as energy and water saving or waste management.

The Media can also be a strategic ally to promote sustainability practices for the tourism industry and to generate awareness about environmental problems and threats to biodiversity.

Local community organizations can be strategic allies and are an excellent channel to work with local people through environmental education and training programs involving conservation, sustainability and local development.

5.3 Specific strategies and options for a WWF tourism program

An action agenda for WWF should start with a selection of those elements of biodiversity aimed to be protected. Then there should be an identification of national and international potential partners as well as target groups for the sustainable tourism program. Reasons for choosing partners must be clear: political support, funds, technical expertise, dissemination of information, and others. Goals and activities with target groups should also be specific: adoption of a certification program, implementation of good sustainability practices, development of sustainable productive activities, and implementation of a conservation program. Then there should be an effort to build synergies with partners and target groups. The following are specific options that a WWF tourism program could pursue:

- In order to be more effective at national and local levels, WWF must also work at the Global level, with international development and financial agencies, such as The World Bank, IDB, BCIE, and

others. These entities are in a position that allows them to influence the national agendas in sustainability.

- Support national and local authorities in coastal land use planning and implementation. Plans should define what can and what cannot be done and where. These processes should be participatory, including tourism and natural resources authorities, the community, the private sector, NGOs and others. The purpose of a plan should not be to exclude development, but to do it according to the capacity of the territory, preserving its natural cycles and biological diversity. Precisely, the role of WWF should be to make sure that the dynamics and needs of ecosystems and species are taken seriously into consideration in the design of the plan.
- Participate in legislative processes, where WWF may provide technical expertise for legislation related to marine and coastal development, biodiversity conservation and implementation of international conventions and treaties.
- Understand decision making processes both at public and private sectors. Use this knowledge to design public relations strategies.
- Operate in the framework of wild coastal protected areas in tourism destinations. They offer a great opportunity to contribute to the conservation of beaches, mangrove swamps, estuaries, coral reefs, turtle nesting sites and cetacean resting areas. Another strategy is to work with species that have national or international conservation status, such as sea turtles or cetaceans.
- Get the attention of the Media to disseminate information on topics such as the impact of tourism and residential development on biodiversity, sustainability and conservation programs supported by WWF and its allies, positive case studies, and others.
- Work with the private sector disseminating sustainability practices that apply to all phases of tourism and real estate developments: designing, construction and operation. Work with different industries related to tourism and real estate: construction, lodging, tour operators, investors, and others.
- Carry out research to generate knowledge and information about the impact of tourism and residential development on the natural ecosystems and key species and use this information to work with decision makers.

- Support local education programs targeted on community children and adults to disseminate the importance of biodiversity and awaken their enthusiasm to contribute to its protection through sustainability practices.
- Accompany local communities with information and technical assistance in the implementation of sustainable productive activities based on biodiversity.

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Persons interviewed

Costa Rica

Marcos Montero, Instituto Argos
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Lucy Valenti, Presidenta CANATUR Nicaragua
Michael Navas, PRONicaragua
María Nelly Rivas, Former Minister of Tourism

Panama

Alfonso Ducreaux, tourism consultant

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