

Whose place in the sun?



**Whose place in the sun?  
Residential tourism and its implications for equitable and sustainable  
development in Guanacaste, Costa Rica**

Wiens plek onder de zon?  
Residentieel toerisme en de gevolgen voor rechtvaardige en duurzame  
ontwikkeling in Guanacaste, Costa Rica  
*(met een samenvatting in het Nederlands)*

¿Un lugar en el sol para quién?  
El turismo residencial y sus consecuencias para el desarrollo equitativo y sostenible  
en Guanacaste, Costa Rica  
*(con una síntesis en español)*

**Proefschrift**

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# Table of Contents

<b>List of figures</b>	<b>9</b>
<b>List of tables</b>	<b>10</b>
<b>List of text-boxes</b>	<b>10</b>
<b>Abbreviations</b>	<b>11</b>
<b>Acknowledgements</b>	<b>13</b>
<b>1. Introduction</b>	<b>15</b>
1.1 The global land rush	18
1.2 Globalisation and translocal development	23
1.3 Residential tourism and lifestyle mobilities	26
1.4 Study approach and methods	30
Research questions	30
Research area	31
Methodology: triangulation and inductive approach	32
Use of secondary data sources	34
Sampling methods and techniques	35
Participant observation	36
Data analysis	36
Reflection on research methods and experiences	37
1.5 Structure of the book	38
<b>2. Tracing the threads of recent residential tourism development in Guanacaste</b>	<b>41</b>
2.1 Tourist attractions and migrant pull factors	42
Climate	43
Landscape	44
Biodiversity and nature	45
Image of peace, democracy and development	47
Culture and lifestyle	47
Accessibility and services	49
Cost of living	51
2.2 History of Guanacaste	52
From flourishing region to marginalised area (pre-1880)	52
The land grab, livestock boom and rise of tourism (1880-1980)	54
Land, agricultural production and migration	54
Initial tourism development	55
Livestock crisis and tourism standstill, but on-going land speculation (1980s)	56
Transition to a service economy (1990s)	58
Large-scale tourism and real estate boom (2000s)	60
2.3 Guanacaste's residential tourism boom: the role of policy and external factors	64
Attracting residential tourism: government facilitation and private sector primacy	64
Infrastructure	64
Government support for specific large projects	65
Other law proposals	66
Contradictory discourses and practice	67

Deregulatory policy environment	67
Coastal zone regulation and land-use planning	68
Environmental regulation	70
Weak and centralised institutions	71
Other examples of deregulation	73
2.4 Trans-local factors explaining residential tourism	73
Conclusion	76
<b>3. Guanacaste coast: a concrete jungle? The physical and human landscape of residential tourism</b>	<b>79</b>
3.1 Residential tourism growth in the research area: the figures	80
Construction data	80
Residential projects	81
Origin of investment capital	83
Residential tourists: estimates	84
3.2 Gated communities, condominiums and land plots: what residential tourism looks like	86
All-inclusive luxury gated community (including golf courses and hotels)	87
Mixed project: gated community combining plots and residences	90
Villa complexes (horizontal condominiums)	91
Apartment complexes (vertical condominiums)	93
Land plot subdivisions	95
3.3 Population of the residential tourism projects	96
Characteristics of different types of residential tourists	98
‘Evolution’ of residential tourists	100
3.4 Discussion	101
Residential tourism in Guanacaste in an evolutionary model: past, present and future	101
Effects on local destinations	103
Economic effects	103
Environmental sustainability and liveability	104
Social cohesion vs. segregation	106
Conclusion	107
<b>4. Multiple mobilities: local citizenship and community fragmentation</b>	<b>109</b>
4.1 Theoretical framework	109
4.2 Multiple mobilities: numbers and characteristics	113
4.3 Multiple mobilities and their logic	115
Nicaraguan migration to Guanacaste	115
Domestic migration: GAM – Guanacaste	116
Motivations for moving: western migrants	117
Comparison: history and motivations of migration	119
4.4 Migration policies and practice	120
Western migrants	120
Nicaraguan migrants	122
Comparison: political opportunity structures	124
4.5 Dimensions of local participation and citizenship: involvement in the economy, education and health	125
Western migrants	125
Nicaraguan migrants	127

Comparison: involvement in economy, education and health	128
4.6 Dimensions of local participation and citizenship: involvement in local society – language, media, contacts	129
Western migrants	129
Nicaraguan migrants	131
Comparison: involvement in local society	131
4.7 Dimensions of local participation and citizenship: socio-political involvement	132
Western migrants	133
Nicaraguan migrants	137
Comparison: socio-political involvement	137
4.8 Transnational involvement	140
Western migrants	140
Nicaraguan migrants	142
Comparison: transnationalism as a barrier to local involvement?	142
Conclusions	146
Explaining local involvement	146
Emergence of a cohesive local society or dissolving the local?	148
<b>5. Residential tourism and economic change</b>	<b>151</b>
5.1 Theoretical framework	152
5.2 Structural economic change: towards large-scale and residential tourism growth	155
The development phase of residential tourism: increased flows to different areas	157
5.3 From short-term to residential tourism: changing expenditure patterns	160
5.4 Changing labour market and business opportunities	165
5.5 Vulnerability to shocks	172
5.6 Land price inflation	176
Conclusion	177
<b>6. Residential tourism and spatial change: fragmented processes of displacement and exclusion</b>	<b>181</b>
6.1 Fragmented space under neoliberal globalisation	181
6.2 Fragmentation of space, land markets and land use	183
Land market and land use	186
6.3 Fragmented processes of displacement, exclusion and gentrification	189
Displacement and gentrification in Guanacaste	190
Coastal land privatisation and conflicts	193
6.4 Governance and community resistance further enhancing fragmentation	196
Conclusion	197
<b>7. Green residential tourism? The conservation vs. development dilemma in Costa Rica</b>	<b>201</b>
7.1 Theoretical framework	202
7.2 State policies	203
7.3 Environmental effects of residential and large-scale tourism in Guanacaste	205
7.4 The case of Playa Grande and Leatherbacks of Guanacaste National Park	208
Conservation of sea turtles in Playa Grande area: changing threats and strategies	209
Current conflict and different views	211
7.5 Residential tourists' views on conservation vs. development	213

Final considerations: devilish dilemmas	216
<b>8. Community participation in planning and environmental decision-making</b>	<b>219</b>
8.1 Theoretical framework	220
8.2 Public participation in tourism and land-use planning	222
8.3 Community involvement in water governance	225
Community involvement in water issues: protest and judicial action	230
8.4 Community participation in conservation: Playa Grande	233
8.5 Community fragmentation	235
Diverse views on local place and residential tourism	235
Organisations and participation by different groups	237
Conclusion	239
<b>9. Wrapping up: equitable and sustainable development?</b>	<b>243</b>
9.1 Sustainable development's paradoxes and interrelations	244
9.2 Temporal and dynamic perspectives	246
9.3 Globalisation, fragmentation and trans-local development	248
9.4 The global land rush	252
<b>References</b>	<b>255</b>
<b>Appendices</b>	<b>271</b>
1.1. List of respondents in-depth interviews	271
1.2. Survey residential tourists and short-term tourists (2011)	272
2.1. Basic data: Costa Rica and Guanacaste	277
2.2. International Living Retirement Index 2012	278
2.3. Human development index and indicators: comparing Costa Rica, Latin America/Caribbean and the world	279
2.4. International Flights per week arriving at Liberia Airport	280
3.1 Basic characteristics of survey respondents	281
3.2 Survey respondents' locations: types of projects	282
3.3 Reasons for residential tourists' choice for a particular town or region	282
4.1 General population characteristics of research area	283
5.1 Residential tourists and short-term tourists' expenditures: additional data	284
8.1 Future improvement: more responsive municipalities?	285
<b>Samenvatting</b>	<b>287</b>
<b>Síntesis</b>	<b>295</b>
<b>Summary</b>	<b>305</b>
<b>Curriculum Vitae</b>	<b>313</b>



## List of figures

1.1:	Administrative division research area (cantones): coastal area of Guanacaste	32
1.2:	Structure of the book	39
2.1:	Costa Rica: relief and main towns	41
2.2:	National parks and protected areas in and around Guanacaste	46
2.3:	Nationalities of international visitors to Costa Rica: 2010	50
2.4:	Involvement of economically active population in various sectors in Guanacaste (1973-2011)	60
2.5:	Tourism growth: Costa Rica and Central America	61
2.6:	Increase of tourist arrivals in Guanacaste (through Liberia airport)	62
3.1:	Growth and decline of construction (Santa Cruz and Carrillo): 2001–11	80
3.2:	Planned/announced and completed residential tourism entities (plots, houses and apartments) per type of town, research area (2011)	82
3.3:	Hacienda Pinilla houses	88
3.4:	Península Papagayo: marina	89
3.5:	Playas del Coco / Ocotol: low-range condominiums	92
3.6:	Pacific Park Condominiums (Tamarindo)	93
3.7:	Tamarindo: unfinished condominium	94
3.8:	Playa Grande plot	95
3.9:	Reasons to choose Costa Rica	99
4.1:	Western migrants' motivations for moving	118
4.2:	Types of local associations in the Guanacaste coastal area, by membership	135
5.1:	Direct and indirect economic effects residential tourism in Guanacaste	158
5.2:	Total weekly expenditure; weekly expenditure on accommodation and rental costs; and annual expenditure on flight tickets (\$US)	162
5.3:	Weekly expenditure per category in \$US	162
5.4:	Number of people involved in selected economic sectors and average yearly increase, Santa Cruz and Carrillo (2000-2011)	166
5.5:	Number of people involved in types of economic activity, Santa Cruz and Carrillo (2000–11)	167
5.6:	Percentage of economically active population involved in selected economic sectors by place of birth (2011, Santa Cruz and Carrillo)	170
5.7:	Type of occupation vs. place of birth (2011, Santa Cruz and Carrillo)	170
5.8:	Growth and decline of construction (Santa Cruz and Carrillo): 2001–11	173
5.9:	Poverty figures: Chorotega region compared to Costa Rica (1997-2010)	174
5.10:	Open unemployment and visible underemployment in Chorotega region and total Costa Rica 2002–11	175
6.1:	Types of residential tourism projects vs. types of towns, research area (2011)	184
6.2:	Spatial fragmentation and land prices in Playas del Coco, Costa Rica	187
7.1:	Leatherbacks of Guanacaste National Park and surroundings	208
7.2:	Residential tourists' reasons for choosing town or region	214
5.1.1:	Means of transport most used: top 3 for each group, % use	283
5.1.2:	Recreational activities done in Costa Rica	283

## List of tables

2.1:	Tourism statistics in Costa Rica: 2000–11	61
3.1:	Residential tourism projects in Guanacaste. Origin of investment capital and status project (2011)	83
3.2:	Estimates of number of residential tourists	85
3.3:	Classification of residential projects and their characteristics, research area (2011)	87
4.1:	Estimates of different population groups	114
4.2:	Citizenship and local involvement in Guanacaste: different groups	126
4.3:	Western residents' local involvement in Guanacaste	130
4.4:	Western residents' involvement in country of origin	141
4.5:	Selected factors that explain local and transnational involvement of western residents in Guanacaste	144
5.1:	Stat. significant differences in mean amounts spent	163
5.2:	Classification of residential projects and their price range, research area (2011)	164
5.3:	Percentage of people economically involved per type of economic activity (2000–11, Santa Cruz and Carrillo)	167
5.4:	Division over income quintiles of population active in selected economic sectors, Costa Rica	169
5.5:	Property prices and their increase for residential tourism projects in Guanacaste coastal area: 2000–11	176
6.1:	Types of towns and characteristics, Guanacaste coastal area	185
6.2:	Property prices and their increase for residential tourism projects in Guanacaste coastal area: 2000-2011	191
6.3:	Residential tourism projects in Guanacaste: land ownership	193
2.1.1:	Population data: Guanacaste vs Costa Rica (2011).	276
2.2.1:	International Living Retirement Index 2012	277
2.3.1:	Human Development Index and indicators	278
3.1.1:	Basic characteristics of survey respondents (N=81)	280
3.2.1:	Type of project where residential tourists' property is located	281
3.3.1:	Reasons for choosing region or town, divided by type of property	281
4.1.1:	Population characteristics in research area	282

## List of text-boxes

3.1:	Survey of residential tourists and short-term tourists in Guanacaste	97
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## Abbreviations

ADI	Asociación de Desarrollo Integral or Asociación de Desarrollo Comunal <i>[Community Development Association]</i>
APMT	Asociación Pro Mejoras de Playa Tamarindo
ARCR	Association of Residents of Costa Rica
ARESEP	Autoridad Reguladora de los Servicios Públicos <i>[Public Service Regulating Authority of Costa Rica]</i>
ASADA	Asociaciones Administradoras de Acueductos y Alcantarillados Comunes <i>[Community Water and Sewer Associations]</i>
CAFTA	United States-Dominican Republic-Central America Free Trade Agreement
Caturgua	Cámara de Turismo Guanacasteca <i>[Guanacaste Chamber of Tourism]</i>
CCCBR	Cámara Costarricense de Corredores de Bienes Raíces <i>[Costa Rican Association of Real Estate Brokers]</i>
CCSS	Caja Costarricense de Seguro Social <i>[Costa Rican Social Security System]</i>
CGR	Contraloría General de la República, Costa Rica <i>[Comptroller General of Costa Rica]</i>
CINDE	Coalición Costarricense de Iniciativas de Desarrollo <i>[Costa Rican Investment Promotion Agency]</i>
CST	Certificación para la Sostenibilidad Turística <i>[Certification for Sustainable Tourism]</i>
FAO	Food and Agriculture Organization of the United Nations
GAM	Gran Área Metropolitana <i>[Great Metropolitan Area of Costa Rica]</i>
HOA	Home Owners Association
ICAA	Instituto Costarricense de Acueductos y Alcantarillados <i>[Costa Rican Water and Sewer Institute]</i>
ICSID	International Centre for Settlement of Investment Disputes of the World Bank
ICT	Instituto Costarricense de Turismo <i>[Costa Rica Tourism Board]</i>
IDA	Instituto de Desarrollo Agrario <i>[Costa Rican Agricultural Development Institute]</i>
IFAD	International Fund for Agricultural Development
IMN	Instituto Meteorológico Nacional <i>[National Meteorological Institute, Costa Rica]</i>
INEC	Instituto Nacional de Estadística y Censos <i>[National Institute of Statistics and Census Costa Rica]</i>
INVU	Instituto Nacional de Vivienda y Urbanismo <i>[Costa Rican National Institute of Housing and Urban Planning]</i>
IPS	Instituto de Políticas para la Sostenibilidad
MINAET	Ministerio del Ambiente, Energía y Telecomunicaciones <i>[Costa Rican Ministry of the Environment, Energy and Telecommunications]</i>
PGR	Procuraduría General de la República <i>[Attorney General of Costa Rica]</i>
PTGP	Polo Turístico Golfo de Papagayo <i>[Papagayo Gulf Tourism Pole]</i>
REDD	Reducing Emissions from Deforestation and Forest Degradation
SETENA	Secretaría Técnica Nacional Ambiental <i>[National Technical Environment Department of Costa Rica]</i>
SINAC	Sistema Nacional de Areas de Conservación <i>[National System of Conservation Areas of Costa Rica]</i>
TAA	Tribunal Ambiental Administrativo <i>[Administrative Tribunal for the Environment of Costa Rica]</i>
TALC	Tourism Area Life Cycle model
TLT	The Leatherback Trust
UNCTAD	United Nations Conference on Trade and Development
ZMT	Zona Marítimo Terrestre <i>[Maritime-Terrestrial Zone]</i>



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# 1. Introduction



## **‘Costa Rica: Properties available, inquire today.’**

From the sun-soaked cabañas along the coast, to the tropical rainforests containing the last remaining three-bedroom, two-bath cottages in all of Central America, there is something in Costa Rica for every nouveau riche environmentalist from the U.S. Boasting stunning views of some of the world’s most breathtaking real-estate plots, Costa Rica is home to unbelievable deals whether you are looking for a vacation home or a permanent residence. Nearly 84% of Costa Rica is still available for immediate occupancy, with many properties featuring spectacular vistas, beach access, and backyard jungle that can be easily converted into a flower garden. This nation is not expected to stay on the market for long, so call now. (...) Although located in a neighborhood of troubled nations, Costa Rica boasts the lowest number of drug lords per capita in all of Central America, and only harbors fugitives trying to escape from a life of 9-to-5 drudgery back in the U.S. (...) Costa Rica converted its military to a strike force of combat vacation-cottage salesmen in 1949 and has not had a civil war since.’

*Excerpt from The Onion (2007). Our Dumb World: Atlas of the Planet Earth.*

Costa Rica as a country ‘for sale’, a real estate frontier and a pleasure periphery for US retirees: that is how the above excerpt from the Costa Rica section of the skewed, funny world atlas *Our Dumb World* (The Onion, 2007) pictures the country. The representation of the whole nation as being for sale as a big, furnished ‘three-bedroom, two-bath cottage’, with all its exaggeration, stereotypes and humour, illustrates how Costa Rica is viewed in the USA and beyond. The picture above – which is a real advertisement – confirms this representation of the country’s coasts as a ‘paradise’ for western ‘pilgrims’. No reference at all is made to the existence of local populations. These examples illustrate an urgent trend: the recent rush for land and the ‘foreignisation’ of space, phenomena that are taking place in many areas in the South. Real estate investment by external actors is putting mounting pressure on local land markets.

The ‘global land rush’ has been firmly on the development agenda for some years now: the rapid increase in large-scale land acquisitions in the South causes much concern about food security, human rights, the displacement of populations and pressure on resources. However, the debate has focused mostly on agricultural investments, and there are good reasons to argue that new types of tourism and real estate investment should be more prominent in the debate. Tourism is generally regarded as a clean, employment-generating investment that does not cause many problems; in other words, as an easy road towards economic growth. Nevertheless, new types of tourism and mobility are generating increased pressures on land and resources. Whereas the traditional short-term tourism sector focuses on providing services such as lodging and food, tourism in many areas in the South is now deeply intertwined with real estate investment and urbanisation: people buy property in the tourist destinations and stay there for shorter or longer periods. This is known as residential tourism: the temporary or permanent mobility of relatively well-to-do citizens from mostly western countries to a variety of tourist destinations, where they buy (or sometimes rent) property. This mobility is driven by the search for a better way of life, a lower cost of living, etc. The residential tourism industry, with its focus on land transactions and urbanisation, constitutes an urgent research topic in debates on land and development.

In recent years, the flow of residential tourists to developing countries (not least in Latin America) has become more prominent. While the phenomenon is ambiguous and difficult to grasp and quantify, general tourism numbers give an indication: international tourist arrivals increased by 43 per cent between 2000 and 2011 (particularly in emerging economies), to reach 983 million worldwide (UNWTO, 2012). If only 0.5% of these arrivals were residential tourists, their number would amount to nearly 5 million worldwide.<sup>1</sup> Residential tourism has been a well-known phenomenon in southern Europe, and particularly Spain, for decades. Other destinations such as Mexico and the Caribbean also have a longer history of settlement of residential tourists, in this case from North America. More recently, this

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<sup>1</sup> This broad estimate is derived from information on Guanacaste, where about 2-3% of tourist arrivals are made up by residential tourists (see Chapter 3); worldwide, this estimate may be much lower, hence about 0.5% seems reasonable.



development has spread to wider areas in the South, for example to Central America (Costa Rica, Nicaragua, Panama, Honduras), South America (Chile, Uruguay, Ecuador, Argentina, Brazil), South Africa and Thailand. As a result, residential tourism and related phenomena such as lifestyle migration, retirement migration and second home development, have attracted more attention in research and policy circles.

The present research was driven by an empirically observed concern in the context of worldwide policy and research debates on increased transnational investments in land. The topic also proved to be of much interest to other academic discussions, as it is at the intersection of various debates. For one thing, residential tourism perfectly exemplifies current processes of mobility and globalisation. It draws attention to the complexity of current mobilities: in the context of debates on migration and transnationalism, which focus mostly on migration movements from poor to rich areas, residential tourism offers interesting insights into reversed processes of migration, namely from North to South. It is important to note that residential tourism also engenders other linkages to and from local space: there is an influx not only of residential tourists, but also of labour migrants seeking jobs in the tourist industry. These multiple human mobility flows spawn an associated range of financial, material and cultural linkages. Residential tourism thus offers an opportunity to examine globalisation 'on the ground'.

The aim of this dissertation is to provide a better understanding of residential tourism and its implications in the context of debates on land grabbing and globalisation. In particular, I deal with its implications in terms of equitable and sustainable development in one destination area: Guanacaste province, Costa Rica. This dissertation contributes to filling knowledge gaps in the relations between tourism, migration, land, globalisation and development. Residential tourism is a current expression of the localised impact of globalisation and transnational land investment. In a context of social inequality, poverty and environmental vulnerability, the increased strain on resources and the profound social effects of residential tourism become particularly visible; on the other hand, new livelihood opportunities may arise. Hence, researching residential tourism provides insight into globalisation's complex and multi-local effects in particular contexts and places. Governing flows of people, finance and resources is increasingly difficult, particularly in a context of different interests and power relations. This led to the main research question:

*What are the implications of residential tourism for equitable and sustainable development in Guanacaste, Costa Rica?*

Here, development is conceptualised as in Amartya Sen's approach. In his view, development is the process of expanding the real freedoms that people enjoy; the realisation of freedom and the abolition of 'unfreedoms' such as poverty, famine and lack of political rights. Greater freedom enhances the ability of people to help themselves and also to influence the world (Sen, 2001). In addition, the adjectives 'equitable' and 'sustainable' add some specific dimensions to it. Equitable development is development that enhances the equal realisation of freedom for different groups in society (social, class, ethnic, gender, age, etc.), while sustainable

development is ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (Brundtland Report: World Commission on Environment and Development, 1987). This definition specifically combines environmental, social and economic aspects, and adds a temporal dimension to the notion of development. This dissertation deals with three main questions, which are elaborated upon later in this chapter:

1. What are the characteristics and drivers of residential tourism development in Guanacaste?
2. What are the social, economic and environmental implications of residential tourism?
3. What is the role of governance in the development of residential tourism and its implications?

For my research, I chose to focus on Costa Rica. Particularly in the mid to late 2000s, many coastal parts of the country underwent a rapid real estate boom, which was largely driven by international residential tourism. My specific interest was in the northwest coastal region, namely Guanacaste province.

As residential tourism is on the intersection of various academic and policy debates, I will provide a background to this research by introducing three main issues: the global land rush, globalisation and translocal development, and residential tourism and lifestyle mobilities.

## ***1.1. The global land rush***

For some years now, researchers, policymakers and the media have been writing extensively about the ‘global land grab’ or ‘global land rush’: the phenomenon of large-scale land acquisitions in developing countries (Cotula, Vermeulen, Leonard & Keeley, 2009; Von Braun & Meinzen-Dick, 2009; GRAIN, 2009; World Bank, 2010; Borras & Franco, 2010; Zoomers, 2010, 2011; Oxfam, 2011; German, Schoneveld & Mwangi, 2011; Hall, 2011; Land Research Action Network, 2011; Cotula, 2012; Anseeuw, Alden Wily, Cotula and Taylor, 2012).

Land deals are the long-term lease, concession or outright purchase of large areas of land by external investors (GRAIN, 2009), although land acquisitions by domestic actors also play an important role (Hilhorst, Nelen & Traoré, 2011; Cotula, 2012). In many cases, such investments concern government-owned land, which is nevertheless often de facto occupied by local populations. The Land Matrix project<sup>2</sup> reported that 203.4 million hectares of land had been sold, leased or licensed, or were under negotiation, worldwide (2001-2011), mostly since 2008 and to international investors (Anseeuw et al., 2012). Of this land, 70.9 million ha had been cross-checked through triangulation (ibid.); half of the deals had taken place in Africa. Most investment is domestic and intra-regional, but in the case of cross-regional foreign investment, the key countries of origin of the investors are North America, Europe, the Gulf states,

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<sup>2</sup> The Land Matrix is a project carried out by International Land Coalition, Oxfam and other partners to create an inventory of land deals based on media reports and research.

East Asian countries and India (Cotula, 2012). Private companies are the main investors (agribusiness companies, investment funds, etc.), although governments are also often involved, and a separation between private companies and governments is not always easy (ibid.). Latin America has not been very central to the debate, as the situation there is different: the direct sale (or lease) of large areas of land to foreign investors is not that common, and processes of land transfer have often taken place a long time ago. However, different and more complicated types of control over land, particularly by domestic and regional investors, are important in Latin America (Peluso & Lund, 2011; Borras, Franco, Gómez, Kay & Spoor, 2012), for example in the process of soya expansion in South America.

The debate on large-scale land acquisitions and commercial pressures on land has mostly focused on two types of land acquisition, namely purchases directed to food supply (food crops, agribusiness, pasture land) and biofuel crops. However important the issue of land acquisition for food and biofuel crops may be, we need to view new commercial pressures on land in its entire width (Zoomers, 2010). Particularly in Latin America, land acquisitions outside the realm of food and fuel have been important (Borras et al., 2012). For instance, large land acquisitions are taking place in the context of climate change mitigation and adaptation, for example forest plantations related to REDD (Reducing Emissions from Deforestation and Forest Degradation) policies; mining concessions cause pressures on land; and the establishment of large-scale tourism complexes and residential tourism resorts also adds to these pressures (Zoomers, 2010).

Speculation in itself (land and houses as a safe haven for investment) is also a driver of large-scale land acquisitions (Anseeuw et al., 2012); this is closely related to residential tourism. In contrast to the most well-known examples of 'land grab', the acquisition of land for tourism and speculation is not only rural-based: it also takes place in urban areas and contributes to urbanisation in formerly isolated areas. As such, urban expansion can also be seen as a cause of the land rush. Indeed, the Land Matrix also takes into account such investments in sectors other than agriculture and biofuels: tourism accounts for 2.7 million ha of land deals (cross-referenced) worldwide (Anseeuw et al., 2012). In an attempt to broaden the debate, Borras et al. (2012, p. 851) proposed the following definition:

... contemporary land grabbing is the capturing of control of relatively vast tracts of land and other natural resources through a variety of mechanisms and forms that involve large-scale capital that often shifts resource use orientation into extractive character, whether for international or domestic purposes, as capital's response to the convergence of food, energy and financial crises, climate change mitigation imperatives, and demands for resources from newer hubs of global capital.

Tourism still receives only scarce attention in the land grab debate, and researchers seem to differ on whether to include tourism-related land acquisitions. I argue that tourism resources (landscape, view, land, water) are among the key resources for

capitalist development and drive current land acquisitions. Tourism development is often related to nature conservation policies, which are now widely seen as ‘green grabs’ (Fairhead, Leach & Scoones, 2012). In addition, residential tourism in particular is based on land and speculation.

Land grabs, the dispossession of rural communities and deepening commercialisation in rural areas are not new processes in themselves; they have existed since colonial times. The novelty of current developments lies in the speed of change, the large scale of the phenomenon worldwide and the expectation that it will continue for a long time (Anseeuw et al., 2012; Cotula, 2012).

The current land rush is driven by a number of structural and institutional changes. First, the increase in global food prices has caused a renewed interest in agricultural investment (food crops); a growing world population and increasing demand for food are important drivers behind this. Related to this, the increased interest in biofuel production has helped increase food prices, and has also directly prompted much investment in land. Another underlying cause of land grabs is ‘financialisation’ (Cotula, 2012): the attention of financial investors is increasingly drawn to land and agriculture. Land is seen as important for investment portfolio diversification, as a strategy for risk management, particularly since the economic crisis (ibid.). Furthermore, public policies in investing countries have also played an important role in promoting overseas investment, for reasons of food security, economic growth, renewable energy, etc. (ibid.)

On the other hand, neoliberal policies implemented by international institutions and donors have forced Southern governments to open up to foreign direct investment (FDI) and create incentives to attract this type of investment (Zoomers, 2010). Creating a good entrepreneurial and investment climate is one of the main demands of donors, international institutions and free trade agreements: tax incentives, infrastructure provision, the guaranteed repatriation of capital, and special concessions of land or other resources are among the benefits offered across the global South to attract foreign investors (Zoomers, 2010). Related to this, the worldwide liberalisation of land markets has encouraged the acquisition of land by new, distant actors (ibid.).<sup>3</sup> Finally, the increase in cross-border land deals cannot be seen in isolation from the broader process of globalisation, improved transportation and communication technologies, and increased linkages between distant areas in many aspects (Zoomers, 2010). Several of these drivers are important in the case of residential tourism.

The global trend for large-scale land acquisitions causes much concern. According to many studies, its implications have been mostly negative, with increased preoccupation with food security, rural people’s livelihoods, the displacement,

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<sup>3</sup> Since the 1980s, many countries in the global South (e.g. Latin America) have moved away from land reform and agrarian colonisation policies towards the liberalisation of land markets, making them more transparent, free and dynamic (Zoomers & van der Haar, 2000; Deininger, 2003). It was believed that efficiency and investment would greatly increase in this way, paving the way for economic and social development (De Soto, 2000). Land acquisition has thus been made easier. On the other hand, many land deals – particularly in Africa – concern the lease of state-owned land rather than private land; thus in these cases liberalisation and privatisation has not been a direct driver (Cotula, 2012).

enclosure and exclusion of local populations, conflict, and pressure on resources (Oxfam, 2011; Anseeuw et al., 2012; German, Schoneveld & Mwangi, 2011; Global Witness, 2012). The myth that targeted land is ‘empty’, ‘unused’ and ‘marginal’ serves to displace many people from their land. In Latin America, the expulsion of people from their lands is lesser in scale than in other areas; however, changes in land property relations can be seen in a broader perspective, as there has been a process of increased land re-concentration and inequalities in access to land, as well as ‘deagrarianisation’ (Borras et al., 2012). While some authors have emphasised positive aspects (e.g. stimulating agricultural development in neglected areas, technology transfer; see for example World Bank, 2010), many researchers and institutions have paid particular attention to the downsides. A number of policy measures at different levels have therefore been proposed. Such policy responses focus on stimulating responsible investment and creating counterbalances by protecting local land rights (Zoomers, 2012). For example, an important question is how to safeguard access to land and local rights (e.g. rights to compensation and participation) in situations of customary land tenure systems and high pressures from outside. This is very relevant particularly in Africa, where there is a great lack of recognition of customary land rights by national governments (German et al., 2011; Alden Wily, 2011). Besides land access and control, broader issues such as job creation, labour conditions and environmental effects are also dealt with in the debate.

Anseeuw et al. (2012) mentioned four governance failures related to the global land rush: weak democratic governance, land governance that fails the rural poor, economic governance that fails the rural poor, and the side-lining of smallholder production. The main difficulties in strengthening governance related to large-scale land acquisitions are the contradictory mandates of government agencies (between protecting customary rights and giving land away to investors); deeply entrenched discourses of modernisation, development and empty land; and new opportunities for rent capture (German et al., 2011). In the face of central and local government failures, the private sector itself and communities/civil society have received much attention. Global policy measures such as the Principles for Responsible Agricultural Investments and the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security<sup>4</sup> are partly directed at the private sector; other codes of conducts and round tables have also been established for private-sector regulation. However, this approach has been criticised: the main point is that codes of conduct promote further investment without questioning or taking into account the underlying drivers of the current land rush, such as food, fuel and energy-related demands (Zoomers, 2010; Borras & Franco,

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<sup>4</sup> The FAO (Food and Agriculture Organization of the United Nations) has endorsed the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security, which set out principles and internationally accepted standards for responsible practices with the aim of promoting secure tenure rights and equitable access to land, fisheries and forests. The World Bank, FAO, IFAD (International Fund for Agricultural Development) and UNCTAD (United Nations Conference on Trade and Development) have elaborated the Principles for Responsible Agricultural Investments, which encourage companies to respect local rights, ensure transparency, and act in a socially and environmentally friendly manner (Oxfam, 2011).

2010). The voluntary nature of these instruments is also questioned: the outcomes of codes of conduct depend much on the negotiating power of stakeholders and the capacity to control (Zoomers, 2012). Finally, communities and civil society are assigned a key role in mitigating effects through participation in decision-making on land deals and compensation; protecting local land rights; and improving transparency (Global Witness, 2012).

Conceptualising residential tourism within the debate on large-scale land acquisitions contributes to this debate in two ways: first, by contrasting a more urban, service sector-based type of land acquisition with land acquisition in the agriculture and extraction-based industries, similarities and differences provide new insights. All too often, general statements are made about international land deals. More in-depth information is needed to understand the complex dynamics created by increased external land acquisitions; thus the need to focus on a concrete case in a clearly defined space. Second, the land grab debate can learn from 'older' debates and theorising in the context of development studies. There has recently been more theorising in the land debate, with a focus on political economy and agrarian studies approaches. The different types of land control, land tenure regimes and land governance structures have also been assessed (e.g. Peluso & Lund, 2011). However, the implications of large-scale land acquisitions and the different governance mechanisms to counter or regulate such developments are not often theorised. Researchers of global land grabbing can thus learn from many issues that are frequently dealt with in social science and development studies, such as globalisation, community participation and consultation, economic and environmental change, governance mechanisms, the role of the state, etc. In this dissertation, I apply these discussions to residential tourism in order to provide a deeper understanding of such processes of globalised, neoliberal land-based modernisation.

The conceptualisation of residential tourism in the debate on large-scale land acquisition, and also connecting it to related important discussions in development studies, can also contribute important insights to the debate on residential tourism (and tourism in general), by showing the particular effects of these processes in the global South and in relation to other current global processes.

Residential tourism is indeed triggering a process of foreignisation of land in Guanacaste: land has become an important object of investment for many external actors. This naturally takes place on a smaller scale and in a more concentrated manner than in the case of agricultural investment; however, the scale of the capital involved is large (see Borrás et al., 2012). As most of the land investment takes place on privately owned land and not in outright illegal ways, the term 'land grab' is not fitting; nevertheless, increased land acquisition and control by external actors does take place. Before delving into residential tourism, I first describe one of the main discussions in human geography and development studies of the past decade, as it is also highly relevant to the land rush: the globalisation debate.

## ***1.2. Globalisation and translocal development***

Globalisation is ‘the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa’ (Giddens, 1990, p. 64). As such, it refers to increasing worldwide interconnectedness, interdependency and time-space compression (the ‘shrinking of distances’; Harvey, 1990), which is partly brought about by modern transportation and information technology. Globalisation also often refers to the worldwide spread of global capitalism. Appadurai (1990) identified five main dimensions – or ‘scapes’ – of the global cultural flow of ideas and information: 1) ethnoscaples: the landscape of mobile persons such as tourists, immigrants, refugees, exiles and guest workers; b) mediascaples: the distribution of the electronic capabilities to produce and disseminate information, and the images of the world created by these media; c) technoscaples: the rapid spread of technology; d) finanscaples: the increasingly rapid, mobile and opaque world of global capital; and e) ideoscaples: the spread of ideological images, which are often directly political (e.g. state ideologies and counter-ideologies). According to Appadurai, global flows occur in and through the growing disjunctures between these scapes. His analysis also challenges the common view of globalisation as leading to worldwide cultural and economic homogenisation; rather, it causes hybridity, disjuncture and difference (*ibid.*). We should not assume an overarching power of obscure global forces: globalisation is found in specific local places and the connections between them (Sassen, 2001; Massey, 2005; Tsing, 2005).

Related to the homogenisation/heterogeneity debate is the question whether poverty and social inequality will diminish or intensify as a consequence of globalising tendencies; in other words, what globalisation means for development. Many authors agree that poverty, inequality and unevenness are persistent features in today’s globalised world. David Harvey (2003) argued, in the Marxist political economy tradition, that current neoliberal policies and global processes lead to ‘accumulation by dispossession’: the concentration of profit in the hands of a few through the enclosure of public resources (e.g. land and wealth) and the exclusion of others from these resources. This is achieved through four main policies: the privatisation of public assets, the management and manipulation of crises, state redistributions that privilege the rich, and financialisation. Financialisation refers to the growing influence of capital markets, their intermediaries, and processes in contemporary economic and political life (Pike & Pollard, 2010). This also has consequences for tourism, real estate and the role of land: while land has traditionally been a production or location factor, it is increasingly becoming a goal in itself, an object of financial investment and speculation. The large flows of investment in land and real estate into new areas such as Guanacaste, and the wide range of new actors and intermediaries that have appeared around this sector (e.g. investment funds), are partly related to the process of financialisation. Financialisation has the potential to exacerbate unevenness; it also generates increased risk, uncertainty and volatility (Pike & Pollard, 2010).

Globalisation’s unevenness is also evident in the relationships between regions and localities: whereas some regions are able to flourish, others are left behind. Such

inequalities are increasingly found within nation-states. With localities being more exposed to external influences, and a continuing liberalisation of economies, there is 'faster change, less governmental control, and less certainty' (Grant & Nijman, 2004). This means a greater potential for inequality, territorial fragmentation and volatility. 'Globalization fragments locally and integrates select strands of the population globally' (Robinson, 2001, p. 559). As the role of geographical space changes, development opportunities of different groups and individuals are increasingly defined by their place in networks. Distance has become less relevant to production: inputs and labour can be brought in from distant areas relatively easily (Hein, 2002). Production and consumption are also increasingly separated. In economic geography, the importance of flows of consumption (often coming in from outside) for cities and regions has recently received more attention (Glaeser, Kolko & Saiz, 2001): much regional income can be generated from external consumption flows alone, without production necessarily taking place in the same cities or regions. This is particularly true for tourism-driven economies, which are often dependent on external consumption flows: production is now more easily outsourced to other areas, so that tourism does not necessarily create wider regional economic linkages (Hein, 2002). In addition, labour in the tourist industry is also increasingly borderless: globalisation may lead to a transnationalised segmentation of the labour market (Sassen, 2008). As such, establishing developmental local linkages is even more difficult.

In a more socio-spatial contribution to the globalisation debate, Bauman (1998, p. 18) argued that globalisation leads to progressive spatial segregation, separation and exclusion; a total communication breakdown between global elites and the locally tied rest: 'Rather than homogenizing the human condition, the technological annulment of temporal/spatial distances tends to polarize it.' According to Bauman, a key characteristic of globalisation is the enormous segregation and difference between a hypermobile elite and a large group of poor who are either 'imprisoned' in local place or travel only because it is their only option for poverty alleviation (Bauman, 1998). With the end of geography and the disappearance of distance, there is no longer a need for local social cohesion.

However, this dualisation between local and global has been scrutinised: according to Doreen Massey (2005), there cannot be a separation between 'global space' and 'local place': the global is always produced in and by the local. 'If space is rather a simultaneity of stories-so-far, then places are collections of those stories, articulations within the wider power-geometries of space.' (ibid., p. 130). Massey introduced a view of place as relational and social, and bound up with power geometries. In globalisation thinking, the relationship between space and place is breaking down: the focus is on flows rather than places; on interconnections and relational place, rather than bounded entities (ibid.). However, many globalisation thinkers still conceptualise globalisation as one single flow, with different places inevitably moving in the same direction: there is still no space to tell different stories, different possible pathways (ibid.). According to Massey, what is at stake is not whether globalisation is new, or how much globalisation there is; it is the new geometries of power that are constantly being produced, the shifting geographies of power relations. Similarly, work on the ethnography of globalisation has contributed to constructing an elaborate view of



global–local connections: Anna Tsing’s idea that aspirations of global connection come to life in friction, the grip of worldly encounter, is useful here too (Tsing, 2005). As such, residential tourism should not be regarded as one single powerful globalised flow: its development consequences depend much on the local circumstances in the destinations, as well as on the relationships with other places.

In order to secure a better grasp of what development means in the context of globalisation, Zoomers and van Westen (2011) introduced the concept of translocal development. Translocality has so far mainly been used in migration studies, referring to the links between migrants’ countries of origin and destination. However, in development studies it can also be applied in order to achieve a more relational perspective – following Massey – and move beyond the exclusive focus on local effects:

... rather than producing *transnational* communities and spaces, globalisation is resulting in *translocal* patterns of development. That is, while people are indeed more and more connected to others in different localities, including distant ones, the essence of this integration lies in linking ‘the local’ to ‘the local’ elsewhere and only partly in integration at the level of nation states. Such new types of translocality will create new development opportunities, but also restrict people’s manoeuvring space to escape from poverty – or from ‘capability deprivation’ in Sen’s terminology. (Zoomers & van Westen, 2011, p. 377)

Zoomers and van Westen (ibid.) state that processes such as land grabbing and their implications for development can be understood only by taking into account chains of indirect and extra-regional effects, and not by looking exclusively at the local effects. It should be acknowledged that the non-local is not just context, but an integral part of any development. I took such a translocal approach in this research.

Finally, it is important to stress the particularities of globalisation in rural/semi-rural and Central American contexts. Whereas the globalisation literature often deals with global cities, Woods shows that ‘...it is equally possible to point to hallmarks of globalization that have a strong rural visibility’ (Woods, 2007, p. 488). Examples of a changing global countryside are the globalisation of mobility marked by flows of tourists into the countryside and the attraction of high levels of non-national property investment, for both commercial and residential purposes (Woods, 2007). Thus, the rural–urban distinction is increasingly blurred, and processes of incipient urbanisation are taking place in many rural areas. In debates on globalisation in Central America, it is acknowledged that the region’s current insertion in the world economy is partly a continuation of modernisation: inequalities and poverty persist.<sup>5</sup> The traditional Central American agro-export model has declined in relative terms, and new, more dynamic forms of accumulation have appeared: services (tourism, real estate, financial services), industrial *maquilas*, non-traditional agricultural exports and remittances

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<sup>5</sup> Pérez Sáinz characterises the current age as a globalised modernisation age, a transition period (2003). Robinson (2001) calls it the new transnational model of accumulation, a fourth phase of capitalism.

(Robinson, 2001; PRISMA, 2007). Both economically transnationalised Central American actors and transnational corporations are involved in these sectors and are increasingly powerful (PRISMA, 2007). Globalisation in Central America is expressed in various ways: 1) changes in the structure of the labour market: the ‘transnationalisation’ and informalisation of labour and increased social stratification (see Pérez Sáinz, 2003 and Robinson, 2001); 2) local community economies are increasingly inserted directly into the global market, rather than through national channels (Robinson, 2001); 3) as rural space becomes revalorised, and new wealthy actors and investors appear alongside subsistence agriculture, inequalities increase and struggles over space demand attention (Robinson, 2001); 4) with neoliberalism, Central American states have lost prominence and declined,<sup>6</sup> while local governments lack the capacity to deal with the challenges posed by urbanisation (PRISMA, 2007). All these features are important to explain residential tourism and its effects in Costa Rica.

### ***1.3. Residential tourism and lifestyle mobilities***

The global flows of capital, goods, people and information have clear local expressions in a phenomenon proper of the current globalised age: the temporary or permanent migration of relatively well-to-do citizens from mostly western countries to a variety of destinations, driven by a search for a better way of life. In recent years many researchers have tried to make sense of this process.

A traditional label for this type of migration is international retirement migration (IRM). A body of literature on IRM has emerged (Gustafson, 2008; Lizárraga Morales, 2008; Croucher, 2009; Breuer, 2005; Truly, 2002; MPI, 2006, Puga, 2001). However, more recently there has been an acknowledgement that focusing solely on retirement obscures the fact that more and more people of non-retirement age are migrating for similar reasons. Various researchers have argued that the phenomenon should be approached from a broader perspective, one that includes younger migrants, entrepreneurs and workers, as well as more temporary forms of migration (Janoschka, 2009; McIntyre, 2009; Benson & O’Reilly, 2009; McWatters, 2009). Thus, new concepts such as amenity migration or lifestyle migration have been proposed. Various authors have recently suggested that lifestyle migration is preferable to amenity migration as a concept, because the reasons for migrating are closely related to personal desires, dreams and self-identities, rather than merely associated with objects (as the word ‘amenity’ seems to suggest) (McIntyre, 2009; Benson & O’Reilly, 2009). McIntyre went further and proposed the concept of lifestyle mobilities: in analogy with Urry’s mobilities and Appadurai’s scapes, lifestyle mobilities broaden the view to include the movements of the objects, capital and information associated with the migration of people. Lifestyle mobilities are then ‘the movements of people, capital, information and objects associated with the process of voluntary relocation to

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<sup>6</sup> Despite neoliberal policies and declining nation-states, most globalisation researchers argue that nation-states still matter: globalisation has changed their roles, but they are still very relevant.

places that are perceived as providing an enhanced or different lifestyle' (McIntyre, 2009, p. 229). This conceptualisation makes it possible to take into account the broader effects of lifestyle migration on places of destination and origin.

It is important to point out that the concept of lifestyle mobilities includes a wide range of forms, including urban–rural migration, counter-urbanisation, second home development, the growth of the urban field (peri-urban regions), coastal migration, etc. Residential tourism is then merely seen as one specific form of lifestyle mobilities, namely moves to coastal mass tourism areas for reasons related to a sunny climate, leisure and a tourist way of life (Benson & O'Reilly, 2009). However, when we look at another body of literature which deals with residential tourism, it becomes clear that the use of the concept residential tourism is not limited to these situations. For example, McWatters (2009) analysed the migration of North Americans to the rural destination of Boquete, Panama and used the concept residential tourism. Many other studies, for example in Spain, also use the concept in a general sense (rather than 'lifestyle migration' and 'amenity migration'), to refer to the process of northern Europeans buying property and temporarily or permanently moving to the area (Aledo, 2008). These studies are often more focused on the effects of the phenomenon on local society in the destinations, as opposed to the previously mentioned studies that deal with the motivations of lifestyle migrants. As McWatters (2009) explained, the concept of residential tourism draws more attention to the entire process and the wide range of consequences of the phenomenon in the destinations, whereas using 'migration' implies a focus on the sole movement from one place to another; the further societal change is then ignored.

By using the concept 'residential tourism', I thus locate my research in the debates on the implications of this phenomenon in local destinations, especially because I focus on a region in the global South. The origin of the research (having emerged from debates on land and development) makes it incline more towards the destination and development effects there, without ignoring the motivations of residential tourists.

Of course, using a term such as residential tourism has various drawbacks. However, complex phenomena such as this that have a very recent research interest always trigger terminological ambiguity (McWatters, 2009). I did not take a narrow view of residential tourism as being only coastal and purely tourism-related mobilities (Benson & O'Reilly, 2009). Although the Costa Rican coastal destinations with a history of short-term tourism were indeed my focus, Guanacaste province is witnessing a broad variety of settlements of North American (and other) migrants: a move towards the rural hinterland is taking place, and the composition of the population ranges from second-home owners who visit the area for short periods, to permanent retirement migrants – a composition that is also constantly changing. Furthermore, it cannot be a priori assumed that migrants' motivations are focused purely on leisure, sun and tourism. Another complexity is the political framing of this phenomenon in Central American policy circles: the discourse and framing as 'residential tourism' leads policymakers to view the phenomenon as a type of tourism. It therefore does not receive sufficient attention as a type of migration (e.g. in terms of visa and migration policy, and with regards to infrastructure and services), but

neither is it sufficiently understood as something qualitatively different from regular short-term tourism (see also O'Reilly, 2007 for Spain). However, in this dissertation I scrutinise and deconstruct this view.

Having established a terminology, I clarify the relationship between residential tourism and its 'neighbouring phenomena', namely migration and short-term tourism. Residential tourists find themselves on a continuum between tourism and migration. The main difference between residential tourists and short-term tourists is that the former establish themselves temporarily or permanently in the host country by buying (or, sometimes, renting) a residence there. This means residential tourism goes hand in hand with processes of urbanisation and the proliferation of a real estate market (Aledo, 2008); it thus has the potential to cause speculation and increased pressures on land. Furthermore, residential tourists differ in many ways from labour migrants, since leisure, lifestyle and cost of living (rather than labour) are key factors in their migration and stay (Benson & O'Reilly, 2009). They may thus be viewed as consumption-oriented migrants, being on a continuum between permanent migration and tourism (Williams & Hall, 2000).

Much of the literature on residential tourism and international retirement migration adopts a consumer-oriented approach and focuses on, for example, the motivations behind this mobility (Williams & Hall, 2000; O'Reilly, 2007; Truly, 2002; McWatters, 2009, MPI, 2006). Residential tourists' motivations can be divided into push and pull factors. Push factors include those issues that motivate people to leave their country, such as a high cost of living, high medical costs, and dissatisfaction with several home country aspects like climate, lifestyle, crime and the political situation (MPI, 2006; Truly, 2002). These are interrelated with structural changes in western society such as the growth of the retirement-age (baby-boom) generation, changes in retirement lifestyles and preferences (e.g. longer active lives), increasing medical costs, decreasing pensions, etc. Pull factors are the factors that attract migrants to a specific country or place: these naturally include some general factors that oppose the push factors, such as a lower cost of living (e.g. property and healthcare), an attractive climate and a better quality of life (more relaxed lifestyle). However, place-specific factors may also include natural attractions, landscape (the rural idyll), local culture, social networks, national policies (e.g. tax incentives, visa requirements, land policy), political situation, infrastructure and services, geographical proximity and security issues (MPI, 2006; McWatters, 2009; O'Reilly, 2007; Pera, 2008b). I elaborate on the drivers of residential tourism in Chapter 2.

Besides these more direct and material push and pull factors, there are also more indirect drivers of residential tourism that are related to sociological changes in western societies. These are bound up with globalisation and increased worldwide interconnection: new material opportunities arisen (e.g. charter flights), and people's horizons have extended beyond their localities or nation-states. In today's world, people are increasingly mobile and well-travelled, and images from all over the world are brought directly into their lives; this opens their minds to the possibility of living and buying property abroad. Globalisation promotes new forms of hypermobility and residentiality, in which the distinction between home and second home, or between sedentarism and nomadism, is blurred (Aledo, 2008).

Another explanation sees lifestyle migration as an outcome of late modernity (Benson & O'Reilly, 2009). With postmodernity, the demise of traditional social structures and ever greater consumer choices, lifestyle migration emerges as an individual life project, as part of the reflexive identity project of individuals (*ibid.*). There is often a narrative of escape in migrants' accounts, a new beginning: they seek a renegotiation of the work–life balance, a better quality of life and freedom from prior constraints (*ibid.*). Lifestyle migration is a comparative project: there is a clear distinction between 'before' and 'after', an antithesis.<sup>7</sup> In addition, other postmodern and neo-materialist values may also play a role in lifestyle migration: according to Aledo (2008), risk evasion in the uncertain globalised age (e.g. fear of crime) and such neo-materialist values as social exclusion, privatisation, efficiency and consumerism are important in explaining the rise of securitised all-inclusive gated communities. However, Benson and O'Reilly (2007) argued that lifestyle migrants are not just consumers or economically motivated: they have substantial, personal reasons for migrating.

The literature on residential tourism has also provided important understandings of its implications for destination areas, in terms of socio-economic development, power relations, environmental effects and access to land (Aledo, 2008; McElroy & de Albuquerque, 1992; Román, 2008c; McWatters, 2009; Cañada, 2010; Janoschka, 2009; Bonilla & Mordt, 2008; Loloum, 2010). I return to these debates in the following chapters. However, what seems to be missing is a sense of how residential tourism, besides being an expression of complex current forms of mobility and transnationality, also produces profound translocal effects that are not limited to the destination areas. Despite the recent 'mobility turn' in social science, in which static research objects make way for travelling paths and mobile lifestyles (Urry, 2007), studies of residential tourism rarely apply such mobile and multi-local approaches.

Some insights from the short-term tourism literature are useful here. Torres and Momsen (2005) argued that an international tourism resort such as Cancún (Mexico) can best be analysed as a transnational space. Hence, they analysed the effects of Cancún's tourism development in terms not only of local socio-spatial effects, but also of its connections to different areas through production-related and consumption-related migration flows. A multi-scalar view of transnationalism is played out in Cancun, with multinational tourism franchise agreements, international tourist flows, national government development strategies, domestic tourism industry investment, and migration-related livelihood strategies at the household level all coming together. This is expressed locally in a transnational networked space with complex and profoundly unequal spatial arrangements. Tourism's effects thus stretch far beyond the boundaries of the tourism destination itself. This type of elaborate analysis of the global-local nexus is not common in tourism research (see Van der Duim, 2005, 2007 for an exception). In this dissertation, I attempt to make a contribution to such approaches in tourism studies.

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<sup>7</sup> This recalls Urry's tourist gaze (1990): the basic characteristic of tourism is a binary division between the ordinary (daily life, work life) and the extraordinary (the tourist experience: different landscapes and scenes). With residential tourism, a complication emerges: ordinary lives become tourist lives. This creates a number of contradictions (see Benson, 2010).

## 1.4. *Study approach and methods*

### Research questions

Given that the aim of this research was to provide a better understanding of residential tourism and its implications in the context of debates on land grabbing and globalisation, the main research question was defined as follows:

*What are the implications of residential tourism for equitable and sustainable development in Guanacaste, Costa Rica?*

This question comprises three main elements. First, residential tourism development in any destination has particular temporal, spatial and human characteristics. In order to understand the context, it was thus important to establish how the residential tourism sector in Guanacaste has developed, what it physically looks like and what type of residential tourists have arrived. In addition, the development of residential tourism depends on a variety of geographical, historical, policy and translocal factors. An analysis of the interplay of these factors would help to provide the context for understanding residential tourism in Guanacaste. This led to the first sub-question:

*1. What are the characteristics and drivers of residential tourism development in Guanacaste?*

Second, equitable and sustainable development are operationalised into three dimensions: social, economic and ecological or environmental aspects. With regard to the social aspect, residential tourism and its related migration flows lead to a highly differentiated and segmented population landscape. Not only is there an influx of residential tourists, but also other groups of migrants play an important role, particularly labour migrants who are attracted by a flourishing economy. The mixing of all these groups with different types and degrees of embeddedness has consequences for social cohesion and the possibilities to create a local society. Furthermore, residential tourism in the South is often part and parcel of broader processes of economic restructuring, in which destinations are transformed into service-based economies. In many cases, short-term tourism has a longer history in the area, and has only recently been complemented by residential and real estate elements. As such, the effects of residential tourism should be analysed comprehensively within these larger economic transformations. At the same time, a comparison between short-term and residential tourism is needed in order to analyse their differential implications. Examining the changing opportunities for and constraints on various population groups, and the intensified linkages to various national and international areas, is an integral part of this analysis. Related to this, residential tourism causes a number of complex spatial and land-related dynamics. A sudden increase in land investment and speculation tends to cause the displacement and exclusion of local populations, as illustrated by many cases of 'land grab' around the world. It is therefore essential to analyse changing access to land and local land markets in the context of transnational land investments and globalisation. Finally, in

the context of processes of population growth, urbanisation and land speculation that accompany residential tourism, natural resources and the environment are among the main preoccupations. Besides being important in themselves and for people's quality of life, ecological conditions such as biodiversity, clean sea water, sufficient potable water and attractive landscapes are essential for attracting tourists in the long term. Hence, with a turn towards large-scale and residential tourism, the relationship between tourism and the environment may come under stress. Thus, the second sub-question was:

*2. What are the social, economic and environmental implications of residential tourism?*

Third, sustainable and equitable development depends strongly on governance at different levels: the changing roles of the state, local governments, the private sector, civil society and communities should be analysed. Policy and governance have played a role in the development of residential tourism, and they are essential in mitigating detrimental effects and strengthening positive implications. Democratic decision-making and people's autonomy are important aspects of sustainable and equitable development. Hence, the third sub-question was:

*3. What is the role of governance in the development of residential tourism and its implications?*

## **Research area**

For this research I chose to focus on Costa Rica. While the country has been a well-known relocation destination for North Americans for decades, these migration flows have recently intensified and extended geographically to new coastal areas, which has made them much more concentrated and visible. Researchers, institutions and the media in Costa Rica have been much preoccupied with current developments on the country's coasts, where 'foreignisation' and pressures on resources have become very evident. Indeed, Costa Rica's fame as an ecotourism destination has been complemented by the image of a country 'for sale', a real estate frontier and relocation 'paradise' for increasing groups of North Americans. Particularly in the mid to late 2000s, many coastal parts of the country underwent a rapid real estate boom, which was largely driven by international residential tourism. I focus on the northwest coastal region of Costa Rica (Guanacaste province), which has been the country's main area of real estate and residential tourism growth in the past decade (a map is provided in figure 1.1). In the past few decades, Guanacaste has been transformed from a resource periphery into a pleasure periphery: its incorporation into the global system has intensified and changed. The recent change from small-scale tourism to large-scale and residential tourism growth, including real estate investment, has triggered much discussion and protests in Guanacaste. Focusing on one specific region allowed me to make an in-depth study of the range of effects of residential tourism.



**Figure 1.1.** Administrative division research area (cantones): coastal area of Guanacaste, Costa Rica.

## Methodology: triangulation and inductive approach

I based my research on a variety of methodological sources: the main principles were a high degree of triangulation and an inductive approach. There were three reasons for this. First, there is not much in-depth knowledge on the effects of residential tourism on local destinations (and beyond), particularly in the global South. Whereas short-term tourism has been widely researched, there is a broad knowledge gap regarding the differential impacts of residential tourism, and on the characteristics of residential tourists themselves. Research on this topic is therefore necessarily exploratory and multidisciplinary; such research requires triangulation and inductive inquiry, rather than hypothesis testing. I started from a broad theoretical framework on residential tourism, globalisation and development, and developed concepts and added theories as my empirical knowledge expanded. Second, research in development studies always



deals with very complex and interrelated issues: different types of effects are interconnected, and uncovering people's views, local power and governance issues, and economic and environmental effects, requires both qualitative and quantitative techniques. Third, the complex landscape of different population groups in residential tourism areas makes it difficult to rely on national statistical sources. Related to this, statistics on the make-up of the residential tourism sector, and particularly on land-related effects (land transfer and prices), are very difficult to find and are often unreliable.

My epistemological approach was largely interpretivist, in the sense that I attempted to approach a truth 'out there', while also acknowledging the difficulties in doing so objectively, and the impossibility of researching social phenomena with natural science methods only. Acknowledging subjectivity and understanding human action and meaning – rather than just explaining variables and relations – were thus important in this research: this is reflected in the methodology, which relied on open and semi-structured interviews and participant observation. In addition, I analysed the survey data on residential tourists not only in a positivist way: the open questions and coding allowed an interpretation of meaning. On the other hand, given the multidisciplinary character of the research, some parts of it can be labelled more positivist, for example the use of national employment statistics and parts of the survey. However, these methods were always combined with other more interpretivist methods. Grounded theory was an important part of my approach, not only in coding the interviews and attempting to interpret their meaning, but also in the total sequencing of the research: research questions, theoretical approaches and foci partly evolved along the way, responding to local interesting issues and knowledge gaps. I carried out my fieldwork in three phases, as described below.

The first phase of my research (intermittent periods in May-November 2008) required much open qualitative inquiry into the situation and views of local populations, particularly in and around Tamarindo. The actions and views of civil society and organised communities were an integral part of this. During this fieldwork, I conducted open qualitative interviews with local people, including representatives of community/civil society organisations; I also interviewed other stakeholders (see Appendix 1.1 for a list of respondents). The interviews mostly focused on access to land, displacement, local history, the social and economic effects of residential tourism, views on residential tourism, community organisation, governance and socio-environmental conflict. In addition, I carried out a few shorter interviews in Villareal and Tamarindo in order to obtain a better picture of household characteristics, access to land, land use, land transfers and displacement. I did a total of 17 in-depth interviews and 13 short interviews. I further enhanced triangulation by conducting 'participant observation' during the community meetings of a local association, a political meeting and informal conversations with all kinds of people. I also performed extensive research on secondary sources. A case study on a socio-environmental conflict in Playa Grande was part of this phase of the research (see Chapters 7 and 8).

The better understanding of the complex local situation allowed me to design semi-structured interviews on people's access to resources, opinions on residential tourism and local change, and local and transnational involvement. I carried out these

interviews with different population groups during the second phase of fieldwork in September–October 2009: I did 29 interviews, mostly with Costa Ricans (19) but also with labour migrants (Nicaraguans, North Americans and Venezuelans). I carried out this phase of the fieldwork in the region of Playas del Coco-Ocotol. Informal conversations and observation were again an integral part of my fieldwork. Through such participant observation as well as an analysis of internet sources, I also explored the views and characteristics of residential tourists.

The results of the second phase allowed me to design a more extensive and systematic survey, as very little information on residential tourists was available from other sources. In March–May 2011, 74 respondents approached in person in the coastal area between Flamingo and Pinilla participated in the survey, which focused on residential tourists' and short-term tourists' household and economic characteristics, property holdings, characteristics of their mobility to and from Costa Rica, motivations for moving, expenditure patterns, and local and transnational involvement (the survey is included in Appendix 1.2). The survey included a few open questions and left room for elaboration and comments. Masters' student Jacqueline Kool assisted me in conducting the survey. In addition, an online version was completed by seven more residential tourists, bringing the total to 81.

### **Use of secondary data sources**

Secondary sources include statistics from the Costa Rican Statistics Institute (INEC): censuses, household surveys and construction data. I also reviewed a range of policy documents, mostly from the Costa Rica Tourism Board (*Instituto Costarricense de Turismo*; ICI), Comptroller General (*Contraloría General de la República*; CGR), Costa Rican Water and Sewer Institute (*Instituto Costarricense de Acueductos y Alcantarillados*; ICAA), Ministry of Environment, Energy and Telecommunications (*Ministerio del Ambiente, Energía y Telecomunicaciones*; MINAET) and municipalities, as well as more general literature on governance, institutions, history, etc. in Guanacaste. Various media sources (a large number of newspaper articles from national newspapers such as *La Nación*, *El Financiero*, *Diario Extra*, *Semanario Universidad*, *El País* and *Informa-Tico*; and local newspapers such as *Tamarindo News* and *The Beach Times*) allowed me to uncover local conflicts and issues. Finally, I analysed a number of residential tourists' and local communities' online blogs and discussion forums. I continued my research and collection of secondary sources throughout the research period; for example, at the end of my fieldwork, the 2011 INEC census became available, offering a wealth of disaggregated information and possibilities for comparison. Other types of research included the compilation of a near-complete list with information about residential tourism projects in the area of Papagayo-Pinilla (based on internet research of the projects' websites, newspapers and websites on investments; and local verification) and a comparative research of land prices (based on literature and internet sources,

and elaborated in Chapter 6). In addition, data from two MSc students<sup>8</sup> are included in this dissertation, always with reference to their theses. Details are provided in the chapters where the data are referred to.

### **Sampling methods and techniques**

Respondents for the in-depth interviews during the first period of fieldwork were approached through snowball sampling. This allowed me to find community leaders and long-term inhabitants in a very complicated and diverse landscape. This naturally created a bias towards more locally involved, active and possibly critical people; however, it did provide a broad view of the area's history, population, developments, conflicts, etc., and guaranteed the inclusion of the views and experiences of long-term and native inhabitants. They can thus be regarded as stakeholder interviews. The short interviews were done through opportunity sampling across Tamarindo and Villareal. The other qualitative part – the semi-structured interviews during the second fieldwork period around Playas del Coco – involved a combination of systematic random sampling (partly stratified to include labour migrants) and opportunity sampling. The imperfect procedures of sampling are not necessarily a problem: the data were not used in a generalised quantitative way. In addition, the high degree of triangulation of data sources in this research (e.g. the use of national statistics) also allowed for a complete and generalised view of the situation.

The sampling for the survey conducted among residential tourists was a combination of opportunity sampling and cluster sampling. Given the lack of data available on residential tourists, our technique was to select and visit a number of gated communities, condominiums and more open neighbourhoods which were known to host high concentrations of residential tourists, and knock on each door (then repeating this procedure once). We mostly found only about one third or less of the houses occupied. Within the small group of people we found at home, the response rate was high: about 85%. In this way, we obtained a diverse group of respondents. We had prepared a purposive selection of different gated communities and condominiums to visit; however, gaining entry to the complexes was sometimes problematic, and in the end we entered every complex possible in the area. Nevertheless, this resulted in a very diverse range of residential tourism communities in different areas: from luxury to more mid-range, and in different types of projects (land plot subdivisions, horizontal and vertical condominiums, and all-inclusive gated communities; see Chapter 3 and Appendix 3.2). The range also included individual houses in open neighbourhoods. Thus the objective of wide representation was achieved.

We faced various difficulties in conducting the survey: it turned out to be more time-consuming than expected to find residential tourists, given the fact that the large majority of the homes were empty, even though we were calling at them mostly during

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<sup>8</sup> Sofia van Eeghen and Jacoline Kool carried out research as part of the Master International Development Studies (Utrecht University), supervised by Femke van Noorloos, Annelies Zoomers and two host institutions (Instituto de Políticas para la Sostenibilidad IPS, Costa Rica; ALBA SUD, Nicaragua).

the high season. Of course, this is an interesting finding in itself. It was also difficult to obtain access to the different projects, which required some creative manoeuvrings. The majority of project managers did not respond to emails, and guards would not allow us to enter when we explained about the project. In addition to visiting a few more open communities that did not have strict access rules, we also found various ways of entering the closed projects, which were in many cases not very strictly guarded. Our identity as western women often allowed us to pass as 'tourists' without drawing much attention.

The 81 conducted surveys include 10 adapted beach versions (a shorter version of the main survey). Because it was difficult to find people and we needed more short-term tourists, we approached people randomly on the beach in Tamarindo. The total dataset includes 20 short-term tourists, as we were interested in making a comparison. In addition, a short adapted version of the survey was put online in June–September 2011 and sent around to a long mailing list of residential tourists in Guanacaste, which one residential tourist had kindly shared with me. This – somewhat disappointingly – resulted in only a further seven completed questionnaires. Appendix 3.1 provides the basic characteristics of the survey respondents.

### **Participant observation**

Participant observation primarily comprised informal conversations with residential tourists, short-term tourists, labour migrants and local people, on the street, on the beach, in shops, etc. I used this technique during all three fieldwork periods. At one point in 2008, I got to know the members of a newly established Community Development Association (*Asociación de Desarrollo Integral*, ADI) in Tamarindo; I was invited to attend the first official meeting and then started to go to all the weekly meetings (a total of 6). I also helped them with some information and connections. The discussions during these meetings, as well as my informal conversations with various members, gave me a unique insight into community life, problems, people's views and incipient community organisation in the area. In addition, I attended various political meetings and protest marches. In 2009, I made contact with some western residents and residential tourists in and around the place I was staying at in Playas del Coco, which allowed me more insight into their social life and view. For example, I visited a family at their home for dinner, and went out to bars with residential tourists and short-term tourists. Of course, observation was also possible in all kinds of social situations, for example at the places I stayed at (low-end apartments), on the street, on the beach, on public transport, in supermarkets, during events, etc.

### **Data analysis**

I analysed the survey data in SPSS; I partly recoded quantitatively and partly analysed the open questions in a qualitative interpretive way, as indicated in the relevant chapters. Statistical analysis was mostly descriptive, given the low N and exploratory objective of the research; however, I was able to run some correlations (see Chapters 4 and 5). In addition, I retrieved data from the National Institute of Statistics and

Census Costa Rica (*Instituto Nacional de Estadística y Censos*; INEC) from its website; I present descriptive data in various chapters. I coded the qualitative data (interviews and field notes) in WeftQDA (qualitative data analysis software), and analysed them partly in a qualitative way (grounded theory approach) and partly quantitatively (e.g. counting opinions). In addition, I coded some of the internet sources (blogs and discussion forums) in WeftQDA and analysed them in a qualitative way. I carried out content analysis on other secondary sources.

### **Reflection on research methods and experiences**

Following the acknowledgement of subjectivity and the influence of researcher-researched relations on the data, I briefly reflect on my role as a researcher in the field. I was able to benefit from my position as a western woman, as residential tourists viewed me as a tourist or equal to them. This greatly facilitated the contact, which was further enhanced by the local ‘touristy’ and relaxed atmosphere. Of course, motivations for moving and local experiences are difficult to grasp in a survey, and participant observation was too limited to deal adequately with more in-depth issues. Hence, some answers may have been socially desirable, and I did not aim to provide an in-depth ethnography of residential tourists.

Furthermore, my knowledge of Spanish and long-term involvement in and knowledge of Costa Rica allowed me good access to Guanacastecans and other Costa Ricans: *ticos* are generally very welcoming to westerners – and are pleasantly surprised when a foreigner speaks Spanish. Although my positioning as a researcher might have enhanced the expression of more critical views (especially on government), it might have also led to more positive views of foreigners and tourism. Indeed, the situatedness of knowledge is important: for example, the financial crisis and its deep effects in Guanacaste probably contributed to people’s positive opinions about tourism at that particular point in time (I elaborate on this in Chapter 8).

Another bias is the seasonal bias: Costa Ricans’ and Nicaraguans were mostly approached during the low season, whereas the survey among residential tourists was carried out in the high season. However, the replicability of the research is enhanced by high method diversification and triangulation and long-term involvement, which enabled me to capture different issues and views. With regards to ethics, I do not mention any respondents’ names in this dissertation and have protected their identities – except those of people in leading positions, who clearly spoke on behalf of their organisations. It was clear to all that their interviews and survey responses would be used for publishing in a PhD dissertation. I do not provide direct quotes from informal conversations, but rather draw more general ideas from them in a careful and non-recognisable way. In addition, although during participant observation situations my goal was clear to most participants, I have been very careful in disclosing the information provided, which is described only in a general and non-recognisable way.

## ***1.5. Structure of the book***

This dissertation is organised in such a way that each chapter stands independently and can be read separately (see figure 1.2). This introductory chapter has provided a background on global land debates, globalisation and residential tourism. As such, it is a general framework that transcends the more specific theoretical discussions that are introduced in the following chapters.

Chapters 2 and 3 introduce the context of the region, country and residential tourism development (research question 1). However, these two chapters are not purely descriptive: in them, I also analyse the characteristics and development of residential tourism in the area. Chapter 2 presents an analysis of the geographical, historical, policy and translocal factors that have played a role in the development of residential tourism in Guanacaste, and an introduction to the local and national context. In Chapter 3, I describe the sector of residential tourism in Guanacaste, its physical characteristics and the basic characteristics of the residential tourists. I also make a first attempt at analysing the complex landscape of residential tourism.

Chapters 4–8 are analytical chapters that deal with research sub-questions 2 and 3. In Chapter 4, I analyse some of the social implications of residential tourism and multiple mobilities in the area. Residential tourism and its related migration flows lead to a highly differentiated and segmented population landscape. In this chapter, I deal with the various dimensions of citizenship (economic, education, health, social, socio-political) and participation of migrant and local groups in place-making.

Chapter 5 focuses on economic change. In it, I comprehensively analyse residential tourism's economic effects and its opportunities and constraints for various population groups within larger transformations, and make a comparison between short-term and residential tourism. Examining the intensified linkages to various national and international areas is inherent to this analysis.

In Chapter 6, I follow up on some interesting issues identified in the previous chapter, namely aspects of spatial fragmentation, displacement, exclusion, changing land markets and access to land. I illuminate the effects of transnational land investments on space and access to land, and connect this to the argument that globalisation leads to fragmentation and inequalities.

Chapter 7 presents an outline of some of the main environmental consequences of residential tourism, and an examination of the changing relationship between tourism and the natural environment (and the role of state governance therein). I use a case study on residential tourism development in a conservation area to analyse such paradoxical developments; I also contrast the implications with residential tourists' views on the environment.

Finally, in Chapter 8 I delve deeper into governance of natural resources, focusing on community participation in residential tourism planning and environmental decision-making.

All these chapters have independent theoretical frameworks, analyses and conclusions. In Chapter 9, I bring together the various discussions and wrap them up in order to answer the main research question.

<i><b>Introduction, theory and methods</b></i>
1. Introduction
<i><b>Background and context</b></i>
2. Tracing the threads of recent residential tourism development in Guanacaste
3. Guanacaste coast: a concrete jungle? The physical and human landscape of residential tourism
<i><b>Analytical chapters</b></i>
4. Multiple mobilities: local citizenship and community fragmentation
5. Residential tourism and economic change
6. Residential tourism and spatial change: fragmented processes of displacement and exclusion
7. Green residential tourism? The conservation vs. development dilemma in Costa Rica
8. Community participation in planning and environmental decision-making
<i><b>Overview and implications</b></i>
9. Wrapping up: equitable and sustainable development?

**Figure 1.2.** Structure of the book



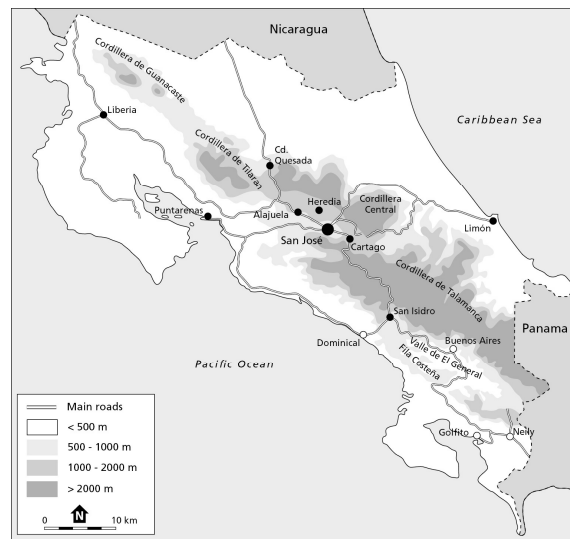


## 2. Tracing the threads of recent residential tourism development in Guanacaste

*Part of this chapter has been published in International Development Planning Review in adapted version (Van Noorloos, 2011a).*

In this chapter, I trace the recent growth in residential tourism in Guanacaste province, Costa Rica. Residential tourism is a clear case of an international phenomenon that brings rapid new dynamics and related complexities to local places. All too often such cases of ‘globalisation’ are viewed as an undifferentiated and uninterrupted flow of global forces into local areas, which does not help us in understanding these phenomena. Rather, it is important to trace in detail the trans-local connections that have made it possible for globalised phenomena to emerge in local spaces. Various factors at local, national and international levels play a role in explaining the emergence of residential tourism in local space: place-based geographical and cultural factors, policy at various levels, local and national history, factors in the countries of origin of the residential tourists, and more structural developments in the tourism and real estate industry.

Here, I trace the dynamics of the residential tourism boom that Guanacaste experienced from about 2002 to 2008. I look at how and why residential tourism developed at this particular time and place, why it developed in Guanacaste and not as much in other areas of Costa Rica or Latin America, and the determinants that explain how this happened here. This analysis also allows me to highlight some of the main geographical, historical and policy characteristics of Guanacaste and of Costa Rica in general, which are necessary to understand residential tourism in the area. I start with a description of the main pull factors that draw residential tourists, as well as short-term tourists, to Guanacaste, namely place-based geographical and cultural attractions, as well as national characteristics. Second, I describe the historical development of Guanacaste and analyse the importance of various historical developments for the current residential tourism boom. A third area I investigate is policy: various policy developments in Costa Rica and at a more local level have attracted residential tourism to Guanacaste and led it in a very particular direction. Fourth, I analyse a few external factors in the tourist and real estate industry and in the countries of origin of residential tourists that have played important roles.



**Figure 2.1.** Costa Rica: relief and main towns

## 2.1 Tourist attractions and migrant pull factors



### **“About Costa Rica”**

The two Americas – North and South – are joined by a short strip of land called Central America, the southern part of which corresponds to Costa Rica’s 51,100 km<sup>2</sup>. Bathed on the east by the Caribbean Sea and on the west by the Pacific Ocean, Costa Rica is a land of beautiful beaches full of tropical flora and fauna and a culture waiting with open arms to share. (...) The “Switzerland of the Americas”, as the country is called, is home to approximately 4.5 million inhabitants, spread out over seven provinces. (...) Costa Rica has two seasons: dry season (from mid-November to April) and rainy season (from May to mid-November), due to its position with respect to the equator – which is ideal for tropical animals and year-round fruit and flower production. Costa Ricans speak Spanish; they are a mixture of indigenous and Spanish races, as a result of the Spanish conquest after their land was discovered by Spanish navigator Christopher Columbus in 1502. A century ago, in response to the need for labor for building the Atlantic railroad, came an influx of Jamaicans and Asians, expanding the spectrum of races found in the country. These and many others have decided to join the “Ticos”, as Costa Ricans are called, attracted by the lack of army – abolished on December 1, 1948 – and by the fact that Costa Rica is one of the 22 oldest democracies in the world. Costa Rica places sixth in Latin America on the human development index; it occupies third place in the world for its environmental performance, and came in first in Latin America on the tourism competitiveness index. Agriculture and livestock are two of the country’s most important activities. The national flower is the beautiful orchid, called the Guaria Morada, whose scientific name is *Cattleya schinneri*. (...) The country attracts many visitors due to its diversity of microclimates, which can be appreciated without the need to travel tremendous distances, since the geography has both plains and mountains, including a mountain chain consisting of dozens of volcanoes – some of them active. Anyone visiting Costa Rica will enjoy the hospitality of its inhabitants, the natural beauty of the 32 areas declared and protected as national parks, and the beautiful beaches, mountains, and valleys, each with its particular climate. Its scenic beauty and warm, friendly inhabitants are two of the best reasons for vacationing or investing in Costa Rica.

*Excerpt from Hacienda Pinilla website [www.haciendapinilla.com](http://www.haciendapinilla.com). Author’s pictures*



People from North America and Europe who are seeking a resort or a home to buy in Costa Rica often come across websites and advertisements like the above. This is how they are introduced to the many attractions that Costa Rica and this particular region, Guanacaste, have to offer. Such images and texts, while trying to appeal to the desires and emotions of the viewer by invoking feelings of ‘being one with nature’, ‘owning a private piece of paradise’, ‘discovering new lands and magic places’, etc., also give us some idea of what attracts residential tourists to Costa Rica and Guanacaste. The pull factors that attract migrants or residential tourists are often similar to the things that short-term tourists find important.<sup>9</sup> I classify these pull factors here in order to provide a necessary insight into why Guanacaste attracts residential tourism, as well as a general introduction to the region and country (for basic demographic and geographical data on Guanacaste and Costa Rica, see Appendix 2.1).

## Climate

High temperatures, clearly defined seasons, low humidity and less frequent rainfall create an excellent tourist quality in Guanacaste: the climate is one of its great draws for coastal sun and beach tourism.

Costa Rica has a tropical climate with high temperatures and abundant rainfall during most of the year; the rainy season last from May to November in most of the country. However, the combination of two seas and a mountain range creates many different microclimates, and the climate can vary a lot even within small areas. Guanacaste is part of the north Pacific region, which has clearly marked differences between the dry season (December–April) and the rainy season (May–November). Within this region, the National Meteorological Institute (IMN) identifies four sub-regions, of which the central sub-region of the North Pacific is the most relevant to the research area. This sub-region is the driest and hottest of the North Pacific, with an average temperature of 28° Celsius and maximum temperature of up to 33° Celsius; the average annual rainfall is 1800 mm and it falls on average on 97 days of the year (IMN, n.d.) (in comparison, the Central Valley has 1950 mm of rainfall and a 22° Celsius average temperature, while part of the Caribbean coast has 4860 mm of rainfall and a 25° Celsius average temperature; *ibid.*) The dry season is particularly intense in this sub-region, and the rainy season is partly of lower intensity than in other parts of Costa Rica (e.g. it rains only in the afternoon); however, in September and October rains can become exceptionally strong. Air humidity is also much less than in many other parts of Costa Rica: 60–65%, compared to 80–90% in other parts of the country. In the dry season, especially towards the end of it, the lack of rainfall leads to water shortages.

Similar micro-climates can be found in other areas of Central America, for example in south-western Nicaragua. However, in general it is not a very common type of climate, as most of the region is more tropical. In Costa Rica, Guanacaste’s climate is

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<sup>9</sup> In Chapter 3 I deal more extensively with the difference between short-term tourists and residential tourists and the differences in their motivations. For this general description, I pull them together.

unique. Interestingly, the International Living Retirement Index 2012 (Appendix 2.2) does not indicate climate as an important factor in Costa Rica's attractions; South America and Mexico earn higher points for climate. However, Guanacaste might be the Costa Rican exception to this rule.

## Landscape

Mountains and volcanoes are characteristic of Costa Rica and Guanacaste; the latter is also known for its wide lowlands, but what makes it particularly popular with tourists is its coastal and sea quality. Although these landscapes are not unique to Latin America or even to Central America, the existence of many different landscapes in a small and accessible area is one of Costa Rica's draws.

Costa Rica has a broken relief, with lowlands, midlands and highlands (up to 3819 m). A large mountain chain runs from the northwest to the southeast of the country, with high, steep peaks, sitting on a tectonic depression. It can be divided into four mountain ranges: Guanacaste, Tilarán, Central and Talamanca. The first two are partly located in Guanacaste province, with peaks of between 500 and 1000 m. Volcanoes are common in all the mountain ranges, and are an important tourist attraction: in the interior of Guanacaste province, on the mountains that border Alajuela province, various volcanoes can be found: Rincón de la Vieja, Miravalles and Tenorio (all of which are National Parks open to tourism). However, south-westwards between the mountains and the coast, there is a vast flat, alluvial lowland area (the 'pampas'), which is a very characteristic feature of the province. The Tempisque river, the province's most important water body, runs through this area, and along the river there is fertile agricultural land.<sup>10</sup>

The coast and the sea comprise another part of Guanacaste's tourism quality, and particularly set it apart from other areas of Costa Rica: there are many good beaches for surfing, and there are numerous bays and more tranquil beaches for swimming. Compared to the Caribbean coast, the North Pacific sea is calmer and better for various types of coastal tourism (swimming, sport fishing, etc.). Guanacaste's coast has a large number of small and large, sometimes relatively isolated beaches, with rocky cliffs between them. Sandy beaches are intertwined with river estuaries and mangroves, which form an important part of the coast's geography and draw tourists. Marine biodiversity is high in certain areas. Hills surrounding the beaches, forming a buffer between the coast and the interior lowlands.

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<sup>10</sup> Besides this Tempisque area and the volcanic fertile grounds in the east, Guanacaste has poor soils (Edelman, 1998); the more southern and central-west part of the province, the Nicoya peninsula, has steep terrain and infertile soils (Calvo-Alvarado, McLennan, Sánchez-Azofeifa and Garvin, 2009).

## Biodiversity and nature

Biodiversity and nature conservation are Costa Rica's main tourist attractions. While Guanacaste hosts important national parks and areas with unique flora and fauna, the importance tourists attach to biodiversity is less than in other provinces. Sun and sand are the main points of interest for tourists who come directly to Guanacaste, although they are often combined with nature.

The diverse geology and climate makes Costa Rica one of the world's 20 most biodiverse countries: it has more than 500,000 plant and animal species (including over 300,000 insect species), representing nearly 4% of the total species estimated worldwide ([www.inbio.ac.cr](http://www.inbio.ac.cr)). This is more than any other country in Central America – though it is surpassed by other countries such as Mexico and Colombia, primarily because of their much larger territories. One of Costa Rica's greatest draws for tourists is that one can experience a wide range of biodiversity within a small and well accessible territory. Costa Rica has 161 National Parks and other types of protected area (wildlife refuges, private reserves, protected zones, etc.). In total, more than 25% of its territory is under some form of environmental protection.

Guanacaste has 29 protected areas (figure 2.2) and is known for its volcanoes, marine biodiversity and tropical dry forest, which once covered a large part of the province, although much of it has disappeared over the past century due to cattle farming, agriculture and logging (most of the current forest cover is secondary forest). Tropical dry forest is characterised by a high density and deciduous and semi-deciduous trees. Besides the Rincón de la Vieja and Miravalles volcanoes, important protected areas include Leatherbacks of Guanacaste National Park (a coastal area for the protection of marine biodiversity, especially leatherback sea turtles), Ostional protected area (protecting Olive Ridley and leatherback sea turtles) and Santa Rosa National Park, which covers a large terrestrial and coastal area in northern Guanacaste (different types of forest, including tropical dry forest, and marine biodiversity; scuba diving, snorkelling and surfing are the most important attractions).

Many international visitors come to enjoy the biodiversity in the protected areas of Costa Rica. Sun and beach activities (68.8%), observation of flora and fauna (53.5%), walking in nature (53.1%) and volcano visits (49.4%) are the most popular activities among the international visitors (ICT, 2010 international visitor surveys at Juan Santamaria International Airport).<sup>11</sup> Of these visitors, 66.7% visited a national park or protected area during their visit to Costa Rica (*ibid.*). For international visitors to Guanacaste, this percentage was significantly smaller, namely 50.6% (international visitor surveys at Daniel Oduber International Airport, ICT, 2010). The main activities mentioned in Guanacaste were also quite different: 87.3% came for relaxation, 64.6% for sun and beach, and only 21.4 and 19.3% for flora & fauna observation and nature walks, respectively (*ibid.*). Thus, Guanacaste is clearly more a sun & beach destination

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<sup>11</sup> These data include all international visitors and visitors for all types of purposes (including business, family visits, etc.). Interestingly, at Juan Santamaria International Airport, there are many more visitors with diverse purposes of stay, whereas at Daniel Oduber International Airport in Guanacaste, tourism and vacation are more frequently mentioned.

than Costa Rica in general, which is more ecotourism-oriented. However, ecotourism and sun & beach tourism are not always clearly separated: Guanacaste's national parks are well visited (the province's protected areas received about 129,000 visitors in 2009, which is 10% of Costa Rica's total number of protected area visitors; SINAC n.d.). Many forest areas are located close to the Pacific or the Caribbean coast, so combining coastal tourism and ecotourism is one of Costa Rica's great draws. In addition, many tourists visit protected areas in other provinces of the country, with Guanacaste as a point of departure: well-known protected areas such as the Arenal volcano and Monteverde National Park are a short drive from the Guanacaste coast.

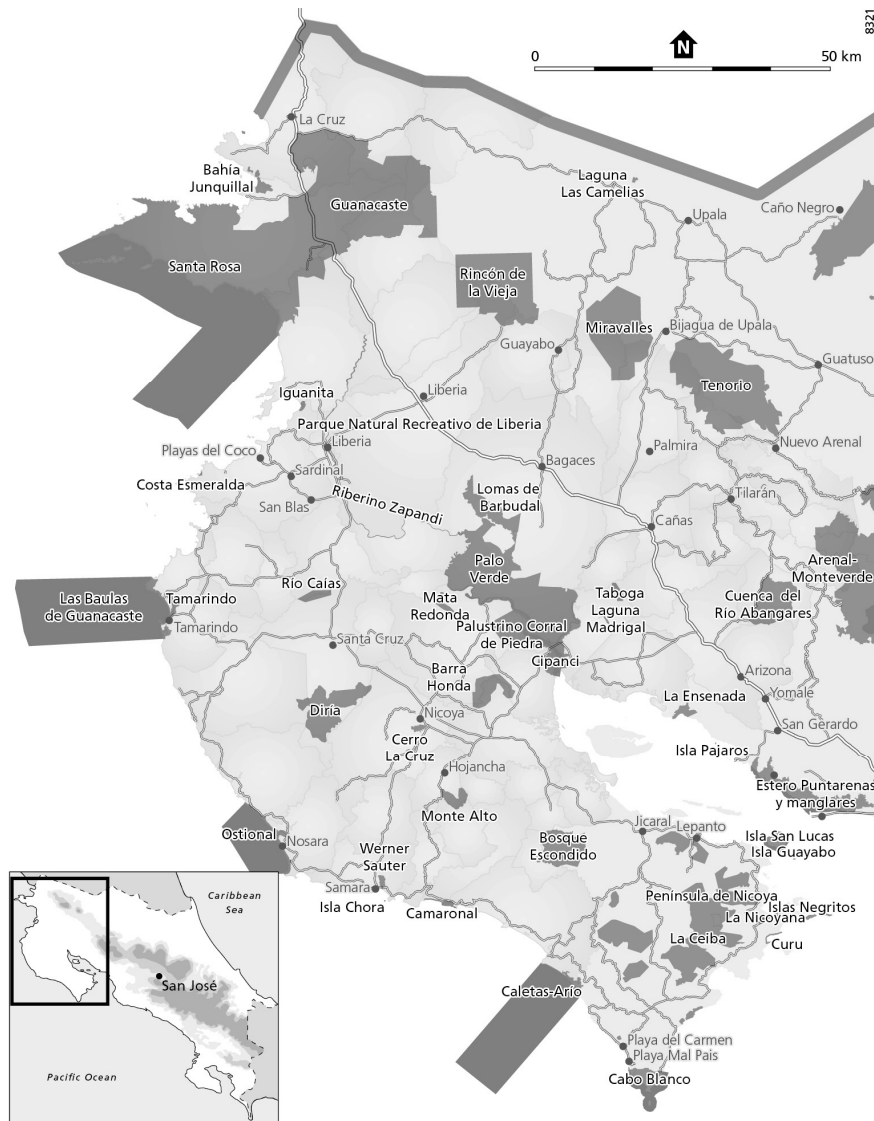


Figure 2.2. National parks and protected areas in and around Guanacaste.

More recently, tourists have been coming to Costa Rica not only for pure biodiversity in itself, but also for adventurous sports and activities in nature: rafting, canopy tours, scuba diving, etc. have become an inseparable part of Costa Rica's ecotourism.

## **Image of peace, democracy and development**

Costa Rica is known as an 'island of democracy and peace', and arguably of safety, wealth and relative equality, in the historically turbulent, highly unequal and poverty-stricken region of Central America. Its image of political and macroeconomic stability and security are among the main reasons it attracts many tourists, residential tourists and investors. Costa Rica ranks high (69) on the Human Development Index 2011, with high life expectancy (79.3), GDP per capita, equality and high education enrolment numbers (see Appendix 2.3). Some of the most outstanding features of Costa Rica's post-1948 democracy are the abolition of the army and high spending on education. The image of safety and security that foreigners have of Costa Rica is firstly related to much lower crime rates compared to its Central and South American neighbours such as El Salvador, Honduras, Colombia and Mexico. Though Costa Rica's rising crime rates of the past decade preoccupy many foreign and national inhabitants, the country is considered by many residential tourists as a viable alternative to Mexico, which they now find too dangerous. This may contribute to Guanacaste's popularity, as it is one of the only areas in Costa Rica that can compete with Mexican coastal destinations in terms of infrastructure, accessibility and tourism quality.

Costa Rica's good image among North Americans is also related to political factors. Compared to Nicaragua, for example, Costa Rica has no history of problematic relations with the USA; continuous Western-friendly governments, and, importantly, secure private property rights. All this is of great influence on North Americans' decisions to relocate. In addition to this image of security, Costa Rica is now world famous for its 'green image': it is one of the world's main ecotourism destinations and an environmental and conservation leader. According to the New Economics Foundation, Costa Rica ranks first in the Happy Planet Index and is the 'greenest' country in the world. Although the high development indicators are more influenced by the Central Valley than by rural areas such as Guanacaste, Costa Rica's image translates into high visitor numbers to the country in general.

## **Culture and lifestyle**

While cultural tourism is not Costa Rica's strong point compared to its neighbouring countries, Guanacaste hosts a variety of cultural attractions and characteristics that appeal to tourists. In addition, the general image of a relaxed lifestyle attracts many residential tourists to Costa Rica and Guanacaste.

Costa Rica is generally not well-known for cultural attractions such as historical (colonial) architecture, heritage from pre-Columbian civilisations, present-day indigenous groups, etc. In surrounding countries such as Guatemala, Nicaragua and Panama, cultural heritage and present-day culture attract a much wider tourism public. Only 1.6% of Costa Rica's population is classified as indigenous. However, rural community tourism and cultural attractions are now being promoted in Costa Rica as well, to complement ecotourism and sun & beach tourism. Guanacaste might benefit from these developments with its unique cultural heritage and image as a safe guardian of Costa Rican folkloric culture.

One of Guanacaste's specific cultural traits is the *sabanero* (cowboy) culture, derived from its history of cattle farming in the pampas. Although the livestock sector has been in decline since the 1980s, many Guanacastecans derive their identity from and are proud of the history of cowboys on the large haciendas. For example, every town in Guanacaste organises its own *tope*, a local cultural event that includes horse parades, rodeos, and a country fair with music, dance, food, etc. Guanacaste is also known as the origin and guardian of Costa Rican typical folkloric dances, music and clothing; dance shows are widely seen both in local cultural events as in tourist performances at hotels and resorts. Guanacastean towns like Nicoya and Liberia also have some typical colonial architecture (e.g. churches), which makes them tourist attractions, especially when combined with folkloric festivals as in Nicoya. Guanacaste – and particularly the towns of Guaitil and San Vicente – is also known for its artisan handicraft production. The pottery is based on designs retrieved from the old Chorotega indigenous civilisation that used to inhabit the area; Chorotega motifs and forms have been revived since the 1960s (Weil, 2001, in Wherry, 2006, p. 140). Though there are now almost no Guanacastecans left who identify as pure Chorotega (only one small group in the indigenous territory Matambu), Guanacaste does have a more mixed population with clearer indigenous influence than the rest of Costa Rica. The Chorotega heritage is reviving partly because of its usefulness for tourism (Wherry, 2006).

Besides cultural heritage and features, what attracts many residential tourists in particular to Costa Rica and Guanacaste is the rather vague concept of a 'relaxed lifestyle', which is often followed by the mention of 'friendly people'. The Costa Rican expression *pura vida* nicely reflects these concepts: it literally means 'pure life', and is used by all Costa Ricans as a way of greeting, starting conversations, approving of something, etc. For many foreigners it captures the simple, relaxed, friendly and sociable life that they desire and appreciate in Costa Ricans. The International Living Retirement Index (Appendix 2.2) ranks Costa Rica among the highest countries on 'integration', which includes communication with and friendly treatment by local people.<sup>12</sup> This image of a relaxed people and the possibility to live in a relaxed atmosphere (e.g. surrounded by nature, without the stress factors of urban western life) attracts many residential tourists – though it often has little to do with actual Costa Rican cultural characteristics. These stereotypes are even more easily applicable

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<sup>12</sup> 'Integration' also includes the existence of an established expat community and availability of US products (see Appendix 2.2)



to the population of Guanacaste, which is often seen as being more easy-going, slow, non-stressed, etc. than other people in Costa Rica.

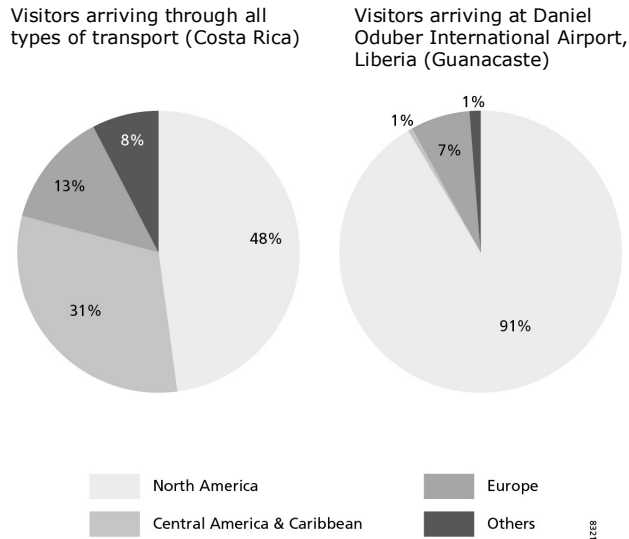
## **Accessibility and services**

Guanacaste's increased accessibility to international tourists since charter flights were attracted to its airport in 2002 has been one of the main factors in its tourism growth. This has been intertwined with the attraction of tourist resorts with a high degree of luxury, in contrast to many other areas of Costa Rica.

Costa Rica is easily accessible, especially for North American tourists; from the south of the USA, a flight to Costa Rica takes only two or three hours. Europeans also have a range of possibilities to fly to Costa Rica with various direct airlines or through flight connections in the USA. The main international airport (Juan Santamaria, in San José) is served by many airlines from North America, Europe, and Central and South America. Most international tourists arrive in Costa Rica and Guanacaste by air: 74% arrive in Costa Rica by air, 25% by land and 1% by sea (Programa Estado de la Nación, 2007, p. 201). Although many nationals complain about the slowness of improving road infrastructure, the good accessibility of a wide diversity of nature areas is a great draw for tourists. The country's main tourist attractions can be reached relatively quickly, especially by car or excursion bus. In addition, the level of tourism infrastructure and service, for example in national parks and hotels, is higher than in other Central American countries. On the other hand, it cannot be compared to areas such as the east coast of Mexico where large western-style resorts abound.

Most visitors to Guanacaste arrive via Liberia airport, which has become very popular with US and Canadian tourists since its extension and success in attracting cheap charter flights in 2002: these events were paramount for Guanacaste's international accessibility and started a new era in the province's tourism development (see Appendix 2.4 for flights to Liberia airport, and figure 2.6 for total arrivals). Figure 2.3 shows that the percentage of North American tourists among the passengers arriving at Liberia airport (and thus, Guanacaste) is much higher than the percentage of North Americans among the general tourist population arriving in Costa Rica, namely 91% compared to 48%. Some tourists in Guanacaste also use small local airstrips such as Tamarindo (at such airstrips, flights connect to Liberia and San José airports); large resorts/ residential projects such as Reserva Conchal even have their own helicopter landing strip.

The Guanacaste coast near Playas del Coco and Tamarindo is relatively easily accessible through the Inter-American highway and regional roads. In recent years, various new infrastructures have been inaugurated, such as the bridge over the Tempisque river, a new road from San José towards the south, and newly asphalted regional roads from Villareal to Tamarindo, Brasilito to Conchal, and Liberia to Sardinal. The drive from San José to the Guanacaste coast takes about four or five hours. However, between regional centres, various roads are in bad shape. Public transport runs regularly between San José and Tamarindo/ Playas del Coco. There are



**Figure 2.3.** Nationalities of international visitors to Costa Rica: 2010.  
*Source: own elaboration based on ICT (2010a)*

also faster and more expensive touristic minibus services run by various private companies. Public transport within the region is not very suitable for tourist purposes. Most tourists therefore use rented vehicles, taxis and minibuses. Communication infrastructures are quite good in Costa Rica; the internet is now widely available also in the provinces, including high speed varieties (although not always free of problems such as electricity cuts). The public monopoly on cell phone services is widely criticised (for example, it is difficult and time-consuming to obtain a cell phone service, especially without a residence permit) and is now being opened up to other market parties because of the CAFTA Free Trade Agreement. The International Living Retirement Index (Appendix 2.2) ranks Costa Rica average on communications and transport infrastructure.

While Costa Rica is generally visited by tourists who require a basic to intermediate level of service, an important aspect of Guanacaste's attraction is its level of luxury and high quality service for tourists and residential tourists. Well-known international tourism resorts arrived on the coast in the 2000s, such as the Four Seasons (its opening in Papagayo in 2004 being a main breakthrough in the province's tourism image), Barceló, RIU, JW Marriott, Hilton, Westin and Occidental. These offer a four- or five-star level of service that is not widespread in Costa Rica, making Guanacaste partly a more exclusive destination. This has led to a new group of visitors that are partly attracted by the hotel chain and service level rather than the characteristics of the region itself. For residential tourists and foreign residents, there are a few very high-end luxury gated communities that fulfil their needs for privacy, security, good infrastructure, luxury housing and interior design, elite recreation possibilities (i.e. golf, marinas), etc. On the other hand, there is a wide range of other apartment complexes

and residential projects directed at an international audience, all of which offer a certain level of service (e.g. luxury housing and interior design, infrastructure, high-speed internet, uninterrupted electricity, etc.) that the region could not offer until recently (for a more detailed description, see Chapter 3).

## **Cost of living**

For many North Americans and other western migrants who move to Costa Rica, the cost of living is both a pull factor (of Costa Rica) and a push factor (of their country of origin). The relatively low cost of property, health, taxes and life in general attracts them to Costa Rica: there they see an opportunity to receive a better lifestyle on their incomes. However, Costa Rica is no longer famous for real low-cost living; it has become quite an expensive destination, and new destinations such as Nicaragua and Ecuador have outweighed it. In the International Living Retirement Index (Appendix 2.2), Costa Rica ranked low on cost of real estate and especially cost of living, compared to other Latin American countries like Mexico, Panama and Ecuador. Still, compared to destinations such as the US coast and the Dominican Republic, land and housing are quite affordable there. In addition, the cost and quality of health is important. Costa Rica is praised on residential tourists' websites and in books for its low-cost and relatively high quality public health system, which legal residents can qualify for. However, most retirees and residential tourists choose to utilise private health services, which are also very affordable compared to western health services; and various private hospitals in Costa Rica are known for their good quality, service and western standards. In Guanacaste, until recently there were only a few smaller private clinics, but recently a new upscale hospital in the Central Valley (CIMA) has started building a clinic in Guanacaste, and others (e.g. Clínica Bíblica) have said they will follow suit. Medical tourism is already an industry in Costa Rica, and various government and private actors aim to increase the sector and combine it with residential tourism (PRONACOMER, 2008).

In sum, Guanacaste has a particular combination of pull factors that make it a very attractive destination for both short-term tourists and migrants. These factors partly have to do with Costa Rica's good image in general, which is based on its diversity of nature and landscapes, its image of peace, democracy and security, friendly people, and the cost of living and health services. On the other hand, Guanacaste has some particular qualities in terms of culture, landscape and especially climate, which set it apart from the rest of the country. More recently, improvements in infrastructure have added to this: the airport extension and the availability of charter flights have greatly increased accessibility, road and communications infrastructures have been improved, and high level resorts have established themselves in the area, offering a new degree of luxury.

Tourism qualities offer the preconditions for Guanacaste's residential tourism boom. However, to explain how and why residential tourism has developed there and at this time, other factors are needed. Guanacaste's history offers some starting points for an analysis.

## ***2.2 History of Guanacaste***

Guanacaste has experienced various cycles of growth and decline. After colonisation (and the decimation of the original population), it led a marginal existence until the 1950s, when it became an important area for cattle farming development (including much foreign private ownership). Large haciendas were combined with scattered villages of local and colonist populations who practiced small-scale agriculture and fishery. By the 1980s Guanacaste was marginalised again, as a result of the cattle farming crisis and the difficulties of subsistence agriculture. Guanacaste had been a small-scale tourism destination since the 1950s, and by the 1970s the government had foreseen Guanacaste's northern coast as a tourist resort; but its incentives had not attracted the investment that had been hoped for. By the 1990s, tourism had developed in an unprecedented way in Costa Rica in general. Guanacaste also profited from this boom. Many people started working in the service sector, while the primary sector showed less dynamism. In the 2000s, tourism development exploded in Guanacaste and became connected with a rapid real estate boom. In the following, I describe in more detail the different periods of Guanacaste's history.

### **From flourishing region to marginalised area (pre-1880)**

In pre-colonial times, Guanacaste hosted an important and flourishing Chorotega civilisation. After the Spanish conquest the indigenous population disappeared almost completely, and with this decimation of the population the area became marginalised for a long time. Cattle farming and small-scale agriculture were the main productive activities, and related to this a dual structure emerged of large-scale land ownership in the north and east, and small peasant plots in the south.

While Costa Rica is known as a predominantly mestizo country (mixed indigenous with European descendants; in Costa Rica people see themselves as having more European heritage than in surrounding countries), Guanacaste's population is traditionally more influenced by indigenous heritage. The largest pre-Columbian indigenous groups in Guanacaste were the Chorotegas. Historians disagree which Mesoamerican civilisations have most influenced the Chorotegas: their region can be seen as a peripheral element of the Olmec empire, an outpost of the Maya or a trading zone in which neither group dominated (Wherry, 2006, p. 130). Their livelihood was mostly based on the cultivation of maize and cacao, both for subsistence and markets. Chorotega society was hierarchical and some dense population centres existed. During the *conquista*, the Spaniards found various densely populated and interconnected towns in Guanacaste (Nicoya-Guanacaste and southwest Nicaragua; Edelman, 1998, p. 44). However, in the first three decades of the Spanish conquest, these populations suffered massively from the slave trade (many people were sent off to Peru), but were also decimated by epidemics, exploitation, uprooting and out-migration, among other things (ibid., p. 44). As such, the Nicoya-Guanacaste population diminished by 97.1% to about 1800 people in 1582, 60 years after the first contact with the Spanish (Newson, 1982, in Edelman, 1998, p. 44). This in turn led many Spaniards to abandon

Guanacaste, as without a population there were few opportunities for economic exploitation (Edelman, 1998, p. 44). At the same time, when Costa Rica was left by the Spaniards as a secondary marginal zone of the colonial system, the Nicoya-Guanacaste region was economically stagnant and with very little population left (*ibid.*, p. 45).<sup>13</sup>

The Latin American colonial *encomienda* system – by which the Spanish crown granted its subjects the right to control the indigenous population in specific areas by requiring them to pay tribute from their lands – was short-lived in most of Guanacaste: it was replaced in around 1620 by various types of obligatory tribute payments in kind, and a new concept of land property unconnected to indigenous labour (Edelman, 1998, p. 46). In the north-eastern area of Guanacaste (Bagaces and Landeche), in around 1560 various types of land concessions were granted by the authorities to Spanish soldiers; these formed the origin of private property and influenced land rights patterns well into the 20<sup>th</sup> century (*ibid.*, pp. 48-9).<sup>14</sup> In the rest of Guanacaste, land rights evolved somewhat differently. In the northern part (now partly Nicaragua), permanent land properties were established at the start of the 18<sup>th</sup> century, and in the second half of that century impulses were given for land registration (*ibid.*, p. 49). In the southern peninsular zone (Nicoya, as well as most of the coastal research area), the Catholic Church's *cofradías* (saints' brotherhoods) owned large land properties; these were de facto used by local indigenous residents for agricultural cultivation (León, 1942 in Edelman, 1998, p. 50). In this way, the zone became an area of small property ownership, with land freely available to local peasants. There was thus a division in Guanacaste between large-scale land ownership (*latifundio*), mostly of pasture lands in the north and east, and more equitably distributed peasant landownership (both cattle farming and much subsistence agriculture) in the southern peninsular zone (Edelman, 1998).

In the sparsely populated Guanacaste of the colonial era, introducing extensive cattle farming was a way for the Spanish colonists and their descendants to deal with the lack of labour, and also to control the indigenous population: the cattle were fed on the indigenous people's crops, thus perpetuating hunger and allowing more control (Edelman, 1998, p. 54). The livestock sector underwent various booms and busts up till the 1880s, but the region was still largely marginalised.

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<sup>13</sup> Politically, in the colonial times, the Nicoya peninsula and the region south of Liberia were administered as a 'Alcaldía Mayor o Corregimiento', independent from Nicaragua and Costa Rica, and directly administered by the Capitanía General de Guatemala (the administration of Central America in general). Other parts were administered by central Costa Rica (Edelman, 1998, p. 45-46). In 1824 Guanacaste became part of Costa Rica (after Costa Rica's independence from Spain in 1821), although it was still largely marginalised and inaccessible.

<sup>14</sup> Gradually, there was a transformation from 'sitio' rights (negative land rights for pasture, a type of concession with which one could only impede others from constructing stockyards and shelters) to more permanent land rights. Thus the term 'hacienda' appeared, which came to mean 'a large company with concrete rights to land'. The transfer to possessory rights was facilitated by Crown rules end of the 16<sup>th</sup> century which legalised de facto land occupation through payment of an fee, thus introducing the concept of private property. Already by 1711, various land properties were measured and registered as such (Edelman, 1998, pp. 48-9).

## **The land grab, livestock boom and rise of tourism (1880-1980)**

Towards the end of the 19<sup>th</sup> century, the increased interest in cattle farming led to a large-scale 'land grab' process in Guanacaste, which resulted in the consolidation of private property rights and large-scale haciendas. Between 1950 and 1980, Guanacaste underwent a boom in livestock production, and foreign investments in the area increased. At the same time, the first signs of tourism development arose; but despite government incentives, the industry remained small.

### **Land, agricultural production and migration**

From the late 19<sup>th</sup> century until the early 20<sup>th</sup> century, the livestock industry in Guanacaste experienced growth with improved production technology, commercialisation and transport (Edelman, 1998, p. 76). The result was increased demand, which led to the strengthening of the private individual property rights of the livestock estates through judicial innovations (land titling) and other developments (fencing and forced removal of peasants) (ibid., pp. 68-9). In northern and eastern Guanacaste, the state very regularly gave land in 'concession' to private parties, and these concessions in fact granted private property titles; in practice, land was often given away by the state at very low prices (ibid., pp. 68-9). In the Nicoya peninsula and research area, the church's and brotherhoods' properties were privatised and sold during the 19<sup>th</sup> century; local peasants who had occupied the land were displaced in various cases, but many other peasants were able to obtain private property rights on these former church properties through the concept of squatters rights that were included in Costa Rica's laws in 1885 and 1888 (ibid., pp. 70-1). In this period, a small number of people were able to acquire enormous amounts of land in Guanacaste. Although the livestock industry was more extensive in the interior part of the province, the *hacendados* regularly invaded coastal areas (ibid., p. 88). Already by that time there were connections to North America: since the 1880s there was trade in wood from Guanacaste to North America, and a few of the large livestock estates were owned by US citizens (ibid., pp. 66-68).

Many of the current Guanacastean settlements are the result of immigration and agricultural colonisation in the late 19<sup>th</sup> and early 20<sup>th</sup> century (Edelman, 1998, p. 146; Calvo-Alvarado, McLennan, Sánchez-Azofeifa & Garvin, 2009). As the Central Valley became more populated, opportunities emerged in Guanacaste and the road network was expanded (Calvo-Alvarado et al., 2009), Costa Ricans from the Central Valley established themselves in the mountainous eastern areas (for mining), and later also in the lowlands and on the coast (Edelman, 1998, p. 146). However, larger urban settlements were mostly established along fluvial and road interconnections in the interior, rather than along the coasts; the coastal areas remained relatively isolated, though some colonisation did take place there (ICT, 2007b, p. 81). Colonists mostly practiced small-scale agriculture, often commercially. These migration movements were among the main reasons for population growth in Guanacaste. Nicaraguan migration was also important. Guanacaste and the southwest of Nicaragua, being bordering areas, have traditionally maintained close economic, social and cultural

linkages (Edelman, 1998). Nicaraguan circular migration right past the border has been common for a long time, with the main source areas being Nicaragua's central and Pacific coastal districts (Edelman, 1998; Morales & Castro, 2002; Baumeister, Fernández & Acuña, 2008). Internal Guanacastean populations also moved towards the coast, where they established small settlements for agriculture, fishery and salt extraction. From the 1960s onwards, emigration from Guanacaste to other areas of Costa Rica became very common: young men from small farms went off to work in the Caribbean's banana plantations for the season, and young women looked for domestic work in the Central Valley (Edelman, 1998, p. 299), resulting in low population growth rates. This development started to revert again only in the 1990s.

In the 1950s, Costa Rica started to export Guanacastean beef to the USA; this industry reached its peak in the 1970s, when Costa Rica was the fourth largest beef exporter to the USA (Edelman, 1998, p. 223). From about 1950s up to the 1980s, the livestock sector grew bigger and more successful; the sector was dominated by large landowners (*ibid.*), and commercialisation was led by large-scale companies, both foreign and domestic (Ramírez Cover, 2008, p. 362). Cattle farming is one of the main reasons for the massive deforestation of Guanacaste's forests in the early and mid-20<sup>th</sup> century (Calvo-Alvadado et al., 2009). At the same time, agro-industrial rice and sugarcane production took place in the province, dominated by large companies owned by national elites, and greatly aided by the government through subsidies, price interventions, irrigation investments, etc. (Programa Estado de la Nación, 2000, p. 312; Ramírez Cover, 2008, p. 362). This period also marked Guanacaste's late insertion into the Costa Rican state's modernisation project, leaving behind its peripheral condition through the establishment of various large state projects, such as a huge hydroelectric project and a large irrigation project, and the establishment of many schools and health clinics (Programa Estado de la Nación, 2000, p. 312; Ramírez Cover, 2008).

In the 1960s and 1970s, US citizens invested large amounts of money in land in Guanacaste for the production of rice and cotton: investors from the USA and Costa Rican elites with good political and institutional connections established businesses together, often using *Sociedades Anónimas* or 'corporations' (Edelman, 1998, p. 262); a phenomenon still widely seen today in the tourism business. The huge sums of money that these foreign investors were prepared to spend on land infected the local real estate market with a speculative spirit, causing many local smallholders to sell their land. On the other hand, the existence of many large absentee and often foreign landowners was one of the reasons why *precarismo* (squatting) by peasants was still quite common – and often successful – in Guanacaste from the 1950s to the 1980s (*ibid.*, p. 307).

### **Initial tourism development**

Coastal Guanacaste has been a popular place for national tourism since the 1950s, when many Costa Ricans started to make the trip to the coast during summer holidays and Holy Week. In the 1950s-1960s, Guanacaste attracted about 10,000 visitors per year (Programa Estado de la Nación, 2000, p. 348). The coastal tourism industry was composed of local and national small-scale *cabina* (small, simple hotels) and

restaurants, and the infrastructure was rudimentary (ibid., p. 348). National and regional Guanacastean middle classes and elites bought vacation homes on the coast, and national tourists arrived to camp there.

In other parts of Costa Rica, particularly the Central Valley, retirees from North America started to immigrate in the 1960s. These retirees mostly lived dispersed among the Costa Ricans. The government was quick to recognise the country's potential for attracting tourism and foreign retirees: incentives included the 1964 *pensionado* law that offered advantages to foreign retirees settling in Costa Rica. In Guanacaste, retirees were not so common, though international tourism started to grow in the 1970s, when exploratory tourists discovered the area and visitor numbers increased from 46,000 to 100,000 per year (Programa Estado de la Nación, 2000, p. 348). At the time, foreign investors (often residents of the area) established small- and medium-scale tourism projects (ibid., p. 348). In Guanacaste, the government started investing in tourism infrastructure in the 1970s, as Guanacaste's coast had been identified as one of the main tourism attractions of Central America (Morales & Pratt, 2010, p. 22). In 1975, a small (national-oriented) airport near Liberia was opened; the early 1970s saw improvements in road infrastructure in the area (ibid., p. 22) and the introduction of an electricity service (Hein & Siefke, 2002, p. 200). In 1978, Costa Rica's first government-planned tourism resort was established in Guanacaste: the Papagayo Gulf Tourism Pole (*Polo Turístico Golfo de Papagayo* – PTGP). However, the effects of these investments were felt only later.

### **Livestock crisis and tourism standstill, but on-going land speculation (1980s)**

The economic problems of the 1980s dragged the agricultural and livestock sector in Guanacaste into a crisis. Despite government measures, tourism development also stagnated. However, land speculation continued, and on the coast foreign investors started to buy large properties.

In the 1980s, with the debt crisis, neoliberal reforms and the Costa Rican state's elimination of support and protection of agriculture (especially concerning small-scale production directed to the national market, e.g. beans and maize), the province's agricultural and livestock economy entered a crisis (Programa Estado de la Nación, 2000, p. 312; Edelman, 1998; 2005). Guanacaste was again economically marginalised and abandoned by the state, which halted its infrastructural modernisation (Programa Estado de la Nación, 2000, p. 312). In the coastal research area, the crisis was seen especially in agriculture;<sup>15</sup> a study of land-use change (Argos, 2010) shows that the percentage of agricultural land decreased from 8% in 1980 to 0% in 1998. Pastures on the other hand continued increasing in that area (from 26% to 38%), despite the crisis; this led to a decrease in forest cover (from 60% to 48%). In the 1980s, the population growth was still very low, with continued emigration from the province; however, the

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<sup>15</sup> In this area, agriculture was already small compared to other Pacific coastal areas in Costa Rica (Agros, 2010)



percentage of land with human settlements did increase somewhat in the 1980s and 1990s from 1% to 8%, probably because of tourism growth in the latter period (*ibid.*).

Land speculation continued in Guanacaste: as the risky cotton and rice businesses had left many foreign investors bankrupt in the late 1970s, a land exchange market developed in which new US investors exchanged their small properties in the USA for the large haciendas of the indebted and bankrupt hacendados in Guanacaste (Edelman, 1998). During the 1980s, another factor contributed to speculation and rising land values in Guanacaste: the government – financially aided by international environmental organisations such as World Wildlife Fund and Nature Conservancy – bought a large area of land for conservation purposes (*ibid.*, p. 276). Also religious, political-strategic and even criminal (drugs and arms trafficking; see Spilsbury, n.d.) motives inspired various foreign investors (mainly from the USA but also from Nicaragua) to buy considerable amounts of land in Guanacaste during the 1970s and 1980s (Edelman, 1998). All these processes of foreign land acquisition for high prices, together with other factors, made Guanacaste a space for speculation and the concentration and underutilisation of land; many large landholders had no incentive to optimise productive land use (*ibid.*). This speculative development was evident in the interior, but also had its effects in the coastal areas of Guanacaste, where the first speculators and investors, both foreign and domestic, bought land in the 1970s. For example, the area of Playa Grande was bought in the 1970s by Robert Vesco, a controversial fugitive from US justice. The area of Pinilla was bought in 1974 by Hoover Gordon Pattillo, a North American investor who started developing it as a residential community in the 1990s. A multinational group of developers bought the land for Reserva Conchal in the 1980s. North American real estate brokers have now been active for early years: Century 21 was established in the area in 1977. These investments were made with an eye to future tourism and urban development, as tourism was growing in what was by then an economically depressed area.

Tourism remained rather small in scale during the 1980s, in both Costa Rica and Guanacaste; international visitors were cautious due to turbulence and armed conflict in Central America and to the debt crisis. The tourism attraction policies established in the late 1970s in Guanacaste were complemented in 1985 by special incentives for tourism businesses in Costa Rica. However, these policies did not have the intended effect in Guanacaste: for example, the Papagayo Gulf Tourism Pole resort project failed to meet expectations in its first two decades, as most of the investors acquired land concessions without actually using them, and often sold them again (Salas Roiz, 2010). The project encountered many difficulties in its first decades, such as the lack of tourist arrivals in Costa Rica in general, a lack of political will to develop basic infrastructure in the area during the debt crisis, and conflicts and protests against land privatisation/a judicial lack of clarity on the land situation, which led to further paralysation of works and retreating investors (*ibid.*).

National tourism was still important, and international visitors were mostly exploratory adventurous travellers who were interested in biodiversity and ‘authentic’ culture and nature; Costa Rica was seen as an ecological destination (Programa Estado de la Nación, 2007, p. 198). Some of the US tourists who came to the area stayed and established their homes and businesses there. The Surfside Potrero residential project,

which was opened in the early 1970s, was the first of its type (Janoschka, 2009). While it was more common for expatriates to settle in Costa Rica's Central Valley by that time, Surfside was the only development of that type in the coastal area. The North Americans moving to the area at that time were interested in nature and an adventurous lifestyle, which included surfing and sport fishing; with little infrastructure and services in place, tourism was small in scale. Some areas were already moving towards more exclusive internationally oriented developments, such as the Flamingo resort.

## **Transition to a service economy (1990s)**

Costa Rica underwent impressive tourism development in the 1990s, and Guanacaste particularly benefited from this boom. While some agricultural activities grew, in general the primary sector was stagnant in the area, and tourism became a very important alternative source of employment. The 1990s marked Guanacaste's transition towards a service economy.

It was not until the mid-1980s and especially in the 1990s that strong new impulses were given to international tourism. Costa Rica started to become very popular with international (mainly North American) tourists as a destination 'in harmony with nature'; ecotourism had become very popular.<sup>16</sup> Besides 'ecological' visitors, a more diverse public was attracted, and they required more comfort and security, and a combination of activities (Programa Estado de la Nación, 2007, p. 199). Diversification of the tourism offer was the result, including more luxury offer and standardised tours and packages. The Costa Rican government now started reaping some fruits from its tourism incentives; it saw tourism as the miracle sector that would allow the country to recover from the debt crisis. This was the decade when tourism became the country's main foreign exchange earner. North Americans were predominant in the tourism demand.

Infrastructure improved in Guanacaste, including important improvements to and extensions of the Liberia airport into Guanacaste's first international airport in the 1990s (Morales & Pratt, 2010). In addition, government and civil society started effective nature conservation efforts in the area (Programa Estado de la Nación, 2000, p. 313). A very diverse tourism cluster was developed (Hein & Siefke, 2002, pp. 206-7); international tourism boomed in the area, reflecting general tourism growth numbers in the country. Guanacaste tourism numbers increased during the 1990s from 184,000 to 565,000 visitors per year (Programa Estado de la Nación, 2000, p. 347). Guanacaste's hotel base grew from 122 to 291 between 1991 and 1998 (Hein & Siefke, 2002, p. 203). Tourism demand in Guanacaste became broader than just sun & beach tourism; other activities such as nature tours, golf, sport fishing, surfing, diving and cultural tourism were also developed (Programa Estado de la Nación, 2000).

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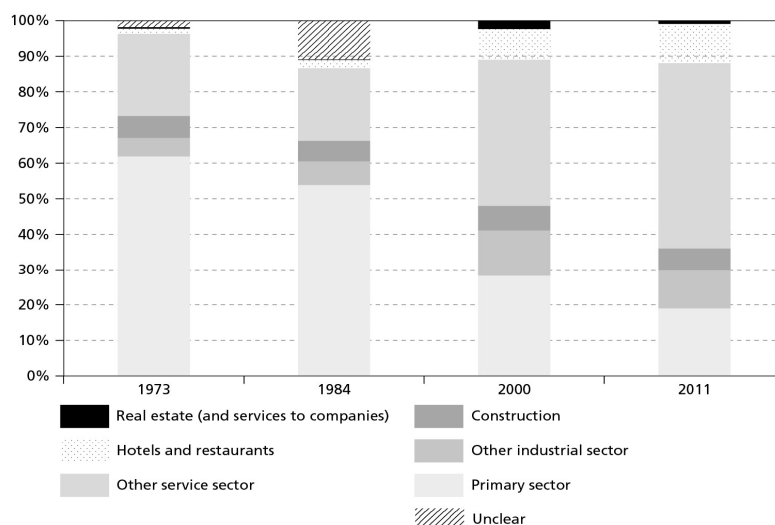
<sup>16</sup> The popularity of ecotourism, nature tourism etc. is related to the general turn away from mass tourism towards more diversified types of tourism, the 'post-Fordist' turn in tourism; see Mowforth & Munt, 2002.

Larger investments by international tourism corporations (e.g. the Spanish chains Barceló, Sol Melía and La Condesa) were typical of the 1990s in Guanacaste, although the initial national and foreign smaller investors often successfully enlarged their businesses too (*ibid.*). The dominance of large international corporations in the tourism sector and its great contrast to the traditional agricultural sector caused a lack of articulation between the sectors (*ibid.*, p. 312).

Investments in land throughout the coastal areas were now being developed into tourism projects and urbanisations; and in newly discovered areas, land speculation continued. As Fernández Morillo indicated in his study on coastal land concessions in Guanacaste province, traditional 'touristy' beaches such as Tamarindo, Brasilito, Flamingo and Potrero experienced a real estate boom in the 1980s (when concessions were mostly granted to Costa Ricans), which left them saturated. On those beaches that used to be less developed, such as Junquillal, Nombre de Jesús and Zapotillal, a land concession boom occurred in the 1990s; by 1999, 70% of the concessions were in foreign hands (Fernández Morillo 2002, pp. 357-8).

Tourism became increasingly important as an alternative strategy for employment, poverty alleviation and economic growth in Costa Rica in general. Agriculture, cattle farming and fishery stagnated in Guanacaste during the 1990s, though there were important differences between a high-tech modernised sector (rice, sugarcane, melon) and a marginalised small-scale one (maize, beans) (Programa Estado de la Nación, 2000, p. 312). Livestock production and the small-scale production of basic crops such as maize and beans declined further, while the large-scale agro-industrial production of rice and sugarcane remained important; also, new agro-export crops such as melon and citric fruits were brought in production in Guanacaste, causing agricultural diversification (*ibid.*, p. 312). Fishery remained an important livelihood strategy for poor coastal populations, but fishermen increasingly experience marginalisation due to problems such as instability of income, domination by middlemen and declining fish stocks (*ibid.*, pp. 338-9). Participation in drug trafficking along the coast is now often mentioned by the media as a main alternative strategy for marginalised coastal populations.

In Costa Rica as a whole, the proportion of the work force directly involved in tourism (hotels and restaurants) grew rapidly, mostly from 1994 to 2000 (4.2% to 5.6% of the work force; CEPAL 2007, p. 17). Indirect employment from tourism also increased most between 1994 and 2000 (11.9% to 13%; *ibid.*, p. 18). In Guanacaste tourism is more pronounced as an alternative development strategy than in Costa Rica as a whole. The relative decline of the primary sector and increased importance of tourism as a livelihood strategy in the province can be seen from employment numbers (figure 2.4): the percentage of the workforce involved in agriculture, cattle farming and fishery declined from 61.9% in 1973 to 28.2% in 2000 (INEC census). The proportion involved in tourism has increased considerably between 1984 and 2000, namely from 2.3% to 8.6%. The growth of the service sector has particularly benefited women in Guanacaste: their involvement in the workforce has increased considerably (Programa Estado de la Nación, 2000, p. 327).



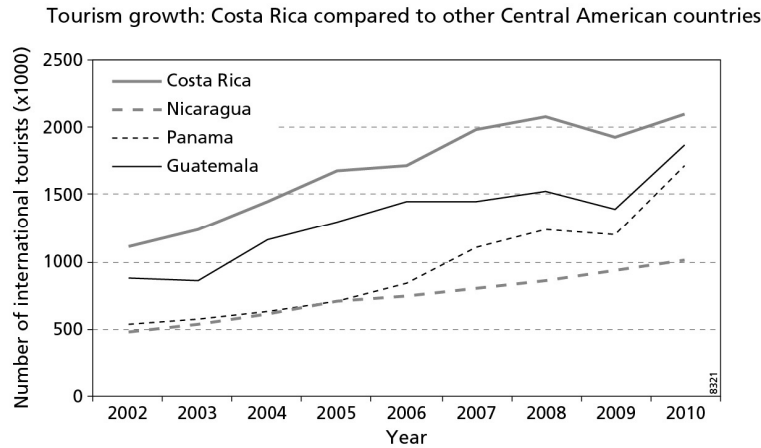
**Figure 2.4.** Involvement of economically active population in various sectors in Guanacaste (1973-2011). *Source: own elaboration based on INEC census 1973, 1984, 2000 & 2011*

Guanacaste’s population started to grow at higher rates again during the 1990s, especially in the coastal districts, and probably as a result of tourism activity (Hein & Siefke, 2002, pp. 195-6). While Guanacaste was still a province of net out-migration in the 2000 census, during the 1995–2000 period the migration balance had become less negative (INEC Household Surveys 2004–09).

### Large-scale tourism and real estate boom (2000s)

In the 2000s, tourism in Guanacaste became larger in scale and was complemented by a large real estate and residential component. Other productive activities showed less dynamism. Poverty decreased in Guanacaste more than in Costa Rica in general; however, the post-2008 worldwide economic crisis showed the vulnerability of the sector, and unemployment and poverty increased again.

In the 2000s, tourism had become Costa Rica’s second source of foreign exchange earnings, only after goods export (Programa Estado de la Nación, 2007, p. 197). The 2 million visitors threshold was reached in 2008. Costa Rica has been very successful in establishing a robust country brand in international tourism, also based on effective promotion by ICT (ibid., p. 198). Costa Rica ranked 44 in the global Travel & Tourism Competitiveness Index 2011 (World Economic Forum, 2011). Figure 2.5 and table 2.1 show the high level and growth of tourism in Costa Rica compared to other Central American countries, and the increase not only in numbers of tourists but also foreign exchange earnings, investment and hotel room supply. In most of the 2000s, tourism statistics showed a steady increase; however, in 2008 negative growth rates were seen in the number of international tourists and foreign exchange earnings - The sector seems to be recovering again since 2010.



**Figure 2.5.** Tourism growth: Costa Rica and Central America. *Source: own elaboration based on CCT n.d. Total growth Costa Rica 2000-2011: 101.8% – Average annual variation: 9.3%*

**Table 2.1.** Tourism statistics in Costa Rica: 2000–11. *Source: ICT (2010b), ICT Arrivals of International Tourists 2011*

	2000	2001	2002	2003	2004	2005
<b>Number of intl. tourists (x1000)</b>	1088	1131	1113	1239	1453	1679
<b>Foreign exchange earnings (millions US\$)</b>	1229.2	1095.5	1078	1199.4	1358.5	1570.1
<b>Approved investment (millions US\$)</b>	38.1	47.7	172.9	59.8	56.2	143.6
<b>Hotel room supply</b>	29497	31706	33126	35003	36299	38737
	2006	2007	2008	2009	2010	2011
<b>Number of intl. tourists (x1000)</b>	1725	1980	2089	1923	2100	2196
<b>Foreign exchange earnings (millions US\$)</b>	1620.9	1927.4	2174.1	1977.8	1961.1	
<b>Approved investment (millions US\$)</b>	154.9	259.1	696.8	102.2		
<b>Hotel room supply</b>	40811	41340	41759	42058	43715	

Guanacaste plays an important role in Costa Rica’s tourism sector. In 2009, the province received an estimated 612,637 tourists (northern Guanacaste 500,960, southern Guanacaste 111,677): this means that 40.3% of tourists in Costa Rica visited Guanacaste (ICT, 2010b). This includes internal Costa Rican tourists. International

arrivals at Liberia airport increased by 756.3% in 10 years (see figure 2.6). Hotel accommodation has increased greatly in Guanacaste province, particularly luxury 4- and 5-star hotels. In 2010, Guanacaste had 481 hotels with 10,296 rooms, which is 23.6% of total hotel rooms in Costa Rica – 84% of these were in northern Guanacaste, where the study region is located (ibid.). Four- and five-star hotels accounted for as much as 39.6% of all rooms in northern Guanacaste, compared to 25.3% in Costa Rica as a whole (ibid.). In the 2000s, the hotel offer in Guanacaste became complemented by an even more impressive number of condominiums, apartments, houses and lots for sale. Investment in private housing has become more prominent than investment in traditional hotels, and the former is projected to increase much more than the latter. The enhanced importance of residential tourism and the real estate industry more generally – also compared to regular tourism – is reflected in foreign direct investment (FDI) figures for Costa Rica as a whole: whereas tourism and real estate respectively made up 15% and 5% in 2003, by 2007 these percentages had increased to 17% for tourism and 34% for real estate (BCCR, 2008). A large part of this FDI in real estate was concentrated in the coastal cantons of Guanacaste (Román, 2010). In the 2000s, tourism employment continued growing in Guanacaste (and Costa Rica) in a more balanced way compared to the 1990s, whereas construction experienced a great increase between 2005 and 2008, but then underwent a steep decline. The real estate industry experienced dramatic growth in Guanacaste.



**Figure 2.6.** Increase of tourist arrivals in Guanacaste (through Liberia airport). *Source: Own elaboration based on ICT 2005, 2006, 2007a, 2008, 2009, 2010; Programa Estado de la Nación, 2007, ICT Informe Estadístico Trimestral 1-4, 2011.* (Total growth: 756.3%. Av. annual variation: 75.6%)

Guanacaste’s impressive growth rate in tourism and real estate cannot be seen in isolation from the larger economic make-up of the province. The livestock sector has not recovered at all from the 1980s’ financial crisis, and between 1990 and 2006 the number of cattle fell by 50% (CORFOGA, 2004, in Ramírez Cover, 2008, p. 363). Rice and sugarcane production have survived the crisis, thanks to the export of sugarcane and national political support for rice; the state extension of the Tempisque irrigation district has been important for this (Ramírez Cover, 2008, p. 363). Both

production and commercialisation chains are still very concentrated in few hands. Export diversification has been successful in the case of melon production, though this is concentrated in the hands of transnational companies (Programa Estado de la Nación, 2000, p. 312; Ramírez Cover, 2008, p. 364). The production of basic crops such as maize and beans (traditionally done by small-scale farmers) has almost disappeared; only few small producers are left (Ramírez Cover, 2008, p. 364). State support for small-scale production is largely insufficient, and almost no linkages with the tourism cluster have been established (Hein & Siefke, 2002, p. 198; Programa Estado de la Nación, 2000). The fishery sector still suffers from declining stocks and a lack of articulation to the economy. In general, Guanacaste has become a very complex and diversified society, with many different and geographically separated economic sectors (peasant production, agro-industrial, livestock, fishery, tourism, real estate, conservation, forestry, energy) which are often not articulated among each other (Programa Estado de la Nación, 2000). In the 2000s, the proportion of the Costa Rican work force involved in the primary sector decreased to 14% in 2011 (in absolute numbers, an 8.7% decrease in 11 years), and Guanacastecans' involvement in that sector decreased from 29% to 18% of the work force (in absolute numbers, a 1.2% decrease in 11 years) (INEC Census 2011 – see figure 2.4).

As for land-use change, in the coastal area of northern Guanacaste, a small amount of land was put to agricultural use between 1998 and 2005 (an increase from 0% to 2%), while the percentage of land used for pasture decreased from 38% to 21% (Argos, 2010). Thus, the land-use change effects of the livestock crisis were felt here only after the actual crisis. These changes triggered a process of reforestation (from 48% to 54% in 7 years), which also occurred all along the Pacific coast.<sup>17</sup> On the other hand, land use for human settlements increased from 8% to 17% in this period (especially in the area of Tamarindo), which was probably intensified afterwards (*ibid.*). Compared to other Pacific coast areas in Costa Rica, northern Guanacaste saw the fastest growth in human settlements in this period; this reflects the importance of tourism and real estate (*ibid.*).

How can Guanacaste's current residential tourism development be explained by Guanacaste's history? As we have seen, both policy makers, the private sector and Guanacaste's inhabitants embraced tourism as an alternative development strategy for the marginalised area. Small-scale farming and cattle farming had been in decline since the 1980s, freeing much of the workforce for other activities. Costa Rica had put in place some measures to attract retirement migration and more high-end tourism since the 1960s-70s. A private property rights structure was in place for most of the land, with many large landholdings: former cattle farmers and other landowners could easily sell their land to investors, which happened since the 1970s. Connections to North America, including transnational land investment, had existed for a long time. The popularity of the area for short-term tourism and the early establishment of foreign residents ('pioneers') were preconditions that later caused a chain effect of new international land buyers. By 2002, the rapid coming together of an extended airport,

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<sup>17</sup> Besides the decline of cattle farming, state conservation and forestry efforts have also been important for reforestation (Programa Estado de la Nación, 2000, p. 3232; Calvo-Alvarado et al., 2009)

increased international charter flights, and a number of high-end hotels and gated communities incited the residential tourism boom.

### ***2.3. Guanacaste's residential tourism boom: the role of policy and external factors***

By 2002 the Guanacaste coast was an international tourism destination with a diverse tourism cluster (Hein, 2002), whereas by 2008 a real estate boom had taken place and the coastal landscape was filled with gated communities, apartment complexes and condominiums. Guanacaste had a specific combination of tourist quality factors that enabled it to attract a large number of foreign short-term tourists and residential tourists. Besides this, historical events can partly explain these developments and their particular consequences in Guanacaste. In order to explain residential tourism, however, a more detailed view of policy and the interaction between private and public actors at various levels is needed. Residential tourism growth was made possible by government support and incentives, but mostly by deregulation: leaving regulation to the private sector without exercising much control. The result was chaotic and unplanned development.

#### **Attracting residential tourism: government facilitation and private sector primacy**

The Costa Rican government has recently been giving much priority to attracting FDI in real estate and large-scale tourism, and creating advantageous conditions for investment. Costa Rica's state policies have been the main triggers for the transformation of parts of the country into large-scale sun & beach and residential tourism destinations since the late 1990s. However, the government has not attempted to attract this investment through easing visa regulations for residential tourists or applying a particular policy for attracting residential tourists or retirement migrants. On the contrary, special *pensionado* tax benefits that had existed since the 1960s were cancelled in 1992, and in recent years there have been attempts to tighten migration policy also for these groups.<sup>18</sup> On the other hand, in recent years the Costa Rican government has promoted residential tourism growth indirectly by facilitating and deregulating large-scale tourism and real estate investment, thereby giving primacy to the private sector.

#### **Infrastructure**

A variety of policy measures have been introduced to boost residential investment. A very important measure is the implementation of large-scale infrastructural projects such as the extension of the Liberia international airport, which allowed for a large number of charter flights to be run directly between the United States and

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<sup>18</sup> See Chapter 4 for details



Guanacaste. The success of the privatist and laissez faire-type ‘development regime’ in attracting more flights and better airport infrastructure and putting the region on the map, was a main trigger in developing Guanacaste coast as a residential and large-scale tourism destination (Janoschka, 2009; Morales and Pratt, 2010). Michael Janoschka described how this happened (2009). At first a few foreign tourism entrepreneurs in Flamingo set up a local business association to coordinate and stimulate tourism development. By the mid-1990s the association had established links with the Costa Rican presidency, and a regional tourism chamber (*Caturgua - Cámara de Turismo Guanacasteca*) was created. The board members established, promoted and gained leadership in a regime of high government representatives, local mayors, international investors and smaller (mainly foreign-owned) tourism enterprises. The goal of this coalition of local and transnational actors was to increase tourism to the area, but one main thing was missing: accessibility. Hence the plan to extend the international airport in Liberia, which is located less than an hour’s drive from all the major beaches.

Janoschka then focused on the private–public collaboration in the airport development: this was a private project backed up by the government, so that bureaucratic procedures could be bypassed (2009). In 2002, investors succeeded in attracting Delta Airlines as the first commercial international airline to fly directly into Liberia airport (Morales, & Pratt, 2010). This was a great trigger for other commercial airlines from North America to fly to Liberia airport. The managements of three companies (Hacienda Pinilla, Reserva Conchal and the Four Seasons resort) were personally involved in attracting the Delta flights, and they even invested their own money in a trust fund for the airport (Salas Roiz, 2010, p. 18). In the process of upgrading conditions to attract tourism and real estate investment, international investors held key power positions, while state authorities restricted themselves to the organisations of a market-oriented laissez faire democracy (Janoschka, 2009).

However, the airport extension and attraction of charter flights were not the only measures that facilitated real estate and tourism investment. In another example of an important infrastructural development that facilitates tourism and real estate investment, tourism developers signed public–private agreements with the Costa Rican Water and Sewer Institute (ICAA), thereby making it possible for many years to pump large amounts of water into the residential tourism projects in the coastal areas of Playas de Coco/Ocotol, Playa Conchal and Papagayo Peninsula. In the water-scarce area, this is one of the main infrastructural works needed to expand investment – and also among the most controversial. Hence, the difficulties of putting these plans into practice (see Chapter 8 for more details).

### **Government support for specific large projects**

The Costa Rican executive government has also been directly involved in closing some of the deals for large tourism projects, especially during the Arias administration (2006–10). The ICT’s touristic plans focus mainly on sustainable tourism, but from the late 1990s this approach shifted: the government welcomed the arrival of large all-inclusive resorts (Barrantes-Reynolds, 2010, p. 43).

Through executive decrees to declare specific projects to be of ‘national interest’ (e.g. the Punta Cacique project, which has been put on hold; see *Semanario Universidad*, 2009), processes can be speeded up and strict environmental regulations are avoided. In 2008–10, the minister of Competitiveness and the director of Immigration were planning an ambitious residential tourism project (partly in Guanacaste) related to the health sector: together with international hotel chains, US and Costa Rican private health clinics, and various government actors, they planned to construct a number of gated communities with high quality health services creating a ‘health cluster’, and thereby attract 10,000 foreign retirees to the country (PRONACOMER, 2008; Barrantes-Reynolds, 2010, p. 50). The government aimed to declare the project to be of national interest, though no news has been released since then.

In the history section it was mentioned that already in the 1960s, Costa Rica attempted to attract investment in large-scale tourism on Guanacaste’s coast by establishing a government-led tourism resort: the Papagayo Gulf Tourism Pole (Laws No. 6370, 6758 and attached regulations/decrees). In this scheme, the Costa Rica Tourism Board (ICT) grants coastal land concessions to investors under very advantageous conditions (e.g. an annual 4% tax rate on low estimated land values), albeit under strict environmental sustainability criteria. While much land has been given out in concessions at extremely low tax rates for decades, so far there has been relatively little construction or development in the area: many concession holders did not use their land at all (Araya, 2008; Salas Roiz, 2010). Only by 2004 with the arrival of the Four Seasons resort did the public–private scheme become more prominent, and more efforts have now been made to attract actual investment there; however, the economic crisis of 2008 has slowed down much of the construction.<sup>19</sup>

### **Other law proposals**

Furthermore, various law proposals have attempted to liberalise residential tourism investment, though they have not yet been approved. A proposed modification of the marina law (\*Exp. 14,836) is intended to promote investment in marinas by modifying the original marina law, allowing for longer leases and easier approval without previous environmental impact assessments. Various laws and law changes have been proposed over the years to change protective regulations for coastal and insular areas and allow private property rights in the current public or restricted zone, for example in Isla Chira (Arrieta, 2007, pp. 6–7: exp. 15,651 and 16,302). In addition, the Ministry of the Environment, Energy and Telecommunications (MINAET) has attempted to decrease the area of the Leatherbacks of Guanacaste National Park (*Parque Nacional Marino Las Baulas de Guanacaste*) and change its conservation status from National Park to the weaker form of ‘Refugio de Vida Silvestre’ (protected nature refuge); this would allow private landowners in the park much more liberty to build on and sell land. (\*Exp. 17,383; more on this in Chapter 7). However, the Costa Rican Legislative Assembly and other institutions such as the Constitutional Court, which reviews law

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<sup>19</sup> The Papagayo Gulf Tourism Pole figures as an example of sustainable, low impact, well-regulated tourism development. However, it has also been criticised for giving away land without delivering development (Araya, 2008; Salas Roiz, 2010).

proposals, have quite a backlog and the projects can be in the pipeline for years. It also has to be said that many other law proposals have been submitted that propose *more* regulations for residential tourism (often proposed by smaller political parties and civil society groups); few of these have made it into law either.

### **Contradictory discourses and practice**

Thus, the executive central government and private investors have been the main promoters of residential tourism development. Various ministries and central institutions have played important roles, such as the Tourism Board (ICT), the minister of Competitiveness and the Costa Rican Investment Promotion Agency (CINDE), the Ministry of the Environment, Energy and Telecommunications (MINAET) and the Costa Rican Water and Sewer Institute (ICAA, which is part of MINAET). Interestingly, residential tourism is not favoured in public and policy discourse: ICT clearly favours short-term sustainable tourism in its discourse and policy documents, and has even made declarations against residential tourism. Barrantes-Reynolds (2010, p. 49) concluded from interviews with policymakers that:

The Planning Office of the ICT and the current Minister of Tourism are of the view that residential tourism is not desirable because it does not create backward linkages and it does not generate the same amounts of income and employment as holiday tourism. It also competes for spaces with holiday tourism and it spoils the landscape of touristic locations.

However, as we have seen from the actual policy measures, the focus on attracting and facilitating investment in large-scale tourism, for example through infrastructure, also has the effect of de facto stimulating residential tourism. In addition, regulation by deregulation has been a main facilitator of residential tourism investment, as is shown in the following section.

### **Deregulatory policy environment**

Guanacaste's growth as a residential tourism destination took place through a 'privatist and laissez faire-type development regime' (Janoschka, 2009). The development model has been characterised by low government intervention, the loosening or non-application of regulations, and giving much space to private-sector development. Thus, the regulations and institutions (i.e. municipalities, ICT, MINAET institutions) that were supposed to protect local populations and the environment from the negative consequences of rapid real estate growth, were not working properly. The result was chaotic and unplanned development (Barrantes-Reynolds, 2010).

Many of the problems are at least partly related to the lack of implementation of regulations and laws. The main regulation problems are the absence of integral and

sustainable land-use planning, difficulties in preserving conservation areas, institutional ambiguities regarding functions and responsibilities, and deficiencies in processes, norms and procedures for the administration, use and control of the coastal zone (CGR 2009, in Programa Estado de la Nación 2010, p. 207). Policies related to residential tourism are spread out over many different ministries and government levels, and there is often an overlap of competences. Coordination is then one of the main reasons for weaknesses in regulation. On the other hand, a lack of financial and human resources has been a problem, especially in the early years of residential development. Even though in later years institutions have received more financial capacities, the improvement in human resources and institutional strengthening has been slow to follow.

### **Coastal zone regulation and land-use planning**

Some of the main governance issues related to residential tourism are present in coastal zone regulation. The law on the maritime–terrestrial zone (law no. 6043, Ley sobre la Zona Marítimo Terrestre (ZMT), of 1977) establishes rules for the use and protection of the first 200 metres of coastal land: the first 50 metres are inalienable public land, and the remaining 150 metres are restricted zone – government property where land concessions can be issued (5–20 years renewable) and construction can be allowed under strict conditions. Concessions cannot be granted to foreigners who have lived for less than 5 years in Costa Rica, or to companies with more than half of their capital derived from foreign sources. The ZMT law guarantees that coastal land is used for the public benefit: the protection of coasts as socially and environmentally vulnerable areas, and sustainable tourism development, are among the aims behind the law.

In Costa Rica's regulation of coastal land, a wide range of institutions have competencies, and there is a lack of clarity and coordination regarding functions. At least 11 central-level government institutions intervene in the coastal zone, besides the municipalities (CGR, 2007b, p. 37). ICT is the highest institute responsible for general control of all policies related to the coastal zone. According to the comptroller general, this causes a conflict of interest with the institute being the country's main tourism promoter (ibid., p. 37). The municipalities, on the other hand, are responsible for the correct application of the law in their areas, including issuing land-use permits and concessions in the ZMT. The municipalities also have an important role in elaborating land-use plans with urban planning regulations for the coastal zone. Municipalities have to coordinate efforts with ICT, the National Institute of Housing and Urban Planning (*Instituto Nacional de Vivienda y Urbanismo* - INVU), and the Agricultural Development Institute (*Instituto de Desarrollo Agrario* - IDA), based on general and tourism development plans.

One important issue in the coastal zone is the serious deficiencies in land-use planning (CGR, 2007b; Román, 2009, p. 58). Land-use plans are an obligatory element before any construction or concessions can take place in the ZMT. At the start of the real estate boom, there was a great lack of coastal land-use plans in place; even now, only 16.3% of the coast area is covered by land-use plans (Programa Estado de la

Nación, 2010, p. 203).<sup>20</sup> Even more disconcerting is that 82% of these land-use plans were elaborated on the initiative of the private sector (*ibid.*). Municipalities have the primary responsibility for elaborating coastal land-use plans, but they must collaborate with ICT, SETENA (National Technical Environment Department or Secretaría Técnica Nacional Ambiental) and INVU (Cabrera & Sánchez, 2009, p. 60). When faced with rapid real estate and tourism growth, the ICT was too late and inefficient in adapting or developing general tourism development plans and land-use plans; hence unprepared municipalities were left with all local land-use planning tasks. Thus, private developers have taken over this task, favouring their businesses and drafting their own plans for specific zones, or financing the elaboration of specific plans – which were then easily taken over by municipalities. In addition, irregularities and deficiencies were found in various land-use plans, which therefore had to be cancelled (e.g. lack of mangrove protection, threats to ecosystems; see Román, 2008b, p. 21). Also, buildings and concessions were allowed in areas with out-dated or unclear urban planning regulations (CGR, 2007b; Programa Estado de la Nación, 2008; Cabrera & Sánchez, 2009). Over the past few years, there have been significant but isolated efforts to improve land-use planning. The comptroller general (CGR), attorney general (Procuraduría General de la República; PGR), Administrative Tribunal for the Environment (Tribunal Ambiental Administrativo; TAA) and other institutions have looked critically at these attempts and intended to apply more environmentally sensitive and democratic land-use planning in the coastal zone, during times of rapid tourism investment (Cabrera & Sánchez, 2009).<sup>21</sup> However, most of the planning effort is still left to municipalities, which decide on the approval individual construction projects. While at least 30 public institutions and 70 norms regulate and administer land-use planning in Costa Rica, this has not been translated into an adequate framework (Programa Estado de la Nación, 2010, p. 201). There are still serious deficiencies in the application of the coastal regulations.

There are various other problems with the application of the ZMT law. First, there have been various cases of privatisation of the public inalienable zone (first 50 metres), for example on beaches where the land tenure situation is complicated and it is questionable whether ZMT law applies (e.g. private occupants argue that earlier laws apply and aim to achieve private property through political and judicial procedures; see Salazar, 2009). Also, security posts have been established at roads that lead to public beaches such as Playa Ocotol and Papagayo, and these are an extra barrier to access for certain groups. A second problem is that the rules stipulated in the law to guarantee the use of coastal land for the public benefit, are often not adhered to. Some examples are the limitations on granting concessions to foreign individuals or

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<sup>20</sup> In Santa Cruz canton, for example, only 19,8% of the coastal zone has land-use plans (Programa Estado de la Nación, 2008, p. 240)

<sup>21</sup> Also behind the 200 m coastal zone, where most of the land is private property and normal national legislation applies, municipalities have been challenged with increasing requests for land-use change (from agricultural to urban use – see Román, 2008b); and the ICT and the executive government have recently become more active in land-use planning. They have developed various integral coastal land-use plans and regulations, such as the ‘Chorotega decree’ (No. 34456) of 2008 which establishes at least some regulations for density, building height etc. (Cabrera & Sánchez, 2009, p. 53; Barrantes-Reynolds, 2010).

companies, the rule that one person or company may not acquire multiple concessions, and the regulations for reselling land concessions. In this way, many coastal strips of land have de facto been granted to foreign tourism companies, investors have acquired large areas of land by combining several concessions, and a real estate market for coastal land concessions has appeared (Fernández Morillo, 2002; Salazar, 2010). This is on the one hand related to gaps in the law (e.g. the possibility of establishing *Sociedades Anónimas* or ‘corporations’, whereby foreign capital and multiple concessions held by the same person can be hidden), but is a result of the lack of adequate control by municipalities and ICT – and in some cases, the involvement of powerful political figures (Salazar, 2010). Third, various local populations who have historically occupied the coastal zone and have ‘use permits’ (often irregularly confused by municipalities with concessions), have been claiming stronger types of land rights (e.g. Ostional, Brasilito). As these rights are often denied, and tourism investors have been targeting the area, these groups are in danger of being displaced (Matarrita, 2009; Cañada, 2011; Cabrera & Sánchez, 2009, p. 42).

### **Environmental regulation**

The environmental evaluation of productive activities such as new developments is another important area of ‘regulation by deregulation’. Developments, whether or not in the official coastal zone, by law have to comply with many regulations. In the evaluation and approval of tourism and residential projects, besides main roles of the municipality and ICT (in case of the coastal zone), other central or decentralised government institutions are involved. Most importantly, all developers are obliged to present an environmental impact assessment to SETENA (which comes under MINAET), and SETENA’s approval is needed in order for the municipality to give a green light to the project. Besides this, other institutes are involved; for example in the case of protected areas, the National System of Conservation Areas of Costa Rica (*Sistema Nacional de Areas de Conservación* - SINAC) has to be coordinated with.

The SETENA assessments are very elaborate, especially in the case of high-impact projects; approval may only be given under strict conditions, adhering to Costa Rica’s strict environmental laws. Developers have to study in detail the possible impact of their project on the environment and propose extensive measures to mitigate, reduce, control and/or compensate for the impact, for example by preventing tree cutting, making rational use of resources (space, water, energy), taking into account conditions of natural vulnerability of the area (e.g. earthquakes), arranging adequate wastewater and sewage water treatment, consulting communities, protecting landscapes, etc. However, the reality is very different, especially due to a great lack of financial and human resources at SETENA and the municipalities. Thus, permits are issued without SETENA having properly studied the assessments, or developers present their projects to SETENA in different phases to minimise the rules they have to abide by (Barrantes-Reynolds, 2010, p. 76). But most important is that there is almost no control on the actual developments (e.g. whether the developer is actually implementing the project in the way described in the environmental impact assessment) after permits have been issued (CGR, 2010a). SETENA and the municipalities are both responsible for this; for example, SETENA can give

administrative sanctions and paralyze construction if environmental parameters established in the assessment are violated. The municipality can cancel its permits in the case of any irregularities. However, they do not exercise this control proactively. On the other hand, the procedures and regulations are very time-consuming and bureaucratic for the developers, thus promoting irregular ways of obtaining permits.

Without SETENA's and the municipalities' proactive involvement in environmental follow-up and control, the responsibility is transferred to civil society (organised communities and environmental groups) and the courts through legal procedures, and to institutions such as TAA and the Ministry of Health. The Constitutional Court has invalidated SETENA's assessments and municipal construction permits in various cases (Barrantes-Reynolds, 2010, p. 57). The TAA (Administrative Tribunal for the Environment) is a branch of MINAET, which is responsible for ensuring the fulfilment of environmental legislation; it issues resolutions to prevent environmental damage. It has taken up many cases of alleged environmental damage done by and irregularities in residential tourism projects on the coast in recent years; in 2007 TAA started *barridas ambientales* (field visits) to check rapidly growing tourism zones for environmental damage and irregularities, without the need for a specific complaint; many projects were (temporarily) halted as a consequence (Programa Estado de la Nación, 2008, p. 241). The Ministry of Health has temporarily closed hotels and projects that allegedly dumped wastewater in the sea. However, in all these cases measures are taken only after construction work has been started or completed, and often damage has already been done.

#### **Weak and centralised institutions**

SETENA's inadequate control and implementation of environmental law is due to inadequate internal procedures (CGR, 2010a), lack of finance and inadequate human resources. SETENA is highly centralised and there are no branches in the provinces. In 2006, SETENA had only 43 administrative and technical personnel to deal with 3511 cases all over the country (Programa Estado de la Nación, 2007, p. 235). Only five functionaries were responsible for the follow-up of approved projects. However, both the budget and the number of personnel have been increasing steadily: from 456 million colones (\$866,400) in 2007 to 1696 million colones (\$3,222,400) in 2011 (CGR 2006, 2007a, 2008, 2009, 2010b). In 2012, the Department of Environmental Evaluation had 18 personnel, the department of Auditing and Environmental Follow-up 13 and the department of Strategic Environmental Evaluation 7 (there were 29 other personnel plus 6 members of the Plenary Commission; [www.setena.go.cr](http://www.setena.go.cr)). However, effective changes are slower than financial and personnel increases. Despite increases in budget and personnel in recent years, SETENA's performance in environmental impact evaluation and control (as well as environmental assessment of land-use plans) in the coastal zone is still largely inadequate, as a recent CGR report has outlined. A few examples: in initial short impact evaluations, SETENA categorises high-impact projects in low-impact categories, which allows developers to present less elaborate final assessments; in addition, post-construction control of the projects is still completely absent (CGR, 2010a).

Municipalities also struggle with a range of institutional, coordination, personnel and financial problems. This has to do with tax-raising difficulties, dependence on central government transfers, and lack of experience and human resources<sup>22</sup> to deal with increased responsibilities and complexities in governance. Costa Rica is known as one of the most centralised countries of Latin America, with low trust in and few responsibilities for local politics. In rural areas such as Guanacaste, many traditionally weak municipalities have only recently seen their tasks and responsibilities grow quickly due to urbanisation and population growth. Since the 1990s there have been attempts at decentralisation, and especially at delegating more functions to local governments: they now have more responsibilities in the field of environment and land-use planning, such as granting ground-use permits and tree-cutting permits.<sup>23</sup> Since 1995 the collection of real estate tax has been transferred from central to local governments. Real estate tax is 0.25%<sup>24</sup> on declared property value.<sup>25</sup> This has allowed them to increase their income levels to some extent, especially in coastal areas that are undergoing rapid development: in Santa Cruz and Carrillo, real estate tax collection more than doubled between 2000 and 2005 (Román, 2008b, p. 52). In addition, municipalities impose a construction tax of 1% on every new development. However, it is estimated that the low level of tax, recurrent tax evasion and inefficient tax collection (e.g. owners under-declaring property values, non-updated real estate values, etc.) prevent them from earning much income (USAID, 2004; Román, 2008b). Thus in Costa Rica only about 10–12% of municipal income is from real estate tax; however, there is much potential for improvement (USAID, 2004; Román, 2008b).

More important, the rise in income does not keep pace with coastal municipalities' increasing responsibilities and complexities (e.g. much more need for land-use planning and environmental control, coordination of these tasks with SINAC and SETENA, rapidly increasing requests for construction permits). In municipalities like Santa Cruz, spending on local infrastructure and development formed only a small part of total spending, and much of the municipal income is not spent at all; thus despite higher municipal incomes, people do not see communal improvements (Programa Estado de la Nación, 2007). Also, decentralisation in terms of financial resources delegation and decision-making is still largely lacking (a new legislative project for that purpose is still in the pipeline), thus leading to a very weak type of

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<sup>22</sup> In 2000, functionaries of Guanacaste's municipalities were very lowly educated: 50% only had completed primary education, less than 30% had completed secondary education, and only 20% had completed higher education (Programa Estado de la Nación, 2000, p. 354)

<sup>23</sup> Other tasks of municipalities are related to: granting construction permits and commercial patents, solid waste disposal, neighborhood roads, public markets, cemeteries, cleaning public areas, and in some cases water service / sanitation, public lighting, women's affairs office, and municipal police (USAID, 2004, p. 23; Programa Estado de la Nación, 2008, p. 242). Taxes and rates for these services make up an important part of total municipal income (USAID, 2004, p. 18). In contrast to other countries in Latin America, Costa Rica has not transferred to the local governments any responsibilities in the field of education, health, social services, etc.; these are supplied by other (partly decentralised) government institutions.

<sup>24</sup> The real estate tax was lowered from 0.6% to 0.25% in 1998 (USAID, 2004, p. 13).

<sup>25</sup> Besides this, municipalities also charge the concession canon on ZMT land, which oscillates between 2 and 5% of land value depending on land use (4% in the case of tourism projects).



decentralisation (USAID, 2004). Thus, even though slow changes are taking place in the resources, responsibilities and democratic character (e.g. direct election of mayors introduced in 1998) of local governments, citizens' trust in local politics still seem to be very low.<sup>26</sup> There have been various allegations of corruption towards mayors. Problems are aggravated by the evident weaknesses of municipalities in dealing with new developments and growth.

### **Other examples of deregulation**

Other policy areas have also been deregulated. Taxes are low; the 0.25% property tax is the most important tax residential tourists face (e.g. income from their country of origin is generally not taxed in Costa Rica). A 2010 project to introduce an extra 'luxury tax' or 'solidarity tax' on expensive properties has not been successful.<sup>27</sup> As we have seen many tax exemptions exist for the tourist sector. In addition, there is no formal regulation of real estate agents, only a voluntary regulation through the Costa Rican Association of Real Estate Brokers (*Cámara Costarricense de Corredores de Bienes Raíces* - CCCBR), which includes only the more formal and responsible brokers, and not the large 'jungle' of informal brokers. A new law for regulating the industry has been proposed but so far without result.

Another draw for residential tourism and real estate development is the low level of regulation they have to abide to, compared to hotels (Barrantes-Reynolds, 2010): condominiums and gated communities do not have to offer all the services or fulfil the ICT's obligations that hotels have when selling or renting the units. Furthermore, condominiums are considered residential entities and have to comply with fewer urban planning standards than commercial entities (Barrantes-Reynolds, 2010). While short-term tourism businesses are actively encouraged to act sustainably by the ICT through the Certification for Sustainable Tourism (*Certificación para la Sostenibilidad Turística* - CST) programme, no such scheme exists for residential tourism.

## ***2.4. Trans-local factors explaining residential tourism***

Besides Guanacaste's tourist attractions, history and policy measures, more factors are needed to explain the sudden surge of real estate and residential tourism development in this particular area. The reason why the residential tourism boom happened here at this particular time is strongly related to external factors in the countries of origin of

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<sup>26</sup> In a study in 2000 in Carrillo, Guanacaste on citizens' views of local government legitimacy, 54.6% perceived a high non-compliance of elected municipal authorities' promises; and 83.8% of citizens thought local government did not consult the population on important decisions (Programa Estado de la Nación, 2000, p. 352)

<sup>27</sup> The Costa Rican government introduced a special 'luxury home tax' over houses worth more than CRC 100 million (about \$200,000) in 2010, the so-called *Impuesto Solidario para el Fortalecimiento de Programas de Vivienda*. The extra (differentiated) tax was meant for financing low-income housing projects. Residential tourists feared being affected by the new tax, but implementation has been largely insufficient: only 25% of the expected amount was collected, amounting to about \$6 million in 2010 (Mayorga, 2010).

the residential tourists, and in the tourism sector in general. Besides this, it has to do with a general real estate surge in Costa Rica and changes in its real estate market.

A number of structural factors originating in ‘the West’ (in this case, the USA and Canada) are important for explaining the growth in and potential for retirement migration and for residential tourism more broadly: demographic factors in North America<sup>28</sup>, increasing health costs and decreasing retirement pensions in the USA<sup>29</sup>, cheap interest rates and ease of receiving mortgage in the USA (before the financial crisis), and current generations retiring in the near future have become used to international travel. General factors relating to increased time–space compression are also of undeniable influence, such as cheap and rapid travel and improved and cheaper long-distance communication possibilities (McWatters, 2009; MPI, 2006). These structural factors are also interrelated with sociological changes in western societies, where growing groups of people aim for a change of urban high-stress lifestyles (‘rat race’), or aim to differentiate themselves from others by a different type of lifestyle.

Related to this, the powerful ideas of a global real estate market and ‘the world as a retirement destination’ have been key to imagining the possibility of foreign real estate investment and residential tourism in Costa Rica. The ‘international’ (or rather, North American) real estate sector not only profits from the idea of an open, globalised world, but has also actively contributed to the making of globality in real estate investors’ minds. Media like *International Living* magazine, popular TV shows on retirement abroad, and websites have contributed to the spread of these ideas among investors and retirees. Central America was presented as one of the new frontiers of the real estate industry. However, the extension of real estate markets into new developing countries was not an automatic flow of market forces: the privatisation and individualisation of land worldwide has greatly contributed to this. In accordance with the ideas and practices on land titling and security of property promulgated by international institutions such as the World Bank and the Inter-American Development Bank, people all over the world can now buy land almost anywhere they want, provided they have the financial resources (Zoomers, 2010). Many investors in real estate are thus lured by the promises of quick and large profits; ‘Costa Rica property’ was until recently seen by many as an easy and cheap investment with guaranteed profits. Increased investments in land are probably also related to the booming drug trade and related money-laundering practices by international criminal groups (who regularly use Costa Rica as a passage area); however, such things are extremely difficult to prove with data.

Another important push towards residential tourism was caused by innovations in the tourism industry that were brought into Costa Rica: investors and hotel chains, mostly from the USA and Spain, introduced combinations of short-term tourism and real estate/residential products. Real estate and tourism have developed a profitable alliance in the wake of tourism’s declining profitability (Deloitte-Exeltur, 2005) and

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<sup>28</sup> By 2030 the US population over age 65 will make up almost 71.5 million; meaning an increase of almost 80% from 2010 (US Census Bureau projections)

<sup>29</sup> A Gallup Poll in 2011 found that 53% of US non-retired inhabitants do not think they will have enough money to live comfortably in retirement (Gallup, 2011)

search for new ways of finance. Tourists are a perfect target for the real estate industry: the tourist's desire to experience and gaze at different things (Urry, 1990) is easily converted into a desire to own. Selling properties is easier in an environment of relaxation, out-of-the-ordinary experiences and impulsive actions. Hence the profitable combination of bringing hotels and residential components into one and the same community, often complemented by extra profitable elements such as golf courses and marinas (Aledo, 2008). On the other hand, finance and investment for new residential communities and vacation home complexes can be attracted partly from the home buyers themselves, which lowers the need for own investment.<sup>30</sup> The apartments and houses are often subsequently used as holiday rental properties (through a property management company), thus functioning as a sort of hotel, but without the same need for investment. In addition, another increasingly popular feature imported from the USA are timeshare arrangements and partial ownership;<sup>31</sup> in these schemes, tourists own a vacation property for a specified period per year (fractional or interval ownership). The timeshare product is constantly changing; for example, timeshare exchange arrangements are now often used for greater flexibility. All this is contributing to an increased complexity and fragmentation of ownership patterns and a blurring of the dwelling–tourism divide (Torres & Momsen, 2005).

Some authors analyse these influences more in terms of political economy and the expansion strategies of international hotel chains and tourism business from Spain and the USA, which have been heading to new areas – in the Spanish case following the declining possibilities in the Balearic islands and the wider region, and also using opportunities offered by political deregulation and free trade regimes (Cañada, 2010). A number of Spanish, US and Canadian hotel chains have established in Guanacaste, and they have played a role in putting Guanacaste on the map as a large-scale high-end tourism destination. The Sol Melía chain from Spain, for example, was behind the Reserva Conchal development in the early 2000s (which was then cancelled; Sol Melía later withdrew from the development). Although a few other international hotel chains have been important in Guanacaste, they are more involved in the short-term tourism sector as such. The residential tourism sector has been developed by many different actors, some with a long-term local involvement and a wide range of other smaller-scale quick-profit seekers. As Janoschka argued (2009), a wide range of actors were involved in the 'development regime' that put Guanacaste on the map as a residential tourism destination: small tourism business owners (national and foreign), airlines, international investors, and central and local government.

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<sup>30</sup> Often the apartments and houses are subsequently used as vacation rental properties (through a property management company), thus functioning as a sort of hotel, but without the same need for investment. In addition, another increasingly popular feature imported from the USA are timeshare arrangements and partial ownership.

<sup>31</sup> The timeshare concept originated in France in the 1960s, but was made popular in the USA, experiencing much growth there since the 1980s (Nabawanuka & Lee, 2009). The involvement of international hotel chains such as the Hilton and Marriott has been important for timeshare growth (Nabawanuka & Lee, 2009). Timeshare ownership is not new to Costa Rica, but now increasingly popular and available in a growing number of resorts.

The diversification and increased complexity of the real estate market in the 2000s was not exclusive to Guanacaste; a similar process took place in and around the Costa Rican Central Valley. The latter was not mainly driven by foreign investors and residential tourists (although they did play an important role), but by Costa Rican elite and middle-class investors and home buyers. These groups acquired increased spending power and started looking for complete housing solutions (gated communities and condominiums), especially in suburban areas. At the same time, numerous exclusive shopping centres popped up. Román (2007) analysed the general Costa Rican real estate market in the 2000s, and concluded that new actors such as developers, real estate agents and property hunters have entered the stage, as good lots have become scarce and people are looking for complete housing solutions rather than individual plots of land. As developers needed financing for complete projects, new financial arrangements and actors have come in, and the roles of different actors have merged: financial entities such as banks have also become developers and marketers; construction companies have become developers, etc. (Román, 2007).<sup>32</sup> The proliferation of a real estate and construction industry quickly spread from the centre to coastal areas, especially Guanacaste, where national but mostly foreign investors were looking for investment options.<sup>33</sup>

## ***Conclusion***

Guanacaste underwent a residential tourism boom from about 2002 to 2008, leaving the coastal landscape filled with gated communities, apartment complexes and condominiums. This is a typical case of a global phenomenon (i.e. residential tourism) having far-reaching effects in a local area. However, it should not be seen as an undifferentiated and uninterrupted flow of global forces into the local area. Rather, it is important to trace in detail the trans-local connections that made it possible for residential tourism to emerge here. Different factors at local, national and international levels play a role: place-based geographical and cultural factors, policy at different levels, local and national history, factors in the countries of origin of the residential tourists, and more structural developments in the tourism and real estate industry.

Guanacaste has a particular combination of pull factors that make it a very attractive destination for both short-term tourists and migrants. These factors partly have to do with Costa Rica's good image in general, which is based on its diversity of nature and landscapes, its image of peace, democracy and security, its friendly people, and the low cost of living and the cheap health services. On the other hand, Guanacaste has some particular qualities in terms of culture, landscape and especially

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<sup>32</sup> Other important actors that have entered are title insurance companies, real estate lawyers, notaries, and investment funds.

<sup>33</sup> Another important note to make is that the residential tourism boom was made possible because of the involvement of many migrant hands to construct buildings, security guards, clean houses, gardens, etc. This large supply of low-skilled labour is an important cause but also a consequence of the residential tourism boom, and is analysed in Chapter 3.

climate that set it apart from the rest of the country. More recently, improved infrastructure has added new qualities to this: the airport extension and charter flights greatly increased accessibility, road and communications infrastructures have been improved, and high quality resorts were established in the area offering a new degree of luxury.

Besides this, historical events can partly explain these developments and their particular consequences. Guanacaste has historically undergone cycles of growth and decline. After colonisation (and the decimation of the original population), it led a marginal existence until the 1950s, when it became an important area of cattle farming development (including much foreign private ownership). By the 1980s, Guanacaste had again been marginalised by the cattle farming crisis and the difficulties faced by subsistence agriculture. Policymakers, the private sector and Guanacaste's inhabitants embraced tourism as an alternative development strategy for their marginalised area. With the primary sector crisis, much of the workforce was also available for other activities. Costa Rica had already put in place some measures to attract retirement migration and more high-end tourism since the 1960s–70s. A private property rights structure was in place for most of the land, with many large landholdings: former cattle farmers and other landowners could easily sell their land to investors, which started happening in the 1970s. Connections to North America, including transnational land investment, had existed for a long time. The popularity of the area for short-term tourism and the early establishment of foreign residents ('pioneers') there were preconditions that later caused a chain effect of new international land buyers. By 2002, the rapid coming together of an extended airport, increased international charter flights, and a number of high-end hotels and gated communities incited the residential tourism boom.

Besides local geographical, cultural and historical factors, a more detailed view of policy and the interaction between private and public actors at different levels is needed to explain residential tourism. Guanacaste's residential tourism growth was made possible by government support and incentives, but mostly by deregulation: leaving regulation to the private sector without exercising much control. Chaotic and unplanned development was the result. Many of the problems are at least partly related to the lack of implementation of regulations and laws.

Trans-local external factors are also needed to explain the sudden surge in real estate and residential tourism development in the area. The reason why the residential tourism boom happened at this particular time is strongly related to structural (e.g. demographic) factors in the countries of origin of the residential tourists, and new developments in the global tourism sector. Besides this, it has to do with a general real estate surge in Costa Rica and changes in its real estate market.

Guanacaste is not the only area that has surged as a residential tourism destination in Costa Rica: more to the south on the Pacific Coast (around Jacó) is another area that has developed in a similar way, though on a somewhat smaller scale. More recently there has been increased interest in the very southern area of the Pacific coast – the highly forested and bio-diverse Osa Peninsula. This area is viewed as the next boom area, but it is still largely inaccessible. In addition, the Central Valley, and

especially its peripheries, is still an important area of residential tourism investment.<sup>34</sup> On the other hand, Costa Rica is not the only country targeted by residential tourists: Nicaragua and Panama are upcoming, and many destinations in Mexico, Brazil, Ecuador, etc. have been rapidly developing. However, as we have seen, Guanacaste and Costa Rica have a particular combination of geographical, cultural, historical and policy characteristics that came together around 2000 to create a particularly rapid and widespread residential tourism boom. In the following chapter, I describe the residential tourism sector in more detail in terms of physical developments.

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<sup>34</sup> There residential tourists are more spread out over a large urban area, and mixed with the Costa Rican population; hence the influence of residential tourism is difficult to separate.

### 3. Guanacaste coast: a concrete jungle? The physical and human landscape of residential tourism

In the first decade of the 21<sup>st</sup> century, tourism and real estate investment in Guanacaste underwent dramatic growth – until 2008, that is, when the financial crisis put a halt to the boom. In order to understand the pathways of the residential tourism sector and its implications for development, it is important to have an idea of the physical and human environment that residential tourism has created. Around the world, lifestyle mobilities come in different forms (see Benson & O'Reilly, 2009), that is, in different types of populations and different physical forms. For example, rural spaces are converted into low-density residential areas, historical city centres are gentrified with new high-income groups, and coastal tourist areas are extended with apartment complexes and gated communities. Guanacaste is of the last mentioned type. It hosts various types of residential projects in different categories of luxury and services, and attracts a combination of permanent residents, temporary residents and short-term tourists.

In this chapter, I provide an idea of what the current residential tourism situation looks like: I develop a classification of different types of residential tourism projects, and connect this to characteristics of the residential tourist population. My aim is to analyse the changes in Guanacaste's residential tourism development over time, viz. how the types of projects and residents have changed, and what can be predicted about the future. Second, it is important to draw some preliminary conclusions on the extent to which the different projects and population groups contribute to development in an economic, environmental and social sense, in other words, the type of project and resident – if any – that should be attracted.

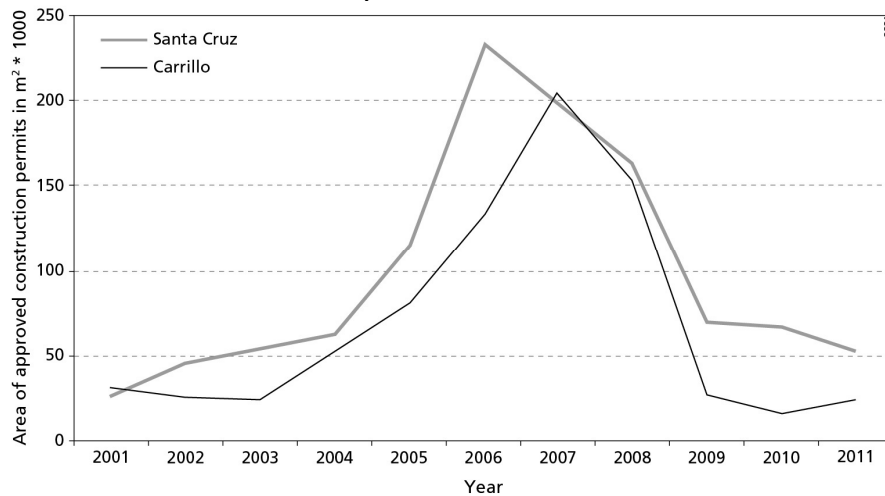
First, I describe recent residential tourism growth in Guanacaste by giving figures on construction growth, residential projects, the origin of the capital and the residential tourist population. Second, I classify residential tourism projects into five types: large-scale all inclusive gated communities, mixed projects, villa complexes, apartment complexes and land plot subdivisions. For each type, I give at least one example and illustrate the physical characteristics, included services, population, history and different geographical locations. In the subsequent section, I focus on the population, namely the residential tourists themselves. I compare the characteristics of different subgroups (permanent and temporary residents and short-term tourists) in relation to the projects where they live, and analyse the changes over time. I then discuss the evolution and future expectations of residential tourism, and the development effects of each of the project types. Finally, I attempt to answer the question what type of project or resident should be attracted.

### 3.1 Residential tourism growth in the research area: the figures

The fact that Guanacaste experienced a real estate and residential tourism boom in the 2000s seems self-evident. However, to demonstrate the importance of this growth and its particularities, and to set the stage for analyses in later chapters, it is necessary to specify the developments with figures. To assess claims about rapid development and the ‘foreignisation of land’ (Zoomers, 2010), figures on growth and the origin of developers need to be traced. Therefore, a detailed study of a small area, such as Guanacaste’s coast, is necessary to understand the residential tourism sector.

#### Construction data

Construction and statistical data clearly show the growth and subsequent crisis of construction – mostly related to residential tourism – in the research area. In 2008, the fastest growing districts in construction permits in Guanacaste were Nacascolo, Liberia, Sardinal, Tempate, Cabo Velas and Tamarindo (Salas Roiz, 2008), the six districts that are included in this study. Figure 3.1 shows that the area of new constructions in square metres increased exponentially between 2001 and 2006 in Santa Cruz and Carrillo cantons (159% and 66% annually, respectively); in comparison, the increase in new constructions was ‘only’ 14% per year in Costa Rica in general (2000–06). This high growth contrasts with steep declines during the worldwide economic crisis: in Santa Cruz and Carrillo, the area of new constructions decreased by 22% and 31% annually in the 2007–10 period. In the crisis year 2008–09, decreases even reached 82% in Carrillo. In Costa Rica as a whole, the decline in constructed area was 13% each year in 2007–10.



**Figure 3.1.** Growth and decline of construction (Santa Cruz and Carrillo): 2001–11. *Source:* Own elaboration based on INEC construction permits statistics 2001-2011



## Residential projects

The coastal area of Guanacaste between Papagayo and Pinilla has been one of Costa Rica's most important residential tourism and short-term tourism growth poles. In order to study the physical developments and related changes in land ownership, I compiled a list of 191 residential tourism developments in the area and analysed the characteristics of these projects. The list gives a fairly complete picture of the situation in 2011.<sup>35</sup> Figure 3.2 shows the realised and planned entities per town. There were an estimated 7587 entities completed; about half of these were residences (houses, apartments), and about half were land plots.<sup>36</sup> In addition, 11,900 entities were planned or announced (mostly residences). The announced projects often also included a large number of hotel rooms, which are not taken into account here. The Costa Rican Banco Nacional (2008, in Román, 2010, pp. 31-2) inventoried 6747 residential units (mostly houses, but also plots) in North Guanacaste in 2008; however, many of these were still under construction. In a study by Salas Roiz in 2008, it was found that the total number of rooms/apartments/houses had grown by 211% in only 18 months (2006–07) in Guanacaste, and that hotel rooms account for only 12.4% of the total projected room offer in the province, meaning that residential and real estate tourism are projected to be much more important than short-term tourism.<sup>37</sup>

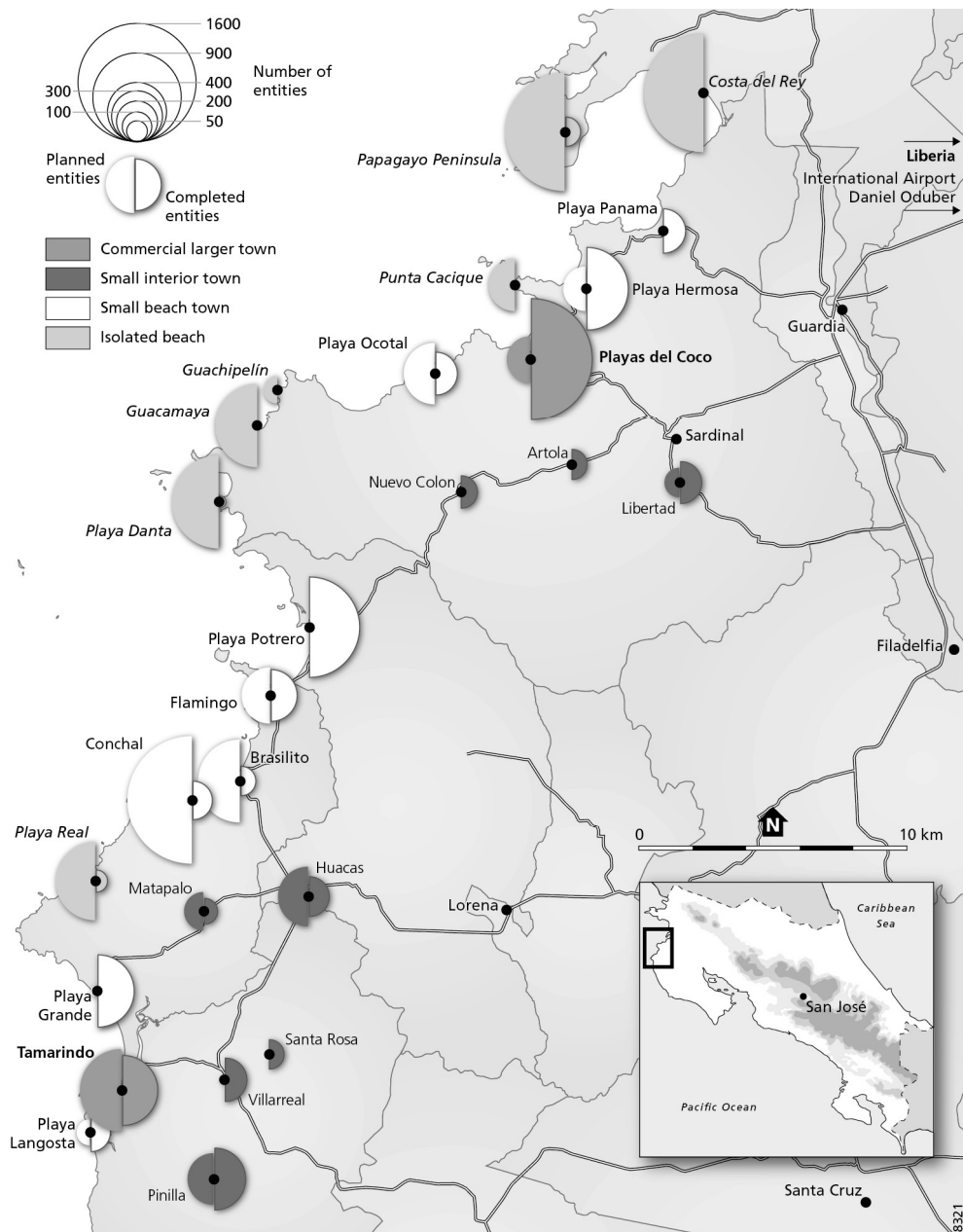
It is important to distinguish between real, completed developments, and developments that have been announced (but not yet started) or halted, which are quite common, not in the least because of the global economic meltdown. The current residential tourism offer on the Guanacaste coast consists of eight large projects (gated communities with hotels, residential components, golf courses, etc.; and other projects with more than 200 entities), and 136 smaller projects, mostly offering houses and apartments in condominium. Most of the large projects have been developed since the 1990s. These developments have been extended in the 2000s, and a lot of smaller projects have been realised. As for complementary services, there is a touristic marina in Papagayo (180 slips); and six more marinas were planned in the area (Salas Roiz, 2008), for example in Playas del Coco (this marina has been planned for a long time, but has not been realised). There are five golf courses in Guanacaste, all within residential tourism projects: Four Seasons Papagayo Peninsula, Hacienda Pinilla, Reserva Conchal, Papagayo Golf & Country Club, and Tamarindo Diria Golf.

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<sup>35</sup> Data were collected through internet research of the projects' websites, newspapers and websites on investments; and local verification. Individually offered plots, houses and apartments were not taken into account; only entities within residential projects are included.

<sup>36</sup> These are very conservative estimates.

<sup>37</sup> In Salas Roiz' study, a much larger offer of residential entities was found than in my research: almost 50,000 non-hotel entities in about the same area – compared to 5700 hotel rooms (Liberia, Santa Cruz and Carrillo). However, in this study mostly large announced projects and entities were taken into account, which never materialised. The reality shows that we should be more cautious in making these estimates. In addition, the number of hotel rooms by official ICT statistics turned out higher a few years later in 2010, at 10,296 rooms in Guanacaste – most in the same three cantons (ICT, 2010).



**Figure 3.2.** Planned/announced and completed residential tourism entities (plots, houses and apartments) per type of town, research area (2011). *Source: author's research*

Partly because of the economic crisis, much of the housing stock in the area is empty. In the 2011 census, 8565 individual houses were found to be 'unoccupied' in the six districts that make up the research area; this represents 41.6% of the total housing stock (INEC, preliminary data census 2011). This is very significantly more than in

Guanacaste in general, and more than in Costa Rica. Various factors can explain this difference: first, most residential tourists in Guanacaste live there for only parts of the year, and not year-round. In the census, only houses with ‘habitual residents’ – those who have stayed for six months or more, or are planning to keep living there – are counted as occupied. Also, the census was held from 30 May to 3 June 2011, at the start of the low tourism season and during the economic crisis (and thus after many new houses had been built), which can explain the low occupation of many condominiums and houses.

### Origin of investment capital

The origin of the capital of residential tourism investments in Guanacaste is identified and described in table 3.1.<sup>38</sup> Of the projects, 40% are financed at least partly by Costa Rican investors. However, North Americans outweigh domestic investors: about 45% of the projects are financed exclusively by North Americans, and two thirds have at least some North American presence in the capital. There is thus a clear prominence of US and Canadian capital, though often in combination with Costa Rican capital. European investment accounted for only 9%. When looking only at large projects, the picture does not change much: North American and Costa Rican capital are even more prominent.

**Table 3.1.** Residential tourism projects in Guanacaste. Origin of investment capital and status project (2011). *Source: author’s research*

<b>COUNTRY OF ORIGIN</b>	<b>Completed project</b>		<b>Announced / stopped project</b>		<b>Total</b>	<b>Large projects*</b>	
Costa Rica	9	(14%)	8	(23%)	<b>17%</b>	4	(21%)
USA	17	(27%)	13	(37%)	<b>31%</b>	6	(32%)
Canada	9	(14%)	5	(14%)	<b>14%</b>	3	(16%)
Europe	8	(13%)	1	(3%)	<b>9%</b>	0	0
Mixed	20	(32%)	7	(20%)	<b>28%</b>	6	(32%)
Other	0	0	1	(3%)	<b>1%</b>	0	0
<b>Total</b>	<b>63</b>	<b>(100%)</b>	<b>35</b>	<b>(100%)</b>	<b>100%</b>	<b>19</b>	<b>(100%)</b>
<i>CR presence**</i>	<i>24</i>	<i>(38%)</i>	<i>15</i>	<i>(43%)</i>	<b>40%</b>	<i>9</i>	<i>(47%)</i>
<i>USA/Canadian presence***</i>	<i>41</i>	<i>(65%)</i>	<i>25</i>	<i>(71%)</i>	<b>67%</b>	<i>14</i>	<i>(74%)</i>

Information could be retrieved for 98 projects.

\* All-inclusive gated communities and other projects of more than 200 entities

\*\* Number of projects for which all or part of the investment capital is of Costa Rican origin

\*\*\* Number of projects for which all or part of the investment capital is of US/Canadian origin

<sup>38</sup> The origin of investment capital was investigated through 1) interviews/ conversations in the field 2) internet search of the projects’ websites 3) internet search of newspapers and websites on investments. In small or medium-sized projects, if no information on capital could be found, it was assumed that most of the capital was raised by the developer, so the origin of the developer was traced. Information could be traced for 98 projects.

Foreign direct investment (FDI) data show that Costa Rica's residential tourism industry mainly caters for the North American market: for example, between 2004 and 2007, 55.2% of FDI in real estate in Costa Rica was from the USA, followed by Canada (7.5%) and Germany (4.8%) (BCCR, 2008). FDI in real estate in Guanacaste increased from \$64.4 million in 2004 to \$127.4 million in 2007 (BCCR, 2008). A large part of this FDI in real estate was concentrated in the coastal cantons of Guanacaste; for example, Santa Cruz was the greatest receiver of FDI with \$115.3 million in real estate investment between 2004 and 2007 (Román, 2010, p. 37).<sup>39</sup>

## Residential tourists: estimates

Official population figures do not come close to quantifying residential tourism, as temporary populations are left out. The 2011 population census counted only 15,898 North American-born inhabitants, of whom 1,484 lived in Guanacaste. These population numbers are unreliable for mobile and absentee populations such as residential tourists, who are mostly not counted in the census. According to rough estimates, between 30,000 and 40,000 North Americans were living in Costa Rica in 2009 (Janoschka, 2009), compared to 10,000 in Panama and 250,000 to 1 million in Mexico (Janoschka, 2009; Lizárraga Morales, 2008).

The number of residential tourists in Guanacaste can also be estimated based on tourism figures and ICT tourism questionnaires, in which international visitors arriving at Liberia airport answer questions about their place of stay during their trip. Of the approximately 191,000 visitors who arrived in 2009, 2.1% (4000) spent their trip in an owned house, condominium or apartment, whereas 7.6% (14,500) rented a house, condominium or apartment (clearly separated from hotel, *cabina*, etc.). In 2010, about 225,000 visitors arrived at Liberia: 3.3% (7,400) stayed in an owned home and 0.7% (1,575) in a rented house, condo or apartment.

Based on this it is possible to make calculations, although some considerations should be taken into account: 1) percentages vary quite widely between the available years 2009 and 2010; 2) these numbers are about tourists arriving at Liberia airport in general, and thus a broader area than the study area. However, it can be assumed that – given that Liberia airport is the perfect arrival point especially for tourists to the study area, and not so much for the wider area (see also Kogan, 2010, p. 6: 88% of Liberia airport arrivals go to Northern Guanacaste) – the majority of arriving residential tourists do reside in the study area; 3) repeated visits should be taken into account; for the 2010 survey, it was found that 24.1% of international visitors to Liberia airport had visited Costa Rica before. Taking the average number between 2009 and 2010, and taking up point 2) and considering that 80% of Liberia airport

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<sup>39</sup> Román (2009, p. 42) distinguishes three types of developers in Guanacaste: 1) large international developers with much experience, who establish large long-term tourism-real estate projects and often associate themselves with large national developers. These also include and/or collaborate with the aforementioned large hotel chains. 2) large national developers who establish long-term developments such as housing, commercial centres, condominiums, hotels for a foreign market mostly. 3) opportunists or 'flippers', who buy property with the objective of reselling it and making short-term profit. Indeed, it is clear that Guanacaste has attracted both developers with a long-term vision and quick profit seekers.

visitors live in or visited the study area, visits to owned houses amounted to 4500, and visits to rented houses, condos and apartments amounted to 6400. Responding to point 3), from my own survey it appeared that residential tourists who owned a house, condominium or apartment in the study area entered the country on average 1.73 times per year; people who rented a house, condo or apartment (also including short-term tourists) entered the country on average 1.67 times per year. This would mean a total of 2600 *foreign home owners* and 3800 *tourism-related house/condo/ apartment renters* each year in the research area (table 3.2). Of course, there are other difficulties with this calculation, considering that Costa Rican residential tourists are here excluded; and the low N of the survey. Indeed, these numbers seem rather conservative when compared to another survey done by the Cámara de Turismo de Guanacaste, which found that of the foreign visitors to Guanacaste (a large majority of 86% of whom visited the area for holidays), 5% owned property in the area, 25% stayed in private property and 3% in a rented house (CATURGUA, 2008, in Román, 2009, p. 29). With the same type of calculation used above, this would mean about 4800 *foreign home owners*, but a very large extra number (*more than 20,000*) of *tourism-related house/condo/ apartment visitors*. However, these are mostly short-term tourists.

**Table 3.2.** Estimates of number of residential tourists. *Source: own elaboration based on mentioned sources*

<b>Costa Rica</b>	30,000–40,000 North American residents (estimate Janoschka, 2009) <b>(0.7–0.9%)</b>  15,898 North American residents (INEC Census 2011) <b>(0.37%)</b>
<b>Guanacaste, research area</b>	2600–4800 foreign home owners visiting research area <b>(6.6–12.2%)</b> , plus an additional 3800–22,000 condo renters, but these are largely short-term tourists <b>(9.7–56%)</b> (own estimate based on ICT & CATURGUA numbers and own survey)  2000 permanent residents <b>(5%)</b> and 3400 temporary residents <b>(8.6%)</b> in research area (own estimate based on housing stock and average occupation)  1484 North American-born residents in Guanacaste (INEC Census 2011) <b>(0.45%)</b>

Another calculation is possible based on the existing housing stock in the research area (see former section: about 3800 houses and 3800 plots that have partly built houses).<sup>40</sup> From this calculation an estimated 5400 *residential tourists* (2000 *permanent residents* and 3400 *temporary residents*) live in the research area. Estimates of home owners and residents thus range broadly from 4% to about 14% of the research area's population (see table 3.2). This group grew rapidly between 2000 and 2010; however,

<sup>40</sup> Calculations based on the following: for condominiums, apartments, residences: 15% permanent occupation and 30% temporary second home occupation. For plots, 35% are estimated to be built on; of these: 35% permanent occupation, and 40% temporary second home occupation. An average household size of two persons per house is used.

given the lack of accurate data, it is not possible to calculate the growth in the North American population, although the growth in tourist arrivals gives some indication.

### ***3.2 Gated communities, condominiums and land plots: what residential tourism looks like***

The physical landscape of residential tourism in Guanacaste is diverse and consists of many projects in different types and stages of development. The main types of projects are: all-inclusive gated communities including hotels, golf courses and high luxury services; 'normal' gated communities that offer both home sites and ready-made residences; horizontal condominiums (small complexes of villas; maximum 2 stories); apartment complexes or vertical condominiums; and subdivisions of land plots where people can build their own houses. To illustrate the wide variety and complexity of the real estate industry, in this section I describe in more detail each type of residential project and illustrate each with one concrete example.

In table 3.3 the number of each type of project in the research area (completed and announced/halted) is indicated. Villas and apartment complexes are the most widespread type of project; however, in terms of area the gated communities take up much more space. The table also shows price ranges and the differences in geographical locations of the projects, as well as the nationalities of the developers and the types of residents.

Before moving on to the classification of projects, it is important to make some general notes on the dynamism of residential projects and their ownership patterns, and on the concept of 'gated communities'. Residential tourism projects should not be seen as static constructions; their development is often dynamic. For instance, a project may take the following route: from initial investment in land by a speculator, through subdivision into plots by a developer, through the development of a condominium complex on one of these plots by another developer, to ownership by individual condominium buyers (and partly collective ownership by the home owners' association). In turn, these condominium owners or residential tourists may occupy their home only for a part of the year, and decide to rent it out as a holiday home to short-term tourists for the rest of the year. Timeshare ownership is another possibility (i.e. owning an apartment for one week per year). This chain of land investors, developers, owners and users makes the residential tourism sector rather opaque.

The term 'gated community' is not always helpful in characterising the projects. In this survey, about half of all the completed developments are advertised as gated communities, which tend to be master-planned by the developer to offer a high standard of service and an exclusivist sense of community among the inhabitants. An attempt is made to increase their value by offering additional services within the gated complex. Apartment complexes would not necessarily be announced as gated communities, but they all have some type of security measures, such as a guarded entrance. Most of them also offer collective services, for example pools, maintained by a home owners' association. In most large subdivision projects, there is also some kind of gated entrance or private security. Hence there are different degrees of 'gatedness' and community-like character of the projects.

**Table 3.3.** Classification of residential projects and their characteristics, research area (2011). *Source: author's research*

	<b>All-inclusive luxury gated community</b>	<b>Mixed project</b>	<b>Horizontal condo: villas</b>	<b>Vertical condo: apartment complexes</b>	<b>Land plot sub-division</b>
<b>Number of completed projects</b>	3	16	51	42	28
<b>Number of announced / halted projects</b>	9	6	5	18	2
<b>Price range</b>	Lots \$41 – \$1100 per m2; houses \$250,000 – \$2.5 million	Lots \$13– \$500 per m2; houses \$160,000 – \$1 million	\$35,000 – \$520,000	\$100,000 – \$1.7 million	\$8 – \$230 per m2
<b>Location</b> (see table 6.1 and figure 6.1 in Chapter 6 for more elaboration)	Extensive coastal areas (mostly isolated beaches) combined with interior areas	Most in larger towns; also in interior areas and small beach towns & few in isolated beaches	Commercial large towns and small beach towns	Majority in large commercial towns; many in small beach towns	Interior towns and small beach towns
<b>Nationalities developers</b>	Existing projects Costa Rica & US; announced pr. mostly US	Mostly US, some combined with Canada & other	Mixed: mostly US, Costa Rica and Canada	Mixed: many Costa Rica, US, Canada, some Germany	Mixed
<b>Types of residents<sup>41</sup></b> <i>PR=permanent resident</i> <i>TR=temporary resident</i> <i>ST = short-term tourist</i>	Mix of PR & TR, some ST (also much in the hotels)	Mostly TR, some PR	Mix of PR & TR; many ST; timeshare. Also many Costa Ricans and tourism workers.	Mostly TR & ST; few PR (mostly tourism workers).	Mostly PR; also TR and some ST.

From the list of 191 residential tourism projects described above. For 4 completed and 7 announced/halted projects, the type of project could not be ascertained.

### **All-inclusive luxury gated community (including golf courses and hotels)**

Hacienda Pinilla Beach Resort and Residential Community lies on 1820 ha of ‘abundant valleys, lowlands and mountains, beaches, lakes and rivers of rich tropical beauty’ ([www.haciendapinilla.com](http://www.haciendapinilla.com)). The owner, Hoover Gordon Patillo from the

<sup>41</sup> See box 3.1 for an explanation of the types of residents.

USA, bought the large hacienda in 1974 from a livestock holder, with the idea to build his own house there. He gradually developed the hacienda into a large residential community and tourism resort, especially since the 1990s. The resort is exceptional in that it combines both an extensive coastal area with beaches of high tourist quality<sup>42</sup> (Playa Avellanas and surrounding beaches) with an extensive interior area of dry forest lowlands and hills (near the town of Pinilla). Hacienda Pinilla targets residential tourists who want to live in nature, tranquillity, luxury and privacy. One resident commented: 'This is a more established place; it's gated and has strict security, and they try to preserve nature: they leave the trees, care for the animals. There's much wildlife here: we've seen an ant eater, an armadillo, a puma and more.' The large majority of its acreage is untouched or has been reforested by the current owner, and natural habitats are conserved; large areas of dry forest characterise the area. The project has been extended slowly and with a long-term vision. It now includes eight residential communities with appealing names such as Los Malinches (named after the Royal poinciana tree) and Lago de Palma Real ('royal palm lake'). Five communities consist of land plots where buyers can build their own homes. Each has their own style and amenities: for example beach-front living, golf and nature. Within the different communities and within Hacienda Pinilla as a whole, it is intended to create a distinct feeling of community.

In total, there are 368 plots of about 0.2–0.4 ha each; 79% have been sold and about 10% built upon. Land prices range from around \$80 per square metre to \$1100 per square metre for beachfront land (2012). The other three communities offer luxury villas (between 300 and 450 m<sup>2</sup>) in two-storey buildings; a total of 77 villas have been finished and 91 more are planned. They are built in colonial architectural style with tile roofs, wooden balconies and natural colours, and for example with a traditional courtyard in the centre of each home. Prices are around \$715,000 (2012). Fifty-five of these villas have been sold, but only about five to ten have permanent residents. Many owners use their property as a second home and/or investment; they are only present during part of the year, and the units are rented out to short-term tourists during the rest of the year. At Hacienda Pinilla, 80% of home and land buyers were from the USA (Morales Chavarría, 2005), though this seems to have diversified in recent years, with more Costa Ricans.



**Figure 3.3.** Hacienda Pinilla houses. *Author's picture*

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<sup>42</sup> Beaches itself are publicly accessible as required by law.



The Hacienda also has a small boutique hotel and an international chain hotel has recently been added: the 310-room JW Marriott resort. The project's services include an extensive high-quality golf course, a horse ranch, two tennis courts, a fitness centre, beach club, restaurants and shops (with the hotels), private doctor, and more.<sup>43</sup> Many individual houses have their own pools; the villas have pools for each community. Roads within the project are well paved, and golf carts are a popular way of transport. In the dry season one can see large numbers of gardeners working and spraying around the villas. Security posts are occupied 24/7, though not always very efficiently; given the large area of public beach, visitors can enter quite easily.

At the moment there are only two other all-inclusive luxury gated communities on the Guanacaste coast: Reserva Conchal and Península Papagayo (both 930 ha). However, at least nine new large mixed projects have been planned and put on hold. The two existing projects are comparable to Hacienda Pinilla, with a combination of land plots, villas/apartments and hotel elements. They also include many services such as golf courses, a marina (Papagayo) and even helicopter landing strips. Península Papagayo is exceptional in that it is part of a government-planned resort (Papagayo Gulf Tourism Pole - PTGP) where land concessions are given out to many different investors to develop (see Chapter 2, and Salas Roiz, 2010). Most of the concessionaries have been hotels (about 10 are in operation); here I focus only on the residential part, which is developed mostly under the name of Península Papagayo and partly tied up with the Four Seasons hotel and the marina. It is intended to include as many as 9 hotels, 1600 residences and 3 golf courses in the future, but now only has about 100 residences, 1 hotel, 1 golf course and a marina.



**Figure 3.4.** Península Papagayo: marina. *Author's picture.*

In terms of inhabitants, the other communities are somewhat more diverse than Hacienda Pinilla. At Reserva Conchal, 50% are from the USA ([www.reservaconchal.com](http://www.reservaconchal.com)), and there are quite some Costa Rican owners. In terms of their objectives (primary, second home or investment) there is not much difference. In my survey of residential tourists,<sup>44 45</sup> both permanent and temporary residents were often found in all-inclusive gated communities; and to a lesser extent there were also short-term tourists. There are no options for timeshare ownership in these residential projects; such arrangements possibly exist in the hotel parts. Pricewise, lots are

<sup>43</sup> Telephone, cable TV and high-speed internet service is possible practically everywhere, in condominium complexes, it is often pre-arranged by the developer.

<sup>44</sup> See box 3.1 for explanation of the survey and classification of residents

<sup>45</sup> See Appendix 3.2 for types of projects where survey residents were located

comparable in all communities (the closer to the beach, the more expensive), but villas and houses are also found in lower and much higher price ranges than Hacienda Pinilla (see table 3.3).<sup>46</sup>

Reserva Conchal was originally developed by various international developers (including the Sol Melía Spanish hotel chain), but after their plans for a large extension (e.g. three golf courses) were obstructed, it ended up mostly in the hands of Florida Ice & Farm Company (a Costa Rican transnational enterprise including the national brewery) – and was combined with a new chain hotel, the transnational US-based Westin (owned by Starwood hotels & resorts). Península Papagayo is developed by a range of investors (Ecodesarrollo Papagayo; from the USA, Costa Rica, and other countries). The Canadian Four Seasons hotel chain is also involved.

All three all-inclusive gated communities are on a more or less extensive coastal area (mostly quite isolated beaches, except Reserva Conchal) combined with an important piece of interior land. The new projects that have been announced are mostly planned on isolated beaches that are so far undeveloped. On these beaches, with no or very few inhabitants, developers have bought land and announced all-inclusive megaprojects: Papagayo Peninsula, Costa Del Rey, Guachepelín, Guacamaya, Danta and Playa Real. The offer is currently still very small; the areas are still empty, with much land investment and speculation going on up to 2008.

Hence, three existing large-scale communities currently occupy 3680 ha, and many more have been announced for the future.

### **Mixed project: gated community combining plots and residences**

A number of residential projects displays similar characteristics as the luxury gated community type, in that they combine different elements into a gated community: land plots and houses, villas or apartments. The difference is that no hotels are included in these projects, and that they do not have the same level of luxury and services of the former type; only one has a golf course. In addition, most of these projects are more modest in size. They offer residential options for well-to-do people, but not the most high-end customers. They may include services such as shops, restaurants, bars, pools, spa, tennis courts, nature areas, etc. Most projects were established in the 2000s with the idea of combining land plots and pre-built houses or condominiums, and offering an alternative to existing high-end gated communities; however, the economic crisis put a halt to the building of houses and condominiums in many cases. As such, some of these projects are still de facto subdivisions. Also, some of them, such as Las Catalinas, have been established with the idea of creating an all-inclusive luxury gated community. However, they have not yet been realised.

Mixed projects have been established and announced in various types of areas, including in and around the interior towns, where land is more affordable. Most of the projects separated from the towns themselves. In these towns, there are almost no hotel or other tourist services. However, mixed projects are also located in other areas such as small beach towns and larger commercial beach towns.

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<sup>46</sup> Probably the most expensive houses are found in Peninsula Papagayo, which is the most upscale project of the three; however, no information is available.

Pacífico is an example of a truly mixed project. It was established by the US-based Jack Parker Corporation in the early 2000s in Playas del Coco, one of the larger beach towns with many touristic services. Pacífico's main entrance is a 15-minute walk distance from the beach; some plots are closer to the beach, however, and the project has a members' club right in front of the beach. The area is hilly (resulting in some ocean views) and comprises 71 ha, a small part of which is designated as a biological corridor and will not be developed. Pacífico is a master-planned community currently consisting of 149 plots (all sold, some built upon) and 241 condominiums (219 sold); more developments are planned. The Lifestyle Residences and Townhome Residences are condominiums in 3-storey buildings; there is a choice between 1, 2 and 3 bedroom residences. Architecture is Mediterranean style. The project includes many amenities and services: a private beach club with restaurant and bar, a health club and spa, tennis courts, large pool area, nature areas, and a large retail village, including a branch of the large luxury supermarket Automercado. There is 24/7 security in and around the gated community; only the retail village is publicly accessible. Pacífico's residences are priced between \$190,000 and \$400,000 (between 109 and 236 square m). Plot size is between 600 and 4500 square m, and the average price per square m is \$156.50.

At Pacífico, 48% of buyers are Costa Rican, 43% US citizens, 5% Canadian, and 4% are from Europe or South America. Other mixed projects are probably less popular with Costa Ricans (this also has to do with its location in Playas del Coco) and more with US citizens. Furthermore, 48% purchased property at Pacífico as an investment, 31% as a second home and 16% as a primary residence ([www.pacifico-costarica.com](http://www.pacifico-costarica.com)).<sup>47</sup> Interval or timeshare ownership is not possible; this may be otherwise in other mixed projects, but is not widely seen in these projects.

Playas del Coco is one of the commercial hubs in the area, with a diverse offer of tourism services. It is a traditional destination of national tourism that had fallen into decay since the 1980s (Cordero, 2011), but has recently been revived as a result of a booming real estate market and residential tourism. Its significant native population, many of whom traditionally live off fishery but are also very dependent on tourism, has now been complemented by a group of lifestyle migrants and labour migrants. Various mixed projects and many different villa and apartment complexes have been established.

## **Villa complexes (horizontal condominiums)**

Sueno 2 is a small complex consisting of 15 villas around a common pool in a tranquil area of Tamarindo. The 2-storey villas are often used as holiday homes by the owners (e.g. for a few months a year); they are often rented out to short-term tourists as well. On the other hand, there are also more low-budget foreign inhabitants who live there permanently. In my survey of residential tourists, these population characteristics were confirmed for villa complexes in general: there is a mix of permanent and temporary

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<sup>47</sup> In the survey of residential tourists, the mixed project is the only type of project that is not covered. This is because of a combination of the difficulty of entering such projects and the low probability of finding respondents there (given the fact that many of these projects are de facto subdivisions, without many residences completed).

residents, and a relatively large group of short-term tourists. The villas are modest compared to the formerly mentioned large projects, with smaller sizes (111 square m), more simple architecture and, besides the pool, few common services. There is a security guard and cleaning service. The villas are 10 minutes' from Tamarindo's beach, in a more residential neighbourhood without ocean views. As all units are sold or only rented out, prices are difficult to establish, but \$200,000 is probably the minimum.

In the 'horizontal condominium' category – projects that offer villas of one or two stories – Sueno 2 is exemplary, though the category shows much diversity. It ranges from small, low-range condominiums as cheap as \$35,000 (see picture below), to more luxury residences worth up to \$500,000 (e.g. Courtyard Villas in Playa Langosta: individual houses with private pools and gardens), and some more expensive exceptions. For example, Mapache is a Costa Rican developer that has established, together with other international developers, hundreds of condominiums all arranged in small communities around common pools in Playas del Coco and Ocotal.

These are often more affordable and are popular with Costa Ricans, for ownership as well as holiday rentals. People who work in the tourist sector also own or rent the villas themselves. Some of Mapache's developments (i.e. Playa de las Palmas) also have the possibility of timeshare ownership, which was actively promoted on the street. Some other horizontal condominiums probably offer this possibility too.



**Figure 3.5.** Playas del Coco / Ocotal: low-range condominiums. *Author's picture*

Villa complexes are almost always guarded, though not always gated. Services are few in these communities (except pools), though many have property management companies that arrange all types of services when units are rented out. Villa complexes are often located in the larger towns (Playas del Coco, Tamarindo) and in small beach towns such as Potrero; inhabitants and tourists use services in the wider town rather than within the complex.

Villa complexes are not new to Guanacaste. One important example is Villas Sol Resort in Playa Hermosa, which was established by Costa Rican developers in 1980. It used to be a popular resort (consisting of both villas and a hotel) among Costa Rican holiday-makers, and the timeshare concept was introduced early. Since the 1990s its residential tourism and timeshare components have been extended.

## Apartment complexes (vertical condominiums)

The Pacific Park condominium complex in Tamarindo is a controversial example of the vertical condominium type. It is a 7-storey apartment complex with 32 apartments (average 200 square m) and 2 duplex penthouses, located within the coastal strip of Tamarindo and offering direct ocean views. The complex has various services such as common areas, outdoor barbeque, swimming pool, lobby and underground parking space. On the ground floor there are various retail spaces, although not many shops have been established yet. The area covers about 11,000 square metres. The complex is gated and has 24/7 security. Condominium prices range from \$350,000 to \$670,000, and penthouses cost more than \$1 million.



**Figure 3.6.** Pacific Park Condominiums (Tamarindo). *Author's picture*

The developer (from New York) bought the land in around 2005–06 and the complex was built in 2008–09. By 2012, not many units had been sold: 23 of the 32 apartments and 2 penthouses were still for sale. There were only a few apartments with permanent residents; the majority were used as holiday homes and/or rented out to short-term tourists (unsold units can also be rented out by the developer). Timeshare ownership is not promoted. My survey of residential tourists confirms this population structure: only a very few permanent residents were found in apartment complexes, whereas they hosted many temporary residents and quite a few short-term tourists.

Pacific Park was developed with the idea of offering 'New York luxury on the beach of Costa Rica'. However, the high-rise building with its city-like architecture does not seem to fit in very well into the traditionally low-density landscape of Tamarindo, especially given its location close to the beach. The building caused an outrage among community groups (including residential tourists themselves), who started a protest against high density development in Tamarindo (see also Janoschka, 2011).



**Figure 3.7.** Tamarindo: unfinished condominium. *Author's Picture*

Apartment complexes in Guanacaste come in a variety of forms, but generally their prices are higher than villa complexes. Developers often try to attract clients by offering luxury interiors and a high level of extra services. Most of the apartment complexes are gated and well secured. Permanent habitation is not very common; many are holiday homes (often owned by Costa Ricans) and rented out to tourists. When they are permanently inhabited, it is not only typical residential tourists but also people who work in the area, for example in the tourist sector. Timeshare ownership is probably possible in some of them, though it does not seem as common as in villa complexes.

There are many apartment complexes in Tamarindo, the other larger commercial town in the area. Tamarindo has developed into a small-scale international destination since the 1990s, first based on surf and later attracting a wider and larger group of tourists. With the arrival of residential tourism, the concentrated town soon became saturated and overdeveloped; a number of mixed projects and villa complexes have been constructed, but Tamarindo is especially known for high-rise apartment complexes. Tamarindo has almost no original population and has always been more tourist-oriented, with the population mostly comprising lifestyle migrants (also many western migrants who work in tourism and own businesses), and international and national labour migrants.<sup>48</sup> Besides its residential tourism offer, Tamarindo – like Playas del Coco – is still an important hub for short-term tourism and commerce, offering services such as restaurants, shops, bars, tour operators and supermarkets to the populations of other smaller towns. Other places with many apartment complexes are smaller beach towns such as Flamingo (traditionally a more high-end, high-rise luxury destination) and Langosta (formerly a luxury beach town with expensive houses, but now with an increasing number of high-rise complexes).

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<sup>48</sup> The neighbouring interior town of Villareal has always been more popular for original populations' settlement.

Around 2008, a large number of apartment complexes were announced, or construction was even started, but due to the economic crisis construction stopped or was not started. Vertical condominiums – together with large gated communities – seem to be the most risky investment and were soon put on hold with the crisis; selling land plots arguably entails much less risk for the developer.

## Land plot subdivisions

The real estate and land plots market is nothing new to Playa Grande: already since the 1970s large areas of this beach area have been bought up by developers and speculators, who have subdivided them and sold the plots to investors and residential tourists. One of the two largest projects is Palm Beach Estates, a subdivision of 180 land plots (about 950 square m each) that comprises the coastal southern area of Playa Grande. Land cost around \$158 per square metre in 2011. The large majority of plots have been sold, although re-sales regularly take place. About 70 houses have been built; some belong to permanent inhabitants, but many are holiday homes that are often rented out to short-term tourists. Various plot owners have also developed hotels, restaurants and small shops. The project is not gated and is accessible from the beach and other areas; the inhabitants have arranged private patrols and installed security cameras. The project thus seems more like a normal neighbourhood, though it has many tourists and foreign inhabitants.

Playa Grande is a beach next to the original town of Salinas; it was not a town as such before the urbanisations developed. Palm Beach Estates and its permanent inhabitants were the main actors in converting Playa Grande into a ‘real town’, one of its long-term inhabitants reported: there is now a school, a community association, etc. The developer is the German Reinhard Unglaube, and in the beginning many Germans bought plots; however, it has recently become more diverse in nationalities (North Americans, Costa Ricans, etc.). The Playa Grande case is very particular, and is dealt with in Chapter 7. The beach area is a national park, where by law no development is possible because of endangered sea turtle nesting at the beach. The area behind it is also subject to many regulations to minimise the impact on the turtles. However, landowners object to the government’s planned expropriations in the beach area, and the control and implementation of regulations has been weak. Palm Beach developer Unglaube is also involved in some controversies related to his project: a few of the plots are in the forbidden beachfront area, and there are other



Figure 3.8. Playa Grande plot. *Author's picture*

controversies over other issues such as the water supply. However, he claims that the Costa Rican government invited him to develop the project, and that the project abides by all regulations; for example, a large part of Palm Beach estates is undeveloped as it hosts protected mangroves.

Most subdivision projects generate less controversy, however, as they are often on private land in the interior and their development is not immediately visible. In urbanisations or subdivision projects, developers mostly offer a basic level of services, for example roads, water and electricity, and in most cases there is some kind of gated entrance or private security, which may be arranged by a home owners' association. Owners may build their houses or hotels according to their own taste, only limited by urban planning regulations. Prices differ widely, depending on location: in interior towns, plots can be found for \$8 per square metre, whereas beach front plots can cost as much as \$1200 per square metre. In Playa Potrero, there is also an old urbanisation project – Surfside Potrero – that was established in the 1970s and now has a range of sub-projects, houses, condominiums and hotels. However, there are also many subdivisions without many plots sold, let alone housing development; especially in interior areas, empty subdivisions are quite common. In the survey of residential tourists, many permanent residents were living on subdivisions and individual land plots, and many fewer temporary and short-term tourists lived there compared to other types of projects.

Plot subdivision projects are often located either in interior towns or in smaller beach towns. The latter have a combination of different types of projects: subdivisions, villa complexes, and some apartment complexes and mixed projects. As such, small beach towns host relatively large residential tourist populations. Some of these towns also host a small native local population (Brasilito, Hermosa, Potrero); while others traditionally have been inhabited more by foreign communities (e.g. business owners): Potrero, Ocotol, Playa Grande and Langosta. The residential tourism offer of these towns is sometimes complemented by hotels (e.g. Flamingo, Playa Grande), but additional services are few.

### ***3.3. Population of the residential tourism projects***

Here, I elaborate on the characteristics of different types of residential tourists in relation to the types of projects they inhabit, and on the changes in types of residents that have been attracted. I have classified residential tourists into two groups: permanent residents and temporary residents. It is also important to separate short-term tourists. This classification is explained in box 3.1.

All-inclusive luxury gated communities attract both permanent and temporary residents; the latter are a majority. Short-term tourists are attracted in large numbers by the hotel components of these projects. On the other hand, small mixed projects, villa complexes and apartment complexes predominantly host temporary residents, and only very few permanent ones. Villa and apartment complexes also attract quite some short-term tourism. On the contrary, land subdivisions have more permanent residents, and fewer temporary and short-term tourists.



However, it is important to realise that permanent residential tourists are still a small group in Guanacaste. There is also much overlap between investment, tourism and residency: short-term tourists often end up buying property and thus become residential tourists (even though they keep coming to Costa Rica only for short holidays); property owners rent out their property to short-term tourists, so that many residential complexes are de facto hotels; shared ownership of properties is common (e.g. timeshares); and investors buy properties without one clear purpose (selling it, using it as a holiday home, or using it later for retirement).

### **Box 3.1. Survey of residential tourists and short-term tourists in Guanacaste**

In March–May 2011, I carried out a survey among potential residential tourists in Guanacaste (the coastal strip between Flamingo and Avellanas-Pinilla). I interviewed 81 people in different towns. Appendix 3.1 lists a number of basic characteristics of the respondents. In this study, I apply a classification between two main groups (residential tourists and short-term tourists), and two sub-groups within the ‘residential tourists’ category: permanent (foreign) residents, and temporary residents.

**Permanent (foreign)\* residents** are people who generally live in Guanacaste for more than 6 months a year, considers their property in Costa Rica their ‘main home’, and the purpose of their stay in Costa Rica is not holidaying. This may also include people who work in the area, but in general the respondents in this group fall in the category ‘lifestyle migrants’.

**Temporary residents** visit Guanacaste repeatedly, mostly for shorter periods of time, for example a few months per year. They often own a holiday home (second home) there, or repeatedly returns to the same rental property for prolonged periods. They do not stay in hotels, *cabinas*, hostels, etc. This group is often called ‘residential tourists’ in the literature, but in order to avoid complications (given that the term ‘residential tourist’ is used generally in this dissertation for both permanent and temporary residents), I do not use this term here. The term ‘second-home owners’ is also often used for this group.

**Short-term tourists** visit Guanacaste mostly for a short trip (<2 weeks) and stay in rental properties (hotels, *cabinas*, hostels, condominiums, houses). They are often on their first trip to Costa Rica.

I refer to this survey throughout the book. Short-term tourists were included in the survey for practical and comparison purposes, but are mostly not included in the data analysis; this is always indicated. Survey data are used mostly in a descriptive way in order to give a first exploratory approximation of the complexity of the residential tourism landscape, as almost no other data sources are available.

\*Most are foreign, but there are a few Costa Ricans (mostly from the Central Valley) in this category.

## Characteristics of different types of residential tourists

I now focus on some differences in characteristics between these three groups: economic and household characteristics, and reasons for choosing Costa Rica and the specific region. This might give a further indication of the effects of different types of projects.

My survey of foreign residents and residential tourists, which collected information about both the respondents themselves and second adult household members (N=109), revealed that 38% were retired, 12% were employed and 35% had their own businesses. When comparing permanent and temporary residents, the former more often headed their own business (47% permanent vs. 26% temporary residents), whereas the latter were more frequently retired (44% temporary vs. 33% permanent residents). About half of them worked in Costa Rica (mostly corresponding to the permanent residents) and the other half in their country of origin (mostly corresponding to the temporary residents). Of those who owned a business in Costa Rica, surprisingly large numbers worked in tourism or real estate: 17% of the businesses were related to tourism, and 50% to real estate or property management.<sup>49</sup>

Of the households of permanent and temporary residents (N=61), most were couples without children (49%), while 23% were families with children (including singles with children). The remainder were singles living alone (18%) or friends or other relatives living together (10%). However, permanent residents were much more often families with children (35% vs. 7%). Retired couples were very common in the temporary resident category, with a mean age of 56 (49 for permanent residents). When regarding the different types of residential projects, all-inclusive gated communities relatively often hosted families with children – as they are often permanent residents (6 of 18); and vertical condominiums often had singles or friends living together – often temporary residents (6 of 10).

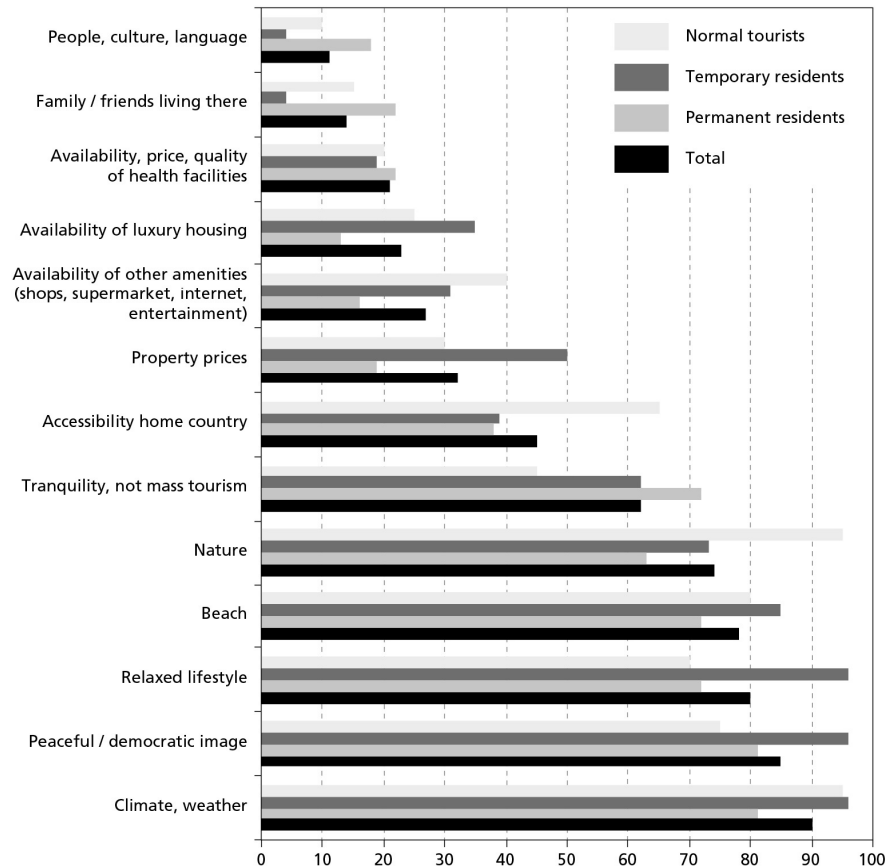
Most residential tourists in my survey owned their property in Costa Rica (62% individual and 3% timeshared ownership); 34% rented. Particularly for properties in subdivisions, individual plots and all-inclusive gated communities, the large majority of respondents owned their property. However, in vertical condominium complexes, a large majority rented (in horizontal condominiums, about half).

The reasons why residential tourists had chosen Costa Rica as a destination<sup>50</sup> reveal some interesting differences between the three groups (i.e. permanent residents, temporary residents and short-term tourists; see figure 3.9). Permanent residents had relatively often chosen the country for its tranquillity (the fact that it is not a mass tourism destination), the presence of family and friends already living there (this

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<sup>49</sup> From observations and interviews it also became clear that many foreign residents combine a semi-retired life with self-employment in Costa Rica as real estate agents, property managers, tour guides, restaurant owners, giving advice to new residential tourists, or renting out their house or rooms.

<sup>50</sup> To analyse Costa Rica's specific pull factors, all respondents (here, also short-term tourists are taken into account) were asked why they had chosen Costa Rica as a place for living, buying property, or holiday. They could choose as many answers they wanted from a list of 12 –later they were asked to rank the three most important reasons.



**Figure 3.9.** Reasons to choose Costa Rica (%). *Source: author's survey*

applied to 43% of individual plot owners), health services, and people, culture and language. Still, like the other group, they were most interested in the weather/climate, beach, relaxed lifestyle, and the peaceful and democratic image of Costa Rica.

Temporary residents had chosen Costa Rica for its climate/weather, the country's peaceful and democratic image, and relaxed lifestyle the most often of all groups. The beach is also somewhat more important to them compared to other groups. They had relatively often chosen Costa Rica for its property prices and the availability of luxury housing and other amenities. This coincides partly with vertical condominium residents, who often mentioned property prices (62%; thus often rental prices, as most of these properties are rented) and the availability of other services/amenities (62%; e.g. supermarkets, internet, shops, entertainment). While tranquillity is important to vertical condo residents (54%), it is less so than for other groups. Availability of luxury housing had been the pull factor only for residents of all-inclusive gated communities (40%). Short-term tourists are much more often interested in nature compared to other groups: and the possibility to travel easily to the home country (accessibility) is also important for the majority. Climate is also important, but the peaceful and

democratic image and relaxed lifestyle somewhat less. Tranquillity and lack of mass tourism was not so often mentioned by short-term tourists, while the availability of amenities such as shops, supermarket, internet and entertainment was relatively often mentioned. In their ranking of reasons, nature and climate/weather were the most important, followed by beach.

In an open question, survey respondents were asked to mention the main reasons why they chose their particular town or region in Guanacaste. This may include the town, the wider area (e.g. Tamarindo and surroundings) or the specific gated community. I then classified the responses into categories (see Appendix 3.3 for a division by type of project; and figure 7.2 in chapter 7 for a general overview). Particularly temporary residents were interested in touristic amenities: beach, entertainment, restaurants, surf, good views, golf and infrastructure. This coincides with residents of horizontal and vertical condominium complexes. Permanent residents and short-term tourists were interested in touristic amenities to a lesser extent. Permanent residents were relatively more interested in the nature, environment and tranquillity of the area (this coincides particularly with residents of subdivisions and individual plots), whereas short-term tourists were very often interested in lifestyle, people and atmosphere. Interestingly, safety was mentioned as an important reason by many residents of all-inclusive gated communities (and almost by none of the other groups); apparently, many of them chose to live in a particular gated community for safety reasons.

### **‘Evolution’ of residential tourists**

Another distinction that is important to make, also in relation to the different types of projects, is that the type of residential tourist that is attracted to Guanacaste has changed. This change can be characterised as follows: from a young and adventurous type of resident, towards a high-income and highly mobile elite group, and then diversified with more middle-income, older and national groups. All these groups can now be found in Guanacaste, although the first has lost in importance. They are located in different residential projects.

Costa Rica has been popular among a select group of US retirees since the 1960s; however, Guanacaste was then still largely inaccessible. Starting in the 1970s, small numbers of exploratory US tourists came to visit the coastal area, and some of them stayed there to live a ‘natural’, adventurous lifestyle in an area without any infrastructure or services. The first residential communities of North Americans were Surfside Potrero and Nosara American Project. They started as subdivision projects and gradually started offering more services and attracting a wider public. Most North Americans were young travellers (hippies, backpackers, surfers, etc.) who gradually started to establish small tourism businesses in the area. In the 1980s and 1990s, various of Guanacaste’s towns developed their tourism sector partly with the help of tourism entrepreneurs from North America, for example Tamarindo and Flamingo. Tamarindo gradually started attracting a larger foreign community (not only North Americans, but also people from Europe, South America, etc.), but it was mostly

relatively young people who were looking for a tranquil sea/surf lifestyle who established tourism businesses, etc. They tended to buy individual plots or houses, or sometimes plots in subdivision projects.

I described how from the late 1990s the residential tourism boom expanded and many North Americans were attracted. These were often a different type of residential tourist: as infrastructure made the area well accessible and all types of services directed at North Americans were easily available in the area, a less adventurous and more diverse type of residential tourist (and short-term tourist) was attracted (see Plog, 1974). Román (2009) identifies three groups of real estate buyers on the Costa Rican coast since the 2000s boom: at the start of the boom (2004–06), the ‘pioneer’ purchasers were mostly US citizens with very high incomes, who were accustomed to international travelling and living, a high degree of luxury, and who saw Costa Rica as a next destination to buy second homes. These people often bought properties in luxury all-inclusive gated communities. Following them was a large group of middle-income western ‘baby-boomers’ who were looking for a retirement destination with a relatively low cost of living compared to the USA; they often bought on credit. A more diversified offer of real estate was established to serve this population: apartment towers, villa complexes and mixed gated communities. A ‘new’ group of investors are national Costa Rican buyers, who are now also buying coastal holiday homes (mostly in apartment and villa complexes and mixed gated communities) that were envisaged for the foreign market.

### ***3.4. Discussion***

#### **Residential tourism in Guanacaste in an evolutionary model: past, present and future**

Tourism researchers have attempted to classify tourism development into evolutionary schemes (e.g. the Tourism Area Lifecycle Model; Butler, 1980).<sup>51</sup> While the analytical power of such classifications is sometimes doubtful, it is interesting to describe Guanacaste’s evolution of residential tourism based on this. Guanacaste rapidly developed into a quite mature destination, with many different projects in place, a complex real estate market and high land prices. This boom together with the economic crisis after 2008 led to a real estate bubble and a great oversupply. However, many researchers would not classify Guanacaste as being in the phase of ‘overdevelopment’, as there is still much space (even coastal space) undeveloped, and a relatively high density is found only in specific places. Guanacaste’s evolution has

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<sup>51</sup> In the context of residential tourism, such models show how an initial small flow of residential tourists to a destination leads to the development of certain services and amenities, which in turn generate the progressive development of a residential tourist industry and the further growth of residential tourism in the destination, leading to more services, and so forth: after a few such cycles or phases, the destination’s limits of carrying capacity may be reached and a decline may take place – and/or dislocation of capital to other areas.

been a particular one, not comparable with other destinations such as Spain.<sup>52</sup> It started with small-scale regular tourism rather than residential tourism, and some sale of individual plots and houses. There were subdivisions in Playa Potrero and more southwards at Nosara. A few tourism resorts had small timeshare or residential elements (e.g. Villas Sol, Flamingo). When the first real signs of residential tourism growth appeared in the late 1990s, it was immediately with large all-inclusive planned gated communities (combining coast and interior areas) – which started off in a cautious way, developing bit by bit. They attracted an elite, highly mobile transnational public. At the same time, the short-term tourism sector rapidly evolved from small-scale to large-scale with a number of coastal international chain hotels. Only later (after the establishment of the airport) did many smaller residential tourism investors come in with apartment complexes (though not on the first line of the beach, due to regulations; and not anywhere as big as in Spain), villas, subdivisions and smaller gated communities. These more accessible projects attracted more middle-income groups, retirees and Costa Ricans. Subdivisions and small gated communities were often established more towards the interior, where land prices were still lower. While the largest gated communities in Guanacaste are still quite small compared to Spanish resorts, they do offer a high level of services within the community. The concept of all-inclusive, exclusivist, securitised gated communities was thus transported to Costa Rica in an early stage of residential tourism development (together with the all-inclusive luxury hotel), but was implemented in a more cautious, long-term way. This is also because of the economic crisis, which has put many megalomaniac plans on hold.

Thus, a few developments in Guanacaste before the economic crisis might give some indications for the future, if the sector recovers. Most development can be expected on isolated beaches: there, many large all-inclusive projects have been announced or started. In addition, some coastal towns have seen a recent surge in high-rise buildings. Given the number of announced apartment complexes, this development is expected to continue and expand geographically. This is partly dependent on the development of urban planning and environmental control. Finally, given the recent expansion into interior areas, more real estate development can be expected there, including larger projects and more high-rise buildings. The ‘democratisation’ of residential tourism will probably also continue: more and more developers may tap into the potential market of middle-class segments and Costa

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<sup>52</sup> Aledo (2008) describes residential tourism development on the Spanish coast as follows. In the first phase (1970s–1980s), the first line of the coast was urbanised by large apartment complexes, while complexes of villas and chalets were developed in other areas. In the second phase (1980s–early 1990s), complete urbanisations of villas and bungalows were developed, separating them from the normal urban centres. After 1994 this changed to huge macro-urbanisations: between 1000 and 2500 houses around golf courses, sometimes accompanied by luxury hotels and other services. These gated, exclusionary macro-urbanisations were mostly built in the interior, as coastal space was overdeveloped and no longer available, and the additional services such as golf courses were needed to keep prices high. The fourth phase (which started in around 2002) saw the advent of ‘New Residential Tourism’, with the gated, securitised, all-inclusive residential tourism resort, which attempts to include all services inhabitants may need within the resort, such as health services, fitness centres, restaurants, commercial centres, education, property management, golf courses, etc.

Rican second-home buyers, rather than just elite groups. However, there is not much space left on the Guanacaste coast for buying property individually outside of a project, and more adventurous residential tourists are finding the area too overdeveloped for buying property.

## **Effects on local destinations**

The economic crisis has given communities and policymakers the chance to think about the types of project that should and should not be attracted. The classification into different types of projects and residents that come in, can give an approximation for this.<sup>53</sup> Here, I deal with three types of indications that can be taken into account when analysing the different projects' development impact: economic effects, environmental sustainability and social cohesion.

### **Economic effects**

Economic effects are dealt with more extensively in Chapter 5; here, I give some indications of the differential effects of different types of property. Large-scale all-inclusive gated communities attract wealthy elite groups of residents, bringing in much money to the local economy. In my analysis of residential tourists' expenditure, gated community residents do not score exceptionally high in general, but permanent residents of these communities do spend relatively large amounts of money, compared to other permanent residents.<sup>54</sup> As well-known large projects they are subject to more government control than other projects, and are thus more inclined to diligently pay their taxes – although the Península Papagayo project has been criticised for very low tax rates. These projects generate much employment, due to the high level of services offered on-site in the communities. Regarding the three large projects that are in place now, they provide surrounding communities with much employment (in the hotels, restaurants, as gardeners, cleaners, security guards, etc.) and have policies in place for contracting and educating people from the surrounding communities. For example, Hacienda Pinilla employs many people from the town of Pinilla. It also organises many cultural activities in which local people are employed. Península Papagayo has a corporate social responsibility initiative including education for employing people from surrounding towns. On the other hand, given the all-inclusive nature of the projects, residential tourists and short-term tourists are expected not to use many services in the towns themselves; thus, the small business climate in those towns is not favoured as much as with other types of projects. While these projects attract a relatively large number of permanent and temporary residents, rather than short-term tourists, the fact that they have hotel components means that many short-term tourists do come in and may use more conventional tourist-related services such as tour guides, although they often use the guides within the project.

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<sup>53</sup> Development effects are worked out more extensively in other chapters.

<sup>54</sup> Individual plot owners are few to compare, but they do score surprisingly high within the permanent resident category.

Smaller mixed gated communities are expected to generate a fair level of employment as well. However, since most of these projects are still in their early phase, and that many of the residents are temporary residents (and they do not attract many short-term tourists), the level of employment and income generation is probably still quite low. Villas and apartment complexes do not generate much internal employment. Their property management companies do generate work for cleaners, gardeners and security guards. As the residences are often rented out for short-term tourism and timeshares, there is high turnover and a great need for cleaning, administration, etc. However, the employment level is much lower than in all-inclusive gated communities, also given the predominance of middle-income groups, who bring in less money. On the other hand, the inhabitants and short-term tourists who are attracted to these villa and apartment complexes often use services outside the complexes. In this way they favour the small business climate in towns like Tamarindo and Playas del Coco. My survey showed that residents of condominium complexes have relatively high spending (total excl. flight tickets); however, this is mostly due to the large presence in these projects of temporary residents, who spend more than permanent ones.<sup>55</sup> One drawback of smaller projects is probably the impossibility of controlling taxes; thus tax income may be highly variable. The greatest drawback is that these projects often serve as de facto hotels. As outlined in Chapter 2, they do not pay the same taxes as real hotels and do not have to comply with the same strict regulations. As such, there is unfair competition with the regular small-scale tourism sector. Land subdivision projects, finally, attract many permanent residents who have their own houses built. These are often people who work or own businesses in the tourism sector and lead a more modest lifestyle, without spending much on restaurant meals, tours, etc. The level of service in the projects is low. Income generation depends a lot on the spending behaviour of these permanent residents, who often spend less than temporary or short-term tourists. In the statistical comparison, even independently of temporary or permanent residents, people in subdivisions spend the lowest amounts compared to other types of projects.

### **Environmental sustainability and liveability**

With regard to environmental sustainability, the large all-inclusive projects have a long-term vision of low-density sustainable development; particularly Península Papagayo and Hacienda Pinilla have realised this vision with elaborate corporate social responsibility programmes and many environmental regulations. They are ‘islands of sustainable development’ with clear policies related to low-impact, well-planned growth, water saving, recycling and nature conservation in private reserves. At Península Papagayo, this is achieved through government regulation (collaborating

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<sup>55</sup> For short-term tourists, horizontal and vertical condominium visitors spend significantly less (\$908 and \$1315, respectively) than those who visited an all-inclusive gated community or subdivisions (\$3620 and \$3650 respectively) – Sig 0.007. Short-term tourists visiting hotels and *cabinas* were in between (\$2436) (significant difference Sig 0.016 between condominium or hotel/*cabina*/hostel). This difference between visitors to gated communities/subdivisions on the one hand, and condominiums on the other, does not change when accommodation is left out of the equation, even though one might have expected that higher accommodation costs could explain the difference.



with the private sector), and at Hacienda Pinilla by private voluntary regulation. On the other hand, their golf courses (even if water-saving policies are applied) and marinas potentially have a large impact on freshwater resources and sea quality. Also, the responsible policies of these projects are by no means a guarantee for the future and for new large projects. For example, Reserva Conchal was heading towards an unsustainably large-scale development with various golf courses, which was only (partly) stopped by community pressure. The RIU hotel construction at Playa Matapalo (a hotel without residential components, but also of an international hotel chain), has also caused community outrage for illegal tree cutting and mangrove destruction. New developers have announced similarly megalomaniac projects as the original Reserva Conchal plans; the level of real sustainability or 'greenwashing' is still to be seen. Small mixed projects are quite varied in their environmental and conservation policies; there are positive examples (such as Tamarindo Preserve), but most are in such an early stage that the impact is still unclear. The lack of golf courses means that potential impact may be lower. Villa projects are mostly on a small scale and have a relatively low impact.

High-rise apartment development is something relatively new to Guanacaste and it has met with much dissent. Local people and foreign inhabitants are particularly worried about the ugliness, non-fitting architecture and landscape contamination these high-rises cause in a traditionally natural, low-rise destination. Thus the growth of high-rises in towns like Tamarindo has generated protests against overdevelopment (see also Janoschka, 2011). In contrast, other types of projects such as small villa complexes or mixed projects with Mediterranean architecture are more often valued positively by local people. Around 2008, when there was rapid apartment construction growth, people faced liveability issues such as the constant driving of trucks carrying construction material through the badly paved and busy streets of the area. On the other hand, apartment complexes with their high density are often blamed for many environmental problems related to overdevelopment: wastewater contamination, tree cutting, waste collection problems, beach contamination, excessive traffic, etc. This is partly true due to various developers' irresponsible behaviour. However, when looking at the relatively small number of people that some of these complexes attract, their construction is not the main cause of population growth-related problems in the area.

An interesting finding is that residents of apartment complexes are relatively often interested in Costa Rica (and the particular town or region) because of property prices and the availability of touristic amenities such as supermarkets, the internet, shops, entertainment, beach, surf, golf, views, infrastructure, etc. On the other hand, their interest in the tranquillity of the area is less than that of other groups. This might indicate a less environmentally-sensitive type of resident.

Subdivisions generally do not cause much protest, given their (currently) low impact and location in interior towns, for example former cattle areas without much forest. However, in exceptional cases such as Playa Grande, these projects have been criticised for causing important environmental problems. In this case, criticism was related to the problems that urban development potentially causes for the nesting of endangered sea turtles. The survey data show that the residents of subdivisions often

choose the town or region for reasons of nature, environment and tranquillity, thus indicating their interest in conservation.

### **Social cohesion vs. segregation**

Finally, the types of projects have different consequences for social cohesion in the area. The extent of the isolation and gatedness of the communities affects possibilities for interaction with other population groups. As such, all-inclusive luxury gated communities are elite spaces, affordable to only the most affluent groups. As we have seen, many residents choose these communities partly because of their feelings of safety, but also because of the community feeling; they choose to separate themselves from the outer world. They play golf only with co-residents and members of the club. On the other hand, this group includes many families with children (permanent inhabitants), indicating a higher level of integration.<sup>56</sup> The inhabitants of mixed gated communities can also hide themselves behind the gates; however, they have somewhat more need to go out for services.

While villa and apartment complexes seem more accessible and less isolated, they too are often separated from the local communities. Many villa complexes, mixed projects and some apartment complexes are located on the hills overlooking the coast, separating themselves off from the lower-living local communities. In addition, these projects are often gated in some way as well, especially apartment complexes; only invited visitors are allowed to enter. As most of the inhabitants of apartment complexes are temporary residents, and often rent apartments rather than buy them, they are more flexible and their interest in involvement with the local community is lower. This is confirmed by a statistical analysis of local involvement (see Chapter 4 for methodological details): residents of horizontal and vertical condominium complexes are significantly less locally involved than residents of all-inclusive gated communities, subdivisions and individual plots.<sup>57</sup> The difference is particularly salient between vertical condominiums and all-inclusive gated communities.<sup>58</sup> The presence of temporary vs. permanent residents is indeed an important factor in this. However, the inhabitants of apartment and villa complexes more often visit 'downtown' areas to shop, visit restaurants and go to the beach. Also, these projects are more often inhabited by co-Costa Ricans and lower-income groups, including tourist workers, which might encourage social cohesion. The most socially integrated type of project is then the subdivision. These projects are often easier to enter and more open to the public, and therefore have a more 'normal' residential area feel. Inhabitants are often permanent residents and integrated into the local community through their business

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<sup>56</sup> The all-inclusive gated communities do not include their own schools; however, most children of residential tourists attend private American-type schools in the area. More elaboration on integration in Chapter 4.

<sup>57</sup> Average score of residents of all-inclusive gated community + subdivisions + individual plots = 33.3; average score residents horizontal and vertical condominiums = 24.6. Significant difference:  $F .165$ , Sig .687,  $t 2.490$ ,  $df 49$ , Sig 2-tailed 0.016.

<sup>58</sup> Scores were 34.6 for all-inclusive gated community residents vs. 21.1 for residents of vertical condominiums:  $F 0.013$ ; Sig .909,  $t 4.101$ ,  $df 21$ , Sig 2-tailed 0.001.

or employment. The fact that permanent residents have often come to Costa Rica for its people, culture and language, is also an important precondition for social cohesion.

## *Conclusion*

In recent years, Guanacaste's residential tourism landscape has become more diverse in the types of projects, locations and residents. Many different groups of people are targeted: mostly from the USA and Canada, but also Costa Ricans from the Central Valley; from middle-income to elites; and from permanent to temporary residents to short-term tourists. Individual house buying has made way for an extensive real estate sector where most properties are bought within residential projects and urbanisations. Guanacaste was moving towards becoming a large-scale destination with many large all-inclusive gated communities and international chain hotels, rapid growth of high-rise apartment complexes, and residential development along the coast and towards the interior. However, the economic crisis put many developments on hold, and led to a great oversupply.

Rather than having evolved in a clear or planned way, the residential tourism sector in Guanacaste has developed chaotically into a wide diversity of projects: initial large-scale developments with a long-term and sometimes sustainable vision, were complemented by many smaller projects, including controversial high-rise buildings. All-inclusive hotels and residential developments rapidly surged in the 2000s and started offering many touristic services on-site. The offer of tourism services in Guanacaste was still relatively small when residential tourism rapidly developed. Small tourism businesses in the area – hotels, restaurants, tour operators, etc. – have had little time to develop a broader array of services, so it is difficult to establish effective linkages with the new residential developments. At the same time, residential developments took over the functions of traditional hotels, as they offered relatively cheap rental properties also to short-term tourists. Hence, the traditional short-term tourism sector and the residential tourism sector have had an ambiguous relationship: they are partly competitors and partly complementary (e.g. residential projects combined with hotels; residential tourists who use restaurants, tour operators, etc. in town).

In terms of the developmental potential of the different types of projects and residents, the situation is complex. While individual and more adventurous house buyers (e.g. in subdivisions) contribute much to social cohesion and often also to environmental conservation, the economic (consumption) effects of this type are less convincing. And whereas all-inclusive luxury gated communities have so far established extensive environmental and social sustainability policies, and attracted much money to the local economy, their elitist and securitised character calls into question social cohesion and their golf courses and marinas may pose a threat to environmental sustainability. It is also questionable whether the developers of new all-inclusive projects will be equally interested in socially and environmentally responsible entrepreneurship. Mixed gated communities are not yet contributing much

economically, but this might change. Their environmental sustainability policies are variable. Villa and apartment complexes, on the other hand, generate ambivalent economic effects: the prevalence of short-term tourism and a lack of services within the projects means that linkages with local small businesses are more easily established. On the other hand, these projects form unfair competition for small- and medium-scale hotels in the area, and tax contributions are questionable. In addition, especially vertical apartment complexes have led to resistance from local populations because of landscape contamination and environmental problems.

Further complicating the matter, it is important to take into account the fact that one responsible type of project often attracts free-riders (see Janoschka, 2009). In the end, development and sustainability will depend on the accumulation of all these effects. An unregulated development of residential tourism will lead to a continuing rapid real estate dynamic: construction and urbanisation provide the greatest short-term profits, as the Spanish case has shown (see Aledo, 2008). Even if it is connected to short-term tourism and there is a demand for more traditional tourism services, developers will primarily be interested in more construction and urbanisation, if market forces are left to their own devices. Unlimited building along the coast and towards the interior will threaten the basis of current tourism amenities, which many residential tourists find important as well: nature, beautiful beaches and tranquillity.

## 4. Multiple mobilities: local citizenship and community fragmentation

*Part of this chapter has been published in International Development Planning Review in adapted version (Van Noorloos, 2011a). Part of this chapter will be published in adapted version in Sustainability.*

Residential tourism transforms local destinations into transnational spaces that host many groups with different goals and interests. In Guanacaste, not only is there an influx of residential tourists, but also other groups of migrants play an important role, particularly Nicaraguan labour migrants. Many tourist destinations experience progressive population growth because of domestic and international labour immigration (see Domínguez-Mujica, González-Pérez, and Parreño-Castellano 2011; Torres & Momsen, 2005; Croes, 2007; Williams & Hall, 2000; Janta, Brown, Lugosi & Ladkin, 2011). Residential tourism and its related migration flows lead to a highly differentiated and segmented population landscape.

In this chapter I examine residential tourism's social implications. What does the coming together of highly divergent groups, with different degrees of embeddedness and different resources and power, mean for local society? Can we still speak of locality, or is locality dissolved? I focus on various dimensions of citizenship (economic, education, health, social, socio-political) and participation of migrant and local groups in place-making in a residential tourism destination. To what extent do different types of western migrants, labour migrants and Guanacastecans influence local development and show signs of citizenship? How do migrants connect local involvement with transnationalism? How do these issues relate to local, national and international governance structures, including migration policies? To what extent is there an integrated social system?

After outlining the theoretical framework, I quantify the multiple mobilities in the area with some figures. I then describe the history and motivations behind three important migration flows to the area: Nicaraguan migrants, domestic migrants, and western migrants. I subsequently examine the influence of migration policies for the two foreign groups: western and Nicaraguan migrants. Following this, I describe different migrants' involvement in the economy, education and health services. I then examine their social involvement, and their and socio-political involvement in local place. I subsequently analyse how local incorporation relates to transnational involvement. In the conclusions, I provide various explanatory factors for the local and transnational involvement of different groups, and attempt to answer the questions whether a local society has emerged and what this means for the future.

### ***4.1. Theoretical framework***

Globalisation forces us to rethink the nature of the local. Zygmunt Bauman asserts that a key characteristic of globalisation is the enormous segregation and difference between a hypermobile elite and a large poor population that is either 'imprisoned' in

local place, or travels only because it is their sole option for poverty alleviation (Bauman, 1998). Progressive spatial segregation, separation and exclusion are then consequences of globalisation, according to Bauman, there is a breakdown of communication between the global elites and the local rest (ibid.) 'Rather than homogenizing the human condition, the technological annulment of temporal/spatial distances tends to polarize it.' (ibid., p. 18). With the end of geography and the disappearance of distance, there is no longer a need for local social cohesion. Meaning is taken away from localities. According to Relph, people's sense of place in modern and post-modern society has deteriorated into a condition of placelessness: an attitude that does not acknowledge the significance in places. Place and home become more insecure, exchangeable and transitory (Relph, 1976, in McWatters, 2009, pp. 48-9) However, this dualisation between local and global has been scrutinised: according to Doreen Massey, there cannot be a separation between 'global space' and 'local place': the global is always produced in and by the local.

A more detailed understanding of the transcending of place in processes of globalisation and mobility is provided by the literature on transnational migration. Since the 1990s, research on migration has paid much attention to transnationalism: the ways in which migrants' lives are affected by sustained connections with people and institutions in the places of origin (family obligations and marriage patterns, remittances, transnational trade and business, political engagement, development aid, religious practice, regular visits, media consumption, etc.) (Glick Schiller, Basch and Blanc-Szanton, 1995; Kearney, 1995; Vertovec, 2003; Faist, 2008; Landolt, 2001; Portes, 1999; Portes, Guarnizo & Landolt, 1999, Lazăr, 2011). Migrants are no longer seen as making a single move and integrating into the new context; rather, they construct multiple relationships in two places simultaneously.

Various authors have identified the conditions or explanations for transnational or local involvement to appear. Enabling conditions include the history of immigration (massive and politically motivated migration would enhance transnationalism, whereas individual migration makes for more selected transnationalism), the extent of discrimination and hostility faced by migrants in the host society, the cultural resources of the particular group, migrants' social capital, their class and economic position, their context in the place of origin (e.g. urban/rural), and the political opportunity structures in the origin and destination countries (Portes, 1999; Guarnizo, Sánchez & Roach, 1999; Vertovec, 2003). Regarding the last-mentioned, it has been noted how governments in the countries of origin play important roles in enhancing the continued political and economic transnational involvement of their compatriots abroad.

On the other hand, the political incorporation structures in the place of destination are essential. Particularly local government has received much attention in this sense (Østergaard-Nielsen, 2011). Migrants' possibilities and expectations to return or to stay – mediated by these political structures – are another important aspect in their different types of involvement (see also Roberts, Frank and Lozano-Ascencio, 1999). The transnational migration literature has successfully scrutinised the idea that continued transnational engagement decreases chances for successful local incorporation: transnational and local involvement often reinforce each other (Portes,

2009; Landolt, 2001). In specific cases, however, migrants' economic commitment to transnational households can circumscribe their local social relations (Landolt, 2001). Landolt (*ibid.*, p. 128) prefers to talk of 'transnational settlement' rather than assimilation: 'incorporation in host country takes place within a framework of interests and obligations that result from migrants' simultaneous engagement in home and host country.'

The case of residential tourism provides an interesting opportunity to turn around the debate on transnational migration: residential tourists in Guanacaste are privileged with regard to income, social and cultural status, etc. compared to the local population. Such a view can help us to put the issue of power more central to the local involvement vs. transnationalism debate. According to Gustafson (2008) who did research on northern European retirees in Spain, international retirement migration offers good conditions for sustained transnationalism, rather than local incorporation: retirees usually do not work in the host country; there are successive cohorts of ever new retirees; their motivations for moving are leisure-related, leading to a strong commitment to community life and social networks with co-nationals; and they often attempt to maximise the amenities of both places (e.g. the weather) and move back and forth regularly. As such, what Gustafson calls transnationalism also relates to a transnational form of local settlement, in the sense that retirees integrate mostly into compatriot social networks (see also O'Reilly, 2007). On the other hand, regular travelling back and forth and maximising amenities are proof of real transnational and mobile lives. Such behaviour reflects these migrants' privileged position: their economic resources contribute to transnationalism. Similarly, Lizárraga Morales (2008) mentions five reasons for the continued importance of transnational practices of US residential tourists in Mexico: economic access to advanced communications technologies; retirees have time and money to undertake return trips; Mexico's flexible migration policies; dependence on pensions as main source of income spurs political participation (US government decisions can directly affect retiree's finances); and children still live in USA. These US migrants were not only involved in tight social networks of compatriots, but also exercised active political transnationalism (*ibid.*).

For Costa Rica, Puga (2001) also mentions that 'successful' local integration of retirees in the central valley does not mean social relations with the local populations, but rather satisfactory access to local services and interaction within the migrant community. Even after living there for a long time, retirees often live in a symbolic enclave, are involved in compatriot social networks and organisations, and 'consume' their place visually.<sup>59</sup> McWatters (2009) also noted residential tourists' patterns of intra-community socialisation and their isolation from the native community in Boquete, Panama.<sup>60</sup> In addition, he observed how residential tourists' relationship with

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<sup>59</sup> These older groups of US residents in the Central Valley are generally more permanent migrants with low mobility or return migration – if they return, it is often shortly after the migration, out of frustration on lack of adaptation.

<sup>60</sup> These patterns are related to a differential experience of place: native Boqueteños experience Boquete as a place (fused with identities), tourists as a landscape (distanced and alienated – see also Urry's tourist gaze – 1990). Residential tourists' place experience is based on 1) the primacy of aesthetic tastes as a basis for creating meaning (personal, selective), 2) the primacy of visual perception as the basis for passively

Boquete is unsustainable and precarious: if it were to become overdeveloped, people would migrate elsewhere in search of a new paradise; thus they show signs of 'landscape nomadism' (ibid.). However, O'Reilly (2007) showed that British residential tourists in Spain are not just highly mobile elites: a large group of British live in a rather disadvantaged position, unable to successfully integrate (due to informal jobs, ambiguous legal residency, inability to learn Spanish and establish contacts, children marginalised in school or not at school) but also unable to move back to Britain frequently and lead truly transnational lives.<sup>61</sup> It is then important to give a more nuanced view of these types of migration and mobility.<sup>62</sup>

In general, residential tourists thus integrate mostly locally into compatriot social networks, and they often – consciously or unconsciously – form separate enclaves. However, various authors have highlighted the high socio-political involvement of various groups of lifestyle migrants or residential tourists in their destination areas (Janoschka, 2009; 2010; 2011; Van Fossen & Lafferty, 2001; Pera, 2008a). As highly educated and environmentally conscious residents, who often migrate for reasons of tranquillity, they can be important agents of change and political opposition to large-scale tourism or residential development (Janoschka, 2009). Informal channels seem to be the main avenues for such political action. As such, despite the common view of lifestyle migrants as individualistic and apathetic, there has been successful political mobilisation among them, both in collaboration with local groups and by themselves (Janoschka, 2010; Pera, 2008a).

The literature on different groups' local socio-political involvement in situations of high social diversity can also help us highlight power issues that are often hidden in the transmigration debate. For example, while the recently revived debate on the 'right to the city' (Lefebvre, 1968; Marcuse, 2009) focuses on the right of all city dwellers to participate in decision-making processes that affect the quality of city life, Smith and Guarnizo (2009) make it clear that local or urban citizenship is not a power-free solution in multicultural contexts: there are always important questions of inclusion and exclusion of different groups in decision-making on and power over local place. As such, another way of looking at local social processes in such complex globalised environments is the 'established vs. outsiders' theory. Elias and Scotson (1965) introduced this concept as a way to analyse social processes and changing power relations when new groups of residents establish themselves in a place (Hogenstijn & Van Middelkoop, 2008): the powerful established population sets the rules and attempts to defend their interests by obliging new groups to adapt to their rule. They find themselves the righteous owners of their place and are often hostile towards the migrants. The new minority group can either adapt themselves or fight the norms and

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and remotely engaging the surrounding world, and 3) the primacy of landscape as an expendable and degradable commodity (McWatters, 2009).

<sup>61</sup> British migrants have an ambiguous status in Spanish society: as a result of their labelling as 'residential tourists', they are widely seen as tourists rather than migrants.

<sup>62</sup> In this case it is interesting that the European Union offers people more options for mobility, but at same time there is a reinforcement of physical and symbolic national borders. The dialectic between both processes is striking: the media spread dreams of globalization and international living without borders, but reality is more nationalised and complicated (O'Reilly, 2007).



defend their interests. One of the main sources of power of the established group is their ‘sociological age’: the long time they have lived in the place. However, sources of power can change, and relationships between groups are dynamic and influenced by society and various levels of government (ibid.).

In this chapter, I take a transnational view of local space (Torres & Momsen, 2005) and look at various groups that share their living area. Rather than only focusing on residential tourists themselves, I also take into account Nicaraguan labour migrants and domestic migrants and compare them to the local population. Comparing the different migrant and local groups in Guanacaste allows me to establish a clear view of local society’s changes in contexts of diversity and globalisation, and the role of transnational practices and power differences therein.

## ***4.2. Multiple mobilities: numbers and characteristics***

In this section I quantify and briefly characterise the three main mobility flows to Guanacaste: numbers are summarised in table 4.1 (in addition, Appendix 4.1 gives some general population characteristics of the research area).

In this chapter I use the term ‘western migrants’ or ‘western residents’ rather than ‘residential tourists’, which I use in the other chapters: this is because I compare them with other migrant groups in the area, such as Nicaraguan labour migrants, and in this way the terminology is better comparable (since about 69% of survey respondents were North American and 12% European, ‘western’ seems an adequate term). Estimates of the number of western migrants in Guanacaste were given and explained in Chapter 3; they range from about 5% to 12% of the total population (see table 4.1).

The industry of residential tourism also attracts many low-skilled labour migrants. In Costa Rica, these are mostly Nicaraguans. It is estimated that 14% of Nicaraguans live abroad, and the largest group lives in Costa Rica. A considerable part of them lives in north-west Guanacaste: in the research area, there are 4290 Nicaraguans, making up 10.8% of the total population (INEC census 2011). Many Nicaraguans are in a regular situation: in 2008 the migration authorities estimated that about 232,000 Nicaraguan legal residents lived in Costa Rica (in EIRENE-CENDEROS, 2009). On the other hand, a large number of temporary and irregular migrants are also assumed to be present, although in the research area the number may have decreased since the economic crisis. Estimates of irregular seasonal migration from Nicaragua to Costa Rica range from 100,000 (Marquette, 2006; EIRENE-CENDEROS, 2009) to 200,000 per year at the peak of the high harvest season (Lee, 2010).<sup>63</sup> As such, it is very difficult to estimate the current total number of Nicaraguans present in the area.

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<sup>63</sup> Irregularity and temporary migration in Guanacaste is much linked to construction and domestic work. In Costa Rica, 65% of construction workers are Nicaraguan (Bolaños Céspedes, 2009); and it was estimated that in 2008 and 2009 respectively 60,000 and 77,000 workers would be needed in construction in Guanacaste and Jacó; however, with the economic crisis 19,000 jobs were lost (EIRENE-CENDEROS, 2009).

**Table 4.1.** Estimates of different population groups<sup>64</sup>. *Source: own elaboration based on mentioned sources.*

	<b>Costa Rica</b>	<b>Guanacaste, research area</b>
<b>Residential tourists / Western migrants</b>	30,000–40,000 North American residents (estimate Janoschka, 2009) <b>(0.7–0.9%)</b>	2600–4800 foreign home owners visiting research area <b>(6.6–12.2%)</b> , plus an additional 3800–22,000 condo renters – but these are largely short-term tourists <b>(9.7–56%)</b> (own estimate based on ICT & CATURGUA numbers and own survey)
	15,898 North American residents (INEC Census 2011) <b>(0.37%)</b>	2000 permanent residents <b>(5%)</b> and an additional 3400 temporary residents <b>(8.6%)</b> in research area (own estimate based on housing stock and average occupation)
		1.484 North American-born residents in Guanacaste (INEC Census 2011) <b>(0.45%)</b>
<b>Nicaraguan migrants</b>	228,000 (INEC census 2011) <b>(5.3%)</b>	4290 Nicaraguan-born in research area (INEC census 2011) <b>(10.8%)</b>
	335,000 (Baumeister, Fernández & Acuña, 2008, p. 19) <b>(8%)</b>	25,000–34,000 in Guanacaste (estimate based on INEC 7.6% of CR population in Guanacaste; Baumeister et al., 2008; ICT2008b, in Cordero, 2011, p. 147) <b>(9.5%–11.1%)</b>
	445,000 (ICT2008b, in Cordero, 2011, p. 147) <b>(10.8%)</b>	
<b>Domestic migrants</b>		18,751 recent migrants (<5 years) from other provinces in Guanacaste (INEC census 2011) <b>(5.7%)</b>
		3382 recent migrants (<5 years) from other cantons in research area (INEC census 2011) <b>(8.5%)</b>
		8174 born in other canton in research area (INEC census 2011) <b>(20.7%)</b>

In 2008, more than 445,000 Nicaraguans entered Costa Rica overland with a tourist visa (ICT 2008b, in Cordero, 2011, p. 147), though this might be exaggerated due to repeated entries of the same persons, for example in the bordering zone.

Domestic migration from the central valley (Great Metropolitan Area – GAM) and other areas of Costa Rica to Guanacaste has become important in recent years. While Guanacaste was still a province of net out-migration in the 2000 census, the 2011 census shows a positive migration balance with 18,751 domestic migrants to Guanacaste from other provinces of Costa Rica, and 16,254 out-migrants (INEC census 2011).<sup>65</sup> The majority of domestic immigrants were from the GAM.

<sup>64</sup> Total population 2011: Costa Rica 4,301,712, Guanacaste: 326,953. See Appendix 4.1 for general population characteristics of the research area.

<sup>65</sup> Here, people's place of residence 5 years ago is taken as a reference.

The large differences in characteristics between all these groups will become clear in this chapter; here I briefly mention some household characteristics. With regards to age, the general population of Guanacaste (Chorotega region), as well as in Costa Rica in general, is very young: around 53% are under 30 years old and 80% are under 50 (similar for research area; 2011 census), with many in the 0-19 age group. The Nicaraguan population in Costa Rica and also in Guanacaste is mainly a young working age population between the ages of 20 and 39 (70%) (Marquette, 2006, based on INEC census data). Western residents, on the other hand, are found more in older age groups: the mean age of survey respondents was 49 for permanent residents and 56 for temporary residents. The large majority of households were nuclear households (couples) without children (49%), and 23% were nuclear households with children (including singles with children). The remainder were singles living alone (18%), and friends or other relatives living together (10%). Among the general population in Guanacaste, nuclear households with children are most common (46%), whereas extended family households are also quite common (33%; INEC census 2011). Figures are similar among Nicaraguans in Guanacaste.

Finally, it is important to mention that migration to Guanacaste is not limited to the three groups mentioned. There are other smaller groups in the area that are also related to the tourism/residential tourism industry, for example Colombians, Venezuelans and Dominicans. However, to maintain a clear view I chose to focus only on the largest groups.

### ***4.3. Multiple mobilities and their logic***

Mobile groups are thus an important part of the Guanacaste coastal area and residential tourism industry. In Chapters 2 and 3, I described the history and some characteristics of residential tourism and western migration to Costa Rica. Here, I briefly do the same for Nicaraguan and domestic migrants. I also delve more deeply into the motivations behind residential tourism, as these are often complicated.

### **Nicaraguan migration to Guanacaste**

Labour migration is essential to make the tourism and real estate economy run, and particularly Nicaraguans make up a large part of the Costa Rican workforce. Migration from Nicaragua to Costa Rica has a long history and surged particularly from the 1970s and 1980s, when many Nicaraguan refugees fled to Costa Rica for political reasons as a result of the civil war. In the 1990s, after the peace agreements, migration continued: Nicaraguans moved in great numbers to Costa Rica for employment opportunities (and partly for environmental and political reasons), as strong transnational social networks had been established (Morales & Castro, 2002; Baumeister et al., 2008). In the 2000s these migration flows stabilised. The particular migration corridor between Rivas (Nicaragua) and Guanacaste goes back a long time too. The northwest of Costa Rica and the southwest of Nicaragua, being border areas,

have traditionally maintained close economic, social and cultural links. Nicaraguan circular migration between Rivas and Guanacaste has been common since the second half of the 19<sup>th</sup> century (Edelman, 1998; Baumeister et al., 2008). More than 40 years ago Nicaraguan peasants without land started to migrate to sugar cane plantations in Costa Rica in a temporary migration flow. From the 1990s migration from Rivas became a mass phenomenon, as sugarcane plantations in Nicaragua were closed (Baumeister et al., 2008). Thus the residential tourism industry has benefited from that established migration corridor. On the other hand, Nicaraguans in Guanacaste also come from a diversity of other areas of Nicaragua. In addition, Nicaraguans are often highly mobile within Costa Rica and move across provinces, as various respondents indicated.

The quantity and quality of employment – including differences in salary between Costa Rica and Nicaragua – has been a main factor in the migrations of Nicaraguans to Costa Rica (Baumeister et al., 2008). Social modernisation in Costa Rica has contributed greatly to the creation of labour openings for Nicaraguans: the educational level and labour expectations of the Costa Rican population has risen, and there has been a diversification of better-paid jobs for Costa Ricans (*ibid.*). This process is also seen in northwest Costa Rica, where the national labour force is moving towards tourism and real estate activities, whereas Nicaraguans are attracted for seasonal and temporary work such as construction and agriculture. Seasonal migration seems to be on the rise in recent times, as opposed to permanent migration, which is declining: this indicates that rural Nicaraguan families increasingly opt for livelihood strategies in which production takes place in Costa Rica, whereas reproduction is left in Nicaragua (as it is cheaper there) (*ibid.*). The continued lack of employment and economic perspectives of self-employment and subsistence agriculture in Nicaragua's rural areas are main reasons for this.

### **Domestic migration: GAM – Guanacaste**

Another migration corridor that has been strengthened by residential tourism is the domestic corridor between the Costa Rican central valley (GAM) – which comprises areas of high population density including the capital, San José, and other cities Alajuela, Heredia and Cartago – and the Guanacaste coastal area. Internal migration is common in Costa Rica, and as we saw in Chapter 2, in the early-mid 20<sup>th</sup> century there were important 'colonist' immigration flows from the GAM to Guanacaste (Edelman, 1998). People have migrated from the GAM towards the coast of Guanacaste for tourism-related reasons for decades: domestic migrants have established tourism businesses and bought holiday homes on the coast. However, their numbers were relatively small compared to the current influx.

For decades, Guanacaste had a negative migration balance: it was known as a province of out-migration, with flows particularly tending towards the GAM (classic rural–urban migration). This situation has now changed as a consequence of the economic growth related to tourism, at least in the coastal districts and in the capital of Guanacaste, Liberia. These areas have turned into economic focal points. As

economic flows between the GAM and Guanacaste have been strengthened, with many companies from the GAM investing in the area, workers were also attracted from outside the region. Since educational opportunities in the hitherto peripheral area were largely lagging behind the needs of the tourism industries, highly skilled workers in real estate, project developing, tourism and construction were often brought in from the GAM. They were offered good labour conditions and some were attracted by a tourist lifestyle near the coast. Besides the highly-skilled, other people from the GAM came to the area as well, albeit in more self-organised ways: some because of family ties, others for low-skilled work or to establish small businesses. In addition, families that had migrated to other regions in earlier decades have returned to the area. This influx of often more well-to-do Costa Ricans into Guanacaste in turn gave a new impulse to the real estate and construction industry, as they entered the rental market. Many Costa Ricans also invested in land and houses in Guanacaste as holiday homes or investments.

### **Motivations for moving: western migrants**

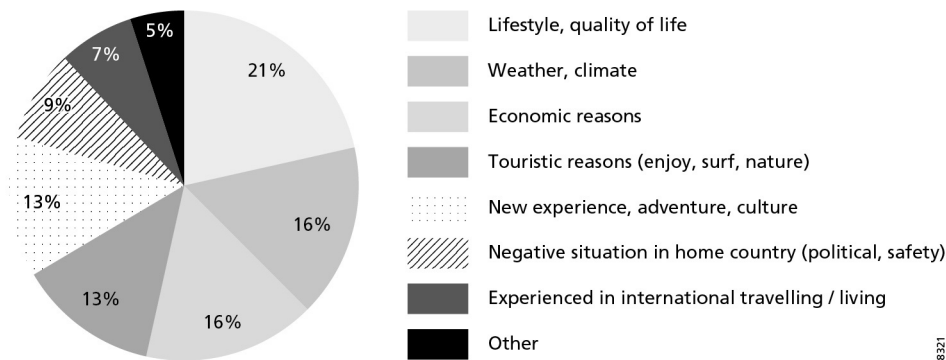
Since residential tourism is a type of mobility with varying and complicated motivations, it is necessary to pay some more attention to why these western migrants moved to Costa Rica. In Chapter 3 some information was given on the specific reasons why they chose Costa Rica and the region; my survey also provides information on why they left their country of origin in the first place. Respondents were asked in an open question ‘Why did you decide to buy property and/or live in another country than your own?’ The results were classified into categories and are shown in figure 4.1 below.

Reasons related to lifestyle and quality of life were the main reasons for western migrants to leave their countries (21%). Many of them project a number of dreams and desires onto Costa Rica: these have to do with a longing for coastal *pura vida* living, a relaxed lifestyle surrounded by nature and beach, a prolonged holiday, as directly opposed to their home country lives and retirements which they portrayed as enduring work stress, personal stress and more<sup>66</sup> (see also McWatters, 2009; Benson & O’Reilly, 2009). Raising children in a more natural, healthy environment and living in a more healthy environment oneself were also mentioned in this category. Various respondents mentioned things like ‘I didn’t want to have a 9 to 5 job’ or ‘I wanted to get away from the rat race’. In an informal conversation with a female resident from the USA who had lived in Guanacaste for a few years, it became clear how a longing for the Costa Rican *tranquilo* lifestyle and a negative view of US politics were highly related in her decision to leave the USA. She mentioned that people in the USA were totally stressed and only thought about making money; and related this to political issues such as tax burden, corruption, war, etc. The lifestyle category is in this sense related to another category: the negative situation in the country of origin, for example the political situation (unsatisfied with government, policies, taxes etc.) and safety

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<sup>66</sup> This also came out from analysis of eight western migrants’ blogs.

reasons (crime and natural disasters). These negative push factors account for only 9% in the survey, but the relationship between the pull factor 'lifestyle' and the push factors is often strong.



**Figure 4.1.** Western migrants' motivations for moving. *Source: author's survey*

Another related category is the search for a new experience, a new adventure, a different culture, which 13% of respondents mentioned. As one respondent said: 'The USA didn't attract us anymore. We were looking for an adventure, to grow: learning a new language and things like that. People who are lazy just stay where they are.' As such, it is also related to social differentiation. The weather and climate were also mentioned specifically by 16% of the respondents as a reason to move.<sup>67</sup> Not only did temporary residents<sup>68</sup> mention the importance of a 'winter escape' (even someone who lived in Florida), but a similar percentage of permanent residents also moved partly because of the weather. Furthermore, 'touristic'/leisure reasons were mentioned by 13% of respondents: to enjoy a holiday, to surf or to enjoy nature. Economic reasons had made 16% move to or buy property outside their home country: the less expensive cost of living/ housing in Costa Rica, but also economic opportunities, economic stability and a good investment. One respondent argued that Costa Rica is 'a frontier for future growth', given the recession in the USA. Another 7% found moving or buying property in another country a logical step given their experience with travelling and living abroad: 'I've lived internationally before: I have experience. This opened my mind to the possibilities of living abroad.'

Permanent residents (PRs) much more often mentioned reasons related to lifestyle and quality of life than temporary residents (TRs) (28% PRs vs. 13.5% TRs), and they were also more often driven by negative factors (political, safety) in the country of origin (13% PRs vs. 3.5% TRs). Temporary residents on the other hand were much

<sup>67</sup> In the former (closed) survey question on pull factors that attracted people to Costa Rica, the weather was already included as a category and mentioned by many; but still many repeated it here specifically as a reason for moving.

<sup>68</sup> Residential tourists are classified in two groups throughout this dissertation: permanent residents and temporary resident (see box 3.1 for an explanation).

more often attracted by touristic reasons (enjoyment, surfing, natural amenities): 20.5% TRs vs. 7% PRs. They also relatively often mentioned being experienced in international travelling and living in other countries as a reason (10% TRs vs. 4% PRs).

Finally, it is important to note that while economically motivated migrants are not well represented in the survey, there are many immigrants from the USA and Canada who came to Guanacaste specifically for employment or to establish a business: developers, small tourism business owners, real estate brokers, and (mostly highly skilled) labour migrants in the tourism and real estate industry. While most western residents are not yet established in the area year-round, these economically driven migrants often have a more visible presence. The differential involvement of all these diverse groups makes it difficult to conceptualise and analyse *gringo* involvement as one powerful globalisation flow: some of them were attracted to the area by specific employers, others came to try their luck in employment or business, whereas still others were attracted for lifestyle reasons.

### **Comparison: history and motivations of migration**

The history and characteristics of immigration may have consequences for migrants' local and transnational involvement. In the case of Nicaraguans, migration to Costa Rica has been quite massive (especially compared to the total populations of both countries), although it has been spread over various decades. While there has been politically motivated migration in the past, current moves and continued stays are mostly economically and socially motivated, and highly related to household strategies. Spatial concentration of migrants from specific towns and social organisation based on the home town is not common.<sup>69</sup> Nicaraguans are often highly mobile within Costa Rica and may move across various provinces, which decreases possibilities for local involvement. The recent change to more seasonal rather than permanent Nicaraguan migration (Baumeister et al., 2008) may also have consequences for local involvement; on the other hand, there is still a large group of permanent migrants who have lived in the area for decades.

Domestic migration into Guanacaste has a long history, and traditionally these migrants have assimilated into local place: many of them were business and tourism pioneers, although there is still social differentiation and some ethnic sensibilities. Current new flows of domestic migrants are increasingly diverse; and particularly the higher classes may have a lower local participation, as they are often spatially segregated into gated communities. In addition, highly skilled labour migrants often have a more temporary outlook on local residency.

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<sup>69</sup> With regard to the transnational involvement in such South–South migration movements, it is often outlined how this type of migration is extremely vulnerable and has less potential to contribute to structural economic improvement in the home country (Morales & Castro, 2002; Zoomers, Adepoju & Van Naerssen, 2008).

The flow of western migrants to Guanacaste has not only intensified but also diversified considerably in recent times (see Chapter 3). Gustafson (2008) showed that the entry of successive cohorts of ever new western migrants has the potential to enhance integration into compatriot social networks, rather than forge contacts with Guanacastecans. It is also often noted that migrants with lifestyle-related motivations have a strong commitment to compatriot social networks; on the other hand, they may be interested in local socio-political mobilisation (Janoschka, 2010). However, we should make a difference between lifestyle and touristic-leisure motivations. Lifestyle motivations, the search for a better way of life, is sometimes related to negative push factors in the country of origin, but also to an interest in natural, social and cultural amenities and tranquillity in the destination (e.g. rural idyll; see McWatters, 2009). Particularly permanent western residents have such motivations, so that they might be more interested in actively influencing their local surroundings. On the other hand, temporary residents more often move for touristic or leisure-related reasons, namely to enjoy a prolonged holiday on the coast. Amenity maximisation leads these temporary residents to move back and forth regularly (see Gustafson, 2008). Thus they may have fewer reasons to become involved in wider local society, and a high inclination to incorporate into compatriot social life.

All these mobilities and opportunities are shaped by a range of migration policies in Costa Rica. I now look into these policies and their influence in practice.

#### ***4.4. Migration policies and practice***

Laws and policies on migration, citizenship, naturalisation, economic participation, taxation and many more issues can exert influence on migrants' local and transnational involvement. I first look at these policies and their consequences for western migrants, followed by Nicaraguan migrants.

##### **Western migrants**

For citizens of most western countries, entering Costa Rica is easy. Showing a US, Canadian or European passport grants them immediate entry as a tourist and allows them to stay for up to 90 days. For most western migrants, this is all they need: they come to Costa Rica frequently for short periods. If 90 days is not enough, it is fairly easy to renew the tourist visa for another 90 days by leaving the country for three days and entering again (e.g. by taking a short trip to Granada, Nicaragua or Bocas del Toro, Panama). This procedure is not prohibited and can be repeated as much as one likes: many foreigners thus stay in the country for longer periods as 'perpetual tourists'. However, many migrants have looked for ways to evade the three-day leaving requirement by getting their 'entry' stamps every three months in an irregular manner without leaving the country. In recent years, migration authorities have become somewhat stricter in applying the tourist visa rules by controlling irregular stamps and not automatically granting renewal after three days. In addition, the new



migration law (No 8764, enacted 1 March 2010) will fine tourist visa-overstayers, and prohibit them from entering the country for a certain period. The lawmakers' intention is to restrict irregular migration while easing up the application processes for regular visas. However, the exact rules on 'perpetual tourists' (e.g. how many times may a tourist visa be renewed legally before having to leave the country) have not been published, hence the problem of perpetual tourists has not been addressed (AM Costa Rica, 2009).

Despite the difficulties and irregularity that come with living on tourist visas, many western residents find it much easier than applying for residency status, such as a *pensionado* or *rentista* visa. These regular migration procedures tend to be time-consuming: once all documents have been handed in, it can take 12–18 months (Baxter-Neal, 2010). Costa Rica has had a special *pensionado* law since 1964: it was quick to recognise the economic potential of attracting foreign retirees. However, the state has been eliminating benefits for foreign retirees since the 1990s. In 1992, two tax benefits were eliminated: the lifting of import tariffs on up to \$1000 in household goods, and the right to import a vehicle every five years free of import duties (Baxter-Neal, 2010). The new migration law increases the monthly income needed to qualify for *pensionado* and *rentista* visas. Currently, for a *pensionado* residency a guaranteed monthly government or private pension of at least \$1000 per household is needed (compare: \$600 under the old law). For a *rentista* visa, the required amount is \$2500 per month of guaranteed income (formerly \$1000); this income does not have to be from a pension. For both visas, one must remain in Costa Rica for at least four months per year.<sup>70</sup> Both visas have to be renewed each year. Before the new law, one could not be expelled from the country as long as there was no resolution on the visa application; as such, only starting an application process granted some protection or a quasi-legal status (including the possibility to apply for Costa Rican public health service provision). However, the new law is stricter and does not allow for overstaying a tourist visa even while waiting for a resolution.

After three years of being granted *pensionado* or *rentista* visa, permanent residency can be applied for. Although this requires another tedious and time-consuming process, a person with a permanent residency visa enjoys all the rights of a Costa Rican citizen, except the right to vote and occupy political positions. After seven years of living legally in Costa Rica, one may apply for Costa Rican citizenship. This process is even more difficult, time-consuming and expensive, and very few western residents apply for it.

A survey of foreign residents from the USA and Canada in Costa Rica (Pera, 2008b, N=80) showed that 17% had a tourist visa, 54% were established with a temporary or permanent visa (e.g. *pensionado* or *rentista*), 22% were awaiting the result of their residency application and 4% were citizens. However, the survey leans strongly on GAM retirees and on people who had lived in the country for a long time. In general, and also in Guanacaste, irregular migration is probably much higher. In my

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<sup>70</sup> People who invest \$200,000 in a business in Costa Rica can apply for a special investor visa. They must then remain in the country at least six months per year, show financial documentation each year, employ only Costa Rican personnel, etc.

survey of western residents on the Guanacaste coast, of those residents who tended to stay longer than three months each time in Costa Rica and thus needed a visa (N = 41), an estimated 27% had legal residency or citizenship, while 17% stayed less than 5 months each time and thus probably did not apply for residency (but instead informally renewed their tourist visas); the remaining 52% were unclear. Of the last-mentioned group, probably a fair proportion were irregular perpetual tourists or were engaged in the application process.<sup>71</sup> When we only look at permanent residents, the estimated percentage of (certain) legal residents is a bit higher: 35.5%.

With regards to economic participation, migration rules state that tourists can never work nor own a business in Costa Rica, *pensionados* and *rentistas* cannot work for a salary but can own a business, and people with permanent residency visas can work and own a business. The case of *pensionados* and *rentistas* is ambiguous: they can own a business but are not allowed to work in their own business. Thus they can manage the affairs of the business and earn income from it, but they cannot do the actual labour that can be done by an employee (The Real Costa Rica, n.d.). In fact, many western residents – both ‘perpetual tourists’ and *pensionados/rentistas* – do work irregularly, often on their own account. However, harassment by the police is common in these cases. Another legal possibility is telecommuting or transnational work, in which the income comes from another country.

One of the reasons many North Americans migrate to the ‘South’ is the more beneficial tax climate. Costa Rica is no exception: foreigners who bring income from abroad (e.g. pensions) do not have to pay any tax on it in Costa Rica. They naturally pay other types of taxes (property tax, municipal taxes, tax on income earned in Costa Rica), but these are very low compared to their home countries.<sup>72</sup> On the other hand, US residents are still subject to home country income tax regardless of where they live and earn their income. Foreign-earned income can be excluded from US taxes only up to a certain amount and under restrictions (The Real Costa Rica, n.d.). In addition, individual US states can still claim taxes on residents living abroad if they do not carefully eliminate themselves from all registers (ibid.).

## Nicaraguan migrants

Nicaraguans have entered Costa Rica in both regular and irregular ways. The latter are mostly related to seasonal, circular and temporary migration. As we saw, many irregular migrants enter Costa Rica each year, traditionally for agro-export activities

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<sup>71</sup> The migration situation of respondents was not asked for directly, as we foresaw ethical and methodological difficulties in doing so. It has been estimated on the basis of other questions about medical insurance (in order to obtain public medical insurance, one must be a legal resident or in the application process), Costa Rican spouse/children, etc.

<sup>72</sup> The Costa Rican government introduced a special ‘luxury home tax’ over houses worth more than CRC 100 million (about \$200,000) in 2010, the so-called *Impuesto Solidario para el Fortalecimiento de Programas de Vivienda*. The extra tax was meant for financing low-income housing projects. Western residents feared being affected by the new tax, but implementation has been largely insufficient: only 25% of the expected amount was collected, amounting to about \$6 million in 2010 (Mayorga, 2010).

but also for construction, domestic work, etc. Nicaraguans' irregular migration can occur in various ways: by overstaying tourist visas or labour visas, by working on tourist visas (which is not allowed) or by entering through porous borders. However, another large part of Nicaraguan residents are in a legal situation. Legal residency has become possible in various ways. First, through the amnesty measures in the 1990s. The Costa Rican government granted general regularisation to Nicaraguans at three points: in 1990, 1994 and 1998, irregular migrants en masse opted for legal permanent residency (IOM, 2001, p. 48).

Second, regular migration can occur through labour migration visas or special labour migration agreements. However, requesting a labour migration visa requires various bureaucratic steps that often neither the migrants nor employers are willing to take. The Costa Rican and Nicaraguan governments have attempted to regulate labour migration for various sectors through agreements. For example, the bilateral agreement Costa Rica–Nicaragua of 2007 contains arrangements for easier recruitment of Nicaraguan workers, among others for the construction industry. However, with 10,000 construction workers coming in through the agreement (Bolaños Céspedes, 2009), and a total of 161,104 entering in total in 2007 (EIRENE-CENDEROS, 2009), the agreement was not considered a success as far as construction labour was concerned. Hence these attempts have never achieved their goal of fighting irregularity: with a strong migration corridor in place, and porous borders, recruitment in the construction industry mainly takes place in Costa Rica, as many Nicaraguans offer their labour on site. Domestic workers' recruitment occurs through personal networks: women, either living in Nicaragua or already in Costa Rica, are recommended by a family member or friend in Costa Rica, who will be a guarantor (Baumeister et al., 2008).

A third way to achieve legal residency is through family reunification policy, as spouses or parents of Costa Rican citizens (children born in Costa Rica automatically become Costa Rican citizens). Fourth, permanent residency after three years of temporary legal residency is also possible for labour migrants, and the same rules described above apply for obtaining citizenship.

In 2006 the new migration law was presented. Its main aim was to counter irregular migration. However, particularly the restrictive measures which were meant to control and penalise irregular labour migration were fiercely criticised, which is why the law was reformed and only entered into effect in 2010. Restrictive measures (strengthening border controls, penalising the employment and housing of irregular migrants, stricter rules for family reunification) are combined with more social measures, including a social fund for migrant wellbeing.<sup>73</sup> The new migration law explicitly obliges all migrants to arrange social security at the Costa Rican Social Security System (*Caja Costarricense de Seguro Social* - CCSS) once they arrive, although employers are still obliged to cover this for their workers if they are employed longer

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<sup>73</sup> The social fund (Fondo Social Migratorio) is meant for investment in migrants' wellbeing: 20% will be invested in public education, and 25% in the public health system. However, the fund is solely made up of contributions by legal migrants themselves, who have to pay an extra \$25 when applying for residency or renovation.

than 3 months. Migrants' re-entry to Costa Rica can be denied if they fail to prove coverage of social security during the last trip. This may put more pressure on migrants, and means a de facto transfer of responsibility from employers to migrants.

### **Comparison: political opportunity structures**

Both western and Nicaraguan migrants thus have a number of legal and irregular opportunities to migrate to Costa Rica. Residential tourism is partly spontaneous and independent of national migration policies: temporary residents stay on a tourist visa, and some permanent western migrants do not acquire legal residency status let alone national citizenship. The ease of travelling on a tourist visa may intensify their back-and-forth movements, rather than lead them to stay more permanently. The recent stricter migration rules have a potential to discourage western residents from applying for *pensionado/rentista* visa; this may increase irregularity and temporariness, and possibly decrease local involvement. Nicaraguans in Guanacaste consist of a group of circular temporary migrants, and another large group of long-term and often regularised migrants. For them, national legal residency or citizenship is important to obtain rights and benefits and quality of life in the long term. Thus irregular migration increases their vulnerability and leads to a lack of security of stay in the long term; this may decrease their local involvement. In contrast, Western residents have more access to legal representation to secure their status; there is an organisation to represent their interests and lawyers are relatively cheap (compared to in the country of origin).

Another area of interest is policies regarding economic involvement. For western migrants, the most straightforward economic strategy is to bring pensions or savings over from their country of origin and apply for a *pensionado* or *rentista* visa; Costa Rican migration policies are most adapted to this type and double taxation is mostly avoided. If they aim to become economically involved as workers or business owners in Costa Rica, this is prohibited for most: western migrants are seen as tourists, not as people who actively participate in the local economy. Still, many of them have managed to circumvent these policies and work or own businesses irregularly in Guanacaste. However, participation in the formal labour market is difficult. For Nicaraguans, it is clear that their employment is often irregular and their situations are vulnerable, especially under the new migration law. On the other hand, there are many permanent and more regular Nicaraguans who no longer face such political constraints.

#### ***4.5. Dimensions of local participation and citizenship: involvement in the economy, education and health***

In order to analyse different dimensions of local citizenship, I first look at different migrant groups' involvement in three important areas: the economy, education and health. I start with western migrants, then look at Nicaraguan migrants, and at the end compare the groups and explain their differential involvement. Table 4.2 shows the different dimensions of citizenship and local involvement for different migrant groups and the local population, which are elaborated in the following.

##### **Western migrants**

Western residents in Guanacaste are not only retirement migrants: many of them participate in the local economy. In the survey of residential tourists, which included information about both the respondents themselves and second adult household members (N=109), 38% were retired, 12% employed and 35% had their own businesses. When comparing permanent and temporary residents, the former more often owned their own businesses, and mostly in Costa Rica (or in both countries); see table 4.3. Permanent residents also have possibilities to manage a business in the country of origin while operating from Costa Rica (19%; see table 4.4), mostly through telecommuting, the stock market, internet-managed businesses, etc., but also through frequent travel. Of those who owned businesses in Costa Rica, surprisingly high numbers worked in tourism or real estate/property management (17% and 50%, respectively). From observations and interviews it also became clear that many western residents combine a semi-retired life with self-employment in Costa Rica as real estate agents, property managers, tour guides, restaurant owners or advisors to new western migrants, or by renting out their houses or rooms. Most of these types of businesses are fairly unregulated in Costa Rica (less subject to migratory control), and western residents more than others have the networks and cultural knowledge to establish them. A small proportion of permanent residents were employed (mostly in Costa Rica). Temporary residents were mostly retired (44% as opposed to 33% for permanent residents); 19% owned businesses in the country of origin and 11% were employed there. In general, those employed in the country of origin worked in highly skilled occupations in sectors such as management, business, health and education.<sup>74</sup>

Almost a third of permanent residents had children at school in Costa Rica. Regardless of their legal situation, most North American families in Guanacaste prefer private education for their children. Whereas until recently western migrants who wanted to send their children to private school were restricted to the GAM, private

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<sup>74</sup> This corresponds with the general high level of education of respondents and their spouses: 4% have finished elementary school, 22% secondary school, 30% college education, 32% university, and 6% graduate school. These levels are high compared to general US educational attainment, and even higher compared to Costa Rican educational attainment.

Table 4.2. Citizenship and local involvement in Guanacaste: different groups. *Source: author's research*

	Legal residency	Economic participation	Participation in education (children)	Access to health services	Formal political participation	Participation in local affairs (other than formal politics)	Sources of power
<b>Costa Ricans</b>	yes	Employed, own businesses, many in tourism. Certain groups excluded.	++ (most public, some private)	+ (public and private)	yes	+ (community orgs, protests, some individual networks, some lobbying)	Local soc. networks; rights as citizens; sociological age; local knowledge; some economic power or education
<b>Permanent western residents</b>	30-70% resid. permit, few CR nationality. Rest irregular (overstay tourist visa)	±50% own businesses in CR; many retired; a few employed	± (medium, mostly private)	- (mostly private)	Unable without Costa Rican nationality	+ (community orgs, lobbying & individual networks)	Econ. power; high status (class, nationality); high education & experience; networks within foreign comm.
<b>Temporary western residents</b>	Majority has only tourist visa	Mostly retired or employed in country of origin	- -	- - (mostly private)	Unable without Costa Rican nationality, not interested	- - (only volunteering in social organisations)	Economic power; status as privileged (class, nationality); high education & experience
<b>Nicaraguan labour migrants</b>	Many permanent res. permit (some CR nationality); many irregular / temporary	Work in low-skilled jobs in construction, domestic work & tourism; also self-employed	+ (public)	- (mostly public)	Unable without Costa Rican nationality; small group able as citizens	- -	Some rights as permanent/ legal residents or citizens; social networks in community (limited)
<b>Tourism &amp; real estate developers (N-America, CR, etc)</b>					Unable without Costa Rican nationality; Costa Ricans yes	+ (links with government, lobbying, some CSR programmes)	High econ. power; connections local & nat. government; other networks; high education

primary and secondary education is now possible in Guanacaste too. Many families are attracted by these new educational possibilities.<sup>75</sup>

Formal access to Costa Rica's internationally praised, elaborate public health system is open to migrants if they have legal residency and apply for Costa Rican social security (which is a requirement under the new law). Those who are in an irregular situation or are not insured can still use emergency health care in public hospitals, health care for children and adolescents under 18, and prenatal care. However, in practice this openness has its limitations.<sup>76</sup> The large majority of western migrants were not covered by the CCSS or any other Costa Rican health insurance (82%), and had not used any public health services during the previous 12 months (85%); both figures are higher for permanent residents. Private health services were most commonly used by western residents: 63.3% indicated having received private healthcare in Costa Rica during the past 12 months. Most western migrants have their medical insurance in the country of origin or internationally. However, 27.6% did not have medical insurance at all. This is not necessarily a problem in Costa Rica, where private medical care is very cheap compared to most North Americans' and Europeans' incomes (and compared to medical costs there). Thus, many western migrants pay directly for occasional visits to doctors or clinics; even if they are covered by the CCSS, they may prefer a quicker treatment at a private clinic.

## Nicaraguan migrants

As we have seen, Nicaraguans are well represented in Costa Rica's labour market. While in the research area in general, 42% of people are economically active, the figure for Nicaraguans is 53% (Santa Cruz and Carrillo cantons; INEC census 2011). Their involvement in Guanacaste's economy is vulnerable: they work mostly in low-skilled jobs in construction, domestic work and tourism. Nicaraguan women have traditionally been employed as domestic workers (and in certain agricultural jobs), but many also work in low-skilled tourism jobs; while men have extended their work territory from agricultural seasonal jobs to new sectors such as construction and private security. As shown in Chapter 5, Nicaraguans are mostly involved in non-qualified positions (41% of the Nicaraguan-born economically active population in the research area; 2011 census),<sup>77</sup> as well as in work related to sales in establishment and direct service delivery. Nicaraguans' jobs are less stable and lower paid than those of native Costa Ricans; they fall mostly in the lowest income deciles (Morales & Castro,

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<sup>75</sup> Since 2000, various new primary and secondary schools have been established that cater primarily to the western community, with high fees, English as the main instruction language, and possibilities to receive US or international diplomas (e.g. Country Day School in Brasilito and La Paz Community School). Home schooling is also a possibility some of our respondents mentioned (individual or in groups). Many parents base their home-schooling on a curriculum package from the USA.

<sup>76</sup> 'Actual treatment depends on multiple intersecting factors such as attitude of clinic receptionist toward migrants, severity of presenting symptoms, and the notions of undocumented migrants' deservingness to health services by providers' (Goldade & Okuyemi, 2011).

<sup>77</sup> This is almost 50% for recent Nicaraguan migrants (those who lived in Nicaragua 5 years ago).

2002). Construction work is characterised by irregularity, temporariness and vulnerability. In addition, the lack of social security is a major issue.

Nicaraguan children are underrepresented in secondary and higher education and somewhat in primary education: non-enrolment in secondary school is 43% for Nicaraguan children and 14% for Costa Rican children (INEC household survey 2010). However, the fact that Costa Rican public education system is open to children of irregular migrants is positive and an important precondition for local involvement. The large majority of Nicaraguan children in Costa Rica attend public education.

With regard to health services, Nicaraguans tend to use public services; as explained above, the majority of treatments are accessible only to insured migrants, whereas some basic services are also provided to irregular migrants. The proportion of Nicaraguans who have health insurance and those who do not is about 50–50, but when taking into account irregular and temporary migrants, the proportion without health insurance may be much higher (Marquette, 2006). They also use some basic private health services (pharmacies, private doctors). Research has shown that Nicaraguan migrants' use of health services and the proportion of the overall health budget spent on these services is disproportionately less than their overall proportion of the national population (Marquette, 2006; Goldade & Okuyemi, 2011). Especially among temporary migrants, costs of reproduction (e.g. care for the elderly and children) are transferred back to Nicaragua. Thus the population in Costa Rica is a young working population without much demand for health services. This low utilization of health services is exacerbated by the lack of social security coverage.

### **Comparison: involvement in economy, education and health**

Western migrants in Guanacaste are a broader group than just retirees: they are often younger and/or still involved in business or employment; some of them combine semi-retirement with economic involvement in Guanacaste. However, this involvement is often in the tourism industry and related sectors; so it is a type of economic transnationalism (Landolt, 2001) in which migrants are integrated into compatriot or transnational networks, rather than local networks. In addition, the recent attraction of more mainstream retired groups (see Chapter 3) may decrease local economic involvement. Nicaraguans are highly economically involved in various sectors, often in disadvantaged ways. Social networks from Nicaragua play a role in their labour recruitment, which may enhance a type of transnational settlement, especially in the case of construction workers who live together at the complex. As shown in Chapter 5, Costa Ricans are also much involved in the tourism sector, and relatively more in other sectors (e.g. public sector). Domestic migrants are involved in different ways (often in tourism and related sectors), among others in highly-skilled positions.

Costa Rica's educational system is quite open to irregular migrants, and the children of Nicaraguans are often naturalised citizens because they were born in Costa Rica; thus the public schooling system does offer them some opportunities for improvement. However, the quality varies, and there is a segregation of well-off Costa



Rican and western children in private schools: the increase in the number of private schools in Guanacaste provides western residents with good opportunities. The public health system is accessible to migrants, but a lack of social security makes their situation vulnerable; in the case of Nicaraguans, reproduction is often transferred back to the country of origin. Western migrants enjoy the relatively cheap private health services.

#### ***4.6. Dimensions of local participation and citizenship: involvement in local society – language, media, contacts***

Migrants' successful involvement in local society can also be regarded as the degree of social contacts and informal networks with other groups present in the area, the ability to communicate in the local language and the use of local media.

#### **Western migrants**

In the survey western migrants were asked to indicate with which groups they had most and least contact during their stay in Costa Rica. They were asked to rank four groups from 1 (most contact) to 4 (least contact): Costa Ricans, Nicaraguans, other people from their home country, and other people from other countries (see table 4.3). The respondents had most contact with people from their home country. These contacts were established in a variety of situations: mostly as friends in social life, but also as neighbours, randomly meeting people at the pool, beach or supermarket; or as workers and business clients. About the same situations are mentioned for 'people from other countries' (mostly North America and Europe), who are ranked third. Costa Ricans are ranked second, and mostly contacted as workers and friends/social, but also as neighbours and business clients. Nicaraguans were the group with whom these western residents had the least contact,<sup>78</sup> and mostly in their position as employees.<sup>79</sup> In interviews with Costa Rican respondents in Playas del Coco, most of them mentioned having contacts with *gringos*, although they did not differentiate much between short-term tourists, residential tourists, business owners, etc. On the other hand, the increased spatial segregation of western residents in gated communities and securitised complexes decreases opportunities for involvement.

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<sup>78</sup> This might have to do with the inability of some to distinguish Costa Ricans from Nicaraguans.

<sup>79</sup> Interestingly, permanent residents more often mentioned compatriots as the most important contact, and less often Costa Ricans, compared to temporary residents. The reason for this is unknown, but in observations and other interviews the view emerged that permanent residents do often have contacts with Costa Ricans too – especially long-term residents.

**Table 4.3.** Western residents' local involvement in Guanacaste. *Source: author's survey*

<b>TYPE OF INVOLVEMENT</b>	<b>Permanent residents</b>	<b>Temporary residents</b>	<b>Total</b>
Employed in Costa Rica*	8%	2%	6%
Own business in Costa Rica* **	30%	2%	19%
Children at school in Costa Rica	29%	10%	20%
Own home in Costa Rica	68%	65%	67%
Health insurance in Costa Rica	29%	4%	18%
Reads Costa Rican newspaper	82%	63%	75%
Reads local town newspaper	79%	69%	75%
<i>Reads only English-language newspaper</i>	52%	67%	56%
<i>Reads only Spanish-language newspaper</i>	35%	22%	31%
Classifies Spanish skills as bad or very bad	33%	67%	48%
Classifies Spanish skills as good or very good	37%	17%	28%
<i>Has most contact in Costa Rica with:</i>			
Costa Ricans	28%	45%	36%
Nicaraguans	0	0	0
People from country of origin	50%	35%	44%
People from other countries	24%	30%	27%

\* Both respondents and their partners or second household members are taken into account (N=109)

\*\* Respondents who had businesses both in Costa Rica and in the country of origin are also taken into account here.

Western residents often form intensive networks with their compatriots and other western residents in Costa Rica. This is clear in the GAM where there is a specific organisation defending western residents' interests (the ARCR; Association of Residents of Costa Rica) and many more informal clubs and social activities. In Guanacaste too, field observations and interviews showed many foreign residents (particularly from the USA) clinging together in the same restaurants and bars (often run by western residents as well), forming groups of friends, playing golf, playing cards together, and organising dinner parties, reading clubs, book exchanges, charity events, etc. There are various churches for the foreign community. Also, development organisations, charities and the like are important meeting points. On the other hand, US citizens also complain about living in such a *gringo* environment ('a bubble, a Costa Rican light', according to a survey respondent who lived in an all-inclusive gated community), the fact that many compatriots 'want here to be like in the USA' and the difficulty of learning Spanish in such a situation.

Almost half of respondents (excluding native Spanish speakers) classified their Spanish skills as bad or very bad (see table 4.3). However, for permanent residents this different: many of them considered their Spanish good or very good. Permanent residents also read more Spanish-language Costa Rican newspapers. Still, a large proportion of permanent residents read only English-language Costa Rican newspapers, of which two main ones exist for and cater to the foreign community: the *Tico Times* and *AM Costa Rica*. Also, there are a number of bilingual and English-language local newspapers in various towns, which are important means in informing

people and holding officials accountable. Besides the media, public space has been 'foreignised' in important ways in parts of Guanacaste. Public space is filled with English-language publicity for real estate and tourism, and in towns like Tamarindo, English often seems to take over as the main language on the streets.

### **Nicaraguan migrants**

Nicaraguan respondents were often long-term residents and had established relatively good relations with their Costa Rican neighbours; they had social networks that helped them access rental houses, and Costa Rican owners sometimes let them live in houses free of charge. Naturally, language facilitates this integration, as both Costa Ricans and Nicaraguans speak Spanish. Mixed marriages are also seen. About half of Costa Ricans indicated having much or regular contact with Nicaraguans. Nicaraguans' contacts with their compatriots were the strongest. These connections are often within extended families or at the workplace, but they are also strengthened by their involvement in Nicaraguan-led small Protestant churches in the area: religion has an important social function. Some Nicaraguans had also established contacts with western residents (whom they do not much differentiate); it seemed that these contacts took place particularly with tourism business owners and also somewhat with other western residents, for example as workers in their houses. Specific media aimed at the Nicaraguan population were not found in the area.

### **Comparison: involvement in local society**

Local society has specific characteristics that can either enhance or constrain successful involvement of migrant groups. Rather than assimilation, many migrant groups' incorporation into the host society can be termed transnational settlement. For residential tourists, such integration into compatriot social networks and organisations has been noticed by various authors (Puga, 2001; McWatters, 2009; Gustafson, 2008; Lizárraga-Morales, 2008; O'Reilly, 2007). In addition, Nicaraguans also partly integrate into compatriot social networks.

The community is very small: here in this part of town, the great majority are Nicaraguans, and other immigrants from San José and the towns surrounding Playas del Coco. In the neighbourhood around the road to Ocotol, there are still more natives. Q: Isn't there an integrated community? A: Maybe yes, but a *pueblo criollo* ['original people'] not anymore, because even myself I don't know the institutions that exist. The Germans have their own activities, the *gringos* also have their own things. All communities have their traditions and own activities; the Nicaraguans also have their parties.

*Playas del Coco resident (male, native to the area)*

In the case of western residents in Guanacaste, this transnational settlement is easy because of an existing short-term tourism sector. This sector has long provided services and products from North America, and has made Guanacastecans more oriented towards a foreign population. Also, new migrants can easily settle into the foreign community, as there is now a more clearly separate *gringo* community than before. This is because of the larger size of this group, the introduction of gated communities and spatial segregation, and the changing characteristics of western residents in Guanacaste (more often retired, different motivations; see Chapter 3). There has been a change from a more small-town open culture (including the first pioneer western groups), to a large town with more group separation. One of the pioneer US settlers in Tamarindo explained:

The mentality of the people has changed a lot; now there is a lot of exploitation of real estate. These real estate people have no idea of how it is here, the people who arrive now don't know how it was before and don't care about learning Spanish, they could be on any beach in the world. (...) Q: How have social relations changed? A: They have changed completely. For example, we used to eat at the Hotel Tamarindo and once a lot of people there got sick because they ate poisonous mushrooms. The owner of the hotel just drove everyone straight to the hospital. Now when people are sick or dying, no-one knows or does anything. Before this was a small village, now it's this international conglomerate. We used to have bingo parties on Saturday nights, because there was nothing else to do. Now you see only *gringos* at those bingo parties, before everyone went: *ticos*, *gringos*. Q: Are *ticos* and *gringos* becoming more distant then? A: I don't know. There are very few *ticos* left.

Nicaraguan migrants' social incorporation in Guanacaste is also mainly into compatriot networks, followed by Costa Rican networks. Their compatriot networks are mostly more informal, for example small churches and family and friendship bonds. There is a great lack of formal migrant assistance organisations for Nicaraguans in Costa Rica (Lee, 2010). Nicaraguans' lack of involvement in local networks may have to do with a feeling of unease with these institutions; discrimination might also play a role. On the other hand, compared to western migrants, Nicaraguans are more involved in local society via labour, education, language and living in the same neighbourhoods as Costa Ricans.

#### ***4.7. Dimensions of local participation and citizenship: socio-political involvement***

Migrants generally lack formal decision-making power and opportunities to influence political processes in their localities and at the national level. As described in the

migration policies section, after seven years of living legally in Costa Rica, migrants may apply for Costa Rican citizenship, which very few foreign residents do. Still, it is the only way to obtain voting rights (after 12 months of having received citizenship) or other formal political positions; the latter require even longer periods of citizenship.<sup>80</sup> However, socio-political involvement is broader than just formal political participation. Here, I show how different groups of migrants exercise influence on local place in other ways.

## Western migrants

The prohibition of formal political participation by foreigners can have clearly visible consequences for local politics; for example, many western residents in Tamarindo would like to see Tamarindo become a separate municipality, as they feel ignored by the Santa Cruz municipality (Pera, 2008a). However, few Costa Rican citizens living in Tamarindo favour this municipal division, and western residents cannot muster enough votes to achieve such a division (*ibid.*). In fact, western migrants consider themselves quite powerless in Guanacaste. In in-depth interviews<sup>81</sup> (Kool, 2012), when western residents were asked which actors they found most powerful in influencing local place and development in Guanacaste, they mentioned first the local government and second the national government. On the other hand, they argued there were lots of powerless actors in the area, under which they interestingly included themselves. Costa Rican national and local government were seen as very corrupt, making it very hard – if not impossible – to make a real change as foreign residents. ‘It is all about corruption and networks of friends and money’, argued one respondent. Only one respondent considered residential tourists in their power top three. Thus western residents’ image of national and local political institutions as very powerful, and their lack of trust in this political field and lack of formal abilities to influence it, lead to feelings of resignation and powerlessness.

However, to provide a complete picture, a focus beyond only formal political influence might be useful (also see table 4.2). Some groups of western migrants do have high informal political influence, through financing municipal politicians,

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<sup>80</sup> As the law states (Ley de Opciones y Naturalizaciones, 1950, No. 1155) ‘foreigners are not allowed to intervene in political matters of the country. (...) Since foreigners do not have political rights, they cannot vote or be elected for any democratic positions, nor be assigned any other job or commission that has civil or political jurisdiction or authority; nor associate themselves to intervene in the politics of the Republic, nor take part in it; nor exercise the right of petition regarding these activities.’

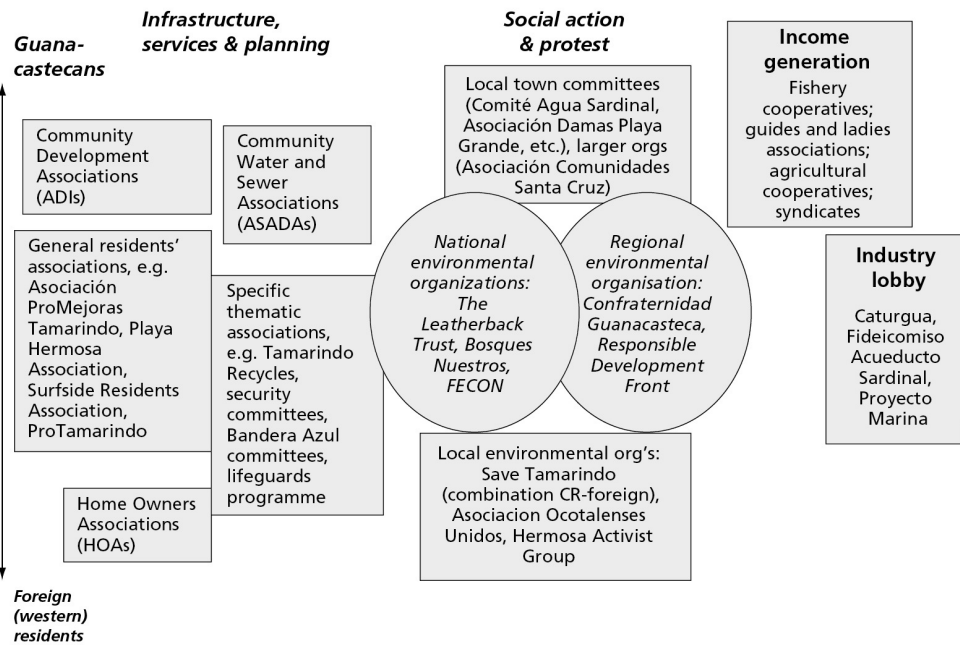
<sup>81</sup> As a follow-up of the survey of residential tourists, a series of in-depth interviews was done in May 2011 by MSc student Jacoline Kool (see Kool, 2012). She carried out a total of 22 interviews in the area between Flamingo and Pinilla. Respondents were triggered (through choosing from a series of photographs) to talk about their views on local place, development and environment, their own influence and involvement in local place, and their transnational involvement. There are some particular characteristics of the respondents. As the interviews were held in May 2011, most of the respondents were more permanent residents of Costa Rica, rather than temporary residents. Most respondents were from the US. Respondents were chosen partly through opportunity sampling, complemented by snowball sampling (mostly through a western church in the area).

discussing in public or bribing officials, but also by establishing their own organisations (Pera, 2008a). However, not all of them are powerful. A distinction should be made here between three groups: developers of and investors in residential tourism and large-scale tourism; permanent residents, who are relatively often small tourism business owners; and temporary residents. Direct informal or informal access to politics is mostly achieved by large-scale developers and investors, both international and from Costa Rica. I outlined in Chapter 2 how large-scale tourism deals were settled directly between the investors and the Costa Rican president. As many residential projects are realised by a combination of Costa Rican and North American developers and capital, and the national developers are often well-connected in politics, direct informal access to politicians and the state is guaranteed. Also, there are important informal connections between tourism developers and local government (see Chapter 2 on irregular practices). In addition, tourism developers have an influence through their formal and informal lobbying networks, as is clear from the Coco–Ocotal public–private water partnership (Chapter 8). The most established lobbying organisation is the chamber of tourism (Caturgua), which unites both smaller tourism business owners and larger investors and developers, both foreign (mostly western) and from Costa Rica (mostly GAM). It has been a very effective lobbying mechanism; for example, it was instrumental in extending the international airport and attracting government and private investment to the area (Janoschka, 2009).<sup>82</sup>

In contrast to powerful developers, ‘normal’ western migrants generally do not have much direct informal influence in politics. They can influence their surroundings through civil society organisations and social action; the international community in Costa Rica is well organised and highly visible (Puga, 2001). In Guanacaste, western residents are involved in a range of organisations. In my survey, 10 of the 34 permanent residents I spoke to were involved in organisations for infrastructure, services and environment: more specifically, eight of them were involved in a local town association for infrastructure, recycling, cleaning etc.; one was involved in a Community Water and Sewer Association (ASADA), and one contributed to a local environmental organisation. These data correspond with interview, observation and internet data on membership and different types of local associations in Guanacaste coastal area (see figure 4.2 for a visual representation of the differential involvement of different groups in community organisations). During in-depth interviews (Kool, 2012), half of the respondents indicated being open to joining organisations or protests regarding their direct environment.

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<sup>82</sup> However, in later times Caturgua’s influence seems to have decreased (Janoschka, 2011).



**Figure 4.2.** Types of local associations in the Guanacaste coastal area, by membership. *Source: interviews, observation, survey and internet data*

Organisations in which western residents are involved are often neighbourhood organisations that collectively arrange infrastructure and services, such as recycling, waste collection, wastewater treatment plants, beach cleaning, lifeguards, road repair, public facilities on the beach, and security. Through these organisations, residents can claim services from local government or arrange their own services. This often happens in communities where many foreign residents are concentrated, such as Surfside Residents Associations in Potrero, Nosara Civic Committee and various committees in Playa Grande. English is the main language in these organisations. Western residents who are involved are often long-term residents and/or small tourism businesses owners. New migrants benefit from the presence of older groups of residents who have experience in local organising.

These associations are a logical result of growing populations caused by residential tourism, which creates a need for more services. For example, as Playa Grande is now 'a real town', as one inhabitant put it, with workers and populated urbanisations, it needs more government support and services. Organisations thus make claims to the government and act as brokers. Other organisations of western residents have arisen because small tourism business owners need infrastructural improvements in order to cope with the growing tourist sector, which local government could not provide, as various organisations in Tamarindo show. Various of these organisations also explicitly mention environmental and conservation goals, but most do so in a politically neutral manner (e.g. building monkey bridges). One exception is the

Asociación Pro Mejoras de Playa Tamarindo (APMT), which was also involved in legal action and social protest against environmental degradation and tourism overdevelopment. A few western residents are also active in more activist environmental organisations that influence public opinion through protests and file judicial complaints. As shown in Chapter 8, Costa Rica has attracted many environmentally aware western residents who take a strong view against overdevelopment. However, influence of western residents through protest and judicial action is not very common, as *gringos* tend to be cautious about these more controversial types of involvement. Local people can be highly suspicious of ‘foreign-led’ organisations. Half of Jacqueline Kool’s respondents (Kool, 2012) said they would not protest against unwanted situations in the local area, for example Guanacaste becoming overdeveloped. They saw protesting as useless, given their distrust in politics. Also, they argued that ‘when you have blue eyes, you are always wrong here.’ The other half who would be willing to be more proactive on their environment also expressed a sense of resignation because of corrupt politicians and their status as foreigners. One respondent said: ‘If we could make a difference, we would do whatever. But Costa Ricans do not want us to be involved so I do not really think that we can make a difference.’

Hence although western residents are widely involved in organisations, with a number of very active members, they also face various problems in social organising. Another problem is that the community organisation landscape is much dispersed and somewhat unstable: many small committees are active in similar issues, they can easily disappear or appear again, also depending on very unstable and changing contributions from community members. The APMT, for example, was active and thriving for many years, but in late 2008 it was almost non-existent: most board members had left, no employees could be paid, and they were struggling to find continued contributions from tourism businesses and developers (field observations and conversations, 2008). In addition, linking up to local government can be very time-consuming and frustrating. Also, as one survey respondent indicated, maintaining a decent level of collective services is not easy in Guanacaste, with many temporary residents, absentee homeowners and the economic crisis:

Many other home owners in this project have gone back to their home countries and sold their houses. There are almost no home owners left now, only renters. There are many absentee landlords who only come for short times, they won’t pay for the maintenance etc. It is difficult to build a community like this, this is a problem.  
*(respondent survey residential tourists 2011)*

A Costa Rican business owner also had the experience that because of the economic crisis, in many small condominium projects in Playas del Coco, ‘the problem is that people no longer even want to pay to have the pool maintained and things like that.’



## Nicaraguan migrants

As described above, only naturalised citizens can exert formal political power. In 2010, there were 21,000 Nicaraguans naturalised as Costa Rican citizens who had the right to vote in the national elections (Villalobos Ramírez, 2010); Nicaraguans are by far the largest naturalised group in Costa Rica, though the number of naturalised citizens is low compared to the total population. As such, their formal political power is still very limited, also at the local level. Nicaraguans do not have much influence through informal influencing or civil society organising either. National data from the INEC household survey 2010 indicate a lower involvement of Nicaraguans in various types of organisations, compared to other migrants and Costa Ricans; however, this lack of involvement is more pronounced in syndicates, cooperatives and the like, than in community organisations. For the organisations in the area, I heard of only one Nicaraguan leader of an ADI, and one Nicaraguan lady involved in her kids' school organisation. In many cases it is the vulnerability and temporariness of their situation that does not allow much interference in local affairs (e.g. in the case of construction workers who move between different projects). However, even more established and long-term Nicaraguan residents do not seem very active in town associations. Also, protesting against overdevelopment is often not in their interest: Nicaraguan migrants in Playas del Coco unanimously stressed the importance of tourism-related employment and related businesses; they were positive about and longing for more (foreign) investment, tourism, etc. Employment is what had attracted them to Playas del Coco, and in the midst of the crisis many of them were suffering from unemployment and economic hardship.

## Comparison: socio-political involvement

Political influence is difficult for all migrants, as naturalised citizenship is the only way to achieve formal political influence. Very few western residents are naturalised citizens; for Nicaraguans, this number is higher, but they are not an important political power. Western residents are also viewed by the Costa Rican government as tourists rather than permanent migrants, and as a consequence the state does not get very involved with their integration or grant formal opportunities for participation (see O'Reilly, 2007). On the other hand, there are many opportunities for informal socio-political influencing.

Besides political opportunity structures, the characteristics of the local society are also important explanations for local involvement: into what type of society can migrants become embedded? Guanacaste is traditionally a province of large landowners and small groups of economic-political elites governing the area (Edelman, 1998; Programa Estado de la Nación 2000, p. 314). The province's population is traditionally known for its indifference and weak organisation (Edelman, 2005), and according to various interview respondents, this is still a problem. One elderly lady, a native of Playas del Coco, explained:

This place is not organised. It's not organised. Because with this lack of organisation all the money goes to other places where people are organised, because remember that the government helps where people are organised. (...) For example, if there were tilapia cooperatives here, the government would send help to these communities (...), but there are no such things, so they go to other places. Q: And why, because people here are very individualistic? A: Individualism. People don't care for their neighbours, they only think about surviving.

According to the Programa Estado de la Nación (2000), problems of Guanacastecan communal organisations include dispersion of organisations and a lack of cooperation between them; centralised and autocratic decision-making; and a lack of resources. As such, there were few effective organisations for foreigners to incorporate into. On the other hand, some more popular participation seems to have recently been enhanced among Guanacastecans. As explained in Chapter 8, Costa Ricans in Guanacaste are widely involved in a number of organisations such as Community Development Associations (ADIs) and Community Water and Sewer Associations (ASADAs), as well as cooperatives and protest organisations like local town committees. There has been some very successful community organising and protest in recent years.<sup>83</sup> However, a large majority are not involved in any associations.

Western residents have traditionally organised themselves separately in Guanacaste, possibly because of the low grade of organisation in the area, but also because of spatial segregation into *gringo* communities, and diverging goals (i.e. western residents often owned small tourism businesses and were interested in arranging local infrastructure). This contributed to subtle community divisions. For example, I show in Chapter 8 how cultural and language differences and a lack of trust prevent Costa Ricans from participating in meetings of the APMT; even though the meetings are bilingual, Costa Ricans feel intimidated. Some of them feel more comfortable with a Costa Rican institution such as the ADI, where the language is Spanish and more attention is paid to traditional cultural activities. ADI members also expressed more trust in the ADI institution to adequately defend community interests. On the other hand, the Save Tamarindo campaign against overdevelopment in 2008 showed the possibilities of collaboration between local and foreign groups (Janoschka, 2009).

Despite the segregated nature of their participation, western residents' involvement in Guanacaste is often effective: they can exert power and build connections with local government. This is because of, for example, the long-term establishment of a foreign community there, which has managed to build up social capital. While segregation has increased with recent large flows of western residents, there is still a group of residents that are very locally involved: they are often long-term residents who form a bridge

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<sup>83</sup> Examples of successful community organizing are the water protests in Sardinal and Lorena, the Playa Grande action groups, various successful ADIs and ASADAs (see Chapter 8), and the nationwide association of united coastal communities (*Frente de las Comunidades Costeras de Guanacaste, Limón y Puntarenas*).

between other western residents and the local population, contributing to a more multi-ethnic society and positive views of other groups.

In addition, the relatively high status and economic, social and cultural capital of western residents on the one hand, and the low status and capital of Nicaraguans on the other, are important explanatory factors for their incorporation. Western migrants not only bring in significant amounts of money compared to Costa Rican salaries, but also have high levels of education (79% have finished college or higher) and have often had (or still have) high-level jobs.<sup>84</sup> Some of them have owned businesses. These migrants are used to having an influence and being heard, and have the ability to do so. This makes for an actively involved group of concerned citizens. In addition, North American lifestyle and culture is generally valued (and often incorporated) in Costa Rica, thus they automatically have a high status. Nicaraguan migrants, on the other hand, lack the economic, social and cultural capital for high involvement. Even for more permanent and established migrants, their economic situation is often vulnerable, as we have seen. Their level of education is low compared to other groups; in addition, Nicaraguan diplomas are often undervalued in Costa Rica. Nicaraguans have a low status in Costa Rican society; daily experiences of discrimination and prejudices may also play a role in their inability or unwillingness to participate. In addition, organisations that might defend their specific interests are mostly non-existent: for example, in Costa Rica effective labour unions exist only in the public sector.

On the other hand, various forces work against western residents' effective local involvement. Low Spanish skills and a lack of knowledge of Costa Rican institutions and cultural codes play a role here. The touristic motivations of many (especially temporary residents) do not encourage local involvement either. In addition, western migrants are regularly frustrated by the functioning of local and national government, and by Costa Ricans' unwillingness to accept their involvement in local affairs. Thus, their position as outsiders and only partial acceptance by the local community, works against them.<sup>85</sup> For these reasons, many western residents prefer not to become too involved in decision-making on local place. Many would rather be locally involved by spending their time on more neutral activities such as volunteering in social organisations or schools, but also more hands-on local involvement such as beach clean-ups, recycling activities, building monkey bridges, etc.<sup>86</sup>

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<sup>84</sup> In the survey, 53% of currently or formerly employed had university-level jobs such as management, business/financial, architecture/engineering, community-social services, education, art/entertainment, and health practitioners; an additional 26% had mid-level jobs such as sales, healthcare support, and personal care and service.

<sup>85</sup> Horton (2007) also found such resistance against foreign informal influence in the Osa Peninsula, where many foreign residents were environmentally active and aware, but they consciously refrained from direct influence in environmental organizations, as people tended to view them with suspicion and the organizations' image and effectiveness could thus be disturbed.

<sup>86</sup> Survey results confirm this: of 34 foreign permanent residents, 11 were involved in a local development organization, charity, school or the like (2 were even involved in more than one); and 2 were involved in an animal rescue association. 19 out of 34 were involved in or planning to do some type of volunteer work during their stay.

## 4.8. *Transnational involvement*

It is often argued that migrants' continued transnational involvement in the country of origin may circumscribe their local involvement. I thus describe this transnational involvement for Western and Nicaraguan migrants, and then analyse to what extent there is indeed a relationship with local involvement.

### Western migrants

Western migrants often combine local incorporation in Costa Rica with significant transnational involvement in their country of origin. Particularly permanent residents participate in local society through their economic activities, children and participation in local organisations (though sometimes segregated into *gringo* communities). Their participation in Costa Rica is not necessarily hindered by an irregular migration situation. On the other hand, they also maintain close social connections with the country of origin, for example through regular contacts and return trips. Temporary residents are highly mobile and more transnational in orientation, and they are generally less involved in local society.

As expected, both permanent and temporary western migrants stated that they maintain close personal links with their country of origin. All except 1 of the 46 respondents had an internet connection at home in Costa Rica. Respondents made a median of seven phone or chat calls per week to their country of origin (see table 4.4).<sup>87</sup> While many had children in the country of origin, the large majority of these were over 18. Only 26% had left grandchildren behind, and more than half had their parents in the country of origin. Permanent residents were asked how often they return to their country of origin:<sup>88</sup> the average number of return trips was 2.4 per year. However, there were also outliers: people who never went back, or went back as often as eight times a year. Almost 70% went back at least once a year. One respondent led a truly bi-national life, spending one week per month in the USA and three weeks per month in Costa Rica.

A few of the in-depth interview respondents said they could not go back to their country of origin as often as they would like, because of financial reasons (e.g. due to the financial crisis). On the other hand, western residents receive many friends and family members in Costa Rica (table 4.4), contributing to their transnational lives there. Home ownership can also be an important sign of a transnational orientation: as many as 38% of the permanent residents still owned a home in their country of origin, and 24% rented one (though not always for the whole year). For temporary residents,

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<sup>87</sup> For maintaining contact with people in the country of origin, western residents mainly used email (96%) and internet calls/direct messaging (e.g. Skype, MSN) (85%).

<sup>88</sup> Temporary residents were not counted here; they tend to spend most time in their country of origin, some of them come to Costa Rica for a few months a year while others travel back and forth very regularly.

**Table 4.4.** Western residents' involvement in country of origin. *Source: author's survey*

<b>TYPE OF INVOLVEMENT</b>	<b>Permanent residents</b>	<b>Temporary residents</b>	<b>Total</b>
Employed in country of origin <sup>89</sup>	2%	11%	6%
Own business in country of origin <sup>90</sup>	19%*	19%	20%
Children under 18 in country of origin	7%	5%	6%
Grandchildren in country of origin	21%	33%	26%
Parents in country of origin	62%	43%	54%
Own home in country of origin	38%	81%	56%
Watches TV from country of origin when in CR	71%	81%	75%
Voted during last national elections in country of origin	43%	88%	61%
Active member of political party in country of origin	23%	47%	33%
Median number of phone or chat calls to country of origin per week	7	7	7
Average number of return trips per year	2.4	n/a	n/a
Median n° of family and friends from in country of origin who have visited respondent in CR in past 2 years	10	8	8.5

\*6% both CR and country of origin

home ownership in the country of origin was 81%, and some of them even owned a second home in the country of origin.

Politically, respondents were also still quite involved in their home country: 61% had voted during the last national elections, and 33% were active members of political parties or organisations in their home country. However, most mentioned being registered with the party (which is common in the USA), which is mostly not a very active type of involvement. The US government exerts moral pressure on emigrant communities to keep voting; hence the high tendency of US citizens to keep being involved in their country of origin. Dependence on pension incomes as a reason for continued political involvement in the country of origin (see Lizárraga-Morales, 2008) was not explicitly found among the western population in Costa Rica, but could add to their transnational orientation. Both US Democrats and Republicans have branches in Costa Rica, but they are more active in the GAM; most US respondents were not aware of the existence of a branch of their party in Costa Rica. When asked if they had been involved in home country politics in any other way while being in Costa Rica in the previous five years, only 12% mentioned some type of involvement: discussing with friends (online or in real life), donating money, etc. These were mostly permanent residents.

<sup>89</sup> Both respondents and their partners or second household members are taken into account (N 109)

<sup>90</sup> Both respondents and their partners or second household members are taken into account (N 109)

<sup>91</sup> Respondents who had businesses both in Costa Rica and in the country of origin are also taken into account here.

## Nicaraguan migrants

As emphasised, Nicaraguans often do not have the economic, cultural and social capital (also including legal status) to be highly locally involved; they need to focus on their livelihoods. In some cases, transnational involvement is another important factor which might explain their lack of social involvement and exclusive focus on employment in Costa Rica. Particularly temporary and short-term migrants have important transnational bonds, as the following quote from a jobless Nicaraguan construction worker in Playas del Coco illustrates:

Q: What are your plans for the future, stay here or not? A: If I manage to find a job, I would like to buy a lot in Nicaragua, and build my own house there. Here you can't do that. Q: How much longer are you planning to stay here? A: About a year and a half maybe, but then I cannot be without a job. (...) Having a job, I could invest the money there: to build a house, maybe start a business, it could help me a lot. I always used to send money to Nicaragua each month, 100, 80 or 70 dollars, but now I can't.

This respondent had already spent four years in Costa Rica. Most respondents were long-term established migrants, who had their children and lives in Costa Rica and no longer sent a large or regular amount of remittances. On the other hand, some Nicaraguans led more truly transnational lives and kept sending large amounts (up to \$400 monthly) of remittances to their families even after as long as 10 years of living in Costa Rica. In the 2011 census, 20–30% of Nicaraguan-born migrants in the research area indicated sending remittances or goods abroad (INEC census 2011). However, when we look at recent migrants (those who still lived in Nicaragua 5 years ago), higher percentages of about 40% of remittance-senders are found. Most respondents would return each year to Nicaragua for the December holidays, although some indicated that they did not have the money to return now because of the crisis, which had hit many of them hard. Some had aspirations of going back one day, but the majority envisioned their lives more in Costa Rica, with their children being mostly born there (and thus Costa Rican citizens). Most did not own a piece of land or house in Nicaragua (their families often did). Involvement in Nicaraguan civil society was mostly very low, except for churches, which various respondents still had a link with in Nicaragua. With regards to political involvement, the general feelings of apathy and disappointment in formal politics probably reduces their involvement in Nicaraguan politics.

## Comparison: transnationalism as a barrier to local involvement?

In order to investigate the relationships between transnational and local involvement for western migrants, I built three indexes from survey data, based on various variables: a local involvement index, a transnational socioeconomic involvement index

and a transnational political involvement index.<sup>92</sup> Surprisingly, I found a positive correlation between permanent residents' local social involvement in Costa Rica and their transnational political involvement in the country of origin (Pearson correlation 0.575; sig .001).<sup>93</sup> An interesting finding among temporary residents is a significant positive relationship between social involvement in Costa Rica and socioeconomic involvement in the country of origin (Pearson correlation 0.525, sig .015). On the other hand, temporary residents' political involvement in the country of origin is rather negatively correlated with their social involvement in Costa Rica; the relationship is not significant though. Given these contradictory findings, for the total group (permanent and temporary residents), no relations at all are found.

In sum, temporary residents have a significant transnational involvement by 'nature' of their more flexible and temporary status (the country of origin is their main place), but some of them do combine this with more local involvement in Costa Rica. On the other hand, permanent residents clearly combine important local involvement with high transnational (especially political) involvement: in their case, transnational and local involvement are not contradictory at all.

This means that rather than looking at transnational involvement as such as a barrier to local involvement, we should focus our attention on the great temporariness, flexibility and absenteeism present among certain mobile groups, which arguably comprise a more serious barrier to local embeddedness.

The main explanatory variable for transnational and local involvement in the survey of western residents was the difference between temporary and permanent residents (table 4.5). In order to investigate which variables contribute to local involvement in Costa Rica and transnational involvement, I again used the three indexes.<sup>94</sup> The difference between permanent residents and temporary residents is the only variable that clearly and independently makes a difference for local involvement:<sup>95</sup> permanent residents are clearly more socially involved in Costa Rica.

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<sup>92</sup> The index for local involvement included use of Costa Rican media, activities in Costa Rica which increase involvement such as volunteering, involvement in local organizations, contacts with Costa Ricans and Nicaraguans, and Spanish skills. The *transnational socioeconomic involvement* index includes: work or business in the country of origin, number of return trips, number of phone or chat calls weekly, owning or renting a first and second home there. The *transnational political involvement index* means having voted in the last elections in the country of origin, being involved or member of a political party or organization there, and using home country media.

<sup>93</sup> Also, there was a weak positive correlation between these residents' social involvement in Costa Rica and their socioeconomic involvement in the country of origin (not significant).

<sup>94</sup> Independent samples t-tests for equality of means were carried out in SPSS to compare mean scores of different groups on various variables, and check for significant differences between them (table 4.5).

<sup>95</sup> For example, having employment or business or having children at school in Costa Rica (which is much more common with permanent residents) makes a difference for social involvement, but not anymore when only permanent residents are taken into account. In t-tests with only people who do not have work or business in Costa Rica, the difference between permanent and temporary residents is still significant at the .000 level. Unfortunately, only one temporary resident did work in Costa Rica, and thus comparison within the group that does have work or business in Costa Rica was not statistically possible. The time respondents have spent in Costa Rica does make some difference independently (when only permanent residents are taken into account); however, this difference is not significant for social involvement in Costa Rica. In addition, some differences in scores were found related to the

**Table 4.5.** Selected factors that explain local and transnational involvement of western residents in Guanacaste. *Source: author's survey*

VARIABLE	Score differences	Significance (2-tailed)
<b>Local involvement</b>		
Permanent (P) vs. temporary residents (T)	P 36.3 ; T 20.2	0.000
<b>Transnational involvement</b>		
Permanent (P) vs. temporary resident (T)	Socioeconomic: P 4.6 ; T 5.8	0.050
	Political: P 1.5 ; T 2.4	0.010
Time spent in Costa Rica (only permanent residents)	Socioeconomic: >5 years 3.1 1-5 years 5.9	0.007

Regarding transnational involvement, as might be expected, temporary residents are more socioeconomically and politically involved in the home country than permanent residents. In addition, the length of the periods of time spent in Costa Rica makes a difference for transnational involvement, when we look only at permanent residents.<sup>96</sup>

In the case of western migrants, their temporariness and flexibility are interrelated with their touristic or lifestyle-related motivations for moving, and with their high economic capital. Their lifestyle and amenity-related motivations for migration lead to a more flexible view of their migration: if the reasons for their migration (e.g. beautiful nature, safety) disappear, they can easily move on to other places ('landscape nomadism'; see McWatters, 2009). Their relatively advantageous financial situation also allows them more liberty to move on or return to their country of origin; thus economic capital can also work the other way round (see Gustafson, 2008; Lizárraga-Morales, 2008). They are not obliged to adapt to local changes, which may lead to lower local involvement. In the survey, almost half of the respondents who owned their property in Costa Rica would consider selling it, or were already doing so. Thus

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motivations why respondents moved to another country; for example, economic reasons lead to lower involvement, and negative push factors from the country of origins (e.g. political, safety) lead to higher involvement in Costa Rica. However, this also corresponds with the permanent vs. temporary resident difference (negative push factors are often mentioned by permanent residents), and independently of that the scores are not significant.

<sup>96</sup> The longer respondent has been in CR, the lesser their socioeconomic transnational involvement. Especially those residents who have been in Costa Rica longer than 5 years show a significant difference when compared to shorter stay residents (less than 5 years), as can be seen in table 4.5. Between 0–1 and 1–5 years there is not much difference. Interestingly, political transnational involvement shows higher scores even in the longer resident groups, but differences are not significant. Another explanation for transnational involvement is having underage children in the country of origin: as expected this increases the chances of being involved in transnational issues as compared to having only older (18+) children, both socio-economically as politically. The score for socioeconomic involvement makes a significant difference at 0.01; political involvement does not make a significant difference (only permanent residents are taken into account here). (see Lizárraga-Morales, 2008). Looking at households composition (permanent residents only) in Costa Rica, surprisingly the households with children in Costa Rica are most involved in all ways in the country of origin, compared to couples without children. The difference is significant for transnational socioeconomic involvement.



home ownership is no longer a necessary indicator of local involvement: while home ownership is generally high among western migrants in Guanacaste (67%), this does not mean they have permanent strong bonds to the area. As we have seen, many regard their home in Guanacaste as a second home or an investment. Thus, property transfer is high and western residents have various mobility options: homes are exchangeable<sup>97</sup> (see Relph, 1976, in McWatters, 2009). In the in-depth interviews, 11 of the 16 respondents said they would leave and go elsewhere (e.g. Central America, South America) if Guanacaste changes too much. However, most did not think it would change too fast or soon become overdeveloped. One exception was a respondent who was already packing her bags to return to the USA.

We were told that Reserva Conchal was a green project with solar energy and one acre of land per house for nature and animals. But then we came here, there was no solar energy and I heard chainsaws at night. I called the manager, but still nothing happened and you can still hear the chainsaws at night, so that's why we're leaving.

This freedom has become more restricted since the economic crisis, as many foreigners could not sell their houses even if they wanted to. It is still unclear whether westerners' mobility towards Guanacaste will become more permanent or remain rather temporary.

For Nicaraguans, I did not specifically research in a quantitative way the relation between local and transnational involvement, but there are some indications. In some cases (particularly temporary migrants), transnational involvement may be a factor that explains their lack of social involvement in Costa Rica: because of their exclusive focus on employment in Costa Rica and earning money for remittances or investment, their time (and motivation) for local involvement is limited. However, temporariness, flexibility and a view towards returning to Nicaragua is a main factor in this, rather than transnational involvement as such. In fact, Nicaraguans' socio-political involvement in the country of origin is very low, and their transnationalism consists mostly of economic and social bonds.

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<sup>97</sup> 26% of respondents owned one or more other properties (not in country of origin), often as an investment: mostly in Guanacaste, other areas of Costa Rica, one in Panama and one in Nicaragua. One even owned four other properties around Costa Rica, but this is an exception. Only a few people had owned properties outside their country before coming to Costa Rica: in Belize, Nicaragua and the Dominican Republic.

## *Conclusions*

### **Explaining local involvement**

Which factors can explain the local (and transnational) involvement of all these groups, and the power they can exert on local place? What does this tell us about the possibility to create a cohesive society? Here, I loosely weave into the argument four groups of factors that influence patterns of involvement in different ways for the different groups, following the analysis presented in this chapter: political opportunity structures; local society and social relations; economic, social and cultural capital and social status; and the temporariness and flexibility of various groups of migrants.

Political opportunity and constraints structures have created opportunities for regular migration for both western and Nicaraguan migrants, but they have also caused large irregular flows of both groups. These irregular groups are treated as short-term and temporary; in the case of western migrants, they are seen as tourists, whereas Nicaraguans are regarded as seasonal workers. In general, this dualism and the subsequent classification of a large population as temporary and non-resident hinders their local involvement. They face important limits on economic involvement, which leads to vulnerability (especially among Nicaraguans); in addition, they face limits to formal political participation. On the positive side, the accessibility of the education and health systems for irregular migrants can enhance successful integration. For Nicaraguans, assimilation into the Guanacastecan economy and public education system is relatively easy (though often vulnerable), given their economic motivations, young age and language. For western migrants, their economic capital can compensate for policy constraints, in the sense that they can access private education and health services; lawyers, etc.

In addition, political limits to western migrants' socio-political involvement can be compensated for by other sources of power and capital. When it comes to socio-political involvement, the issue of power is important to take into account. In a context such as Guanacaste, there are great power differences between population groups based on nationality, class, ethnicity, etc. Western migrants can exert power on local place by their high status and economic, social and cultural capital: education, professional experience, but also the social capital accumulated by the western migrant group in Costa Rica over the years. Permanent western residents have a broad informal participation in social organisations that attempt to influence local place; their organisations are partly separate from 'native' social organising. The same high social and cultural capital and local involvement can be found among older groups of domestic migrants. In addition, tourism developers (both western and Costa Rican) have much political and economic power. However, even the power of western residents and tourism developers has its limits, for example in the water conflicts where local groups were able to halt developments.

Hence Guanacastecans have various sources of power and opportunities; they can 'reclaim' citizenship by establishing or joining organisations and protests, and

somewhat through formal politics. Here, the older sociological notion of ‘established vs. outsiders’ (Elias & Scotson, 1965) comes in: Guanacastecans can use their status as ‘original inhabitants’ and their connections to and knowledge of national institutions to exert power and defend themselves from unwanted developments. They derive a certain amount of power from their sociological age or position as original inhabitants (Hogestijn & Van Middelkoop, 2008). This becomes clear in the statements of western migrants, who prefer not to become too much involved in local issues as ‘the *ticos* don’t want us to be involved.’ Besides such limitations based on nationality, western residents’ limited cultural capital in local society, for example with regard to language skills and understanding local politics, may also circumscribe their socio-political involvement and power.

On the other hand, Nicaraguan migrants have very little power to influence local place; socio-political involvement is low for most Nicaraguan migrants. The main factors limiting Nicaraguans’ socio-political participation and power apply to both permanent and temporary groups: low economic capital and education, an exclusive commitment to economic participation, and their low social status and discrimination in Costa Rican society.

Social integration into local society in terms of social contacts and a profound understanding of local place is a different story. Western migrants’ economic, social and cultural capital cannot buy them such social integration. While there is still a group of permanent residents with often long-term involvement in the area and high social integration (together with some domestic migrants, they form a type of bridging social capital between the western groups and Guanacastecans – Hogestijn & Van Middelkoop, 2008), many new westerners’ social integration has recently been limited by a number of factors: their lack of language skills, for some a lack of economic involvement, leisure motives, the well-established local tourist industry (all services in English) and the fact that they are widely regarded as tourists, the larger number of western migrants in recent years (with more explicit touristic motivations) and increased spatial segregation. All this makes it much easier for them to assimilate into compatriot communities rather than local networks. In sum, local society and the history/process of their migration prevent local social embeddedness, as other authors have also noted (Gustafson, 2008; O’Reilly, 2007; Lizárraga-Morales, 2008; McWatters, 2009; Puga, 2001).

However, this lack of embeddedness is particularly salient among temporary residents, by nature of their continuous back-and-forth movements and living in two worlds. Thus a major barrier to a cohesive local society seems to be this absenteeism, flexibility and temporariness of large populations. In the case of western residents, this is also related to their leisure motivations, which make them willing to switch to other places if the place changes too much: they may show signs of ‘landscape nomadism’ (McWatters, 2009). Their relatively advantageous financial situation also allows temporary residents more liberty to move on or return to their country of origin. They are not obliged to adapt to local changes, which may lead to lower local involvement. The same is true for new groups of domestic migrants: highly-skilled people who stay in the area for short periods, but also Costa Rican residential tourists, who may stay in

the area during weekends and holidays. Spatial segregation also decreases such new domestic migrants' local involvement.

For Nicaraguans, the situation is somewhat different. As we have seen, a large group of Nicaraguans are temporary and flexible, which limits their involvement. This may be related to a continuing economic and social commitment to transnational households. Because of their exclusive focus on employment in Costa Rica and earning money for remittances or investment, their time (and motivation) for local involvement is limited. Temporariness, flexibility and a view towards returning to Nicaragua is a major factor in this, rather than transnational involvement as such. Permanent Nicaraguan migrants become more involved in Guanacastecan social networks (besides important compatriot structures), given their proximity in terms of language, spatial (neighbourhoods), long history of immigration, and economic and educational involvement. However, their socio-political involvement is as low as that of temporary migrants. As we have seen, this is due to other factors which are true for both permanent and temporary groups: low economic capital and education, an exclusive commitment to economic participation, and their low social status and discrimination.

With many mobile and temporary groups, it is more difficult to fight common urban quality of life problems. The fact that these mobile populations continually travel back and forth and do not envision a future in the area, may restrict the opportunities and willingness for local involvement. Transnational involvement in itself is not a problem (it can be successfully combined with high local involvement; see also Portes, 2009; Landolt, 2001); however, the great level of fragmentation, mobility, temporariness and absenteeism in Guanacaste circumscribes successful community organising.

Many complexities thus emerge when attempting to answer questions about local involvement or embeddedness: even in one local context, there are different types of local citizenship and transnationalism, and different groups of migrants. The question of local social cohesion and the formation of a locality is then difficult to answer. First, there is a high diversity within the groups of migrants, with their diverging histories, political opportunity structures and types of capital/ social status. It is important to give a more nuanced view of these types of migration and mobility. Second, there are different types of local citizenship and transnationalism. The dimensions of citizenship dealt with in this chapter are economic involvement, education, health, social contacts and socio-political involvement. For all of these, different groups of migrants show different intensities and varieties. While national citizenship is often seen as a dichotomy (you either do or do not have formal citizenship), on the local level it is clear that citizenship has many dimensions and is more fluid: one dimension can contradict other dimensions, and they can change over time.

## **Emergence of a cohesive local society or dissolving the local?**

Based on recent developments with different groups in the area, what can we say about the future? Clearly, there has been a change from long-term western residents who are highly locally involved (in economic, social and socio-political ways), to a new group of more segregated residents. This change is expected to continue in the future, with a move towards all-inclusive developments and higher numbers of retired western residents, although with the current crisis it is difficult to predict the future development of the sector. In addition, the temporariness, absenteeism and flexibility of various groups of migrants are increasingly threatening social cohesion. Tighter migration policy and the continued view of western residents as tourists, only add to this problem – while admittedly it is difficult to imagine another way of dealing with highly mobile groups, who are often not interested in obtaining more citizenship rights. The scenario of ever new groups of residential tourists coming in, and older more embedded and environmentally-aware groups leaving the area to find a better place, is possibly the worst case scenario for social cohesion and defence of local place. Whereas many western residents are already considering leaving the area, the current crisis is probably slowing down such continuous movement (with the halting of new developments and their inability to sell their houses).

On the other hand, what may work in favour of social cohesion is an increasing number of children born from intermarriages between Costa Ricans and international western groups; intermarriage between Nicaraguans and Costa Ricans has been more common for a long time. These children may increase the extent of bridging social capital in the area. In addition, the recent increase in Guanacastecan social organisation (though often an expression of discontent with recent rapid developments) and collaboration between Guanacastecans and foreigners (Janoschka, 2009) can also offer an opportunity for increased social cohesion and the formation of highly needed social capital among Guanacastecans. In that way, the ‘colonisation of space’ by the residential tourism industry (see Pera, 2008a) can also be reversed. Nicaraguans’ involvement in and power over local space may improve in the future with a new generation of better educated and more locally involved people. Better public education in the area should be a policy priority: currently, many complain about the low quality of local public education, whereas it is the main avenue towards social integration and mobility of poor local and Nicaraguan migrant groups. Of course, social discrimination of Nicaraguans is still a problem in Costa Rica at large, and is one of the most difficult things to change.

Is it true, then, that, as Bauman (1998) asserts, people no longer perceive a need for local social cohesion under globalisation – and the results are progressive spatial segregation, separation and exclusion? Bauman’s view of a deep segregation between a hypermobile elite and a large poor ‘imprisoned’ group (*ibid.*) seems rather exaggerated: residential tourists are not only such a highly mobile elite (see also O’Reilly, 2007) and they do engage in place making (see Janoschka 2009, 2010, 2011). Labour migrants exert active agency to improve their lives, and local people are far from imprisoned: while they have seen their place changing rapidly and may experience placelessness

(especially older groups), many people are highly mobile and increasingly active in attempting to change their place. Power differences and inequalities are an inherent characteristic of such a diversified, globalised place; however, western residents' power is far from unlimited, and local people can exert influence. The fact that these groups act increasingly in separation and isolation, but especially the increase in people who consider their home in Guanacaste as exchangeable and transitory (see Relph, 1976, in McWatters, 2009, pp. 48-9), are indeed threats to an integrated local system. However, there are still elements holding the place together, and importantly, people live in a peaceful, accepted separation, without much outright hostility.

## 5. Residential tourism and economic change

It would be logical to think that development in Tamarindo has had an impact on the surrounding villages' development. But the problem is that Guanacaste is still a very poor province, development has not improved living conditions of the people, because no one established businesses and everyone ended up like exploited workers. And the foreigners are taking advantage of our nature. A lot of negative things arrive: people start to have higher economic aspirations, they want to consume many things but the wages don't allow for anything, so they get indebted by consumption of cars, televisions, etc. After that they lose their house or property and the bank gives it to someone else, that happens a lot here. *Interview with Tamarindo small hotel owner (Costa Rican, long-term resident)*

Q: How would you describe Playas del Coco at this moment? A: Well, currently if we compare it to how it was before, I would prefer the current situation. Before, it was very sad. But now, well at this particular moment there're no jobs, but there's always money, always jobs. For me it is better now. Q: Why was it so bad before? A: The part.. let's say... the part between May, June, July, August, September, October and still in November no-one came here. Everyone lived off agriculture, everyone sowed and had cattle, chickens, rice, beans, no-one bought anything. So there were no jobs once... there were no jobs. Now there are. (...) [Before,] there was no other way out, because there was no tourism. *Interview with local retired inhabitant of Playas del Coco (Costa Rican, long-term resident)*

Residential tourism in Guanacaste is the most recent phase in a process of profound economic restructuring, in which the province transformed from a peripheral natural resource-based economy into a service-based economy with intensified linkages to various national and international places. The above quotes show that this process is valued very differently and has contradictory aspects. In this chapter I describe and analyse the structural economic changes that have taken place in Guanacaste because of residential tourism (particularly when compared to the traditional short-term tourism industry), and the implications of this process for local economic development. I pay particular attention to the financial and human flows to and from other areas that have been intensified or established by residential tourism.

The main question is: what are the consequences of residential tourism (as compared to short-term tourism) for local economic development in Guanacaste? I argue that research into the economic effects of residential tourism has been conceptualised too narrowly by focusing either on expenditures, leakage and linkage, or on purely real estate and construction development. Broader economic effects in time and space and differences between groups are often not taken into account.

This chapter is organised as follows. I first outline a theoretical framework, and then describe (based on secondary material) how the economic structure has changed with the shift towards large-scale and residential tourism. This is followed by an analysis of some of the main differences in economic effects between short-term and residential tourism resulting from changing expenditure patterns. Some of the main effects are a changing labour market, higher vulnerability to shocks, and land price inflation. Finally, I discuss the findings in relation to the literature on residential tourism and globalisation.

### ***5.1. Theoretical framework***

Residential tourism has not been extensively studied, and the economic effects of the phenomenon are still very poorly understood. In various studies, residential tourism is seen as a type of ‘real estate tourism’ that has much more to do with the real estate and construction industry than with tourism itself (Aledo, 2008; Román, 2009). On the other hand, there are studies in which the spending differences between short-term and residential tourists are highlighted. From a study in Spain (Deloitte-Exeltur, 2005) it is clear that non-hotel lodging (apartments, residences) contributes less to the local economy than traditional hotels: short-term tourists staying in hotels stay longer and spend more on services (e.g. restaurants, tours, shops) than tourists staying in non-hotel lodging; the local multiplier effect of their spending is up to 11 times higher. As such, hotel lodging creates more diversification of the local economy and employment. The process of over-construction, congestion, residential tourism and the increasing preference of tourists for non-hotel lodging are among the reasons why Spanish coastal tourism has become less competitive and profitable (*ibid.*).

On the other hand, on the Caribbean island of Montserrat, it was found that retirement migration had rather positive economic effects compared to the seasonal, vulnerable impact of short-term tourists, especially because of their longer time of stay and high local expenditures (McElroy & Van Albuquerque, 1992). Similar experiences were found in Kalkan, Turkey (Dyer, 2010) and South Africa (Van Laar, 2011; Hoogendoorn & Visser, 2010): residential tourists spend less on local consumption compared to short-term tourists, but this is more than compensated for by their longer stay. On the other hand, the majority of their money goes into real estate, and on the negative side are also processes of land price inflation and competition with short-term tourism. However, few studies have elaborated on the meaning of these expenditure differences for different groups of people and businesses, and for structural economic change. Serow (2003) reviewed the research on economic effects of retirement migration within the USA and Canada, and came to the conclusion that almost all studies focus on the short-term implications, which tend to be overwhelmingly positive; however, there is a lack of knowledge regarding the longer term effects.

Therefore we have to rely mostly on research into short-term tourism’s economic implications. Particularly situations of change from small-scale towards large-scale tourism can offer insights. Such research focuses much on leakage and linkage: the



large amount of financial flows that leak back to other areas, such as air travel companies, international tour operators and food importers, is seen as a main drawback of tourism as an economic strategy, especially in a globalised world (Mowforth & Munt, 2003; Hein, 2002; Pattullo, 1996; Shaw & Williams, 1994; Crick, 1989; Croes, 2007). Particularly for large-scale all-inclusive tourism resorts, high leakage is considered one of the main drawbacks. Tourism often fails to result in regional economic diversification and intersectoral linkages; particularly in developing countries, multiplier effects are weak (Crick, 1989; Pattullo, 1996). Another important criticism of large-scale tourism is that it leads to market domination by transnational companies and the subsequent loss of local autonomy and control over the tourism sector (Pattullo, 1996; Cañada, 2010); however, such processes are difficult to demonstrate with evidence. Other drawbacks of tourism in general include vulnerability to fluctuations and recessions, seasonality and vulnerable labour; increased costs of infrastructure and services for governments; etc. (Crick, 1989). On the other hand, it is often mentioned how tourism has the potential to reinvigorate marginalised areas based on location factors (i.e. even in normally isolated, resource-poor areas, tourism can be an important alternative). As such, growth of employment (particularly for women), opportunities for small business (often, large numbers of small, independent firms operate alongside a few large transnationals; Shaw & Williams, 1994), higher incomes and a decline in poverty can be important results (CEPAL, 2007; de Kadt, 1979, in Mowforth & Munt, 2003).

Tourism economic research has thus paid much attention to linkage and leakage. Nevertheless, particularly since the 1980s there has been an increased global interconnection with intensified financial, human and other flows between distant areas (Appadurai, 1990; Giddens, 1990); causing development 'here' to have direct implications for development elsewhere (Zoomers & van Westen, 2011). As such, linkages with distant places have become relatively easy to establish, whereas local and regional economic linkages are less automatic (Hein, 2002). In times of trans-local development and high interconnections, linkage–leakage thinking is more problematic. For example, in debates in economic geography about the consumption economy, the geographical separation of consumption and production is not necessarily considered a problem.<sup>98</sup> Much regional income can be generated from external consumption flows alone, without necessarily production taking place in the same cities or regions. For example, Glaeser, Kolko and Saiz (2001) found that consumption is increasingly important in cities for attracting people: while the focus used to be on cities as spaces of production (with people being attracted to higher wages), consumption and amenities now receive more attention as main attraction factors. 'As firms become more mobile, the success of cities hinges more and more on cities' role as centres of

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<sup>98</sup> In economic geography, the importance of inflows of consumption for cities and regions has recently received increased attention. Since the 1990s, economic geography has more explicitly paid attention to the role of culture. This 'cultural turn' meant a greater focus on the cultural–creative sector, but also led to a greater focus on consumption rather than production (Barnes, 2003). Geographical and cultural analysis of consumer behaviour has become an important object of research, and there has been a shift from a production-oriented approach to an increased interest in consumption (Barnes, 2003; Grigg, 2002; Crang, 1996).

consumption' (ibid., p. 27). Tourism is an interesting sector in this regard: tourist destinations have a consumption-led economy, and it is not enough to look only at what is locally produced: external spending power leads the economy.

Research on economic globalisation can offer some tools to understand tourism, including residential tourism. For example, today's capitalist globalisation is characterised by the financialisation of the economy (Harvey, 2003). Financialisation refers to the growing influence of capital markets, their intermediaries, and processes in contemporary economic and political life (Pike & Pollard, 2010). The virtual or derived economy of financial transactions has gained much influence, and its related actors and institutions have become more powerful; however, individuals have also taken on greater financial responsibilities and risks. An interesting parallel exists between financialisation and real estate investment and speculation. With real estate developments such as in Guanacaste, the role of land changes: land has historically changed from a production factor in agriculture and livestock raising, to a location factor in tourism (physical properties of the land became less important, but touristic factors such as the view, landscape, etc. mattered), to a goal in itself, an object of speculation. In an economy driven by real estate investment and speculation, selling and buying land and houses becomes the main profit-generating activity. Indeed, the high flows of investment in land and real estate in new areas, and the wide range of new actors and intermediaries that have appeared around this sector (e.g. investment funds), are partly related to the process of financialisation.

In a globalised world, capital moves freely over the world and labour is increasingly borderless. Besides becoming more tied up with migration flows, labour markets are also transformed in other ways. Saskia Sassen (2008) analysed the increased interconnection between the lowest and the highest segments of the labour market in globalised world cities: the business and financial elites create a new need for low-paid informal employees such as domestic workers, gardeners, security guards, etc. In addition, both low and high labour market segments are often transnationalised and made up of migrants (ibid.).<sup>99</sup> Such a transnationalised segmentation of the labour market, with an increased importance of, interconnection and inequality between the higher and the lower segments, has also been described in the residential tourism sector (see Domínguez-Mujica, González-Pérez & Parreño-Castellano, 2011 for Spain).

These features of globalisation can help us explain the changing economic structure in Guanacaste and its complex consequences for development. The changing structure is described in the following section.

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<sup>99</sup> In the short-term tourism industry, a dualisation in labour between secure, high-skilled core workers on the one hand and peripheral, vulnerable, low-skilled workers has been outlined as well; and in various cases it is also connected to migrant labour (Shaw & Williams, 1994; Croes, 2007). However, this is mostly based on hotel and restaurant labour.

## ***5.2. Structural economic change: towards large-scale and residential tourism growth***

In the 2000s the traditional short-term tourism sector in Guanacaste was increasingly accompanied by a flourishing real estate sector. This shift towards residential tourism reinforced the process of a changing economic structure. I use the Tourism Area Life Cycle model (TALC; Butler, 1980) to describe the changing economic structure of tourism and real estate in Guanacaste.<sup>100</sup> The TALC approach has long been used as a conceptual model for short-term tourism destination development.<sup>101</sup> The TALC model views tourist destinations as products with a classic lifecycle curve. It shows how an initial small flow of tourists to a destination leads to the development of certain services and amenities, which generates the progressive development of a tourist industry and the further growth of tourism in the destination, leading to more services, and so forth. After a few such cycles or phases (exploration, development, consolidation, stagnation), the destination's carrying capacity limit may be reached and a decline may take place – or rather a rejuvenation. Rather than being an absolute model or predictor of future developments in a destination, the model should be seen as a simplification of a much more complex and diverse reality, especially in the current complex tourism sector (Butler, 2009).

The lifecycle phase called *development* by Butler roughly corresponds to the 1990s in Guanacaste. Exploration had already happened in the 1970s and 1980s. As explained in Chapter 2, Costa Rica experienced impressive tourism development in the 1990s, and Guanacaste particularly benefited from this boom. A very diverse tourism cluster was developed (Hein & Siefke, 2002, pp. 206-7); the tourism offer in Guanacaste has diversified from small *cabinas*, restaurants, bars and some hotels and swimming pools, to also include shops, car rental, sports and recreation equipment rental, tour operators, souvenir shops, more hotels and swimming pools, golf, tennis, night clubs, etc. (Programa Estado de la Nación, 2000, p. 348). Tourism products attained a higher quality and were now sold mostly as integrated packages. Guanacaste's number of hotels increased from 122 to 291 between 1991 and 1998 (Hein & Siefke, 2002, p. 203). Many young people from subsistence agriculture households became involved in tourism, as a strategy for household economic diversification (Fürst & Ruiz, 2002). The growth of the service sector has particularly benefited women in Guanacaste: their involvement has increased considerably (Pr. Estado de la Nación, 2000, p. 327).

The tourism sector in Costa Rica is traditionally dominated by small companies.<sup>102</sup> In Guanacaste this started to change in the 1990s. Larger investments by transnational corporations in the international tourism sector (e.g. the Spanish chains Barceló, Sol

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<sup>100</sup> Chapter 2 elaborates more on the history of Guanacaste and its tourism sector; here I specifically highlight the structural economic changes.

<sup>101</sup> In the context of retirement migration or residential tourism, this model has been redeveloped by authors such as Rowles and Watkins (1993) specifically for retirement migration destinations, and by Aledo (2008) for residential tourism in Spain. However, the Guanacaste situation does not fit well within these models.

<sup>102</sup> CEPAL found that tourism companies in Costa Rica are more often than other sectors micro and small enterprises (1-19 employees) than companies in general (CEPAL 2007, p. 21).

Melía and La Condesa) with access to international credit were typical of the 1990s in Guanacaste, although the initial national and foreign smaller investors often successfully expanded their businesses too (Programa Estado de la Nación, 2000).

In the 2000s, the lifecycle phase of *consolidation* started. For Costa Rica as a whole, tourism had become the country's second largest source of foreign exchange earnings, after merchandise exports (Programa Estado de la Nación, 2007, p. 197). The 2 million visitors threshold was reached in 2008. Hotel accommodation increased greatly in Guanacaste province, particularly luxury 4- and 5-star hotels. In 2010, Guanacaste had 481 hotels (a 65% increase over 1998) with 10,296 rooms;<sup>103</sup> 84% of these were in northern Guanacaste, where the study region is located (ICT, 2010). Four- and five-star hotels made up as much as 39.6% of the total room offer in northern Guanacaste, compared to 25.3% in Costa Rica as a whole (ICT, 2010). While Costa Rica is generally visited by tourists who require a basic to intermediate level of service (e.g. ecotourism), an important aspect of Guanacaste's attraction is its level of luxury and high quality service for tourists and residential tourists. Well-known international tourism resorts arrived on the coast in the 2000s, such as the Four Seasons (its opening in Papagayo in 2004 marked a breakthrough in the province's tourism image), Barceló, RIU, JW Marriott, Hilton, Westin and Occidental. All-inclusive hotels and residential developments rapidly surged in the 2000s and started offering many touristic services on-site. All-inclusive resorts use their own services and fixed suppliers such as tour operators (necessarily larger, well-organised businesses that have to comply with the complicated demands of the resorts, e.g. Swiss Travel), leaving small businesses less autonomous (Programa Estado de la Nación, 2000).

As the short-term tourism industry consolidated in Guanacaste, real estate and residential tourism became an increasingly important new feature of the sector. Hence, residential tourism experienced a *development phase* from about 2002 to 2008. A wide range of construction projects, land plots subdivisions, condominiums, gated communities, etc. were established, as described in detail in Chapter 3.<sup>104</sup> Land in Guanacaste had been a commodity since the 1970s when land sale and urbanisation started; in the 1990s, and especially in the 2000s, these land investments were converted into actual construction, whereas other land investments were made in new areas. The effects of this growth are described below.

A clear phase of decline started in Guanacaste's tourism and real estate sector in 2007. With the economic crisis and the halting of many construction projects, it again became clear how fragile this sector is. The crisis started in the second half of 2007 with a decrease in demand for residences and plots, as North Americans and Costa Rican buyers were having problems accessing credit, would not buy houses due to the vulnerable and insecure economy, etc. (Román, 2009, p. 27). The only segment that was not affected was the luxury segment. This decrease in demand then affected

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<sup>103</sup> This is 23.6% of total hotel rooms in Costa Rica (ICT, 2010).

<sup>104</sup> The enhanced importance of residential tourism and the real estate industry more generally is reflected in foreign direct investment (FDI) numbers for Costa Rica as a whole: whereas tourism and real estate respectively made up 15% and 5% in 2003, by 2007 these percentages had increased to 17% for tourism and 34% for real estate (BCCR, 2008).

developers, who were in addition unable to access credit for financing the first phases of their projects (*ibid.*) Various large-scale residential projects and hotels were put on hold, cancelled or halted when only half finished. Many construction projects were still unfinished in 2011, and the finished ones were mostly empty, without any residential tourists or regular tourists.<sup>105</sup>

### **The development phase of residential tourism: increased flows to different areas**

Investment in real estate, tourism and increased consumption led to a chain of direct and indirect effects in different areas.<sup>106</sup> I briefly describe these flows here; they are visualised in figure 5.1. Rather than making a statistical analysis, the aim is to give an exploratory description. Essentially, residential tourism brings in two important initial financial flows (the left large circles in figure 5.1), mostly from North America but also partly from Costa Rica's central valley: 1) corporate and individual investment in real estate, translated into the development of residential and tourism resorts, and 2) new flows of consumers: the residential tourists. As we saw, residential tourism particularly brings mostly profitable opportunities for real estate development and related services, with land and house buying and renting out bringing in the main cash flows.<sup>107</sup>

The proliferation of a real estate brokerage sector (and the recent collapse of this industry due to the crisis) is thus one very visible effect of residential tourism growth. In 2008, Guanacaste had 29 franchises of the four main international real estate agencies (Century 21, RE/MAX, Coldwell Banker, ERA Real Estates) (Roman, 2009, p. 54). Besides the formally established real estate offices there is a proliferation of businesses of irregular foreign brokers.<sup>108</sup> As we saw in Chapter 3, the origin of capital in residential tourism development in Guanacaste is in majority from North America, though often there is a combination of Costa Rican and foreign capital.

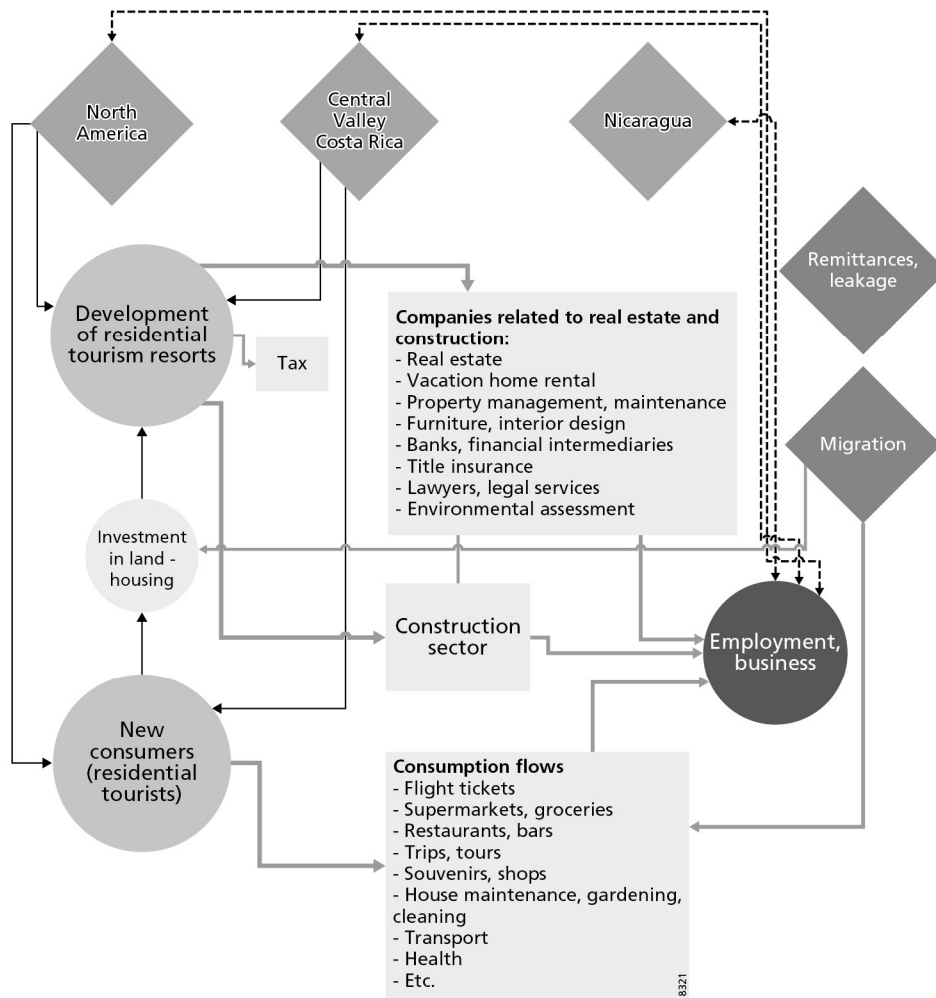
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<sup>105</sup> The TALC model is not a predictor, and other models and research have shown how destinations can sometimes be much more flexible and able to cope with periods of decline.

<sup>106</sup> Tourism can generate three types of multiplier effects. The direct effect is the initial injection of tourist spending, which creates direct revenue for a particular business or industry. The indirect effects bring in additional revenue for the businesses that supply the necessary inputs. Finally, the households that benefit from labour or business incomes spend their increased incomes on consumption; this is an induced effect (Fletcher, 1989; in Croes, 2007, p. 55).

<sup>107</sup> Profits are often repatriated to North America again, which would typically be termed 'leakage'. However, there are also – mainly smaller, independent – developers who actually live in the area and reinvest it there.

<sup>108</sup> In addition, there are other informal actors such as property hunters (speculating on land), individual brokers; and also other actors such as developers and attorney's / legal councillors are involved in real estate brokerage (Román, 2009, pp. 53-4). Besides this, title insurance companies from the US (to protect buyers against fraud when buying property) have also established themselves in Costa Rica; and another related type of company that has appeared is the mortgage broker (financial intermediation and advice on buying property) (*ibid.*, p. 55).



**Figure 5.1.** Direct and indirect economic effects residential tourism in Guanacaste. *Source: author's research*

On the other hand, once developers started to actually develop projects, it gave a great boost to the construction industry and many related industries: a broad range of companies have benefited (see the upper large box in figure 5.1). With the investments of many developers, the construction industry has been given a great boost.<sup>109</sup> Many companies from the central valley of Costa Rica (GAM) are active in this sector (Hein, 2002; Román, 2008a, p. 45). The connection between Guanacaste and the GAM was

<sup>109</sup> The area of new constructions in m2 increased exponentially between 2001 and 2006 in Santa Cruz and Carrillo cantons by 159% and 66% per year, respectively; in comparison, the increase in new constructions was 'only' 14% per year in Costa Rica in general (2000-2006) (INEC construction permits).

thus intensified.<sup>110</sup> The process of construction has also included the arrival of additional services such as various golf courses and a marina; also commercial centres have been important (both within and outside resorts and residential projects).

Many other new businesses related to the construction and real estate industry have arrived in Guanacaste, for example banks, title insurance companies, lawyers' offices, property management companies, holiday home rentals, furniture stores, interior designers, engineers, accountants, construction material depots, etc. These are often franchises from international or central valley companies, and very often established by international (e.g. western)<sup>111</sup> and central valley migrants. Their growth was particularly evident in secondary cities in the interior of Guanacaste, such as Liberia and Santa Cruz (Román, 2009, p. 55).

In addition, the continued importance of short-term tourism and the new consumption flows coming in with residential tourism have given a boost to many other businesses. The traditional services such as restaurants, tour operators, souvenir shops, taxi services and car rental agencies<sup>112</sup> extended, which has benefited all groups in the area. For example, Guanacastecans have been able to benefit from tourism in the field of handicrafts production. Although many of the handicrafts locally on offer come from larger companies in the central valley, there is also room for local artisans.<sup>113</sup> In addition, more supermarkets, bakeries, pharmacies, opticians, hardware stores, beauty salons, gyms, etc. were established. This was particularly evident in larger towns such as Tamarindo and Playas del Coco,<sup>114</sup> as well as in other beach towns and in secondary cities in the interior of Guanacaste (Román, 2009, p. 55). Also, many English-speaking or bilingual private doctors, dental clinics and emergency services have appeared in Guanacaste in recent years. Particularly companies based in the central valley have established new linkages and branches in coastal provinces: in Guanacaste, until recently there were only a few smaller private clinics, but recently a new upscale hospital based in the central valley (CIMA) has started building a clinic in Guanacaste, and others (e.g. Clínica Bíblica) have announced that they will be doing the same.<sup>115</sup>

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<sup>110</sup> Subcontracting and fragmentation are characteristic for the construction industry in the area; the subcontracting firms are often from the region itself. Still, the main financial flow links back to the large companies in the centre.

<sup>111</sup> In the survey of western residents (this question includes information about both respondents themselves and second adult household members – N=109), 19% had their own business in Costa Rica. A surprisingly large part of them worked in tourism or real estate: 17% of the businesses were related to tourism, and 50% had to do with real estate or property management.

<sup>112</sup> Thirty-five in Guanacaste coast (Román, 2009, p. 55).

<sup>113</sup> Wherry (2006) describes the local artisans' differential incorporation in the global economy since the 1990s, which has given artisan groups in the interior of Guanacaste new opportunities.

<sup>114</sup> As Camps Garmón, Montserrat Royuela, Porrás Ruiz, and Rovira Planas (2008) indicate, in Tamarindo a large part of constructions in town has changed from residential (local/national) to commercial use between 1995 and 2008.

<sup>115</sup> Medical tourism is already an industry in Costa Rica, and various government and private actors aim to increase the sector and combine it with residential tourism (PRONACOMER, 2008). Various private hospitals in Costa Rica are known for their good quality, service and western standards.

Following the chain of the construction industry (and others, such as private security and domestic work), these gave rise to important labour opportunities for Nicaraguan migrants, and thus enhanced human mobility flows (see the dotted lines in figure 5.1). They have also contributed, though to a lesser extent, as a new consumer group for the local market. On the other hand, the real estate, development and construction industries caused an intensification of highly skilled labour (and entrepreneurs) flows from the central valley and North America, leading to new groups of relatively rich consumers in the area. These form an important additional component of local demand for products and services (see the line on the right from ‘migration’ to ‘consumption’). The influx of Costa Ricans from the GAM into Guanacaste gave a new impulse to the real estate and construction industry, as they entered the rental market. Many Costa Ricans also invested in land and houses in Guanacaste as holiday homes or investments. The increased migration flows of labourers from Nicaragua, the central valley and other areas (and more low-income western migrants) have created an industry of small rental rooms and apartments.<sup>116</sup> Many local people have taken advantage of this industry by renting out small apartments and houses; such businesses can be set up with relatively modest investments, provided that one has a piece of land in the area. Also, local people have established catering services for the increased flows of construction workers.

In addition, in Chapter 2 it was outlined how local government incomes from real estate tax, construction tax and the like have greatly risen with the real estate boom; however, there is still much room for improvement of tax collecting (municipalities probably miss out on a very large part), and in addition, local governments still lack finance to keep up with increasing responsibilities which have also come with residential tourism.

In sum, it is clear from secondary sources and observations that the development and subsequent consolidation of a large-scale tourism and real estate sector has caused an increased market domination by transnational companies and large national companies; however, there has also been much space for smaller companies in real estate, construction, shops, services, etc. The combination of short-term and residential tourism creates many local opportunities, but particularly connections to other areas have increased. There have been many more and intensified financial and human flows from and to different areas: regional, national, and international. These structural economic changes can partly be explained by the differential expenditure patterns of short-term and residential tourists, as I show in the following section.

### ***5.3. From short-term to residential tourism: changing expenditure patterns***

In order to explore the differential effects of residential tourism as compared to short-term tourism, I compared expenditure flows between short-term tourists and two

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<sup>116</sup> While Nicaraguans who work in construction generally stay in housing arranged by the construction or subcontracting company, other migrants often enter the rental market.



types of residential tourists: permanent and temporary residents. In the survey I compared the frequency of using various services, recreational activities, and expenditures of three groups: short-term tourists (N=20), temporary residents (i.e. mostly second home owners – N=27) and permanent residents (i.e. lifestyle migrants – N=32) – see box 3.1 for details on the division.

All three groups very frequently attend a supermarket during their stay: on average 2–3 times a week. However, temporary and permanent residents purchase larger quantities and spend more, whereas short-term tourists only buy small quantities, which is confirmed when comparing expenses. The low use of independent grocery stores and markets (e.g. bakers, butchers, greengrocers) for all groups (on average monthly) is striking compared to the high use of chain supermarkets. Restaurants benefit the most from short-term tourists: temporary and especially permanent residents buy their daily needs in supermarkets and other stores, rather than going out for dinner, while many short-term tourists do use restaurants (on average, daily). While temporary residents still have meals out 2–3 days a week on average, permanent residents go only weekly. Lodging in private houses and apartments with kitchens etc. lessens the need to go out for dinner and drinks: this is true for all three groups when they stay in non-hotel lodging. Permanent residents do their normal shopping in Costa Rica, as can be seen in their more frequent use of pharmacies, hairdressers, and household item and hardware stores.<sup>117</sup> Gift and souvenir stores were visited by most short-term tourists at least once during their stay, but residents hardly used them.

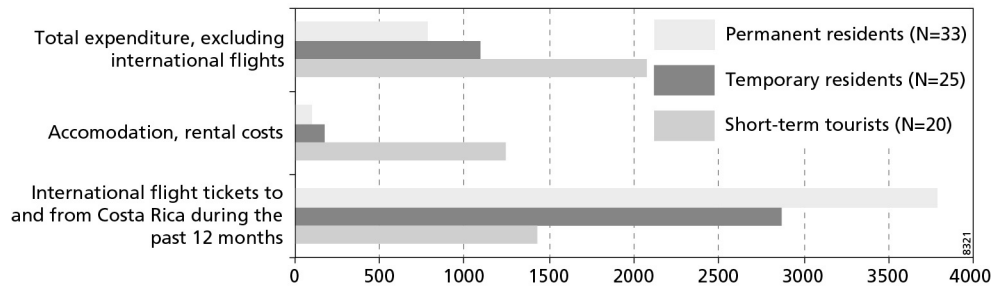
Permanent and temporary residents often directly or indirectly (via their home owners' association or property management company) hire a number of services for their house and/or community: gardening, cleaning, laundry and household repairs/painting. Gardening services were used various times a week, whereas cleaning personnel were hired on average weekly. Laundry service was much less frequent (quarterly), and household repairs and painting services were hired monthly by permanent residents and quarterly by temporary residents. Residents very frequently used an own or rented car for transport, while for tourists this was less frequent – see Appendix 5.1 for details.<sup>118</sup> Regarding the use of health services, 63.3% (temporary and permanent residents) indicated having received at least one type of private health care treatment in Costa Rica during the previous 12 months. Only 10% of short-term tourists had used these services.

In figures 5.2 and 5.3, expenses in various categories for the three groups are outlined. Spending differences are large between short-term tourists on the one hand, and residents on the other: total weekly expenditure was more than \$2000 for tourists, about \$1100 for temporary residents and almost \$800 for permanent residents.

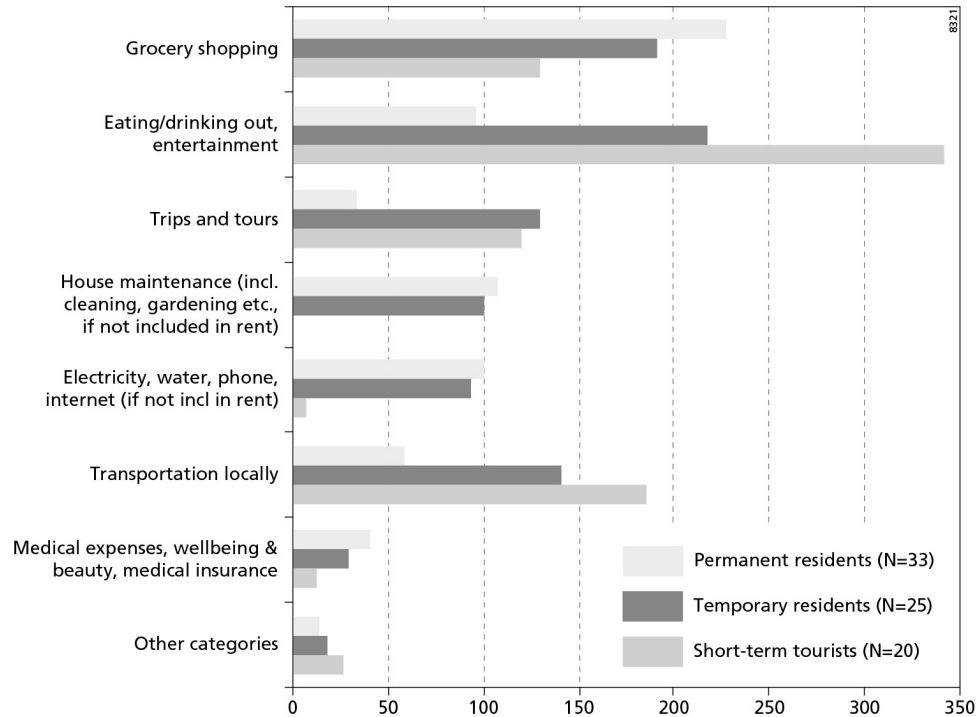
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<sup>117</sup> Permanent residents frequent such stores biweekly to monthly, as compared to quarterly to yearly for temporary residents and short term tourists. Interestingly, short-term tourists hardly used beauty treatment or massage, while it might be expected otherwise given the large number of spa's available and oriented towards tourists. The latter are then possibly more used by temporary and permanent residents.

<sup>118</sup> Almost all permanent residents owned their car; on the other hand, temporary residents and short-term tourists in majority rented a car in Costa Rica (69% and 90%, respectively). More than 80% of car owners bought their car in Costa Rica.



**Figure 5.2.** Total weekly expenditure; weekly expenditure on accommodation and rental costs; and annual expenditure on flight tickets (\$US). *Source: author's survey*



**Figure 5.3.** Weekly expenditure per category in \$US. *Source: author's survey*

However, these differences are mostly explained by the need for accommodation, which the short-term tourists spent much more money on. Without accommodation, differences in total expenditure are not significant. However, when reviewing the expenses categories separately (see also table 5.1 for statistical comparison), some interesting differences were found. Permanent residents spend significantly more on grocery shopping compared to short term tourists, while the latter spend significantly more on eating/drinking out and entertainment. Hence the difference that was found above is confirmed by actual expenditure. In both grocery shopping and eating out, temporary residents are in between the other two groups. Interestingly, temporary

residents spent a little bit more on trips and tours than short-term tourists; both spent much more than permanent residents in this category (although difference is not significant) – see Appendix 5.1 for details on recreational activities. Transport costs also clearly drop with more permanency of stay.<sup>119</sup> As expected, residents spend much more on house maintenance and utilities than short-term tourists, most of whom have these expenditures covered in their accommodation costs. Medical, wellbeing and other expenses are very low for all groups.<sup>120</sup> Expenditure on international flights to and from Costa Rica is, as expected, the lowest for short-term tourists, who only made one trip to the country (figure 5.2). Interestingly, permanent residents spent on average more on international flight tickets than temporary residents, who might be expected to spend more on travelling back and forth frequently.<sup>121 122</sup>

**Table 5.1.** Stat. significant differences in mean amounts spent (SPSS Independent-samples t-test for equality of means). *Source: author's survey*

Type of expenditure	Compared groups	Significance
Total amount	short-term tourists vs. temporary residents	.008**
Total amount	short-term tourists vs. permanent residents	.000**
Flight tickets	short-term tourists vs. temporary residents	.040*
Flight tickets	short-term tourists vs. permanent residents	.022*
Grocery shopping	short-term tourists vs. permanent residents	.050*
Eating/drinking out, entertainment	short-term tourists vs. permanent residents	.004**
Eating/drinking out, entertainment	temporary residents vs. permanent residents	.001**
Trips and tours	short-term tourists vs. permanent residents	.047*

In general, the main expense of home owners is of course buying their property. Prices of properties in the research area range very widely, from \$8 up to \$1100 per square metre for land plots, and from \$35,000 to \$2.5 million for houses (see table

<sup>119</sup> However, as many permanent (and quite some temporary) residents own cars in Costa Rica, and the cost of buying the car were not included, in reality these expenses are much higher.

<sup>120</sup> Some other studies have assessed expenditure patterns of tourists in Guanacaste, though without comparing between groups (CATURGUA, 2008, in Román, 2009, p. 29; Kogan, 2009, p. 11; ICT tourist survey 2011). In these studies average expenditure varies widely. While our survey gives average amounts similar to the lower averages (\$1200s) there mentioned, short-term tourists in our survey come closer to the higher averages mentioned by these studies, in the \$2000s. In ICT surveys, lodging (39%) and food (22%) were the main expenditures in 2008 for Guanacaste tourists; 16% was spent on entertainment and 19% on other expenses, including souvenirs, tax, etc., 4% on transportation and only 0.13% on medical expenses. (Kogan, 2009, p. 13).

<sup>121</sup> Various respondents also indicated participating in frequent flyer programmes or receiving other types of large discounts on flight tickets.

<sup>122</sup> When comparing the different types of residential projects (see Chapter 3), particularly inhabitants of land plot subdivisions spend less overall. On the other hand, all-inclusive gated communities may contribute mostly to spending within the project. While condominium inhabitants do need to leave the project for shopping etc. and thus spend more on services in town, these projects have another drawback in that they reinforce the competition with the traditional hotel sector.

5.2).<sup>123</sup> People who do not own their property in Costa Rica (but excluding those tourists who stayed at a hotel, *cabina* or *hostal*) mostly rented their property through a holiday rental or real estate agency (47%) or directly from the owner (44%). When respondents furnished their own house, furnishings were often bought in other parts of Costa Rica (at least 43%), rather than in Guanacaste (26%).

**Table 5.2.** Classification of residential projects and their price range, research area (2011).

*Source: author's research*

	<b>All-inclusive luxury gated community</b>	<b>Mixed project</b>	<b>Horizontal condo: villas</b>	<b>Vertical condo: apartment complexes</b>	<b>Land plots sub-division</b>
Price range	Lots \$41 to \$1100 per m <sup>2</sup> ; houses \$250,000 – \$2.5 million	Lots \$13 to \$500 per m <sup>2</sup> ; houses \$160,000 – \$1 million	\$35,000 – \$520,000	\$100,000 – \$1.7 million	\$8 – \$230 per m <sup>2</sup>

These data confirm that the main profits in residential tourism are made by developers and property sellers, and to a lesser extent by real estate agents, holiday rental agencies and the like. Expenses on real estate and rental accommodation far outweigh other more daily expenses. On the other hand, home owners themselves can receive high returns on their investment: according to the Banco Central (2005, in Román, 2009, p. 40) in Guanacaste and the Central Pacific 90% of foreign-owned housing is rented out, and investors receive an average of 8% yearly on their property value. In my survey, 14% of home owners specifically classified their property also as an investment,<sup>124</sup> besides using it as a main home or holiday home (these were mainly temporary residents). However, many more respondents (more than half) rented out their property when they were away. Websites such as VRBO are frequently used for renting out properties. Hence residential tourists themselves are among the main groups to benefit from rents and tourism opportunities.

In sum, expenditure patterns of residential tourists (especially permanent residents) tend more towards land and real estate investment, flight tickets, grocery shopping and domestic support services, whereas short-term tourists (and partly, temporary residents) spend much more on hotels, restaurants and tours. Residential tourism particularly brings mostly profitable opportunities for real estate development and related services. This is not to say that the daily expenses of temporary and permanent residents are negligible, though. Some things have to be taken into account when comparing spending patterns: 1) residential tourists (especially permanent residents) stay for longer periods than short-term tourists, which compensates for lower

<sup>123</sup> Property owners in the survey were asked from whom they bought it. A large majority (62%) had bought the property directly from the developer, and 27% had bought directly from the owner. Only 9% needed a real estate company to buy their property. The developers or individuals from whom these properties were bought, were mostly from the USA or Canada (41%), followed by Costa Rica (27%) and Europe (21%).

<sup>124</sup> Nine respondents had second (and some even third, fourth and fifth) properties in Costa Rica which they classified as investments. These were mainly permanent residents.

expenditures;<sup>125</sup> 2) short-term tourism and residential tourism are much interdependent, with residential investment also attracting new flows of short-term tourism;<sup>126</sup> 3) in Guanacaste, many apartments and houses are still empty, and the number of residential tourists actually living there is still very low; thus their impact is also still very low. I now turn to the implications of these changing expenditure patterns for the labour market.

#### ***5.4. Changing labour market and business opportunities***

The main difference between residential tourism and short-term tourism is the great relative importance of construction and real estate, whereas the traditional services sector loses in importance. In the current situation, however, permanent residency is not yet very common, and short-term and residential tourism are combined in such a way that all types of expenditure are still largely present. Hence in the 2000s there were large opportunities for employment and business for many groups.

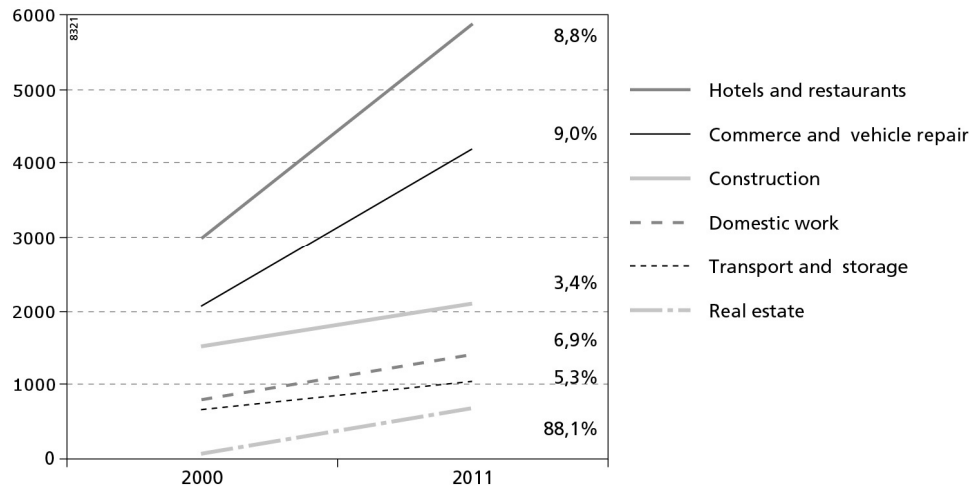
Figure 5.4 shows that in the research area (Carrillo and Santa Cruz cantons), many different tourism-related sectors experienced growth between 2000 and 2011. Tourism (lodging and food services) employment increased by 8.8% annually between 2000 and 2011, making it the main economic activity in the area, which has become both relatively and absolutely more important over the years. Commerce and vehicle repair has been a fast rising sector with 9% annual growth and reaching high absolute levels. In addition, transport and storage increased by an annual 5.3%. Both these sectors are often related to tourism as well. The construction sector gained in importance, especially between 2005 and 2008: the proportion involved in construction increased from 7 to 11% (INEC household surveys 2005–08 region Chorotega), and then declined again to 6% in 2011. As such, the 2011 census does not reflect this growth ('only' 3.4% annual growth): construction in 2011 was still much affected by the crisis. The importance of construction labour is also clear from a survey in Pacific coast communities in 2009, which showed that in northern Guanacaste, 36% of respondents mentioned construction as the principal source of jobs, more important than tourism activities (20%) (Honey, Vargas & Durham, 2010, p. 74). The growth in real estate activity has experienced by far the greatest increase (88%) in the research area: it started with hardly any people active in the sector (64), whereas in 2011 684

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<sup>125</sup> Dyer (2010) also found in Kalkan, Turkey, that whereas foreign inhabitants spent less on a weekly average than short-term tourists and temporary residents (particularly on tours, restaurants, souvenirs, etc.), their longer stays compensated for this, and their total expenditure was much higher in the long run (Dyer, 2010). Temporary residents (called 'holiday residential tourists' in her classification) are seen as less 'desirable' in Dyer's study, as they stay only for short periods and their habit of renting out their properties creates unfair competition with hotels.

<sup>126</sup> A large number of extra visitors and tourists are probably brought in when residents receive visits from family and friends. Permanent residents had received a median of 10 visits of family and friends from the country of origin in the previous 2 years; for temporary residents, the figure was 8. Visitors mostly (55%) stayed for about 1–10 days for tourism purposes, but there were also visitors who stayed longer.

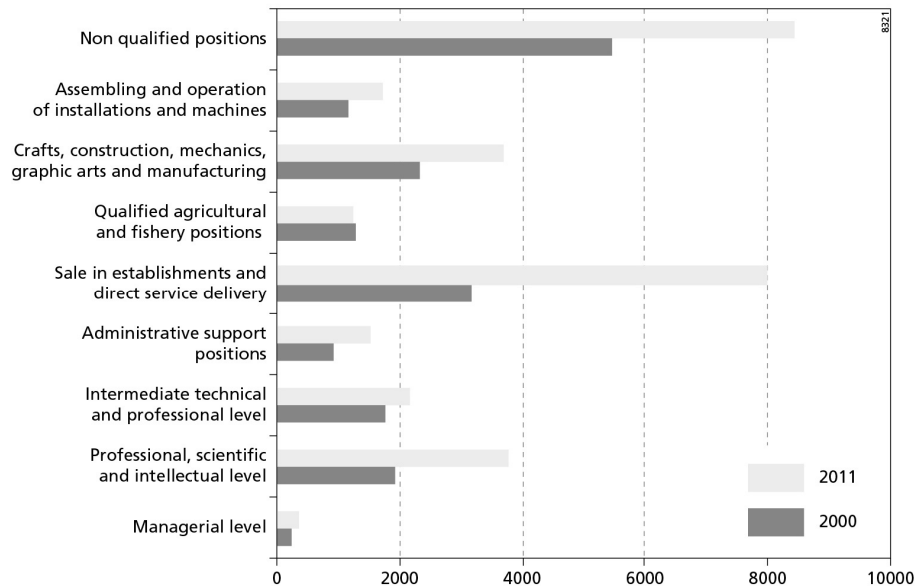
people worked in real estate. Domestic service occupations increased steadily by 6.9% annually.



**Figure 5.4.** Number of people involved in selected economic sectors and average yearly increase, Santa Cruz and Carrillo (2000-2011). *Source: own elaboration based on INEC census 2000 & 2011.*<sup>127</sup>

Figure 5.5 also shows that a polarisation or dual segmentation of the labour market is not supported by INEC census evidence in the research area: between 2000 and 2011, all levels of work, except qualified positions in agriculture/fishery, underwent important increases. There was a great increase in non-qualified positions (which was and still is by far the largest category) and highly qualified positions (mainly professional, scientific and intellectual level). However, the ‘middle’ level type of jobs in sales in establishments and direct service delivery (particularly in the tourism sector, e.g. restaurants, bars, hotels, shops) clearly underwent the fastest increase and is now the second highest category.

<sup>127</sup> The 2000 and 2011 censuses categorise sectors somewhat differently. In the 2011 census real estate is a separate category, whereas in the 2000 census, the real estate category still included other activities such as renting out (also vehicles etc.) and services to companies (IT, research, etc.). Of 2000 I selected only the true real estate activities out of the category. Also, in 2000 the transport and storage category still included communication, which was separated in 2011; this might have affected findings, so that the yearly growth is higher in reality.



**Figure 5.5.** Number of people involved in types of economic activity, Santa Cruz and Carrillo (2000–11). *Source: own elaboration based on INEC census 2000 & 2011.*

**Table 5.3.** Percentage of people economically involved per type of economic activity (2000–11, Santa Cruz and Carrillo). *Source: own elaboration based on INEC census 2000-2011.*

	Employer with personnel	Self-employed	Employed	Employed in private houses	Other	Total
<b>2000</b>	4.8%	17.9%	75.1%	n/a*	2.2%	100%
<b>2011</b>	6.4%	20%	67.5%	4.6%	1.5%	100%

\*This category did not exist as a separate category in the 2000 census.

Also, a further ‘proletarianisation’ has not taken place since 2000: the latest census counted more employers with personnel and more self-employed, and fewer employed people (table 5.3).<sup>128</sup>

Despite the opportunities created, there are various problems of labour quality/vulnerability and increased inequality. The importance of construction work and private house occupations such as domestic work, gardening, etc. may decrease

<sup>128</sup> The lower percentage of employed people may be due to the separate count of ‘work in private houses’ only in the 2011 census. In addition, the economic crisis effects may have turned people towards self-employment since 2008; this is for example seen in the construction sector, where self-employment increased a lot, whereas salaried employment decreased.

the quality of employment in Guanacaste. While the seasonality of labour may be less of a problem in these 'new' types of jobs and with residential tourists who stay more continuously in the area, vulnerability and instability are higher. Construction work is much related to irregularity, temporariness and vulnerability. In the INEC household survey of 2011, 29% of construction workers in Guanacaste were occasional workers, which is even higher than in sectors such as agriculture and fishery (by contrast, in hotels and restaurants, 97% were frequent employees).

In addition, the lack of social security is a major issue. In the INEC census of 2011, 38% of construction workers in Guanacaste had no insurance at all, while 29% were insured by their employers (23% were insured as self-employed). According to the Costa Rican Social Security System (CCSS), however, these numbers are higher: 73% of construction workers in Guanacaste (all nationalities) lack social security coverage (OIM/AECID/MTSS 2009, in Bolaños Céspedes, 2009, pp. 20–21). The great fragmentation and subcontracting of project contracts in the construction industry makes orderly and lawful labour recruitment difficult (Bolaños Céspedes, 2009). Domestic work is also associated with low levels of social security coverage (EIRENE-CENDEROS, 2009): in the census (2011, Guanacaste), only 15% were insured by their employers. In the same census, for hotels and restaurants the percentage of people insured by their employers was 58%, which is among the highest compared to other sectors. Construction work is also known for its work-related accidents, as illustrated by the death of a Nicaraguan construction worker in November 2008 at the construction site of a large coastal hotel complex of the Spanish RIU chain, most probably due to inadequate sanitary safety conditions at the workplace (Camacho Sandoval, 2009). In addition, labour unions are non-existent outside the public sector in Costa Rica; private-sector workers are very poorly organised, and this is possibly even more the case with individual domestic workers, gardeners, etc.

Lower quality of employment is also reflected in low pay.<sup>129</sup> Traditional tourism labour, while vulnerable, is relatively well paid. In the tourism sector narrowly defined as hotels and restaurants, per capita incomes where the head of household worked in tourism were mostly found in the middle quintiles in Costa Rica as a whole (table 5.4). On the other hand, construction workers' and domestic workers' households were largely in the lowest three quintiles.

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<sup>129</sup> Various studies have also indicated the relatively low quality (regarding income and education) of these new types of employment in Guanacaste. A study by Programa Estado de la Nación (2007, pp. 212–217) compared the Tamarindo area with La Fortuna, a more traditional short-term tourism destination in Costa Rica. Results show that in Tamarindo, higher education does not have much influence on being involved in tourism. It was found in both places that tourism has had a positive impact on households' economic conditions, although the impact was less in Tamarindo: there, households with one or more members involved in tourism had a similar income to those not involved in tourism. In his study in Playas del Coco, Cordero found similar results (Cordero, 2011, p. 156).



**Table 5.4.** Division over income quintiles of population active in selected economic sectors, Costa Rica (net per capita monthly income in Costa Rican colones). *Source: own elaboration based on INEC household survey 2010*

	<b>Construction</b>	<b>Hotels and restaurants</b>	<b>Domestic work</b>
Quintile 1 (<75,404)	27%	16%	27%
Quintile 2 (75,405–124,899)	27%	20%	26%
Quintile 3 (124,900–198,146)	18%	25%	26%
Quintile 4 (198,147–352,709)	19%	22%	18%
Quintile 5 (352,710–10,369,453)	9%	16%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

As mentioned, inequalities overlap to a large extent with place of origin or nationality: well-paid, highly skilled management positions are mostly filled by western migrants (North American and European) and domestic migrants from the central valley. As economic flows between the central valley and Guanacaste have been strengthened, with many companies from the GAM investing in the area, employees were also attracted from outside the region with good labour conditions (see Chapter 4).<sup>130</sup> On the other hand, low-skilled positions are often filled by Nicaraguans, although local Costa Ricans are also involved.<sup>131</sup> This division has been present for a long time to some extent, but with residential tourism and its different foci, it has become more pronounced.

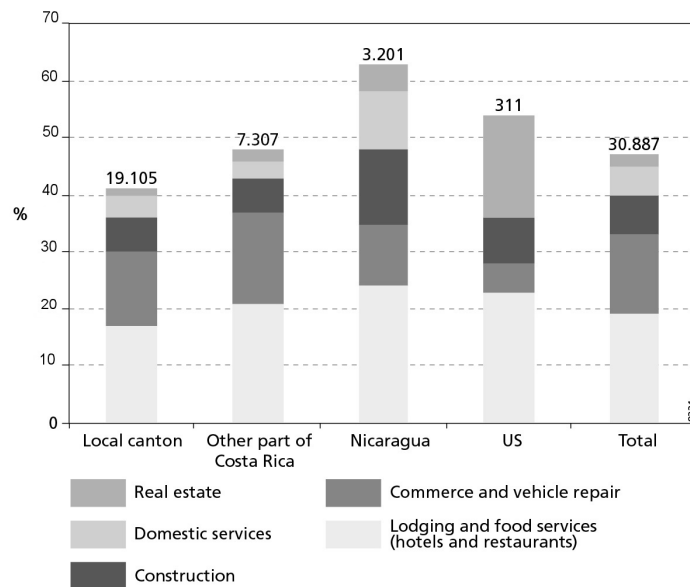
Figure 5.6 shows that many USA-born migrants are involved in real estate.<sup>132</sup> In general, all migrant groups (domestic, Nicaraguan and US migrants) are highly involved in the tourism sector, although in absolute numbers local people are the main group.<sup>133</sup> Construction work and domestic service occupations are particularly often found among Nicaraguans; however, the percentage of Nicaraguans involved in construction work was much higher before the crisis: 24% in 2007 (INEC household survey). Indeed, during fieldwork in 2008 it became clear how large numbers of Nicaraguan workers were leaving the area.

<sup>130</sup> Education is an important explanation for the lack of skilled labour by Guanacastecans: 22.5% of the 15 years and older population in Chorotega region was without any schooling or incomplete primary school (23.4% men, 21.5% women; INEC household survey 2011). It is then explicable why companies attract skilled labourers from the central region, where 22.2% had higher education (higher than secondary school), as compared to 12.6% in Chorotega region.

<sup>131</sup> Naturally, this is a simplification of the reality, as there are also other migrant groups involved in residential tourism and related sectors, though to a much lesser extent: South Americans (e.g. Colombian taxi drivers and restaurant/shop owners), Chinese (shops), etc.

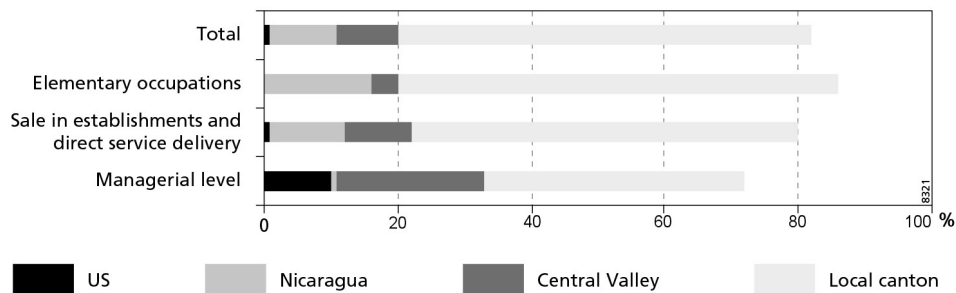
<sup>132</sup> In the aforementioned survey of 16 real estate companies in Guanacaste, among the associated brokers and employees of these offices, 57% were from North America or Europe, whereas 43% were from Latin America, most from Costa Rica. Field observations and informal conversations made clear that in the timeshare business around Playas del Coco many North Americans as well as Europeans were employed.

<sup>133</sup> When looking at numbers for recent immigrants (people who lived in another canton or country 5 years ago), results are quite similar.



**Figure 5.6.** Percentage of economically active population involved in selected economic sectors by place of birth (2011, Santa Cruz and Carrillo). Numbers above: total economically active population. *Source: own elaboration based on INEC census 2011.*

Figure 5.7 below shows the relatively high involvement of Nicaraguans in non-qualified positions (16% of elementary occupations in the research area are filled by Nicaraguans), but also in work related to sales in establishment and direct service delivery (mostly also lowly qualified) they are well represented. Indeed, 41% of Nicaraguan-born active population in the research area are involved in non-qualified positions; this is 29% for local people (2011 census).<sup>134</sup>



**Figure 5.7.** Type of occupation vs. place of birth (2011, Santa Cruz and Carrillo). *Source: own elaboration based on INEC census 2011.*

<sup>134</sup> This is almost 50% for recent Nicaraguan migrants (those who lived in Nicaragua 5 years ago).

Nicaraguans' jobs are less stable and lower paid than those of native Costa Ricans; they fall mostly in the lowest income deciles (INEC household survey 2010; Morales & Castro, 2002). On the other hand, 10% of management positions are occupied by US migrants, and 22% by central valley migrants: only 39% of these positions are filled by people born in the local canton. Of all USA-born economically involved people, 31% were involved in management and professional occupations. Finally, USA-born residents much more often owned a business with personnel (35%; they were also frequently self-employed: 26%), domestic migrants slightly more often owned businesses too, whereas the Nicaraguan-born population was relatively often employed in private houses (domestic work, gardening etc.; 10%).

Thus the relationship between place of birth and work/income situation has been clearly established. The high involvement of migrant groups does not mean that the local population is left out. Local Guanacastecans mostly work as employees, and mostly in elementary occupations and sales/service delivery (although they are quite often involved in professional occupations as well); their sectors of activity are mostly hotels and restaurants, but also related services such as commerce and vehicle repair are important.

Despite their high involvement, there are various problems relating to local populations' involvement in residential tourism. First, there are some disadvantaged or excluded groups, such as fishery families, that are traditionally excluded from much of the economic growth in the region; this was observed in interviews and is also confirmed by Cordero (2011, p. 156), who mentioned the continued existence of a large disadvantaged sector (unemployed people, fishery families, etc.) in Playas del Coco.

Second, with more focus on construction and real estate, traditional hotels may start facing more problems in the future: apartments are rented out to short-term tourists and may form competition with the hotel sector. Indeed, residential developments have partly taken over the functions of traditional hotels, as they offer relatively cheap rental properties also for short-term tourists. Especially condominium complexes often serve as *de facto* hotels. They do not pay the same taxes as real hotels and do not have to comply with the same strict regulations (see Chapter 2). We saw in Chapter 3 that the growth of private apartments and houses for residential tourism started to overtake the construction of traditional hotels in Guanacaste in the past decade.<sup>135</sup> A study by the Guanacaste Chamber of Tourism (CATURGUA, 2008, in Román, 2009, p. 29) found that 25% of foreign visitors to Guanacaste stayed on private property and 3% in a rented house.<sup>136</sup> Particularly small-scale hotels are probably most vulnerable to competition from residential tourism – large-scale chain hotels have rather linked up with residential tourism within their resorts as a way of financing and extending their developments.

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<sup>135</sup> As Román calculated, the number of newly established rooms in private apartments and houses in only five cantons of the Pacific coast between 2003 and 2007 is estimated to equal half of the projected need for hotel rooms for the whole country in the next 12 years, as indicated by ICT projections (Román 2009 pp. 24–25). Estimates based on construction permits for apartments and houses, in which each house is estimated to have two rooms; half is estimated to be used for tourism purposes.

<sup>136</sup> Other studies (e.g. ICT surveys) give lower numbers, but do not focus only on tourists or foreigners.

Third, local government's increased attention to large-scale and residential development, to the detriment of small businesses, poses problems. Access to construction permits and the like is perceived to be much easier for large businesses, and many local respondents experience unequal treatment by local government. On the other hand, local governments' attempts to establish the rule of law can also pose new problems for small businesses. One example is the stricter application of coastal zone regulations for certain groups of people. In Playas del Coco, the public coastal zone had been occupied by small restaurants and businesses for a long time; these were removed in 2009 in an attempt to establish the rule of law and improve the coastal area.

In sum, a comparison of national census data (2000–11) on the research area did not produce much evidence of a segmentation and polarisation of the labour market as described by Sassen (2008) and Domínguez-Mujica et al. (2011). Rather, almost all sectors (except the primary sector) have seen many more opportunities in employment and business for low, middle and high segments as compared to the year 2000; short-term and residential tourism growth has been important drivers for this growth. The data do evidence a clear labour market division and inequality by nationality and place of origin: Guanacaste's growth has particularly provided profitable opportunities to many domestic and international migrants, whereas Nicaraguans have been involved in the labour market in very vulnerable and disadvantaged ways. Local people are more in the middle and despite increased opportunities, they also face various problems. In addition, there are some indications that a renewed focus on construction and real estate – putting residential tourism more central in the economy – does entail risks for future labour market polarisation and disadvantages for small business. However, these are partly speculations for the future. What is already clear in the current situation is that residential tourism and its focus on land and real estate, leads to a greater vulnerability to shocks and to land price inflation. These issues are dealt with in the following two sections.

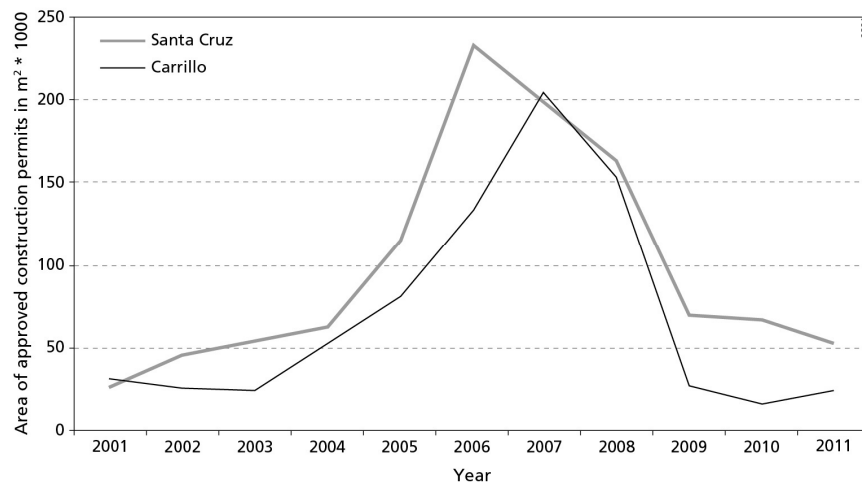
### ***5.5. Vulnerability to shocks***

Land in Guanacaste has become an object of speculation and investment. Residential tourism's increased focus on the transfer of land and urbanisation, rather than broader services, reinforces the vulnerability and boom–bust character of the economy.

Residential tourism's dependence on the North American market and the focus on real estate rather than services are the main reasons for the boom and bust character of the residential tourism economy, as has become clear from the current economic crisis. As such, the sector and the livelihood improvements it may bring are very vulnerable. The current worldwide financial crisis clearly shows how the danger of bursting real estate bubbles is not theoretical, especially in countries such as Spain, where purely real estate and construction-driven development has been one of the main causes of its economic and financial problems since the late 2000s. In Guanacaste, the sector was still in its development phase when the economic crisis hit.

Even there, the effects are strongly felt, and recovery takes place much quicker in the regular tourism sector than in real estate.

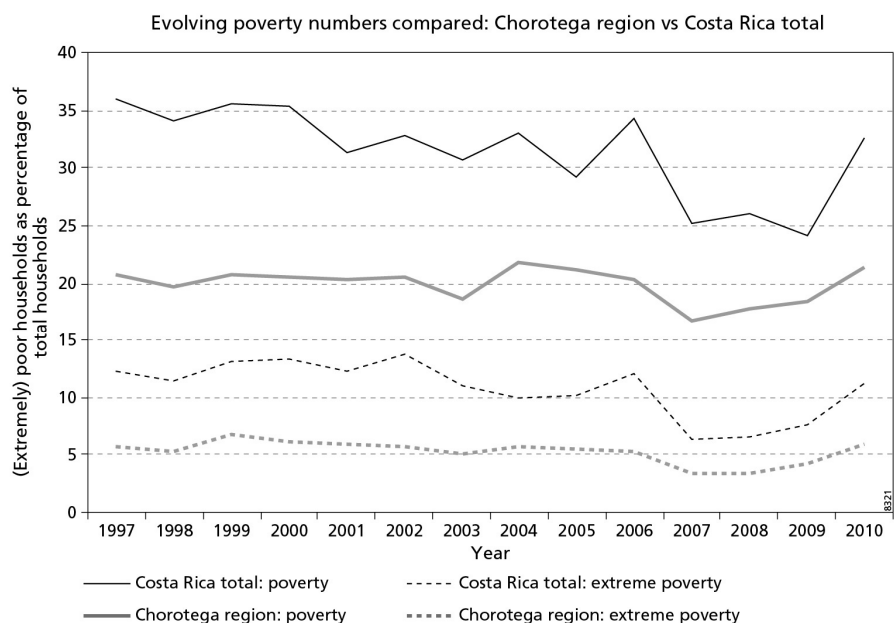
Residential tourism has introduced new vulnerabilities as compared to short-term tourism: with a higher focus on land sales and construction as a means to generate development, Guanacaste is more dependent on credit granted to developers and buyers in other areas of the world, and particularly in North America. It is also more dependent on the possibility and willingness of external investors (e.g. also investment funds) to put their money in Costa Rican real estate. The post-2007 economic crisis has greatly affected Guanacaste's residential tourism and short-term tourism sector, much more than in Costa Rica as a whole (where small-scale regular tourism is the norm). With the economic crisis and the halting of many construction projects, it has again become clear how fragile this sector is. Many large-scale residential projects and hotels were put on hold, cancelled or stopped when only half finished. Many construction projects were still unfinished in 2008, and the finished ones were mostly empty. Figure 5.8 shows that the area of new constructions in m<sup>2</sup> increased between 2001 and 2006 in Santa Cruz and Carrillo cantons by 159% and 66% per year, respectively. These high growth figures contrast with deep declines during the worldwide economic crisis: in Santa Cruz and Carrillo, the area of new constructions decreased by 22% and 31% annually in the 2007–10 period. In the crisis year 2008–09, decreases reached 82% in Carrillo. In comparison, in Costa Rica as a whole, the decline in constructed area was much less: 13% annually in 2007–10.



**Figure 5.8.** Growth and decline of construction (Santa Cruz and Carrillo): 2001–11. *Own elaboration based on INEC construction permits statistics 2001-2011*

Employment figures in construction most clearly show the effects of the crisis in Guanacaste: the economically active population involved in construction in Chorotega region increased from 10,405 to 16,770 (2005–08), and then declined to 6,608 in 2011 (INEC household surveys 2005, 2008, 2011).

Guanacaste's high vulnerability is confirmed in INEC poverty statistics for the Chorotega area (figure 5.9).



**Figure 5.9.** Poverty figures: Chorotega region compared to Costa Rica (1997-2010). *Source: own elaboration based on INEC household surveys 1997-2010*

Poverty and especially extreme poverty had declined in the region more than in Costa Rica as a whole since the 1990s. However, there are some notable exceptions, particularly 2006 and 2010, when poverty numbers increased much more in Chorotega region than in the rest of the country. Guanacaste thus shows a higher vulnerability to shocks: especially with the current crisis, the province's poverty level is back to former levels. As real estate and tourism are the main sectors affected by the economic crisis in Guanacaste, the erratic poverty numbers are clearly related to these sectors.

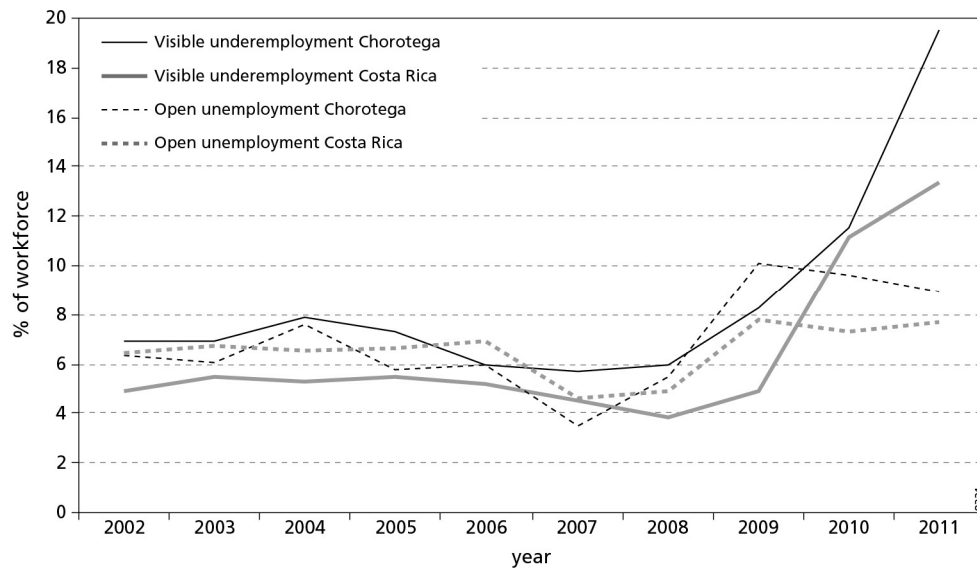
Unemployment and underemployment also give some indications on the boom-bust effects of recent tourism development. Interestingly, Chorotega region has had lower unemployment figures than Costa Rica in general since 2002, but since 2008 this has turned around (see figure 5.10).<sup>137</sup> Visible underemployment (insufficient hours of work) in Guanacaste after some years of improvement rose again in 2010 and 2011: to 11.5% and 19.5%, respectively.<sup>138</sup> For Costa Rica in general, underemployment has been lower.<sup>139</sup> Hence around the real estate boom in 2006–08 there was improvement

<sup>137</sup> For women, unemployment had decreased to 5–6% in 2006–08, but then increased to more than 10%.

<sup>138</sup> This may also have to do with a new measurement of INEC: the economically active population since 2010 includes only people above 15, this used to be above 12 up to 2009. However, the level in 2009 was already more than 8%, which is higher than in the years before.

<sup>139</sup> Similarly, total underutilisation of the workforce (unemployment and underemployment) showed a great decrease in 2007–08 to 12.5% and 15.2%, respectively (compared to 17–18% since 2002), to be followed again by an increase to as much as 22.2% in 2009. For Costa Rica a similar pattern emerged, though with less dramatic changes, and in general lower numbers of underutilisation.

in unemployment and underemployment, but it was only short-lived: the general long-term pattern does not show clear improvements in participation. While these numbers cannot be exclusively related to residential tourism, again, the economic crisis in Guanacaste is mainly one of real estate and tourism, thus making it difficult to deny such relationship.



**Figure 5.10.** Open unemployment and visible underemployment in Chorotega region and total Costa Rica 2002–11. *Source: own elaboration based on INEC household surveys 2002-2011.*

Compared to short-term tourism, some authors argue that residential tourism – with more permanent residency – has the potential to reduce the traditional vulnerability to seasonality and international trends and shocks: it may be an important diversification strategy (McElroy & De Albuquerque, 1992; Croes, 2007). Indeed, diversification can be an important benefit. However, there are two important remarks to make: increased land speculation, investment and construction does not automatically lead to actual permanent residency. In Guanacaste most of the residential lodging is either empty or occupied by temporary residents and short-term tourists. Second, residential tourists are not as tied to the area as one might expect: they feel mobile and often consider selling their property again after some years. In my survey almost half of the respondents who owned property in Costa Rica considered selling it now or in the near future (or were already doing so). In the in-depth interviews, 11 of the 16 respondents said that they would leave if Guanacaste changes too much, and move to, for example, another place in Central or South America. Thus, property transfer is high and western residents have various mobility options.<sup>140</sup> The traditional tourism-

<sup>140</sup> This freedom has become more restricted since the economic crisis, as many foreigners could not sell their house even if they wanted to.

related vulnerability to international trends and seasonality is thus still present, though possibly somewhat less so.

In sum, a continued sale of land and growth of construction, driven by short-term profit expectations, may not be sustainable economically in the long term: it increases the boom–bust character of the economy. Besides this, in tourism areas, economic sustainability is also closely linked to environmental sustainability: with unregulated construction damaging the landscape and natural amenities (e.g. sea, mangroves, forest), the resources on which residential tourism is based (especially in Costa Rica) are endangered.<sup>141</sup> A last problem I deal with is land price inflation.

## 5.6. Land price inflation

The commercialisation of land has led to extremely high land price inflation in the area.<sup>142</sup> As space is gentrified with the arrival of new, higher-income groups, housing prices become out of reach for large parts of the local population. In the coastal area of Guanacaste, land and housing prices have increased exponentially, especially between 2000 and 2008. This becomes clear when comparing prices from various sources (table 5.5; see Chapter 6 for the methodology). The price of residential lots increased by 17.7% annually between 2000 and 2009–11, to \$187.50 per m<sup>2</sup> in the latter period; for condominiums and houses, prices increased by 24.3% annually to \$2717.30 per m<sup>2</sup>.

**Table 5.5.** Property prices and their increase for residential tourism projects in Guanacaste coastal area: 2000–11. *Source: Author's research, RevealEstate (2009), Fernández Morillo (2002)*

Property prices in \$ per square metre	2000	2009–10–11	Average annual increase
Residential lots total	\$67.70	\$187.50	17.7%
Condominiums / houses	\$793.00	\$2717.30	24.3%

Most local and low-income migrant households have no chance of buying property at such prices; the average monthly household income in Costa Rica in 2010 was \$382 in the lowest quintile, and \$733 in the second lowest; Guanacaste province has a comparatively large group of households in these lowest quintiles (INEC Household Survey 2010).<sup>143</sup> After the economic crisis affecting the Guanacaste real estate market since 2008, property prices have not decreased sufficiently to allow low-income groups to buy land: even after various years of crisis, the level is still impossible to

<sup>141</sup> This is elaborated in other chapters.

<sup>142</sup> Not only have land and housing become inaccessible for large parts of the population (see Chapter 6), but the general cost of living in the area is also more expensive than in other Costa Rican areas in terms of food, consumer goods, etc. (see Román, 2009).

<sup>143</sup> The average income in Costa Rica is \$1609 per month, but this is highly influenced by the relatively small group of high earners. (INEC Household Survey 2010)



attain for native inhabitants and labour migrants without higher education.<sup>144</sup> The processes of displacement and gentrification are further analysed in Chapter 6. A related problem is that with economic growth in the area, the increase in real estate taxes (due to increased calculated land price evaluations) has left various small business owners in trouble.

## *Conclusion*

The development and subsequent consolidation of a large-scale and residential tourism sector in Guanacaste in the 2000s led to increased market domination by transnational companies and large national companies; however, there has also been much space for smaller companies in real estate, construction, shops, services, etc. The main change in expenditure patterns when short-term tourism makes way for residential tourism, is the high relative importance of construction and real estate, whereas the traditional services sector loses importance. In the current situation, permanent residency is not yet very common, and short-term and residential tourism are combined in such a way that all types of expenditure are still largely present. As such, national census data (2000–11) on the research area does not provide much evidence of a segmentation and polarisation of the labour market as described by Sassen (2008) and Domínguez-Mujica et al. (2011). Rather, almost all sectors (except the primary sector) have seen many more opportunities in employment and business for low, middle and high segments as compared to the year 2000; short-term and residential tourism have been important drivers for this growth. The data do evidence a clear labour market division and inequality<sup>145</sup> by nationality and place of origin: Guanacaste's growth has particularly provided profitable opportunities to many domestic and western migrants, whereas Nicaraguans have been involved in the labour market in very vulnerable and disadvantaged ways. Local people are in the middle.

There are some indications that a renewed focus on construction and real estate – putting residential tourism more central in the economy – would entail risks for future labour market polarisation and disadvantages for small business. For example, traditional small and medium tourism businesses and community initiatives will probably face problems. The small-scale hotel sector will face increased competition from apartments and private houses; and local government policies are already putting

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<sup>144</sup> In the land price comparison, for some projects for which comparative pre- and 'post'-crisis data were available (2008–11), the price decreases were not as significant as expected (between 3.6% and 21.7% annually).

<sup>145</sup> Whereas inequality in itself, created by an influx of rich external migrants, is not necessarily a lasting problem (it can create more demand and thus lead to trickle down effects and broader growth), the current organisation of the residential tourism industry shows little potential for well-distributed growth. Also, it is important to take into account the social aspects of rising inequalities, such as increased violence (see Cordero, 2008). Indeed, the great inequalities that emerge with such high-impact consumption flows from rich areas into a formerly marginalised area, and the price inflation it brings, may be one of the main reasons of discontent and conflict over residential tourism.

local small businesses at a disadvantage with their increased focus on large developments. Also, some community and ecotourism initiatives face pressure under the area's rapid residential tourism development (see Chapters 7-8). Together with the process of market domination by transnational companies,<sup>146</sup> this conversion has a potential to further affect local autonomy and control over the tourism sector – which has greatly declined since the 1990s.

While these are partly preoccupations for the future, it is already clear that residential tourism and its focus on land and real estate leads to a greater vulnerability to shocks and to land price inflation. In Guanacaste, land has become an object of speculation and investment. This turn is partly a result of the global process of financialisation of the economy (Harvey, 2003; Pike & Pollard, 2010). Land becomes an object of speculation and investment for individuals and investment funds looking for a place to invest their money<sup>147</sup>: land rights transfer becomes a sector or a goal in itself, the actual use of the land is secondary. Indeed, selling and buying land and houses has become the main profit-generating activity in Guanacaste. Residential tourism's increased focus on the transfer of land and urbanisation, rather than the development of other services, further endangers the sector's contribution to sustainable local development. Financialisation has a potential to exacerbate unevenness, and more importantly, it generates and transmits increased risk, uncertainty and volatility (Pike & Pollard, 2010). Continued land sales and growth in construction, driven by short-term profit expectations, increases the boom–bust character of the economy. Besides uncertain long-term effects, in tourism areas, economic sustainability is also closely linked to environmental sustainability: with unregulated construction damaging the landscape and natural amenities (e.g. sea, mangroves, forest), the source on which residential tourism is based (especially in Costa Rica) is endangered.<sup>148</sup> As such, the sector and the livelihood improvements it may bring are very vulnerable.

In addition, residential tourism's focus on land as an investment leads to land price inflation, gentrification and displacement (see Chapter 6). The predominance of consumption flows from rich areas has led to great price inflation, whereas average incomes for local and low-income people in the area have not risen as much. A similar process takes place in areas of high out-migration (e.g. various parts of Mexico and El Salvador), where the influx of remittances and housing investment creates a dependency on consumption from outside, whereas locally the value added is relatively low.

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<sup>146</sup> Such processes of market domination by large enterprises can also be seen in other areas, e.g. in San Juan de Sur in Nicaragua, where small local businesses have been protesting against the state-supported domination of the area's tourism industry by the large Pellas group (Cañada, 2010).

<sup>147</sup> National banks have not played a large role in financing residential tourism through mortgages etc. in Guanacaste (most residential tourists pay cash or use international banks); they have played a somewhat larger role in financing the developers (Román, 2009). National real estate investment funds have also surged as an important actor of long-term investments, which have invested in various projects in Guanacaste (*ibid.*).

<sup>148</sup> This is elaborated in other chapters.

We have seen that residential tourism creates more and intensified financial flows from and to different areas: regional, national and international. In addition, human mobility flows are an important aspect. In tourism research, such connections with other areas are typically termed 'leakage', and mostly there is an attempt to quantify the level of local linkage and external leakage of the tourism sector. However, the linkage/leakage terminology leads to a rather limited conceptualisation of current complex and trans-local developments. Tourist destinations by nature have a consumption-led economy, and it is not enough to look only at what is locally produced: external spending power leads the economy (Glaeser, Kolko & Saiz, 2001; Barnes, 2003; Grigg, 2002; Crang, 1996). This separation between consumption and production (and between different types of production, e.g. agricultural produce and construction: the disarticulation between regions) is inherent to current capitalist globalisation. Thus, on the one hand, linkage/leakage calculations are increasingly difficult: for example, linkages that seem 'local', such as souvenirs, can still lead to external 'leakage' when materials are bought elsewhere. On the other hand, linkages are not always more 'developmental' than leakage. Agriculture–tourism linkages do not automatically benefit small producers, but may rather benefit the already powerful agro-industrial sector in Guanacaste. Also, remittances by Nicaraguans can be highly developmental in their country of origin. Much literature focuses on strengthening local and regional articulations, which can and should be more supported in order to increase local development opportunities in the wider Guanacaste area (e.g. connect tourism to existing artisanal fishery and small-scale farming in the area, such as beans and maize; improve opportunities for local souvenir producers). However, as we have seen, the broader underlying factors and the sustainability of a move towards residential tourism have to be considered.

In the residential tourism literature, economic effects have not been extensively researched, and when they have been, the focus is often on the short-term effects (Serow, 2003), or exclusively on either expenditure differences or real estate growth. In research on short-term tourism, the concepts of linkage, leakage and multiplier effects are central to the debate. However, this conceptualisation is also limited in time and geographical reach. We need a broader view of the real problems and opportunities that certain types of tourism and mobility can bring to destinations. The Guanacastecan economy, partly driven by large-scale and residential tourism, has flourished in most of the recent decade, with growing income opportunities for many people. However, there are various indications (of which the current economic crisis is one of the main ones) that focusing too much on residential tourism, real estate and construction is leading to various problems, and a continued focus on this in the future could pose threats for economic, social and environmental sustainability.



## 6. Residential tourism and spatial change: fragmented processes of displacement and exclusion

*Part of this chapter has been published in Development in adapted version (van Noorloos, 2011b).*

In Costa Rica, land is increasingly commercialised. In the past decade, real estate markets have shown much dynamism. This has been greatly aided by western retirees and younger migrants looking for a change of lifestyle. As a result of the surge in transnational and domestic investment in land and housing in the Guanacaste coastal area, prices have skyrocketed, up to \$800 per square metre. In this chapter I provide a better understanding of the complex spatial and land-related dynamics created by residential tourism in the context of globalisation.

I depart from the assumption that under globalisation, the development opportunities of different groups and individuals are increasingly defined by their place in networks. As a result, place becomes fragmented and reflects new inequalities. This argument helps illuminate processes of transnational land investment in Costa Rica. For example, it is often noted how land speculation and rising land prices lead to displacement, gentrification and the exclusion of local populations. However, taking into account the great heterogeneity and segmentation of the local land market, land use, landscape and population, processes of displacement and exclusion are rather fragmented. In the coastal area of Guanacaste, land prices vary greatly within small spaces, ranging from \$3 to \$800 per square metre. By investigating a concrete local case such as residential tourism in Costa Rica, it becomes clear that the effects of globalisation and transnational land investment on local place are more complicated than assumed.

In this chapter I thus analyse the effects of residential tourism growth on land markets, spatial arrangements, and processes of displacement and exclusion. In 6.1 I outline a theoretical approach to globalisation and spatial fragmentation, after which I develop the argument that Guanacaste's residential tourism and land market development has been spatially fragmented and unequal (6.2). This has led to fragmented processes of gentrification, displacement and exclusion, which is described in 6.3. In 6.4, I argue that governance, regulatory aspects and community resistance have contributed to this fragmentation. This is followed by a conclusion.

### ***6.1. Fragmented space under neoliberal globalisation***

One of the ways to provide a deeper understanding of transnational land investment and its spatial effects is to view it in the context of globalisation debates. With localities being increasingly exposed to external influences, and a continuing liberalisation of economies, there is 'faster change, less governmental control, and less certainty' (Grant & Nijman, 2004). This means a greater potential for inequality, territorial fragmentation and volatility. 'Globalisation fragments locally and integrates select strands of the population globally' (Robinson, 2001, p. 559). Under globalisation

the role of geographical space changes, and development opportunities of different groups and individuals are increasingly defined by their place in networks, rather than by physical place. As we saw in Chapter 5, under neoliberal globalisation there is often a separation between production and consumption (and between different places of production): particularly in the case of residential tourism, external spending power leads the economy, and production may be transferred to other areas. Indeed, in tourism research it is acknowledged that tourism development leads to fragmentation and inequalities in the spreading of benefits and drawbacks; there are 'islands' of wealth and non-growth (Hein, 2002). While certain people, things and places are linked up in networks, others become more excluded (Van der Duim, 2007).

This has consequences for socio-spatial arrangements: Grant and Nijman talk about a 'hyperdifferentiation of space', with increased inequality within states, regions and cities (Grant & Nijman, 2004). In line with this, Bauman argues that globalisation leads to progressive spatial segregation, separation and exclusion; a total communication breakdown between global elites and the locally tied rest (Bauman, 1998).

However, as Massey argues, there cannot be a separation between 'global space' and 'local place': the global is always produced in and by the local. 'If space is rather a simultaneity of stories-so-far, then places are collections of those stories, articulations within the wider power-geometries of space.' (Massey, 2005, p.130). Cities are then places where many trajectories of globalisation come together, such as human mobility and global capital. However, this process is intertwined with power: through the predominance of one trajectory (e.g. the financial City in London), alternative trajectories are pushed away (ibid.). Land prices are an important factor in this collision: through rapidly increasing land prices, alternative land uses (e.g. manufacturing, housing for lower and middle classes) become suppressed (ibid.). Such processes are often termed gentrification: this term has been used extensively in urban contexts, relating to the influx of new middle-class residents in 'degraded' neighbourhoods, where they revalorise urban space by upgrading old houses (Smith, 1996). Gentrification thus refers to 'the creation of affluent space'. However, in the South African context, gentrification is also used in relation to second-home development: local housing becomes unaffordable for local populations due to second-home developments and non-resident investor activities (Visser & Kotze, 2008; Cottyn, 2011).

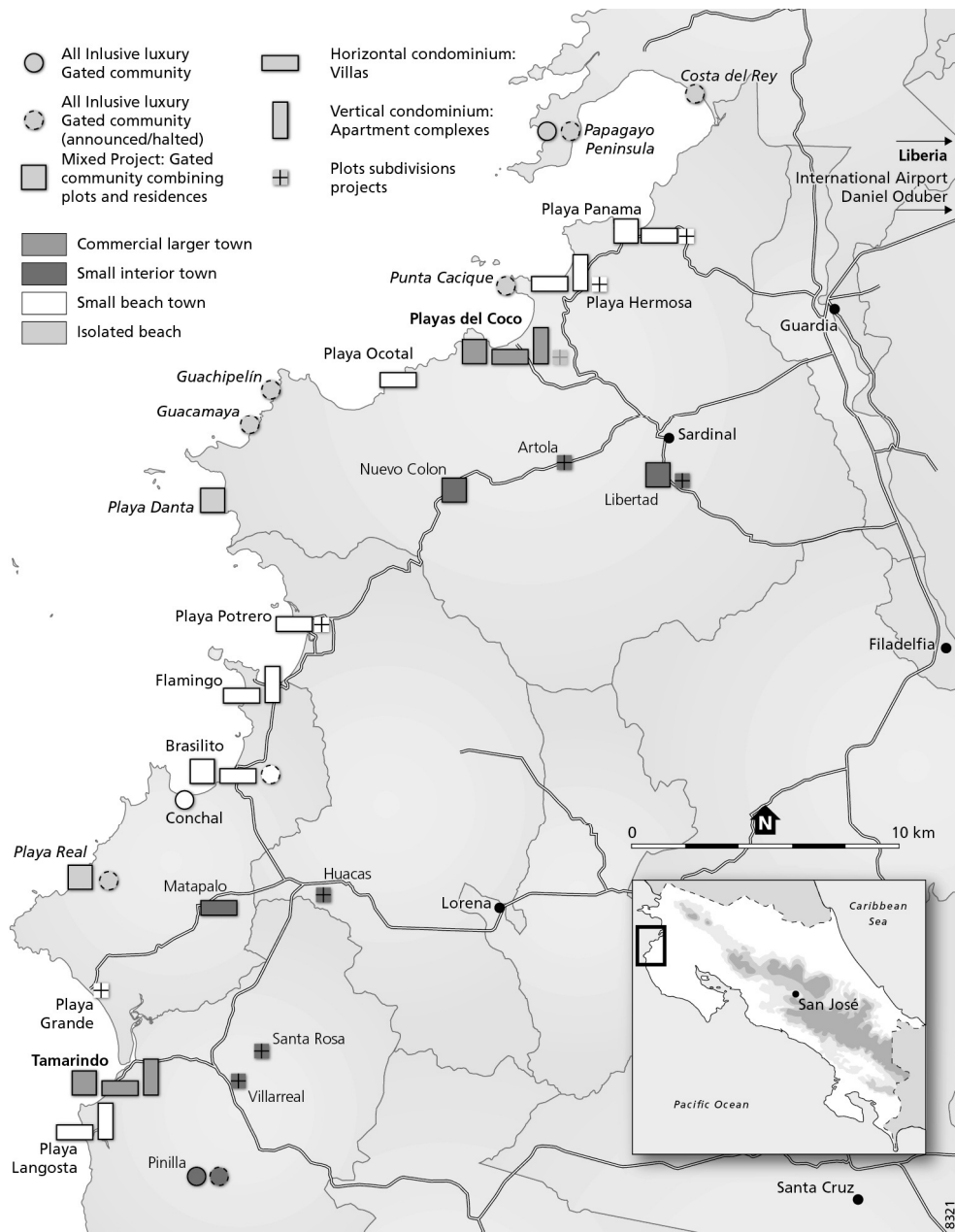
The urban globalisation and fragmentation debate took a new direction with Graham and Marvin's concept of 'splintering urbanism' (2001). The authors focus on the networked character of current urbanism, and look at networked infrastructures such as transport, telecommunications, energy, water and roads as ways to understand modern cities. Central to their argument is that since the 1990s, infrastructural networks unevenly bind places together and distance others: they are embedded in sociotechnical geometries of power. This presents a clear departure from the former idea and practice of an integrated, cohesive urban space. In the neoliberal era, with a tendency towards privatisation of services and social polarisation (e.g. gated communities), such fragmented infrastructural networks reflect and reinforce fragmented processes of globalisation.

While the globalisation literature mainly deals with global cities, Woods shows that ‘it is equally possible to point to hallmarks of globalisation that have a strong rural visibility’ (Woods, 2007, p. 488). Mobility and transnational land investment are examples of this. Thus the rural–urban distinction is increasingly blurred: the current global countryside is ‘a rural realm constituted by multiple, shifting, tangled and dynamic networks, connecting rural to rural and rural to urban, but with greater intensities of globalisation processes and of global interconnections in some rural localities than in others, and thus with a differential distribution of power, opportunity and wealth across rural space’ (ibid., p. 491). The variations in the relative degree of integration of particular rural localities into global networks are the product of various factors: localised processes of place reconstitution; the influence of ‘non-human actors’ (natural and material characteristics of place, such as accessibility, physical terrain); and the continuing role of the nation-state in mediating globalisation (ibid.). In Central America’s rural space, indeed, tourism, migration and real estate investment have become dynamic forms of globalised accumulation (Robinson, 2001; PRISMA, 2007). As rural space becomes revalorised, and new wealthy actors and investors appear alongside subsistence agriculture, inequalities increase and struggles over space demand attention (Robinson, 2001). Many of the characteristics of Central American globalisation come together in the theme of residential tourism: foreign investment, the importance of the service sector, and rural revitalisation based on amenities and housing markets.

## ***6.2. Fragmentation of space, land markets and land use***

In contrast to short-term tourism, residential tourism focuses much more on real estate development and urbanisation, and thus has important different repercussions, socially but also for space, landscape and land use. Some authors even argue that the word ‘tourism’ is misleading, as real estate, construction and urbanisation are the real business of residential tourism (Aledo, 2008). The unevenness created by rapid residential tourism development in rural low-income areas has a clear spatial expression in Guanacaste, with luxury gated communities existing alongside poor areas. However, residential tourism itself has also developed in a spatially heterogeneous way.

Here, I briefly describe Guanacaste’s residential tourism development in space and time – see also figure 6.1 and table 6.1. It started with small-scale tourism, complemented by some sale of individual plots and houses in the 1970s–1980s. Residential subdivisions developed for foreigners existed in Playa Potrero and more southwards at Nosara. A few tourism resorts had small timeshare or residential elements. The first larger signs of residential tourism growth appeared in the 1990s, when a few large all-inclusive planned gated communities were established. They started off in a cautious way, developing slowly. They attracted an elite, highly mobile transnational public. At the same time, the short-term tourism sector evolved quickly from small-scale to large-scale with a number of international chain hotels on the



**Figure 6.1.** Types of residential tourism projects vs. types of towns, research area (2011).  
*Source: author's research*



coast. Only after the extension of the international airport and commence of charter flights in 2002 did many smaller residential tourism investors arrive; they established apartment complexes, villas, subdivisions and smaller gated communities. These more accessible projects also attracted middle-income groups, retirees and Costa Ricans.

Residential tourism thus builds upon an existing short-term tourism industry, mostly in the commercial hubs Tamarindo and Playas del Coco, with a diverse offer of tourism services (Hein, 2002). Whereas short-term tourism and local populations are located in the downtown areas, residential tourism projects are often located in the hills behind the beach: tranquil areas with ocean views. However, different types of residential projects take up different spaces, as we have seen in Chapter 3 and it is depicted visually in figure 6.1. All-inclusive luxury gated communities often combine extensive coastal areas (mostly isolated beaches) with interior areas. Apartment and villa complexes are mostly found in commercial large towns and small beach towns (Flamingo, Langosta), although high-rises are generally not built on the first line of the

<b>TOWNS: NAMES &amp; TYPES</b>	<b>Tourist / residential offer</b>	<b>Population</b>	<b>Role in residential tourism sector</b>
Tamarindo, Playas del Coco <b>(Commercial larger towns)</b>	Concentration of hotels and tourist services; combined with many residential tourism projects (condominiums). Saturated.	<i>Tamarindo</i> : almost no native population; mix of lifestyle and labour migrants. <i>Playas del Coco</i> : larger local population, now mixed with lifestyle and labour migrants.	Commercial and short-term tourism hubs, and attract residential tourism.
Panamá, Potrero, Ocotal, Hermosa, Flamingo, Brasilito, Conchal, Playa Grande, Langosta <b>(Small beach towns)</b>	Large residential tourism offer, relatively small commercial offer, short-term tourism offer varies	Mainly consisting of foreign population: residential tourists & foreign business owners, some also host native population.	Residential tourism & short-term tourism towns, small local commercial function, some labour supply.
Papagayo peninsula, Costa del Rey, Guachepilín, Guacamaya, Danta, Playa Real <b>(Isolated beaches)</b>	Current residential tourism & short-term tourism offer very small. Few other commercial services.	Very few inhabitants; isolated beaches.	Areas assigned for possible future development; still empty, land investment and speculation.
Artola, Nuevo Colon, La Libertad, Huacas, Matapalo, Santa Rosa, Villareal, Pinilla, Sardinal, Lorena, El Llanito <b>(Small interior towns)</b>	Almost no hotel or tourist services (except Huacas): various residential tourism developments.	Mainly local populations & labour migrants (Nicaraguans & Costa Rican domestic); rising number of residential tourists.	Towns of labour supply and water supply for coast; affordable urbanisation projects; land investment and speculation.

**Table 6.1.** Types of towns and characteristics, Guanacaste coastal area. *Source: author's research. (See figure 6.1 for location of the towns)*

beach, due to regulations. Subdivisions are established in interior towns and small beach towns; and smaller mixed gated communities in commercial larger towns, as well as in various interior areas, small beach towns and isolated beaches. The more isolated coastal areas and small towns towards the interior of the province were envisaged as the new development areas of residential tourism: there, developers have bought land and announced all-inclusive megaprojects with hotels and residential entities. Around the interior towns, more affordable residential tourism projects have been established and there has been much land investment.

Gated communities are common in Guanacaste's residential tourism industry: from the list of 191 residential tourism developments described in Chapter 3, about half of the completed developments are advertised as such.<sup>149</sup> This means that they are master-planned by the developer to offer a high standard of service and an exclusivist sense of community among the inhabitants; often, literal 'gatedness' and security measures are an important part of this. An attempt is made to increase their value by offering additional services within the gated complex: exclusive communal areas, private nature reserves, recreation facilities, golf courses, marinas, shopping centres and medical services. Gated communities with their extensive security measures clearly reflect a social polarisation on the landscape.

Spatially uneven development is finally reflected in the roles that different towns play in the residential tourism sector in terms of labour and resources. The relationship between the beaches and the interior towns is mostly based on labour supply: the tourist towns attract labour from the immediate interior area, where there are larger local populations. However, more distant interior towns do not benefit as much from tourism labour, as a study around Tamarindo by Programa Estado de la Nación shows (2007): the chance of working in tourism is much higher for those living near Tamarindo than for those in more distant towns (5–10 km). Besides labour supply, a more controversial part of relationship between the coast and the interior concerns water: there are contested attempts to subtract groundwater from interior towns for supply to the tourism areas, which has been causing conflicts for a long time.

Residential tourism's spatially uneven development has led to fragmented land markets and land use, as we will see in the following.

## **Land market and land use**

Land prices in an area tend to be defined by general household incomes; however, residential tourism destinations do not work according to this logic. The influx of new high-income population groups who are willing and able to pay large sums for real estate, next to local and immigrant groups with much lower incomes, means that average household incomes in the area become meaningless for predicting real estate prices. The consequence is not an even spreading of an expensive housing market in

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<sup>149</sup> In some cases, apartment and villa complexes and land plots subdivisions are also advertised as gated communities; this depends on the level of service and security.

the area, but rather a fragmentation and differentiation of land prices. This is shown in the detailed valorisations of land prices by the Costa Rican Treasury:<sup>150</sup> for example, land prices in coastal towns range from \$20/m<sup>2</sup> in Playa Panama to \$800/m<sup>2</sup> in Tamarindo centre; whereas in the immediate rural area, there are prices as low as \$3/m<sup>2</sup> (Ministerio de Hacienda, 2010). Even on a micro-scale, land price valorisations vary enormously within towns: in the urban part of Langosta, land prices range from \$90 to \$500/m<sup>2</sup>, while in Tamarindo's urban part, the range is from \$100 to \$800/m<sup>2</sup> (Ministerio de Hacienda, 2010). In Playas del Coco, the spatial differentiation is very clear between the tourist-oriented commercial centre (\$600/m<sup>2</sup>), and the local residential area (prices as low as \$24/m<sup>2</sup>) (see figure 6.2).



**Figure 6.2.** Spatial fragmentation and land prices in Playas del Coco, Costa Rica. *Source: author's research, Ministerio de Hacienda (2010)*

There are various reasons for the segmentation of the land market. First, residential tourism leads to a blurring of commercial and residential land use: in gated communities that include residential areas, tourist facilities and services, residential and

<sup>150</sup> These are valorisations used to collect real estate taxes. Of course, they may not adequately reflect 'real' land prices in the area: for example, foreign investors might in reality offer much more money for certain plots. Nevertheless, these problems are inherent in a fragmented and opaque land situation as in Guanacaste.

commercial use become mixed. As such, these residential–commercial areas take on commercial area price levels, whereas ‘local’ low-cost residential areas do not reach comparable prices. Second, the housing market oriented towards residential tourists is in itself made up of different price segments: there are high-end luxury projects, more middle-class developments and cheaper segments (see Chapter 3 for a detailed description).<sup>151</sup> The differentiation of land prices is then also partly a consequence of the importance that becomes attached to the tourist quality of the location: for example, beach view, proximity to the beach, natural surroundings, accessibility and services. For instance, in my comparison of land prices for plots intended for the residential tourist market in Guanacaste (see table 6.2), the average land price in beach towns was \$274/m<sup>2</sup>, while more towards the interior, the cost was \$33.90/m<sup>2</sup>. As tourist quality is often subjective and dependent on very localised factors, it can differ from one parcel to another; hence the differences in price levels. In Guanacaste, residential tourists seek a combination of factors such as pristine nature and a coastal beach lifestyle, including accessibility to certain amenities and services. This complication may lead to further price differentiation. Third, the fragmented social landscape (residential tourists are not the only new groups arriving: there are also high-income wage workers, tourism business owners and low-waged immigrant workers; see Chapter 4) leads to a fragmented land market and real estate sector. Hence in the cheaper segments, plots and houses are sold through national newspapers and local advertisements, and they are often informally sold or rented out (e.g. to labour migrants). There is also some social housing in the area. On the other hand, the real estate market oriented towards higher income segments has become increasingly complex, diverse and segmented (Román, 2009). New actors such as developers, real estate brokers and property hunters have entered the stage (complemented by title insurance companies, attorneys, notaries, mortgage brokers, investment funds, etc.); new financial arrangements have been introduced, and the roles of different actors (e.g. construction companies, developers, financial entities) have merged (*ibid.*). However, the sector is highly deregulated. The deregulated and chaotic character of the real estate market in Guanacaste leads to a lack of transparency of land prices, which increases price differentiation even more. It is thus clear that the land market in Guanacaste, even on a micro-scale, is highly segmented.

Related to the differentiation of land prices and the consequent segmentation of the land market, residential tourism areas are also segmented in terms of their type of land use and landscape. Argos’ study of land-use change in coastal Guanacaste (2010) has shown a localised increase in urban land-use in tourism areas, particularly since 1998. This has been mostly at the cost of agriculture and cattle ranching, and various wetland areas have been affected. However, there has not been much deforestation; rather, the abandonment of cattle ranching has diversified land use since the 1980s (Argos, 2010). Near the coast, new small-scale urban settlements have been established. Different types of human settlements and golf courses are now combined

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<sup>151</sup> Cheaper segments, mostly condominiums and apartments, cater not only to residential tourists, but also to foreign and national high-income workers, and to domestic vacationers.

with some small subsistence plots, cattle-ranching areas, conservation areas such as wetlands, and empty or reforested areas.

These findings support the view of residential tourism areas as fragmented in multiple ways. The special locational demands of residential tourists, and their preference for gated communities with all services included, are indications that there is no equitable spatial spreading of residential tourism and its consequences. In the next section we will see how displacement, exclusion and conflict are mediated by this fragmentation.

### ***6.3. Fragmented processes of displacement, exclusion and gentrification***

There is some evidence for the thesis that residential tourism in developing countries leads to the privatisation of land, the displacement of local populations, rural gentrification and spatial exclusion (see Cottyn, 2011 and Lemmen, 2011 for South Africa; Bonilla & Mordt, 2008 for Nicaragua; McWatters, 2009 and Gómez, Kandel & Morán, 2009 for Panama; and Cañada, 2010 for Central America). For example, in South Africa's rural areas, there is a clear causal relationship between the growth of second-home ownership and problems of housing affordability for lower-income households and first-time buyers (Paris, 2009, in Cottyn, 2011). McWatters (2009) did research in Boquete, a small rural coffee town in Panama, and he connected local people's experiences of direct physical displacement from their land with two other processes that precede this displacement: the emotional alienation of inhabitants from their ties to community, place and identity; and the commodification of family land into a marketable real estate property. Thus many local inhabitants adopt the idea of land as a transferable commodity, and sell their land. Cañada, on the other hand, used Harvey's accumulation by dispossession concept (Harvey, 2003): the urbanisation and 'touristisation' of coastal space are examples of the commodification and privatisation of natural resources and common goods (Cañada, 2010, p. 22). Indeed, a sudden surge of dynamism in real estate markets, especially in contexts of weak regulation and institutions, can often lead to land conflicts, high cost of housing, inefficient use of land, and even displacement and dispossession (Polanyi, 1944; Magno-Ballesteros, 2000). This has been observed in many situations of urbanisation and peri-urban growth. However, the foreign-led demand for real estate and the great income and power differentials between 'old' and 'new' groups, make residential tourism's implications somewhat different. Displacement, privatisation, gentrification and exclusion are expressed and experienced in divergent ways in Guanacaste; in addition, they are mediated by various local factors.

## Displacement and gentrification in Guanacaste

In Guanacaste, there has been no large-scale displacement of local populations during the past decade. The coastal area is characterised by a low population density, and many land transfers from local settlers to external investors took place some time ago. Recent land sales, rather than transferring land from local to foreign owners, often occur among external parties. Some original settler families are still present on the coast; they have often sold part of their land, but have maintained a small piece to live on. Land sale has been mostly voluntary, though not free from structural factors such as power differences and processes of societal change. It has been deeply intertwined with the change from a largely subsistence-based coastal economy based on agriculture and fishery, towards a service economy based on tourism. The lack of small-scale agricultural and subsistence-based options at a time when traditional state support for these activities has greatly declined (Edelman, 2005), has probably played a role in the process of land sale in coastal areas. A female respondent from Tamarindo argued: ‘Guanacastecans have much land but they are poor: investing in agriculture is very expensive, and establishing a company as well. That’s why they sell their land, the only thing they have. My family sold land to a residential developer for half a dollar per hectare.’ Thus agriculture and cattle farming have largely disappeared, but land still has a residential function, and is also maintained to pass on to the next generations.

Despite the voluntary nature of many land sales, pressures on land are far from absent. The most important cause of the displacement and exclusion of local populations are rising property prices. A male resident of Playas del Coco: ‘Land is what worries me the most here (...). In Guanacaste it will be impossible to buy land within three years, in most of Guanacaste: it will only be for professionals.’ As space is gentrified with the arrival of new, higher-income groups, housing prices become out of reach for large parts of the local population. In the coastal area of Guanacaste, indeed, land and housing prices have increased greatly, especially between 2000 and 2008.

In order to make a historical comparison, I have compared land and housing prices from various sources (table 6.2): Fernández Morillo’s information on various developing projects and individual lots/houses in Guanacaste gathered in the year 2000 (Fernández Morillo, 2002); a research on land and housing prices in residential tourism developments from 2009 by the real estate website RevealEstate; and my own research on Guanacaste coastal area land and housing prices in 2010 and 2011.<sup>152</sup> The price of residential plots increased by 17.7% annually between 2000 and 2009–11, to \$187.50/m<sup>2</sup> in the latter period; for condominiums and houses, prices increased by

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<sup>152</sup> Fernández Morillo’s research consists of 23 residential projects and individual entities; RevealEstate (2009) gathered median land and housing prices for 29 projects in Guanacaste; my research consists of 39 projects (including a few individual lots/houses) for 2010 and 22 for 2011. In total, more than 1164 lots and 399 condominiums/houses were included in the research – excluding RevealEstate’s research, as there is no information on the number of units there.

24.3% annually to \$2717.30/m<sup>2</sup>.<sup>153</sup> While these prices are generally for land and housing directed at the residential tourist market, general housing prices can be assumed to have increased a lot as well (though in fragmented ways, as we have seen): INEC construction statistics (2001–10) indicate that declared values per square metre of new residential constructions had increased by an annual 9.8% in Santa Cruz canton (reaching \$537/m<sup>2</sup> in 2010), and by 10.1% in Carrillo canton, reaching \$422/m<sup>2</sup> in 2010).<sup>154</sup>

**Table 6.2.** Property prices and their increase for residential tourism projects in Guanacaste coastal area: 2000–11. *Source: Author's research, RevealEstate (2009), Fernández Morillo (2002)*

<b>Property prices in \$ per square metre</b>	<b>2000</b>	<b>2009–10–11</b>	<b>Average annual increase</b>
Residential lots total	\$67.70	\$187.50	17.7%
Condominiums / houses	\$793.00	\$2717.30	24.3%

Since the 2008 economic crisis, property prices in Guanacaste have dropped somewhat, but not dramatically: for some projects, comparative data were available (2008–11), and price drops were not as significant as expected: between 3.6% and 21.7% annually.

Higher price levels may cause displacement for various reasons. First, people are pushed out of the area because of higher property taxes, resulting from the rise of land and housing values that are used to calculate property taxes; even though it was clear from the former section that these valorisations are much differentiated, their increase still has an impact. A second complication is that with sky-high prices, new programmes for social housing, agricultural reform and the like are becoming more difficult to carry out in the areas. Third, when prices are high, people are more rapidly convinced to sell their property, especially when in distress. The following quote from a male local resident of Tamarindo shows such processes of semi-voluntary and distress sales:

<sup>153</sup> Compare this to the average monthly household income in Costa Rica: \$382 in the lowest quintile, and \$733 in the second lowest (INEC household survey 2010); Guanacaste province has a comparatively large group of households in these lowest quintiles.

<sup>154</sup> These values are for the average values of residential constructions in the area (for *new* constructions only), so including also the lower segments. However, these are values officially declared by constructors, so there might be underreporting.

People here have taken advantage a lot, they have bought land from poor and humble people. We are the Indians, the humble people, and the Spaniards came in, and now the gringos. They took a lot of land from my father, as he was an alcoholic, he sold land but they also grabbed land without paying. A large part of his land here was taken by some friends who turned into enemies. At the end we were left poorer and without the land that we used to have. (...) People have been migrating from here since the 1980s. For example, one of my aunts sold her land here because she didn't like the changes, and she went to Villareal. Some other uncles had land in Playa Langosta and they also sold. My father was the only one that didn't leave; he never wanted to sell his land, even though they pressed him a lot. There are still people who offer me to buy my land, a gringo always comes and offers to buy the land at any price. I haven't migrated because I have my house here and everything.

However, the main problem for land access is gentrification and pre-emptive exclusion: because of the high prices, lower-income groups are unable to buy new property in certain areas. Even after various years of crisis, the level is still impossible to attain for native inhabitants and labour migrants without higher education. Thus new generations of young people growing up along the coast, as well as immigrant labourers coming in, cannot buy land in the coastal areas. Young people are often unable to form their own nuclear families, or they move towards the interior of the province, where land is still affordable. As we have seen, there are still nearby rural areas with relatively low property prices, where land is still affordable. Another frequent strategy is renting a small apartment. The following quotes by Nicaraguan female respondents in Playas del Coco illustrate these strategies:

Here it is very difficult for us, it is very expensive to buy a plot. There are many Nicaraguans, the majority has been living here for years, years, and still they rent rooms. It's very difficult. In Nicaragua you can buy a plot with the salary that you earn here.

The majority of the foreigners rent. Sometimes we only live to earn money to pay the rent. Because the house rents are very expensive here.

Other young people depend on relatives to give them a piece of family land: low-income groups are still living on small pieces of land within the tourism towns, and passing their plots on to the next generations, as the following excerpts of interviews with local residents of Tamarindo and Playas del Coco show.<sup>155</sup>

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<sup>155</sup> Possibly, these plots are too small for tourism and real estate investors to be able to profit and establish a business; and buying a number of adjacent plots is a complicated, time-consuming process. In addition, the tourist quality of the land may still be insufficient for investors, due to the presence of visible poverty, trash, etc.



I have five kids, I want to maintain my land and not sell it, because in the end I want them to divide it amongst themselves, they have to see what they do with it. Yes, there have been foreigners asking if I would sell my land, but I don't want to. My family has sold land, but they always leave a bit to live on. But money is spent fast.

I'm not worried about land, because I already bought the property for my kids there, on the same land we live on [in an interior town]. They can build their house there. (...)

Displacement and exclusion thus take place in more subtle, voluntary ways, and people have various strategies to overcome problems. However, land conflicts and privatisation are further important factors causing exclusion and displacement.

### Coastal land privatisation and conflicts

Processes of de facto land privatisation and liberalisation (and related conflicts) are often related to the lack of application of coastal land protection measures. As shown in table 6.3, about two thirds of the completed residential tourism developments are located on private property.

**Table 6.3.** Residential tourism projects in Guanacaste: land ownership. *Source: Author's research*

		<b>Completed project</b>	<b>Announced / stopped project</b>	<b>Large projects &gt;200 entities</b>
<b>Private property</b>		98	32	6
<b>State property</b> <sup>156</sup>	<i>Coastal strip 200m</i>	41	14	12
	<i>Special tourism concession</i>	2	2	2
	<i>National Park</i>	2	0	1
<b>Unknown</b>		3	0	0

However, other developments have been established on state property: coastal land regulated by the law on the maritime-terrestrial zone (ZMT); special tourism concessions (in the Papagayo Gulf Tourism Pole; see the following section) and public protected areas (national parks; see Chapter 7). While there are many regulations on the use of these state lands (certain types of land use are legal, and the establishment of tourism projects does not necessarily entail 'privatisation'), there have many

<sup>156</sup> Estimates are based on *physical* location within the first 200 metres of coast. This does not necessarily reflect the legal situation of the land: due to past policies and legal complications, a small part of the coastal strip does not legally fall under the restrictive ZMT legislation; instead, it is private property. In Tamarindo this is quite common (Fernández Morillo, 2002). Hence the amount of projects on state property might be somewhat overestimated.

irregularities and conflicts. As such, the term *de facto* privatisation is sometimes adequate. Here, I deal with the problems of privatisation and conflict in the ZMT.<sup>157</sup>

The law on the maritime-terrestrial zone (law no. 6043, *Ley sobre la Zona Marítimo Terrestre (ZMT)*, of 1977) establishes rules for the use and protection of the first 200 metres of coastal land: the first 50 metres are inalienable public land, and the remaining 150 metres are a restricted zone, that is, government property to which land concessions can be issued (5–20 years renewable) and construction can be allowed under strict requirements. The ZMT law guarantees that coastal land is used for the public benefit: the protection of coasts as socially and environmentally vulnerable areas, and sustainable tourism development, are among the aims behind the law. However, the reality is often different.

One important issue in the coastal zone is the serious deficiencies in land-use planning (CGR, 2007b; Román, 2009, p. 58). Land-use plans are an obligatory element before any construction or concessions can take place in the ZMT. At the start of the real estate boom, there was a great lack of coastal land-use plans in place; and still, only 16.3% of the coast counts with land-use plans;<sup>158</sup> even more disconcerting, 82% of these land-use plans have been elaborated on initiative of the private sector (Programa Estado de la Nación, 2010, p. 203). Municipalities are the primary responsible institutions for elaborating coastal land-use plans, but they need to collaborate with ICT, SETENA and INVU (Cabrera & Sánchez, 2009, p. 60). When faced with rapid real estate and tourism growth, the ICT was too late and inefficient in adapting or developing general tourism development plans and land-use plans; hence unprepared municipalities were left with all local land-use planning tasks. Thus private developers have taken over this task, favouring their businesses and drafting their own plans for specific zones, or financing the elaboration of specific plans, which were then easily taken over by municipalities. In addition, irregularities and deficiencies were found in various land-use plans, which therefore had to be cancelled (e.g. lack of mangrove protection, threats to ecosystems; see Román, 2008b, p. 21). Also, constructions and concessions were allowed in areas with out-dated or unclear urban planning regulations (CGR, 2007b; Programa Estado de la Nación, 2008; Cabrera & Sánchez, 2009).

There are various other problems with the application of the ZMT law. First, there have been various cases of privatisation of the public inalienable zone (first 50 metres), for example on beaches where the land tenure situation is complicated and it is questionable if ZMT law applies (e.g. private occupants argue that earlier laws apply and aim to achieve private property through political and judicial procedures; see Salazar, 2009). Also, on public beaches such as Playa Ocotal and Papagayo, security posts have been established at roads that lead to the beach, which causes an extra barrier for access for certain groups. A second problem is that the rules stipulated in the law to guarantee the use of coastal land for the public benefit are often not adhered to. The limitations to granting concessions to foreign individuals or

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<sup>157</sup> These have partly been described in Chapter 2 as well.

<sup>158</sup> In Santa Cruz canton, for example, only 19.8% of the coastal zone has land-use plans (Programa Estado de la Nación, 2008, p. 240).

companies, the rule that one person or company may not acquire multiple concessions, and the regulations for reselling land concessions, are examples. In this way, many coastal strips of land have de facto been granted to foreign tourism companies, investors have acquired large areas of land through combining several concessions, and a real estate market for coastal land concessions has appeared (Fernández Morillo, 2002; Salazar, 2010). This is on the one hand related to gaps in the law (e.g. the possibility of establishing *Sociedades Anónimas* or ‘corporations’, whereby foreign capital and multiple concessions to the same person can be hidden), but also responds to the lack of adequate control by municipalities and ICT – and in some cases, the involvement of powerful political figures (Salazar, 2010). Third, various local populations who have historically occupied the coastal zone and have ‘use permits’ (often irregularly confused by municipalities with concessions), have been claiming stronger types of land rights (e.g. *Ostional*, *Brasilito*). As these rights are often denied, and tourism investors have been targeting the area, these groups are in danger of being displaced (Matarrita, 2009; Cañada, 2011; Cabrera & Sánchez, 2009, p. 42).<sup>159</sup>

The following excerpt from an interview with a male resident of Playas del Coco and inhabitant of the ZMT, shows some of the other issues that might cause people’s displacement from the coastal zone:

Probably I cannot stay here, because in Playas del Coco now with the new land-use plan it becomes more difficult to stay here. But if they remove us, than at least I hope they do something good here, something beautiful, that it’s for a reason. (...) Q: Do you think they will remove you with the new land-use plan? A: Maybe they won’t remove us just like that, but maybe people without sufficient resources will be obliged to leave, for example if they want to widen the road I would have to move my house back. In the land-use plan they have made this zone a commercial zone, so there can be hotels, restaurants; but we do not have the resources for that. It’s uncomfortable for us, the government can take us out. Q: And they won’t pay compensation? A: No, because we are in the maritime-terrestrial zone, they can remove us just like that, we don’t have titles.

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<sup>159</sup> The idea that land rights are obtained through de facto occupation has been shaped by past experiences. In Costa Rica, land occupation has historically been widely tolerated and has been a quasi-legitimated way for landless peasants to claim land: the Costa Rican land reform policy has been very reactive to squatters’ demands, rather than systematically assigning land to beneficiaries (Seligson, 1984). Coastal land used to be free to claim as well; the coastal land law was established in 1975, and while many legalized their concessions by then, other people have occupied the coastal area without legalizing their titles and without being expelled, and some of them are now claiming their rights. They have in some cases been granted ‘use permits’ by the municipalities, which is permitted according to the law, but only a temporary solution as construction is not allowed (Cabrera, & Sánchez, 2009).

#### ***6.4. Governance and community resistance further enhancing fragmentation***

Woods (2007) has argued that governance and community involvement may affect local outcomes of globalisation and enhance rural fragmentation. Indeed, we have seen that in Guanacaste's context of ill-planned and weakly regulated real estate and tourism growth, the fragmentation of space and landscape also stems from this deficient regulation and the spatial and temporal differences in it. Residential tourism growth was made possible by government support and incentives, but mostly by deregulation: leaving regulation to the private sector without exercising much control (see Chapter 2). Chaotic and unplanned development was the result. The lack of planning in itself has caused a variety of different spaces to coexist in small territories: luxury tourist spaces, low-income and middle-income residential spaces, commercial retail spaces, agriculture spaces and conservation spaces. As some spaces are more regulated than others, there are coastal zones with ill-planned high-rise growth (Tamarindo: much private coastal landownership and lack of control), and others with low-impact, conservation-oriented development.

Indeed, public and private regulation can create 'islands' of regulation.<sup>160</sup> A particular policy case is the government-initiated tourism resort Papagayo Gulf Tourism Pole, in which the government (ICT) grants coastal land concessions to investors under very advantageous conditions (e.g. annual 4% tax rate on low estimated land values), albeit under strict environmental sustainability criteria. The public-private scheme figures as an example of sustainable, low-impact, well-regulated tourism development; however, it has been criticised for giving away land without delivering development (Araya, 2008; Salas Roiz, 2010). Only by 2004 with the arrival of the Four Seasons resort did the public-private scheme become more prominent, and more efforts have been made at attracting actual investment there; however, the economic crisis of 2008 has slowed down much of the construction again. Another socially and environmentally responsible large-scale residential project is Hacienda Pinilla; in this case, the regulation is voluntary and private-led. However, these 'islands of sustainable development' are also gated elite spaces, only affordable to the most affluent groups (see also Aledo, 2008).

Community action has also managed to slow down tourism development and create 'islands of regulation', as will be shown in Chapter 8. The community and international environmental activism for sustaining Playa Grande's turtle beach has been partly effective in preventing the arrival of larger-scale developments. Local resistance against water extraction has halted much construction in Playas del Coco as well as Conchal. Community resistance in itself is also spatially heterogeneous: local people's resistance to residential tourism has taken place mostly in interior towns that host larger local populations, where tourism benefits are somewhat more difficult to access and there are dangers of resource scarcity (water, environment). On the coast, on the other hand, residential tourists themselves have taken up community action

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<sup>160</sup> See Chapter 3 for a description of Papagayo Gulf Tourism Pole (specifically the project Península Papagayo) and Hacienda Pinilla.

that focuses mostly on life quality, landscape and environment. Local coastal populations have sometimes joined or protested as well, but mostly they show passive resistance.

## *Conclusion*

Residential tourism is an important expression of globalisation and transnational land investment. It is a topic in which many characteristics of current rural (and Central American) globalisation come together: the revalorisation of rural space and the changing global countryside with new forms of mobility and new dynamic forms of accumulation; the direct insertion of local community economies into the global market; increased inequalities and struggles over space; and problems of governance. Hence, researching residential tourism allows us to investigate globalisation's effects in particular contexts and places.

In this chapter, I have outlined the local socio-spatial effects of residential tourism. First, I showed how residential tourism is in itself spatially heterogeneous. In addition, it leads to a micro-scale segmentation of the land market and land prices. No single land market appears, but rather there are divergent segments with their own products, prices and actors (see Zoomers, 2003). Different segments of the land market function according to a different logic; elite spaces exist alongside low-income neighbourhoods. In the same vein, land use has become fragmented.

The segmented nature and heterogeneity of socio-spatial arrangements in areas with residential tourism development also influences the inherent processes of displacement, exclusion and gentrification. These processes take place in more subtle, mediated ways than assumed: there is no large-scale displacement. Rather, small plots of land in tourism towns and areas in the interior remain in the hands of local populations and have a residential function. Still, many coastal low-income groups (including labour migrants) face processes of pre-emptive exclusion, economic hardship because of high land or rental prices, conflict and distress. In addition, there are de facto processes of land privatisation, but these are also subtle and fragmented, generated mostly by inadequate local governance.

The fragmentation of spatial residential tourism development, land prices and land use in Guanacaste is part of the uneven process of globalisation: rural localities are differentially integrated into global networks. The differences can be explained by various factors, as we saw in Woods (2007): the influence of 'non-human actors'; the continuing role of the nation-state in mediating globalisation; and the localised processes of place reconstitution by community action.

First, 'non-human actors', namely the natural and physical characteristics of localities (including accessibility), are particularly important in the tourism and residential tourism industry. Lifestyle-oriented buyers of real estate have very specific demands for a combination of different amenities, demands that are often contradictory. Some localities may fit with these expectations, while others are more difficult and can take on other roles. In the tourist sector it is particularly clear that

land cannot be regarded as a natural commodity; rather, it is a pseudo-commodity: it cannot be separated from nature and social relations and exchanged according to the usual market logic (Polanyi, 1944). Hence, when land is ‘commodified’ and sold on the market, fragmentation of land markets and landscape is a logical outcome.

In addition, governance and community action are differentiating factors. The fragmented, exclusionary, conflictive and economically vulnerable nature of residential tourism development in Guanacaste is partly due to a *laissez-faire* attitude and a largely inadequate implementation and control of regulations at different levels of government. In the context of a central government that mostly deals with attracting investment rather than regulating it, responsibilities for planning and control are transferred to local governments and private parties, who lack the capacity to deal with such challenges and may lack interest in regulating investments they financially depend on. The Guanacaste case bears similarities to the situation in Queensland described by Van Fossen and Lafferty (2001):<sup>161</sup> the *laissez-faire* approach with a low tax environment, deregulated free market, prominent roles of builders and real estate agents, high volumes of real estate transactions, and high profits. Indeed, in Guanacaste there is also a transfer of regulation and planning to private parties: some projects’ corporate social responsibility policies have created well-planned growth by private regulation. However, as Van Fossen and Lafferty (2001) argue, even in a context of deregulated, private-driven growth there are exceptions to the general rule: in Guanacaste one ‘island’ of strict central government regulation is the government-planned tourism resort Papagayo Gulf Tourism Pole. What is more, the Costa Rican central government does have some relatively strong institutions that serve to counterbalance and protect against neoliberal forces, especially compared to neighbouring countries. However, they are not strong enough in a context of other weak institutions and rapid growth. In addition, as in the case of Queensland, local community resistance efforts in Guanacaste have been able to influence the pattern of tourism development in some cases, also by making claims to the state. Communities have in some cases successfully triggered local and central government action in favour of regulation and against environmental damage caused by residential tourism. However, continued action and vigilance is needed.

A third factor that might be added is the historical land situation. In Guanacaste, the historically unequal distribution of land (Edelman, 1998) and the early foreignisation of and speculation with land in the area, has facilitated the recent

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<sup>161</sup> Van Fossen and Lafferty (2001) compare two tourism destinations, Hawaii and Queensland (Australia); Hawaii has a very sophisticated land-use planning and control system, with tourism development tightly regulated by the state and local authorities, in collaboration with local communities and civil society. This extensive planning is intertwined with high land concentration. Queensland, on the other hand, has experienced a deregulated coastal development of tourism. This situation is intertwined with small-scale ownership of land and businesses and the emergence of a *petit bourgeoisie* that impedes planning and regulation. However, both regions have some exceptions to the general rule of regulation: Maui is mentioned as an example of lack of regulation in Hawaii, and in Queensland, Noosa is a case of effective planning, thanks to – interestingly – lifestyle migrants’ involvement. These two exceptional cases have been created through very different types of community action. Hence local fragmentation of regulation regimes in these cases is caused by community involvement.

enclavic and externally-driven tourism development (see Chapter 2).<sup>162</sup> In addition, land-use patterns inherited from earlier times can influence the choices of real estate developers, and thereby lead to more differentiation. For example, for developers it is easier to buy large tracts of coastal or cattle-ranch land than to buy and connect many different small plots. This is liable to lead to the extinction of small local settlements.

In sum, residential tourism illustrates how rural localities are now differentially integrated into global networks, and how this leads to local fragmentation. Residential tourism's dependence on consumption flows from rich areas has led to great land price inflation, whereas average incomes for local and low-income people in the area have not risen as much: in Chapter 5 it was outlined how economic effects (and thus, income generation) are partly transferred to other areas. This separation of production and consumption is one of the main factors behind the segmentation of the land market and land use. In addition, it is often noted how land speculation and rising land prices lead to the displacement, gentrification and exclusion of local populations. Indeed, residential tourism leads to such processes; however, given the great heterogeneity and segmentation of residential tourism development, land markets and land use, processes of displacement and exclusion are also uneven and complicated.

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<sup>162</sup> See Triantafyllopoulos (2008) on how tourism development capabilities depend much on former landownership structures.





## 7. Green residential tourism? The conservation vs. development dilemma in Costa Rica

*Part of this chapter has been presented in a paper in adapted version (Van Noorloos and Zoomers, 2009).*

Costa Rica has built a reputation as one of the world's main ecotourism destinations since the 1970s, with its famous national park system and biodiversity as main attractions. Accounting for roughly 5% of all global biodiversity, this 'ecological superpower' currently ranks 44 in the global Travel & Tourism Competitiveness Index 2011 and 6 on the theme of natural resources (World Economic Forum, 2011). Conservation and ecotourism have been intertwined and mutually beneficial; the country's national park system and biodiversity have been the main tourism attractions. Tourism slogans such as 'Costa Rica – No Artificial Ingredients' are illustrative of the country's self-promotion for tourists, based on the green image.

While ecotourism remains prevalent in many areas of the country, Costa Rica's image as one of the world's leading ecotourism destinations has been fading since the late 1990s, when tourism developed into a larger-scale phenomenon and its environmental drawbacks came to the fore. The recent rapid growth in residential tourism has further complicated the picture. Thus, the relation between tourism and conservation is increasingly under stress. Tourism and real estate developers are competing for land, water and other resources with local residents and other actors, such as environmental organisations. The ambiguous policy that arises from Costa Rica's struggle to balance its environmental reputation with economic goals (e.g. attraction of FDI) is generating much discussion in Costa Rican society. According to Programa Estado de la Nación, Costa Rica's current tourism policy is putting at risk its image in world tourism markets as well as its human development (2007). Current tourism trends, in a context of weak regulation, are slowly undermining the goal of conservation and have ambiguous consequences for sustainability.

In this chapter I analyse the link between nature conservation, sustainable development and the changing tourism industry. The following questions emerge: What conflicts and paradoxes have appeared because of the changing characteristics of tourism? What are the implications for sustainable development and nature conservation? I show how current large-scale and residential tourism development in Guanacaste, in the context of weak regulation, undermines the main resource on which tourism in Costa Rica and Guanacaste is built: nature. First, after presenting a short theoretical overview of tourism, residential tourism and sustainability (7.1), I briefly reflect on Costa Rica's policies in the area of residential tourism and sustainability (7.2). I subsequently outline the main consequences of residential and large-scale tourism growth for local environment and nature in 7.3. After that I present the case study of Playa Grande and Leatherbacks of Guanacaste National Park (7.4), which highlights one of these consequences, namely the difficulty of conserving endangered species and fragile ecosystems in the face of increased urbanisation and rising land prices. This case thus offers an interesting opportunity to study the interrelation between conservation and changing tourism/urbanisation. In 7.5, these

developments are contrasted with residential tourists' aspirations and views on local place, which turn out to be surprisingly environmentally protective. Finally, it becomes clear that undermining nature, environment and landscape can have clear consequences in the near future: if residential tourism is to continue developing in an environmentally unsustainable way, this will also threaten Costa Rica's image and the sustainability of the sector itself.

### ***7.1. Theoretical framework***

Mass tourism is well-known for its detrimental effects on the natural environment. Vulnerable coastal ecosystems are particularly subject to deterioration (Selwyn & Boissevain, 2004; Stonich, 1998; Pattullo, 1996; Gormsen, 1997). Residential tourism, when it is an extension of mass tourism (e.g. in Spain, but partly also in Costa Rica), also puts much pressure on resources. This is because of its focus on the construction industry; in addition, the inclusion of golf courses and marinas plays a role (Aledo, 2008; Deloitte-Exeltur, 2005; Cañada, 2010; Román, 2008c; Barrantes-Reynolds, 2010). Residential tourism thus leads to a profound transformation of landscape and territory (Aledo, 2008). However, it is clear that the intersection between tourism and sustainability is much more complex than a simple dichotomy between mass tourism and sustainable tourism leads us to think.<sup>163</sup>

Tourism causes complex changes in human–nature relationships (Hein, 2002). One ambivalent aspect of tourism is that while it inevitably has an impact upon the environment, for many types of tourism an attractive natural environment is a resource in itself. Conservation thus enhances tourism competitiveness. In addition, tourism can also help sustain natural resources, as it can help to gain public and financial support for nature conservation (Van der Duim & Caalders, 2002). Nevertheless, Hein argued that tourists are mainly interested in specific elements of nature conservation such as the conservation of certain types of biodiversity, natural areas and beautiful views (Hein, 2002). Besides this 'green stuff of sustainability', tourism has much broader effects on natural resources: other types of environmental dangers of tourism include the 'grey' stuff of sustainability, for example waste, water consumption, wastewater, extraction of materials, etc. (ibid.). These may disproportionately affect poor populations in the destination areas, for example as declining water quantity and quality affect their health (Stonich, 1998). Such 'grey' issues are mainly related to the high use of resources in an area due to an influx of tourists and related economic activity. However, 'green' and 'grey' types are also much interconnected, and arguably the problems related to water and waste can also deter tourists. Different time frameworks make it difficult to plan effectively for tourism: the short-term goal is cost reduction, while an interest in long-term conservation

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<sup>163</sup> For example, new types of tourism that are often labelled sustainable, eco, natural, etc., have also been criticised for their failure to promote conservation and socioeconomic development (Mowfort & Munt, 2003).

surges in society to maintain their economic tourism base and to conserve natural resources in general (Hein, 2002).

The relation between tourism and the environment is not static, though: innovations and ecological modernisation can help maintain resources (Hein, 2002). Indeed, the commonly used concept of carrying capacity as an absolute limit to the use of natural resources is too static: in reality a place's carrying capacity changes along with nature–human relations (*ibid.*).<sup>164</sup> McIntyre argued that an evolution towards overdeveloped residential tourism is not inevitable: recovery or 'backward loops' are possible, and communities are capable of planning for the future and absorbing change (McIntyre, 2009). Indeed, the role of residential tourists in such processes of change, and their interest in conserving their environment and the uniqueness of local place, has been outlined by various authors (van Fossen & Lafferty, 2001; Janoschka, 2009, 2010; McElroy & De Albuquerque, 1992; Pera, 2008a).

Because of these dynamic and changing human–environment relationships, the extent to which the conservation of biodiversity and environmental quality is necessary for tourism competitiveness is very difficult to determine. In addition, such an assessment is complicated by the diversity of tourists and their needs in times of highly heterogeneous post-Fordist tourism (see Mowforth & Munt, 2003). For example, current tourist types in Guanacaste include sun & beach seekers, adventure tourists, nature tourists, etc., and these types are often intertwined. All these tourists have different desires in terms of environmental and nature quality. In addition, the changing characteristics of tourists over time may create new dynamics (see Plog, 1974; and Chapter 3 of this dissertation).

## ***7.2. State policies***

Costa Rica is striving to be the world's first CO<sub>2</sub>-neutral country by 2021, and is well-known for its progressive environmental policies and standards for sustainable development, mainly in the field of nature conservation. The protection of biodiversity is guaranteed in the constitution and in various laws, and more than a quarter of the country's territory is declared a protected area. The state has played a leading role in conservation policies, and it has made advances in areas like payment for environmental services and clean energy. The governments' promotion of a green image has often been criticised for a lack of accuracy (e.g. deficient policies for clean transport, emissions, etc.). However, the green image has been a great attraction factor for tourists and foreign residents.

The state has played a leading role in conservation policies; for these initiatives, the Costa Rican Ministry of the Environment, Energy and Telecommunications (MINAET) has traditionally maintained strong linkages with international conservation organisations and other donors. Since the 1990s, however, international donations have increasingly been directed to private nature reserves, and state

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<sup>164</sup> Also, environmental effects are not limited to the destination itself: residential tourism developers often easily externalise environmental effects such as water scarcity (Aledo, 2008).

financing for conservation has largely been withdrawn (Honey, 1999). These developments have coincided with a change in conservation policy: isolated and exclusionist conservation efforts in national parks have partly made way for more community involvement and a focus on sustainable resource use (Campbell, 2002b; Cordero and Bonilla, 2006).<sup>165</sup> Ecotourism constitutes an important part of this new strategy; it is increasingly regarded as an economically viable alternative to 'pure conservation' because it can help to generate the necessary means for funding the parks (Honey, 1999; Campbell, 2002b). Ecotourism's implications for local populations have been ambiguous. While there have been positive socioeconomic effects, researchers have also drawn attention to various negative environmental and social effects (Honey, 1999; Hein, 2002; Van der Duim, 2005; Campbell, 2002a). These drawbacks are related to the extensive use of the term 'ecotourism' for almost any type of tourism in Costa Rica ('greenwashing'), and with the fact that the industry has perhaps grown beyond its limits.

However, besides attempting to maintain its ecotourism image, Costa Rica has also started to attract a more diversified group of tourists (see Programa Estado de la Nación, 2007), and it has actively attracted FDI into more large-scale and residential tourism in different ways. Important measures to attract investment have been the implementation of large-scale infrastructural projects such as the extension of the Liberia international airport, and water projects. In addition, the Costa Rican executive government has been directly involved in closing some of the deals for large tourism projects, and it has established a government-led tourism resort (public-private partnership): the Papagayo Gulf Tourism Pole. Various other law proposals have also contributed to attracting investment (see Chapter 2 for a more elaborated description of policy measures). While residential tourism growth has benefited from government support and incentives, it was mostly enhanced by deregulation: leaving regulation to the private sector without exercising much control. Chaotic and unplanned development was the result. The regulations and institutions (i.e. municipalities, ICT, MINAET institutions) that were supposed to protect local populations and the environment from the negative consequences of rapid real estate growth, were not working properly. Many of the problems are at least partly related to the lack of implementation of regulations and laws. The main regulation problems are the absence of integral and sustainable land-use planning, difficulties in preserving conservation areas, institutional ambiguities regarding functions and responsibilities, and deficiencies in processes, norms and procedures for the administration, use and control of the coastal zone (CGR 2009, in Programa Estado de la Nación 2010, p. 207). Besides coordination problems, a lack of financial and human resources has been a problem, especially in the early years of residential development.<sup>166</sup>

Costa Rica's ambiguities can be seen in the context of the inherent contradiction of 'capitalist green States', as Barrantes-Reynolds (2010) argued:

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<sup>165</sup> A decree of 2005 allows NGOs and local community organisations to participate directly in conservation and tourism benefits: they can receive an income from providing services to visitors of protected areas, such as food, beverages, guiding, luggage carrying, souvenir shops, etc. (Cordero & Bonilla, 2006, p. 73).

<sup>166</sup> For more information on institutions and regulation, refer to Chapter 2.

A liberal capitalist State that assumes a strong view of sustainable development in its discourse and legislation faces potential contradictions in praxis because of the differences between the modern State's definition of human purposes and nature, and the one that sustainable development entails. A capitalist 'green' State (strong version) also faces the challenge of undertaking a sustainable development project that demands limits to growth but at the same time continues with its function of protecting and promoting capitalist accumulation (...)

Thus, the inherent contradictions in the concept of sustainable development itself (i.e. its combination of environmental, economic and social aspects) are one cause of state ambiguity. Indeed, anywhere in the world, the state's institutional apparatus is not always coordinated and coherent, but reflects the contradictions of society and generates contradictions of its own (Oszlak, 1978: 19, in Barrantes-Reynolds, 2010). In Costa Rica, this is partly related to different strands of politics that have existed for various decades (Carriere, 1991, in Campbell, 2002b): the 'capital accumulation nexus', the 'eco-development nexus' and the 'social development nexus' have for some decades coexisted uneasily.<sup>167</sup> Indeed, Costa Rica has not made a clear and strategic choice for ecotourism (Van der Duim, 2005). Tourism policies such as the Certification for Sustainable Tourism (CST) represent an important move by the state to encourage private-sector voluntary regulation; however, the lack of the political will and ability to counter unsustainable tourism clearly countervails such initiatives. In addition, for residential tourism there are no such certification schemes.

### ***7.3. Environmental effects of residential and large-scale tourism in Guanacaste***

The residential tourism sector in Guanacaste is far from meeting the Costa Rican state's standards of sustainability (Barrantes-Reynolds, 2010). Whereas measuring impacts is extremely difficult (separating between different causes is often impossible), it is clear that Guanacaste's coastal environment is affected by the general processes of economic development and population growth, of which large-scale and residential tourism are arguably the main drivers. As such, various studies have described environmental impacts and changes in Guanacaste's coastal area that can be attributed

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<sup>167</sup> The capital accumulation nexus dominates Costa Rican politics; it is present in the two main political parties, business lobbies and public sector agencies of planning. It has embraced structural adjustment and government budget cuts. The social development nexus is present in trade unions, some political parties, rural and urban social movements, and public sector agencies for land distribution: it rejects structural adjustment and favours land redistribution, support for small farmers, etc. The eco-development nexus is present within public agencies for environmental protection, environmental NGOs and university departments. This nexus is divided between foreign conservationists and national leftists (Campbell, 2002b). In current decades all strands have taken up a sustainable development discourse in different ways; thus partly adopting the eco-development discourse (ibid.).

to these larger processes related to large-scale and residential tourism growth (Vargas, 2010; Barrantes-Reynolds, 2010; Argos, 2010; Programa Estado de la Nación, 2007). Here, I briefly mention the main problems encountered in these studies and in media coverage.

Declining water quantity and quality is one of the main environmental impacts related to tourism and increased populations. The problems of water governance and the illegal sinking of wells are described in Chapter 8. The high use of water for tourism projects and the irrigation of golf courses and green areas has left many coastal aquifers overexploited. As such, aquifers face depletion and salinisation. This problem is exacerbated by Guanacaste's dry climate and the coinciding of the dry season with the tourist season. In addition, illegal construction on aquifer recharge areas has been reported. Contamination of groundwater, surface water and the sea is a related problem. The last mentioned is particularly caused by the dumping of untreated wastewater directly into the sea. This issue was highlighted particularly in 2007–08, when the Ministry of Health closed a hotel in Papagayo for dumping wastewater, and Tamarindo's sea water was declared unhealthy for swimming due to contamination by faecal coliform. Such contamination has been encountered on many other beaches, and is mostly caused by the lack of adequate wastewater treatment plants. It has led to the withdrawal of the Ecological Blue Flag award for clean beaches (Bandera Azul Ecológica) in various cases, and can thus have immediate effects on tourism.

The consequences for forest cover are ambiguous. In general, studies of land-use change show that in north Guanacaste there has been a process of reforestation (forest land increased from 48 to 54% from 1998–2005; Argos, 2010), which can be traced to the livestock crisis and the abandonment of pasture lands (Argos, 2010; Calvo-Alvarado, McLennan, Sánchez-Azofeifa & Garvin, 2009). Besides the decline in cattle farming, state conservation and forestry efforts have also been important for reforestation (Programa Estado de la Nación, 2000; Calvo-Alvarado et al., 2009). On the other hand, the area of land used for human settlements increased from 8% to 17% in this period (especially in the area of Tamarindo), which was probably intensified afterwards; this came mostly at the cost of pasture lands, so it did not lead to much deforestation (Argos, 2010). However, there are many local instances of deforestation and illegal tree cutting by residential tourism developers (e.g. Baxter-Neal, 2008; Bosques Nuestros, n.d.; Vargas, 2010); thus continued vigilance is needed. On the other hand, various residential tourism projects have policies for the conservation of forests and natural areas on their property, and for reforestation. Hence, residential tourism can also contribute to conservation and reforestation.

Besides the negative impacts on ecosystems caused by water contamination and the removal of natural vegetation, other impacts on biodiversity include the destruction of the protected mangrove ecosystem and wetland ecosystems (e.g. through tree cutting, when hotels are constructed in such areas); fragmentation of forests by building roads etc. (e.g. causing isolation of animal populations); and inadequate land movement, removal and filling (caused by construction), which causes erosion, the elimination of vegetation cover and further contamination of mangroves, rivers, etc. In addition, as we will see in the next section, in Playa Grande the

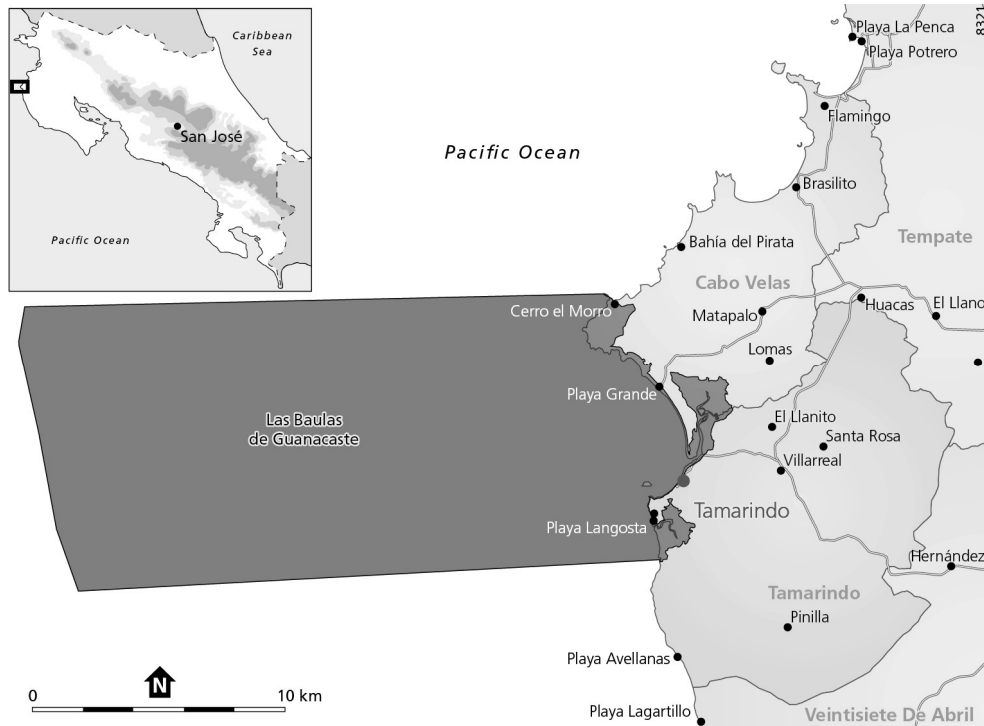
reproduction of endangered leatherback sea turtles is further threatened by construction near the beach as a result of light pollution.

Solid waste is another area in which infrastructure and regulation has been largely insufficient; in addition, air contamination is exacerbated by increased traffic, congestion, dust from construction, etc. Another problem is that the building of houses on steep hills leads to dangerous situations in terms of landslides, earthquakes, etc. Finally, landscape contamination or the disappearance of 'scenic beauty' is an issue that can severely affect tourism quality. As we have seen, particularly high-rise apartment development in towns such as Tamarindo has met with much dissent for perceived ugliness, non-fitting architecture and landscape contamination. Inadequate land-use planning is a major factor in this.

Rather than being solely environmentalists' concerns, these are all liveability issues that directly affect people's lives and the viability of tourism in the long term. The people I interviewed often expressed great concern about these issues, and social action focuses on problems such as sewage treatment and access to water.

With regard to environmental sustainability, there are differences between types of residential projects, as outlined in Chapter 3. The large all-inclusive projects have a long-term vision of low-density sustainable development. They are 'islands of sustainable development' with clear policies related to low-impact, well-planned growth, and water saving, recycling and nature conservation in private reserves. On the other hand, their golf courses (even if water-saving policies are applied) and marinas potentially cause an impact on freshwater resources and sea quality. Also, the responsible policies of these projects are by no means a guarantee for the future and for new large projects. Small mixed projects are quite varied in their environmental and conservation policies; there are positive examples such as Tamarindo Preserve, but most are in such an early stage that the impact is still unclear. Villa projects are mostly on a small scale and have a relatively low impact. High-rise apartment development is a main cause of landscape contamination, and such projects have also been blamed (rightly or not) for many liveability issues and general overdevelopment problems. Subdivisions generally do not cause much protest, given their (currently) low impact and location in interior areas, for example former cattle areas. However, in exceptional cases such as Playa Grande, these projects have been criticised for causing important environmental problems.

#### 7.4. The case of Playa Grande and Leatherbacks of Guanacaste National Park



**Figure 7.1.** Leatherbacks of Guanacaste National Park and surroundings.

The difficult balance between residential tourism and environmental sustainability is clear from the case of National Park Leatherbacks of Guanacaste (*Parque Nacional Marino Las Baulas de Guanacaste*), which is located in Santa Cruz canton in Guanacaste. The park covers 773 ha of land and 12 square miles of sea. It includes four beaches that constitute the main nesting site for the leatherback sea turtle (*Dermochelys coriacea*) in the American Pacific, with 50% of all females from the Pacific nesting there. The park also includes three wetlands and a hill covered by dry forest (Cerro El Morro). Along the beach there is a small settlement called Salinas; however, the local area is generally referred to as Playa Grande. In addition, various other small settlements can be found in the rural hinterland (see figure 7.1).

A coalition of private investors, residents, and various branches and levels of government has exerted pressure to allow more private investment, to the detriment of strict conservation rules; however, a coalition of local communities and local, national and international environmentalists is resisting these efforts in order to protect the remaining leatherback turtle populations. Leatherback sea turtles are protected by various international conventions and resolutions signed by Costa Rica, as they are in critical danger of extinction.



## Conservation of sea turtles in Playa Grande area: changing threats and strategies

Efforts to protect the leatherback turtles of Playa Grande resulted in the creation of the Tamarindo Wildlife Refuge in 1987, and subsequently in the creation of National Park Leatherbacks of Guanacaste in 1991 (established by law No. 7524 in 1995). Both the refuge and the park were established through the efforts of national and international biologists and conservationists active in the area. They struggled against the developments that were threatening the survival of the leatherback sea turtles, that is, the extraction of turtle eggs, night-time beach visits by an increasing number of tourists, and the early surge of urbanisation projects in the area (Hernández & Piedra, 2007; Campbell, 2002a).

Ecotourism constitutes an important part of a participatory strategy of conservation management in Costa Rica (Honey, 1999; Campbell, 2002a, 2002b). Indeed, at Playa Grande local communities have become increasingly involved in sea turtle conservation, partly to earn an income for ecotourism. Until the 1990s, the extraction of turtle eggs was one of the main economic activities of (and big business for) the population of Playa Grande and its surroundings. Gradually, efforts were made to protect the eggs: environmentalists helped boy scouts patrol the beach to protect the nests, and they helped local egg collectors become tour guides. This was a smart move, as the egg collectors were already arranging turtle tours on the beach on an informal basis. Nevertheless, the environmentalists' struggle was not without its difficulties: protests were common and it was a slow process of partial adaptation to conservationist ideas and the national park regulations (see also Campbell, 2002a). However, in time the turtle tours developed into a well-organised activity which guaranteed turtle protection and provided the inhabitants of adjacent communities with an extra income.<sup>168</sup> After being organised into cooperatives (by 1994), the 'egg collectors-turned-tour guides' formed Associations of Guides in Tamarindo and Matapalo (villages nearby Playa Grande). In 2000 they signed agreements with the MINAET to receive education and training and to hold the exclusive right to lead the turtle tours.

As a result of protection measures and regulations, egg extraction has been greatly reduced and is now no longer conceived as a major threat to the survival of the leatherback species at the national park (Hernández & Piedra, 2007). The main threats to conservation are now climate change (Saba, Stock, Spotila, Paladino & Santidrián Tomillo, 2012); coastal urbanisation and its associated problems of light pollution, waste and the elimination of vegetation; and the capture of turtles by industrial fishery (Tiffer-Sotomayor et al., 2003). Light pollution at the beach disorients the turtles: adult females cannot find their nesting sites, and newly born turtles cannot find their way back to the sea (Tiffer-Sotomayor et al., 2003). As a result of all these threats, the number of female leatherbacks nesting at Playa Grande decreased by some 95%

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<sup>168</sup> Access to the park is restricted only at night during the turtle nesting season (from October to February), when a maximum of 120 visitors per night can enter the park only with a guide and by paying a fee: the number of visitors of these turtle tours was 3639 in 2009 (SINAC, n.d.)

between 1988 and 2002 (Tiffer-Sotomayor et al., 2003). Although some stabilisation has occurred, in recent years the numbers have been very low again (TLT, n.d.).

Urbanisation activities are not new in the area: land speculation has been common since the 1980s,<sup>169</sup> and the early attempts to have the area recognised as a national park were meant to counter overdevelopment more efficiently (see also Honey, 1999). However, since about the year 2000, the tourism and real estate boom in the area has gained new proportions: land sale and building activity has intensified, urbanisation projects have been extended and land prices have inflated. The two main urbanisation projects that affect the park area directly are Playa Grande Estates (connected to Century 21 real estate and presumed to be developed by a combination of US and Costa Rican elite developers) and Palm Beach Estates (German developers). While these projects were established in the 1980s, much of the sale/re-sale, rental and development of the properties has taken place since 2000. Around 2008, Playa Grande Estates had sold about 60% of its 360 plots, whereas Palm Beach Estates had sold most of its 180 plots and had put 17 extra plots up for sale; about half of the sold plots have building son them. These projects target residential tourists. Properties are used for building residences and vacation villas; in 2007, for example, 108 construction permits were granted in Cabo Velas district, of which 74 were for houses (Salas Roiz, 2008). Many of these villas are subsequently rented out to tourists, and several residences have been turned into de facto hotels (Tiffer-Sotomayor et al., 2003). One of the consequences of this real estate boom is a rapid increase in land prices in the Playa Grande area: between 2003 and 2008, prices increased by at least 400% on average, with the prices of beach-front land reaching as much as \$1200 per square metre.<sup>170</sup> These figures illustrate the great financial interests that are at stake in Playa Grande – partly within the protected park area.

The national park's main weakness has always been its status as a 'paper park': most of the land has never been formally expropriated or paid for by the state. Thus landowners were always legally entitled to use their properties without major restrictions: even after the park's formal establishment in 1995, investors continued selling plots to buyers who may have been ignorant of the characteristics and legal situation of their lands. The responsible institutions were not capable of securing environmental protection. In addition, permits to sink wells had been issued since the 1990s to tourism projects without adequate government control, and without taking into account the extreme vulnerability and limitations of the water reservoirs in the area. Thus along with intensified use, issues of water scarcity arose; in the midst of the dry season the water supply is limited, and with intensified development the problem of water scarcity will become even more urgent. Thus, Playa Grande experienced similar problems of chaotic and unregulated development as other coastal areas of

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<sup>169</sup> The Playa Grande (Salinas) area started as a settlement of only a few families. However, most of these original inhabitants sold their land to the first foreign real estate 'developers' in the 1970s. In turn, these developers started selling their land to other investors, thus producing a land sale 'chain' (interviews local inhabitants Playa Grande, September 2008). Urbanisation initiatives were initiated by national and foreign investors as far back as the 1980s (Tiffer-Sotomayor et al., 2003).

<sup>170</sup> Own elaboration based on information in Tiffer-Sotomayor et al. (2003) compared with 2008 prices listed on the projects' web sites (Palm Beach, Playa Grande Estates, Pelicano Marino Estates).

Guanacaste, and communities and environmentalists increasingly came to see the completion of the national park as the only effective way to counter overdevelopment.

Since 2002, the local administration of the national park has been attempting to consolidate the park and speed up expropriations<sup>171</sup> together with a US-based environmental organisation with offices in Costa Rica (The Leatherback Trust; TLT). TLT would support MINAET and finance land expropriations (agreement dated 23 February 2004). From 2004 until 2008, several millions of dollars were collected and partly spent on land expropriations as well as other protection measures; as such, 10% of the land to be expropriated was secured. Additional funds were ready to be spent on more expropriations. However, in time the coalition faced the increasing unwillingness of the central government (MINAET) to continue with the expropriations;<sup>172</sup> politicians even proposed new laws to reduce the park area and weaken its legal status. The agreement was thus cancelled by TLT in February 2008.

As the consequence of legal battles over environmental permits as well as through the start of expropriation processes, the park administration has been able to halt tourism development within the national park to a certain degree. Nevertheless, many construction permits are still pending; and without expropriations, regulating tourism development may be difficult. The conflict is on-going; as law proposals are dealt with very slowly in parliament, it might take years before there is more clarity. A decision by the ICSID (International Centre for Settlement of Investment Disputes of the World Bank) has recently obliged the state to pay a private investor about \$4 million as compensation for expropriating his 33.5 hectares of land. Such decisions may greatly speed up the process.

## **Current conflict and different views**

All this has caused continuing protest and political and judicial action by TLT, national environmentalists, the local administration of the national park and the various local community organisations that have been 'born' from the park, namely the associations of guides and the women's association. In their legal and political struggles, this coalition often finds such national institutions as the constitutional court, the universities, the comptroller general and the ombudsman on their side. The coalition's actions have included political protest and action (e.g. visiting public assemblies of parliament on the issue), attracting media attention, local lobbying and, most importantly, judicial action. For example, they have started cases before the constitutional court and other courts, for example the case in 2008 against MINAET for failing to speed up expropriations.<sup>173</sup> On the other hand, various landowners within the park take a strong stand against the limitation of private property that the

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<sup>171</sup> 46.6 hectares and 68 properties are to be expropriated; interview TLT; *Semanario Universidad*, 2008

<sup>172</sup> For example, 32 administrative processes were started for new expropriations (decree SINAC-DG-103-2008), but expired in October 2008 due to slow procedures by the ministry (interview TLT).

<sup>173</sup> A legal resolution by the constitutional court in April 2008 states that the national park and the expropriations are legal, and thus MINAET was obliged to proceed immediately and rapidly with the expropriations (sentence 2008-7549).

existence of the park imposes upon them, and they have become involved in legal as well as political struggles; their lobby in parliament and with local and central government has been partly effective.<sup>174</sup>

High-level politicians have been reluctant to speed up expropriations. Critics say politicians' economic interests and intensive relationships with tourism investors comprise the main reason for their lack of commitment to the park. On the other hand, politicians themselves have pointed to the perceived high cost of the expropriation operation. The total cost was estimated by MINAET at between \$500 and \$700 million; top government officials have complained about the impossibility of paying these sums. However, this amount is subject to debate: supporters of the park and independent consulting bodies apply much reduced land values, taking into account the extreme environmental fragility of the lands in question, which makes them unsuitable for construction (*Iniciativa Paz con la Naturaleza*, 2008). The above-mentioned recent ICSID decision (\$4 million for 33.5 ha) also seems to imply much reduced values; however, it is difficult to compare different cases.

The Playa Grande case shows the difficulties of regulating sustainable tourism development under pressure from investors and central government. The case thus deals with a clear conservation vs. development dilemma. Guanacaste has been characterised by a mass 'sun & beach' tourism model since the 1990s, while ecotourism activities related to Leatherbacks of Guanacaste National Park have been implemented from the early 1990s. These two models have been in an uneasy relationship from the start. As Campbell (2002a) explained, tourism used to be the saviour of the national park, as the arrival of tourists to view turtles was a main reason to establish a national park. On the other hand, one of the main reasons for establishing the park was to regulate tourism numbers and halt urbanisation on the coast. The first aim was quite easily resolved by setting a maximum of visitors per night in the nesting season; however, the second aim has proved increasingly difficult to achieve.

A typical tourism paradox emerges of balancing increasing scale with preserving the environment and life quality; but this time it is exacerbated by the growth of urbanisation, real estate and construction. Intensified short-term tourism combined with the growth of residential tourism and rising land prices has undermined conservation and ecotourism activities and the existence of the national park itself. Such developments may also start to undermine Costa Rica's image as a natural ecotourism destination, which is a main draw for a large tourism public. In addition, rising land prices due to increased real estate investment and speculation may undermine the viability of state-sponsored conservation in Costa Rica in general.

Thus unsustainable tourism growth has a potential to undermine its own basis. In addition, as we will see, residential tourists themselves are also particularly interested in the conservation of natural amenities.

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<sup>174</sup> In Chapter 8, I further elaborate on the issue of community involvement in the Playa Grande case, and the divisions within the communities.

## ***7.5. Residential tourists' views on conservation vs. development***

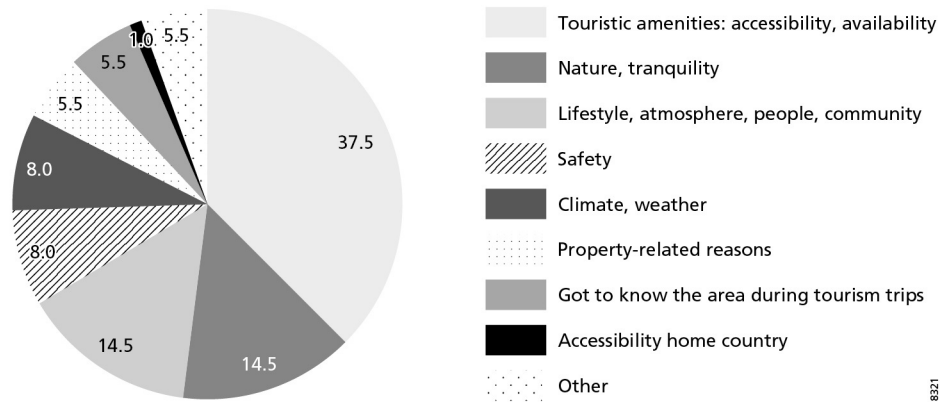
Nature is often mentioned as Costa Rica's main tourist attraction. Thus, various authors have argued that undermining this 'resource base' endangers the country's (and Guanacaste's) future tourism development (Programa Estado de la Nacion, 2007; Barrantes-Reynolds, 2010; Cañada, 2010). However, most research does not make it clear to what extent tourists, and especially residential tourists, are actually interested in Guanacaste's natural resources and in their conservation. Here, I analyse residential tourists' views on local place and reasons for moving to Costa Rica, and show that nature is indeed among the main draws for residential tourists, and arguably also for short-term tourists.

My survey of short-term and residential tourists in Guanacaste revealed that nature was one of the main reasons for all groups to choose Costa Rica as a destination.<sup>175</sup> Figure 3.9 in Chapter 3 showed that 74% of all respondents mentioned nature as an important reason to choose the country. For short-term tourists, the figure was as high as 95%. This was confirmed by their answers to the follow-up question, which asked them to rank the three most important reasons: nature and climate/weather were the most important for short-term tourists, followed by the beach. The tranquillity of the area and the fact that it is not yet become a mass tourism destination was mentioned by 62% of the respondents, this time mostly by permanent residents. While other factors such as the weather, the peaceful and democratic image of Costa Rica, beach and relaxed lifestyle were even more often mentioned, these are still high numbers. It can also be argued that the beach is an important natural amenity; this became especially clear after Tamarindo's sea contamination problems in 2008, which led to a decline in tourism. In any case, for all groups, reasons related to natural amenities and tranquillity were clearly more important than things like property prices, luxury housing, and the availability of amenities such as shops, supermarkets, the internet and entertainment.

In an open question, survey respondents were asked to mention the main reasons why they chose the particular town or region in which they stayed or lived in Guanacaste. This could include the town, the wider area, or the specific gated community. I then classified the responses into categories (see figure 7.2). The answers were then quite different: the main reason to choose the particular town or region was the availability and accessibility of touristic services and amenities: beach, entertainment, restaurants, surf, good views, golf and infrastructure (37.5%). Of course, natural amenities (i.e. the beach, good views and surf) are indirectly part of this. Nature, environment and tranquillity, including environmental conservation within the gated community, were also directly valued, but much less (14.5%). Permanent residents were relatively more interested in the nature, environment and tranquillity of the area.

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<sup>175</sup> To analyse Costa Rica's specific pull factors, all respondents (here, also short-term tourists were taken into account) could choose as many reasons they wanted from twelve reasons to choose Costa Rica; later, they were asked to rank the three most important reasons.



**Figure 7.2.** Residential tourists' reasons for choosing town or region (incl. short-term tourists).  
*Source: author's survey*

In order to obtain more insight into residential tourists' views on local place and environment, 22 in-depth interviews were conducted (Kool, 2012; see Chapter 4 for methodology). Costa Rica (and also Guanacaste) has traditionally attracted many environmentally aware western residents who take a strong stance against overdevelopment. This is partly still the case. The in-depth interviews strikingly revealed that the large majority of western residents were environmentally conscious and against overdevelopment and high density: two thirds preferred a picture of an empty beach to a picture with scattered low-rise buildings. More high-density situations were even more dreaded: reactions to a picture of the dense Spanish coast were, for example: 'There is no chance in that city to get away from the craziness and materialism; it's horrible.' and 'Those developers had the 1950s' mentality about the environment.' One respondent mentioned that he was 'not against overdevelopment, but it has to be decent. I don't want it to become like Europe or Japan here.' A picture of a luxury marina was also much frowned upon by the large majority of the respondents, when compared to a lower-density sea. However, the respondents were not that much in agreement when confronted with a picture of a modern way of economic growth (Wi-Fi, airlines) and one with a small, local traditional economy (nature guides, pottery). Both pictures were chosen 50–50. When respondents were specifically asked to make a 'trade-off' between economic growth, social wellbeing and nature/ environmental health, 11 of the 18 indicated nature to be the most important for them. Nature is what makes Costa Rica so unique, other services can be found anywhere in the world, was the argument. It was also an important reason why the respondents came to Costa Rica. They also believed that via beautiful nature the other two values could be reached. On the other hand, social wellbeing was chosen more often than economic growth; some of them have children and want them to grow up in a safe environment without too many social problems. Unemployment was seen as

only temporary.<sup>176</sup> As such, whereas 18 of the 22 respondents were feeling the effects of the economic crisis personally, the majority regarded the crisis as a positive development. One respondent even found the crisis ‘the best thing that could have happened to Costa Rica.’ They saw their life quality as better than before; the crisis was seen as an opportunity to take a deep breath, reflect and slow down the development that had been going on. Thus they found their environment quieter, less criminal and less overbuilt.

This self-selection process of environmentally aware migrants has led quite a few of them to become involved in social organising related to environmental issues. As one US migrant explained when she was asked why she was involved in a local recycling organisation: ‘It’s important to me, I don’t like waste. There used to be no plastic, and we’ve been going backwards: the *ticos* burn the trash, it’s horrible. If we get the kids to do it, they can learn for the future.’ A few residential tourists are involved in activist environmental organisations that influence public opinion through protests and judicial action. However, such strategies are not very common among residential tourists, as they tend to be wary about becoming involved with politics or controversial affairs. However, many residential tourists do become involved in local town organisations for infrastructure, services and environment. Through these organisations they attempt to change their environment in more politically neutral ways by building monkey bridges, cleaning beaches, attempting to arrange a wastewater treatment plant, organising a waste recycling system, etc. (see Chapter 4 for more elaboration).

Short-term tourists were not asked such questions, and naturally their temporary stay does not allow them to become much locally involved. In Chapter 2 it was outlined that Guanacaste is more a sun & beach destination than Costa Rica in general, which is more ecotourism-oriented. However, ecotourism and sun & beach tourism are not always clearly separated: Guanacaste’s national parks are well visited (the province’s protected areas received about 129,000 visitors in 2009, which is 10% of Costa Rica’s total protected area visitors; SINAC n.d.). Many forest areas are located close to the Pacific and the Caribbean coast, so combining coastal tourism and ecotourism is one of Costa Rica’s great draws. In addition, many tourists visit protected areas in other provinces of the country with Guanacaste as a point of departure: well-known protected areas such as Arenal volcano and Monteverde national park are a short drive from the Guanacaste coast. Hence it is clear that many tourists in Guanacaste, including sun & beach tourists, are also interested in making occasional nature trips, including sea turtle watching; therefore the popularity of tourism to destinations such as Tamarindo is partly dependent on the conservation of sea turtles at Playa Grande and other natural amenities. The interrelationship between ecotourism and more mainstream types of tourism thus complicates the picture.

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<sup>176</sup> Clearly, more recent and part-time residential tourists who were not covered in the interviews may have different views; also, residential tourists who have already left Guanacaste and sold their house have not been included.

### ***Final considerations: devilish dilemmas***

In Costa Rica, new types of tourism are increasingly competing with nature conservation and ecotourism for unspoiled areas. I have presented a number of environmental consequences of mass and residential tourism, and I described the Playa Grande case to illustrate the threats to nature and environment that accompany a rapid intensification of these types of tourism. The involved actors and policymakers are confronted with a typical tourism dilemma of balancing growing tourism numbers with environmental and nature conservation, and sustaining Costa Rica's image (Hein, 2002; Mowforth & Munt, 2003). The growth of residential tourism, with its focus on construction and real estate speculation, further complicates the picture. A reflection on these dilemmas may teach us important lessons for future tourism, conservation and development planning in a globalised context.

Costa Rica's situation reflects a more general and intrinsic dilemma that 'green states' all over the world are facing (Barrantes-Reynolds, 2010). Residential tourism and its related controversies is indeed a clear signal that the Costa Rican 'green state' is reaching its limits and showing ambiguous signs: there is a clear focus on the deregulated attraction of investment, while the government is also attempting to maintain its green image (Barrantes-Reynolds, 2010). Thus, it also reflects a broader heterogeneity of ideas and practices within central and local government institutions in Costa Rica. According to Barrantes-Reynolds (2010), the inherent contradictions in the concept of sustainable development itself are one cause of state ambiguity: combining a strong version of sustainable development (i.e. focusing on environmental conservation) while upholding liberal capitalism is an impossible combination. However, in Guanacaste, the speed of the developments and the lack of preparedness among government institutions (especially in peripheral areas) for a relatively new phenomenon, are also important explanations, as we saw in Chapter 2.

Another dilemma has to do with financing nature conservation. It is difficult to see how nature conservation can still be financed and implemented in the context of extremely high land prices and pressures, particularly if the state holds the primary responsibility for conservation. Private-run conservation may then be a partial solution, but this is not without its dangers. It is increasingly difficult even for relatively wealthy international environmental groups to buy land, as we can see in Playa Grande. Tourism development seems a necessary source of funds for the national parks, but rapid tourism development is in turn contributing to skyrocketing land prices and resource degradation. This situation potentially gives rise to injustice: while local, poor populations in Costa Rica have had to make way for protected nature areas since the 1970s, this time the ones threatened with expropriation are the rich and powerful (and partly foreign). Due to high land prices and political influence, these landowners might succeed in making Leatherbacks of Guanacaste the first national park in Costa Rica to be weakened in status. If they do succeed, this will be a profound environmental injustice, and serious doubts would arise for the future of Costa Rican conservation and social justice.

While residential tourism can be a driver of environmental degradation, it may also be an opportunity for conservation and sustainability. People who are most tied to the



local area (and less to other places) are most vulnerable to a long-term deterioration of their environment. Both their life quality and their area's comparative advantage for attracting tourists may be lost (Bimonte, 2008). As such, residential tourists can be an important asset for sustainability: they establish themselves in the area for a longer time, which makes them more interested in conserving local liveability and place making than short-term tourists (see McElroy & De Albuquerque, 1992; Van Fossen & Lafferty, 2001). Many of them establish businesses in the tourism sector. Indeed, as we have seen, residential tourists in Guanacaste are very interested in the local nature, landscape and environment. Compared to other local and migrant populations, they show the clearest preference for 'planet' as opposed to 'people' and 'profit'. They often become involved in conservation activities. As such, these residential tourists are not only interested in natural areas, visible biodiversity, beautiful views and landscape, but also in 'grey' issues such as waste, wastewater treatment, water scarcity, air contamination, etc. (see Hein, 2002). This creates opportunities for effective action for sustainability.

However, as we saw in Chapter 4, there are also limits to residential tourists' involvement and attachment to the local area, and particularly new groups of residential tourists are more flexible and mobile (and more interested in other amenities); they can easily move on to other places. The arrival of land investors and speculators also contributes to such absenteeism and less interest in local nature, as it is shown in Playa Grande. Hence, it is important to conserve natural resources and continue attracting those specific groups that are interested in sustainability. Even though in theory, environmentally minded foreigners might leave and make room for new and larger groups of sun & beach-seeking residential tourists (as has partly happened), such a move would make the sector much more vulnerable: Guanacaste and Costa Rica would lose their comparative advantage over other sun & beach destinations, and they would lose important embedded groups of involved residential tourists (making way for a highly flexible, mobile and non-tied group). The strength of Costa Rica's country image for drawing tourists should not be underestimated, and this comparative advantage can be endangered by continuing deregulated large-scale and residential tourism growth in Guanacaste.

Of course, treating nature as a resource that is valuable only to the extent that it can be validated in economic terms, is problematic in itself (see Escobar, 1996). Indeed, the idea and practice of ecotourism is built on such premises: nature is valuable especially because it can draw tourists; and in order to preserve nature, there has to be some economic gain for surrounding communities in terms of tourism income. However, as shown by the Playa Grande case, in today's world there are mounting pressures on natural resources, and emphasising the economic value of their conservation seems to be the only way of guaranteeing this conservation. Thus, environmentalists and other people in Playa Grande have found responsible community ecotourism to be the best alternative for conserving leatherback sea turtles and other natural resources, and can now use it as an argument to counter other more damaging types of tourism. With purely preservationist arguments, it might have been much more difficult to convince many stakeholders to establish and maintain some

form of conservation in the area, particularly in the face of skyrocketing land prices and pressures.

In this chapter, I analysed the ambiguities of tourism development and the Costa Rican state. In the Playa Grande case, I briefly mentioned the involvement of other governance actors, including the important roles of communities. Indeed, communities seem to be the missing link in current governance and policy on residential tourism; this is analysed in the following chapter.

## 8. Community participation in planning and environmental decision-making

In recent decades, decentralisation and community governance have been progressively promoted in the global South. Governance is now understood as a complicated arena in which central government, local government, international institutions, civil society and the private sector have to collaborate in strategic partnerships. The responsibility for development has clearly shifted from the central state to local governments, communities and the private sector. A focus on decentralisation and strengthening local government has gone hand in hand with the idea that organised communities should have a more active and participatory role in development.

In Latin America, participation and community-based development have surged over the past decades. Communities (especially indigenous ones) have been granted more autonomy in governing their own decision-making and development, which has often been accompanied by various degrees of rights to territory and natural resources (e.g. in Bolivia, Ecuador, Panama, Colombia). However, in many parts of Latin America effective participation in local development is still not a reality, for example due to incomplete or problematic processes of decentralisation. Costa Rica is one of the most centralised countries in Latin America. While this is not surprising given its size, the country has been increasingly criticised for its inability to grant significant power to local levels of government. Still, the Costa Rican central state does not act in isolation, and the roles of local government, the private sector and civil society in residential tourism are important to consider as well. Costa Rica has an active civil society; in particular, much community activism is channelled through environmentalist groups and conservation efforts.

Guanacaste is often characterised by its individualism and low level of community organisation (Edelman, 2005). However, recently organised community groups in Guanacaste have become more active in the field of residential tourism and related issues of land-use planning and environmental governance. Debates in development studies have highlighted a number of problems with the concept and practice of community participation. Here, I show that the effective participation of communities in residential tourism-related matters in Guanacaste is hindered by various developments. Most importantly, as the central government together with private parties is attempting to increase its power over strategic resources in the coastal area (e.g. water, coastal land), communities see decision-making power fall out of their hands. At the same time, the influence of organised communities is mostly ex-post; participation is not sufficiently institutionalised, for example in land-use planning. Failing to take into account communities beforehand is not only antidemocratic, but in the end it might also become a threat to residential tourism development. All this becomes clear from three case studies. I also look at the problem of heterogeneity of communities and difficulties of representation.

The first case study is on public participation in tourism, land-use planning and environmental assessment. In the second one, I explain water governance, including

the roles of communities, central government and private parties, and analyse recent water protests and conflicts related to residential tourism, as these have been important channels for de facto public participation. Third, I deal with conservation policy and threats to community-based conservation, based on the case of a national park at Playa Grande. Finally, I analyse the heterogeneity of communities in terms of their views on residential tourism and their involvement in community organisation. This is followed by a discussion and conclusion.

### ***8.1. Theoretical framework***

Governance is ‘the system of formal and informal values, policies and institutions by which a society organises collective decision-making and action related to political, economic, socio-cultural and environmental affairs through the interaction of the state, civil society and private sector’ (Bontenbal, 2009). The responsibility for development has clearly shifted from the central state to local governments, communities and the private sector. Good local governance works both on the level of local municipalities and governance structures, and on the level of civil society: it means strengthening local institutions while enhancing the empowerment of civil society to participate in local decision-making (Bontenbal, 2009).

Fox and Meyer (1995; in Kakumba, 2010, p. 173) define citizen/community participation as the involvement of citizens in a wide range of administrative policymaking activities, including the determination of levels of service, budget priorities, and the acceptability of physical construction projects in order to orient government programmes towards community needs, build public support, and encourage a sense of cohesiveness within society. An important aspect is that ‘common amateurs’, or non-elite citizens, should exercise power over community affairs (Kakumba, 2010). Community participation has been advocated in matters such as environmental decision-making, water management, natural resource management, development projects, budgeting, etc.

While community participation was much welcomed as an alternative to top-down approaches to development, it has also been criticised for failing to deliver upon its promises of empowerment and development (Cleaver, 1999; Cooke & Kothari, 2001; Kakumba, 2010; Smith, 2008). The literature on community participation has identified the main barriers to effective participation of communities in decision-making (Cooke and Kothari, 2001; Kakumba, 2010; Cleaver, 1999; Smith, 2008; Bernard, Collion, De Janvry, Rondot & Sadoulet, 2008). The lack of real participation is a main issue: the ‘tyranny’ of participation discourse in current development thinking (Cooke & Kothari, 2001) makes it a catchphrase that is adopted regardless of the real intentions of the project. As such, participation often means superficial consultation of communities after decision-making has taken place; a cost-reducing and efficiency-increasing strategy (Cleaver, 1999; Pretty, 1995, in Mowforth & Munt, 2003, p. 215). When communities become mere information providers and at best involved in consultation, their participation becomes passive and tokenistic (Smith, 2008). Real participation is ideally based on local communities’ self-mobilisation, and

not driven from outside: in that way, power and control over all aspects rest with the local community (Mowforth & Munt, 2003). Even in such cases of ‘real’ community participation, many problems remain.

A main critique of community participation in development (and its related techniques and implementation) is that it obscures larger power relationships and inequalities within communities, as well as between communities and larger structures such as the state (Classen, Humphries, Fitzsimons, Kaaria, Jiménez, Sierra & Gallardo, 2008; Cleaver, 1999; Smith, 2008; Mowforth & Munt, 2003). Communities are much more heterogeneous and divided than is often assumed: differences in class, ethnicity, gender and generation run across apparently cohesive communities. Reaching unified positions and common views is difficult in many contexts: the idea of communities as harmonic, bounded and cohesive is erroneous (Cleaver, 1999; Smith, 2008; Tsing, 2005). Related to this is the high mobility of populations, which is often not accounted for in static, bounded views of communities in the global South (Cleaver, 1999; Massey, 2005). Migration, mobile lifestyles and absenteeism complicate local decision-making and planning (Zoomers, van Westen & Terlouw, 2011). People in the wider area may also be affected by decisions taken locally; hence it is difficult to decide whom to include. Indeed, Massey argues that given the relational character of place, spatial principles such as local primacy cannot be the basis of decision-making (Massey, 2005). In addition, the issue of elite capture is well known: in many cases, local elites appropriate the institutions and participatory structures, which they tend to use for private benefit rather than for the common good (Platteau, 2004; Classen et al., 2008; Kakumba, 2010). Their power and knowledge allows them much easier access and more opportunities to participate. Inequalities might be exacerbated, and poverty reduction or other goals may be even further out of reach. Related to this, the economic and livelihood obligations of the poorest parts of communities often prevent them from being able to participate widely in common activities, planning, decision-making, etc. (Cleaver, 1999). The lack of knowledge and experience of many people with regards to budgeting, land-use planning and the like, is often a problem too, especially when it comes to highly technical and complicated issues.<sup>177</sup> Thus participation does not automatically lead to representation and empowerment (Kakumba, 2010). The lack of resources – which is often related to a lack of real devolution of resources from higher levels of government towards lower levels and communities (despite the rhetoric of decentralisation) – is in many cases another important deficiency. Expectations of successful community organising may be too high given the low amount of resources available (Bernard et al., 2008; Cleaver, 1999; Kakumba, 2010; Smith, 2008).

In the debate on the global land rush, particularly in Africa, it is often outlined how central states are strengthening their grip on land and other resources, in order to lease them to private investors. Such processes of recentralisation and privatisation are also

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<sup>177</sup> In addition, the techniques used are highly western and managerial, e.g. logical frameworks; these have a tendency to structure and articulate the ‘local’ knowledge in particular ways that offer only partial or distorted accounts of the participants’ everyday lives, views and knowledge (Mosse, 2001 and Taylor, 2001 in Mowforth & Munt, 2003, p. 214).

evident in the mining sector in Latin America. States together with private investors gain control over resources that have been community managed for a long time; blaming communities for supposedly 'bad management' of resources is often part of such processes. A strongly organised community thus seems important in the face of increasing external pressures on land and resources; however, external influences can also profoundly change the character of local community structures, for better or for worse. Even if there is a strong community participative structure in place, a large growth in tourism and influences from outside can negatively influence such structures, rather than be successfully mitigated by them. Van der Duim (2005) described this process in the locality of Monteverde, a popular tourist destination in the mountainous interior of Costa Rica. Monteverde was a democratic community where the local population was much involved in decision-making, cooperatives, etc., but this structure was partly lost as a result of the explosive growth in tourism in the period 1985–1995. Population growth made the town too large for effective cooperative organisation, and tensions started to emerge between organisations, some of which were accommodative while others were resistant. Hence, the dynamics of community organising should not be underestimated.

Turning our attention to Costa Rica again, as we have seen the country has a centralised government structure and decentralisation is advancing only very slowly. Although civil society and the media are very active, there are also many barriers to effective community involvement. According to Campbell, the alliance between capitalism and environmentalism in Costa Rican politics (and tourism/ conservation policy) has caused a decline in the power of more social and community development factions of government. As such, community-based conservation has declined in popularity in Costa Rican conservation narratives (Campbell, 2002a, 2002b). The same failure to integrate social community development is seen in other arenas of environmental policy, for example in the lack of community participation mechanisms.

## ***8.2. Public participation in tourism and land-use planning***

There are various opportunities for individuals and communities in Guanacaste to become involved in matters related to residential tourism. Some of the main opportunities are land-use planning, tourism planning and environmental assessment. In theory, these allow people to co-decide on important issues such as coastal land-use plans and construction permits, and to exert influence before the development takes place. However, the reality is more complex: public participation, responsive local governments and adequate land-use planning have only recently become somewhat more widespread in Guanacaste, and even now the participation is often rather superficial and non-binding.

The Costa Rica Tourism Board (ICT) attempts to include civil society and the private sector in its tourism planning efforts. It elaborates tourism plans per 'tourism unit' (large regions, such as north Guanacaste) for 10 years, and based on that local tourism development plans can be drafted. Tourism unit plans are elaborated using a

participatory methodology: municipalities, other government institutions, local tourism chambers, community development associations (ADIs<sup>178</sup>) and other interest groups such as ecologists are invited for meetings (Cordero & Bonilla, 2006, p. 38). However, the extent of participation is variable, and ‘processes have resulted difficult to manage due to the political relationships.’ (ibid., p. 29). As the ICT is a very centralised institution, inclusive planning has not been implemented satisfactorily until now, and there is no follow-up of tourism planning (ibid., pp. 38-9). As such, it is mostly unclear how larger plans are translated into local change. For coastal areas, the ICT and its tourism plans may play a role in the elaboration of coastal land-use plans, although the municipality is the key actor. In this sense it is a positive sign that the tourism plan for 2010–16 pays much attention to strengthening municipalities as the main institutions responsible for sustainable planning in tourism areas (ICT, 2010); however, this will be a long-term process.

Indeed, one of the main areas of public involvement is land-use planning. As outlined in Chapter 3, Costa Rican coastal areas face many challenges related to land-use planning and regulation, with private actors developing their own land-use plans, and communities without clear land rights being under pressure from government. By law, public participation is obligatory in coastal land-use planning.<sup>179</sup> The exact requirements of public participation in coastal regulatory plans drafted by municipalities are unclear;<sup>180</sup> for this reason, the general planning rules (Urban Planning Law 4240) tend to be followed (Cabrera & Sánchez, 2009). These state that municipalities must organise a public hearing and inform the public about a proposed land-use plan through the media; during the hearings, people can make written and oral comments. Whether and, if so, how these suggestions are taken into account is unclear, however.

In the past few years, there have been some efforts to improve land-use planning. There have been various new initiatives which aim at improving coastal land-use plans, and at enhancing public participation in their drafting. One of the most visible initiatives is the Regularisation of Cadastre and Registry Programme (BID-Catastro, a collaboration of the Costa Rican government with the Inter-American Development Bank), which has organised many public hearings for all 16 coastal land-use plans that are being prepared for the Pacific coast. These plans are prepared by a private company, but citizens and civil society are involved in various stages of the process through public hearings, and the municipality and corresponding institutions have the final word. There has been quite some criticism from civil society actors about the procedures and lack of real participation in the drafting of these plans. Activists have criticised the lack of understanding of most people of very technical plans and rules,

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<sup>178</sup> ADIs (*Asociaciones de Desarrollo Integral*) are community development associations (derived from the Law on Community Development, No. 3859, from 1967), which mainly channel state funding and local resources for local improvement, e.g. road works, electricity, schools, health centres, sports facilities and communal areas.

<sup>179</sup> See Chapter 2 for a description of the coastal land regulations.

<sup>180</sup> Land-use plans have never been formally included in the coastal law; only through the attorney general’s and other judicial pronouncements have land-use plans become a central element in coastal land regulation (Cabrera & Sánchez, 2009).

which means that residents can only give opinion on unimportant peripheral aspects of the plans, not on the real issues; in addition, only representatives of organisations are invited, not individual people; and there is no real collaboration between residents and technicians (Castro Soto, 2009). It has been the private sector that has participated more actively in these public hearings (Figuerola, 2009, in Barrantes-Reynolds, 2010, p. 83). Tourism chambers – in this case Catargua, the Guanacaste Chamber of Tourism – are the main private-sector representatives, and thus important players in the planning process. Catargua – an association of both small- and medium tourism businesses and larger investors and developers, international and domestic – has been one of the main actors promoting Guanacaste's large-scale tourism growth in the beginning, but has lost some power afterwards (Janoschka, 2009; 2011).

Local organisations have also promoted the drafting of new land-use plans. In the case of Tamarindo, the civil society group Asociación Pro Mejoras de Playa Tamarindo (APMT) has been trying to draft a land-use plan together with the municipality of Santa Cruz for seven years. APMT has attempted to involve the public by organising public hearings. Interestingly, the organisation's leaders are mostly foreign or from central Costa Rica; many of them are small tourism business owners or other entrepreneurs, with a long-term involvement in the region. The organisation attempts to include a wide diversity of population, including local people, through bilingual meetings and information. However, cultural differences and a lack of trust prevent local people from participating in their meetings:

The Asociación ProMejoras has recently been established, but the problem is that only foreigners go there. For example, at their meetings it is very difficult because they only speak their language; after that someone translates into Spanish, but very quickly, so local people do not understand much. (*Interview with a resident of Tamarindo*)

Another organisation of mainly foreign small business owners (ProTamarindo) has also been active in drafting the Tamarindo regulatory plan. Thus, the foreign and central Costa Rican community has had a strong participation in drafting regulatory plans in Tamarindo, where the Guanacastecan community was not sufficiently organised: representation is then questionable. These attempts and plans have recently been included in the BID-Catastro Programme, which has called for broader public participation (not only business owners and organisations' representatives, but also other residents) and clarity about financial contributions.

One other example of public participation in residential tourism-related matters is the obligatory social consultation during environmental impact studies for large new construction projects. Developers of high-impact projects have to present these studies to SETENA, whose approval is needed in order for the municipality to give the project the green light. An evaluation of the socioeconomic environment of the project, as well as of 'local perceptions on the project', is an obligatory part; compensation measures should also be included. These consultations on local perceptions tend to be held with ADIs, community development associations in the relevant towns. However, explicit community approval is not a requirement for



SETENA's approval of the project (FUNPADEM, 2005); the community consultation is only one small aspect included in a very extensive document. After approval of the project, SETENA environmental study rulings are publicly available, and anyone can provide input to SETENA or start a court case.

I attended a meeting of the Tamarindo development association (ADI) during which the community was consulted on a new 100-apartment condo project to be built in the area. On seeing the design and hearing basic information about the project's characteristics and water use, various ADI members expressed their concern, saying that they were not against development, but that it must be done in a responsible, sustainable, legal way. They raised legitimate concerns about water availability and permits, wastewater dumping and treatment, and the number of jobs created. However, they also criticised the lack of real influence for communities in such projects, as they were consulted after tree cutting and terracing had already taken place; in addition, there was a lack of information about the project. Members showed much awareness of the gap between companies' promises and the reality in terms of social and environmental sustainability. In the end, the project was not continued, but the economic crisis was probably the main reason for halting it.

Future improvement can be expected particularly from stronger local government and more effective links between local governments and communities. Although decentralisation is still in an initial stage in Costa Rica (see Chapter 2), in recent years municipalities have made more effort to enhance social participation and collaborating with communities. Besides the municipalities' efforts at improving land-use planning and involving civil society in that process, linkages between local government and communities are also slowly appearing in other ways, partly because of some cautious central government attempts at more decentralisation (see Appendix 8.1 for details). Another way in which communities can exert an influence on the developments in their surroundings is through water governance.

### ***8.3. Community involvement in water governance***

The rapid tourism and real estate development along a coast that was already suffering from water scarcity has led to continuous struggle over water governance in Guanacaste: there has been a redefinition of responsibilities between public, private and community institutions. Decentralised water management has been widely promoted in Costa Rica since the 1970s, and it has been partly successful. However, the centralisation of decision-making and the privatisation of water are currently taking place, which diverts power away from communities and is leading to resistance. Costa Rica's water provision in rural areas has been partly decentralised through Community Water and Sewer Associations (*Asociaciones Administradoras de Acueductos y Alcantarillados Comunes* – ASADAs). These are decentralised communal water boards operating under the auspices of the central government Costa Rican Water and Sewer Institute (ICAA- *Instituto Costarricense de Acueductos y Alcantarillados*). Of the water systems in Guanacaste, 41% are in the hands of these water associations (Programa

Estado de la Nación, 2000, p. 325), mostly in rural areas where there is no connection to a public ICAA water system. ASADAs are led by boards comprising a minimum of six community leaders elected at communal assemblies, and are responsible for administrating local aqueducts and providing water to the communities (ICAA, n.d.). The ASADAs have been praised as an example of decentralised water management and community development. They are an example of the local democratic administration of resources: the ASADA boards are elected local leaders who are accountable to their associates (users of water services; members) and to ICAA. As board membership is voluntary and time consuming, there is no great interest in participating; board members mostly stay on for a long time.

In Guanacaste, communities and ASADAs now have to deal with increased water scarcity and the overexploitation of limited groundwater resources in the region, caused by rapid urbanisation and tourism development. As Ramírez Cover showed, the water situation of the Guanacaste coastal area is alarming, with only small, limited-capacity aquifers that are very vulnerable to salt intrusion (2008). In coastal areas such as Brasilito, Flamingo, Huacas and Matapalo, water availability has reached its limits (Barrantes-Reynolds, 2010). In his analysis of water conflicts, Ramírez Cover concluded that almost 70% of the water conflicts in Guanacaste (1997–2006) had to do with coastal tourism and real estate activities (Ramírez Cover, 2008).

Various developments have contributed to water scarcity and disordered water exploitation. First, communities and policymakers are increasingly losing control of the water availability in the region, as developers and individuals are digging their own wells, with or without permits. Between 1985 and 2007 there were more than 3000 legal wells registered in Guanacaste (DA-IMN in Ramírez Cover, 2008). More problematic is the high number of illegal wells: the media and various organisations have found many cases of illegal private water extraction by tourism developers, leading to overexploitation (Van Eeghen, 2011; UN, 2009; Cavanaugh, 2008; Barrantes-Reynolds, 2010).<sup>181</sup> A study by Programa Estado de la Nación (2010) found that 96% of the coastal wells in its sample did not have the required water concession. The many illegal wells are causing a rapid depletion of water sources in the area.<sup>182</sup>

With increasing pressure on water resources, the central government's responses have concentrated on the centralisation of decision-making and the increased influence of the private sector. The latter is dealt with in the section on protest, demonstrations and judicial action. I now deal with the centralisation of decision-making on water.

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<sup>181</sup> Many developers do not have permits for drilling: they may for example have certificates stating that their water permit request is 'in process', which allows them to start construction and to sell the properties, but not to extract water – which they do anyway.

<sup>182</sup> These problems of overexploitation, illegal wells and water conflicts have to do with various regulatory deficiencies at the level of central and local government institutions, including the lack of cohesion between responsible institutions, a lack of financial and personnel capacity in these institutions, and an out-dated and inadequate judicial framework (Ramírez Cover, 2008). The limited oversight is also due to deficient regulatory plans in coastal areas, which causes a general disordered development; and to the non-existence of an overall water balance and a comprehensive national strategy for sustainable water management in Costa Rica (UN, 2009).

The central government, in this case the ICAA, has attempted to gain more influence over water management, to the detriment of the decentralised water boards. The ICAA accuses the ASADAs of operating inadequately in the face of large-scale tourism development and urbanisation (ICAA, n.d.). Indeed, the ASADA system has its weaknesses.<sup>183</sup> This should not come as a surprise, given the lack of finance and support from the ICAA, and their dependence on volunteers. The MINAET, which is responsible for overall water policy, and the ICAA have recently made attempts to develop a more integrated water policy and better control of groundwater sources. This is expressed in the national programme of potable water improvement from 2007 onwards, and in plans for a new water law, which has not yet materialised. These attempts to develop a national strategy are leading to more central influence in water provision and quality control, which some rural water boards see as an undue influence on their territories. In Tamarindo, for example, in 2008 the ICAA expressed a desire to take over the total local water administration by assuming control of two private water boards and the community ASADA. However, the ASADA has successfully resisted these attempts; it holds that as a long-term community organisation (established in 1977), it is very effective in providing water while at the same time controlling quality and sustainability. The ICAA has lost some credibility among local communities in Guanacaste, as shown below. The Tamarindo ASADA has a long history and a good track record, and was strong enough to defend its existence (*The Tamarindo News*, 2010).

A related problem faced by ASADAs is that of competition from private water suppliers. In Tamarindo, there has been a commercial water service (Beko) for many years; this is the result of a concession granted to this private company to run its own aqueduct in the mid-1980s, as the ICAA did not have the capacity to provide water to the then developing Langosta area, where tourism development caused the need for rapid development of a water provision system. Beko and another private water provider in Tamarindo focused mainly on specific tourism projects and expensive tourist areas such as Langosta, so that populations did not experience the privatisation of their water supply financially. However, as Tamarindo became closer to reaching the limits of water supply, resistance against private water management grew, especially in the ASADA ('Beko drilled 100 metres away from where we did the first time and at a greater depth. For that reason, we took on the task of seeking other alternatives.'). (*The Tamarindo News*, 2010). Beko's concession ended in 2009, and the ICAA took control of the private well; ASADA is now blaming the ICAA for bad management and exerting pressure to have the aqueduct handed over to it.

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<sup>183</sup> Weaknesses of the associations include the existence of many more small informal committees that administer water without being properly registered as ASADAs and having ICAA tasks delegated to them (their lack of proper official status makes it difficult to operate), and their lack of finance (ICAA, n.d.). According to the study by a UN independent expert (UN 2009), water provided by the ASADAs (in Costa Rica in general) is less safe than that centrally provided by the ICAA; ASADAs provided safe drinking water to 59.8% of the population provided by them, whereas for the ICAA the percentage was 97.8. In another study, in Guanacaste, only 37% of water from ASADA systems was considered potable (Programa Estado de la Nación, 2000, p. 325).

How are the communities and ASADAs dealing with water scarcity, privatisation and centralisation? Community water management is one of the few ways community members can still exert influence on the often externally led developments in their localities, by controlling a key resource. As such, ASADAs have become sites of struggle. As we have seen, ASADAs can sometimes effectively defend themselves against the central government's (ICAA's) attempts to regain control over water management. On the other hand, ASADAs in Guanacaste have also redefined their relations with tourism and real estate developers, which have gained an increased presence in the region. The ASADAs are in a difficult situation: they have the double responsibility of enabling community-wide access to water, and protecting the groundwater resources and the environment. They may want to use their power over this strategic resource for community development or environmental protection, but they can also be denounced if they deny someone access to water. In Guanacaste, ASADAs deal with these contradictory responsibilities in different ways.

Several ASADAs are involved in water conflicts with tourism and real estate developers. In this, they play an important role on behalf of the communities by filing judicial complaints against irregular permits and water overexploitation (Ramírez Cover, 2008) (see next subsection). The ASADA itself is sometimes accused of overexploitation or of granting water concessions to developers in an irregular way. Such dangers of corruption and elite rent capture were clear from the account of an environmental activist who expressed his fear that the local ASADA in his town would grant water too easily to coastal residential tourism projects:

The investors [developers of tourism projects in other nearby coastal areas] have already come and talked to local people, and also with the president of the ASADA. They showed him documents. So I went to talk to these people to convince them that they shouldn't sign anything, because then we'd be lost, the investors want to extract water easily.

In some towns in Guanacaste, ASADAs have negotiated with developers who need water and asked them to deliver community improvements, such as painting the local school or building infrastructure, in exchange for secure access to water and harmonious relations with communities. 'This is the nature of current relations between developers and the community of Lorena' (Barrantes-Reynolds, 2010). However, other communities grant water without asking much in return. The same activist mentioned above illustrated this with an interesting story:

A short time ago, I was in a small store in the town of Llanito, and the lady asked me if I wanted to buy a lottery ticket, because they were collecting money to build a new school in the town. I got very angry and I asked her: how is it possible that they are asking people like us to pay for the school? If Llanito gives all its water to Tamarindo; it will be sustaining Tamarindo's whole economy. If they closed the Llanito aqueduct, there would be no water there. So how is it possible that the investors in Tamarindo benefit enormously from this community, and don't give anything back to them, and you have to ask people for money to build a school? Llanito should have the best school in the region, and brand-new streets!

While the Tamarindo ASADA does organise social projects and activities for the surrounding communities, larger benefits are clearly expected in comparison to the enormous strategic importance of such water-delivering communities.

Not only has local involvement in water issues increased, but foreign inhabitants have taken up active roles in it. ASADAs on Guanacaste's coast are traditionally quite 'Guanacastecan' in their composition, but in specific tourism towns, foreign (i.e. North American, European) residents and migrants from the Costa Rican centre have taken up board positions or established their own ASADAs. These are both long-term and more recent migrants. The foreign-led ASADA at the 'American' project in Nosara – a residential tourism project where mainly North American citizens have bought lots and built their houses since the 1970s – is quite different from other ASADAs: it has established much higher fees than usual, uses differentiated fees for new water connections (higher expected use, higher fee),<sup>184</sup> and claims to provide an extremely high level of service and infrastructure, including detailed water availability studies (La Voz de Nosara, 2010). In view of the increased water demand and an endangered future water supply, the ASADA has implemented temporary water cuts in the high season for all users. In addition, it applies strict rules for new developments that wish to be connected to the water system (requiring much documentation and compliance with environmental law), thereby guaranteeing water supply for current users and protecting future water resources (ibid.). However, this was not deemed enough to solve water scarcity problems: in 2010 the Nosara ASADA established a moratorium on new water concessions, as they claimed demand was exceeding supply. Developers who are being denied water in the area have expressed much criticism, as they claim to be illegally excluded from access to a basic resource; however, the ASADA is also praised in the community for promoting sustainable development (ibid.). As such, the ASADA as a traditional local institution is adaptive to circumstances, and foreign inhabitants' ASADAs may be even more environmentally protective than Costa Rican ones.

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<sup>184</sup> In 2009 the Public Service Regulating Authority of Costa Rica (ARESEP) prohibited the Nosara ASADA to charge high fees for water connections and delivery. The ASADA temporarily resolved the situation by charging the maximum allowed fee, and asking for voluntary contributions to cover the extra expenses, which seemed successful (La Voz de Nosara, 2010).

Although the ASADAs play an important role in the local control of water, there are also other community groups that have attempted to influence decision-making on the resource, as shown by the water conflicts and protests in Guanacaste.

### **Community involvement in water issues: protest and judicial action**

Various community groups have attempted to influence decision-making on water. The water conflicts in Guanacaste are evidence of the very active participation of neighbours organisations, communal committees and local environmental organisations. These groups – by denouncing irregular concessions and overexploitation and protesting against public–private partnerships – aim to increase spaces for local participation in water management (Ramírez Cover, 2008).

Some of the main water conflicts and protests in Guanacaste have emerged over the issue of water privatisation. As a result of decreased water availability and bureaucratic procedures, developers have sought new solutions to their water problems: they have looked further towards the interior of the country for water and have collaborated with the ICAA in benefiting from a new legal arrangement: the public–private water partnership. In 2006, a change in the law opened the door to public–private water partnerships, allowing developers to bring water from far outside their own property without having to rely on a regular community or central government (ICAA) service. At first sight, this newly created institution appears very reasonable: infrastructure would be paid for by private tourism developers, under the authority of the ICAA, and all works would be handed over to the ICAA once completed. Surrounding communities would also be provided with the new service. This arrangement would advance infrastructure development without the need for public investment. A group of 48 residential and short-term tourism developers in the area of Playas del Coco and Ocotal formed a public–private water partnership with the ICAA in 2008, which was to extract water from the interior town of Sardinal and transport it to the coastal area through newly constructed pipelines. The construction of this Sardinal–El Coco–Ocotal water project started in 2008.

Nevertheless, the project caused community outrage and the total paralysation of the works. As Sofia Van Eeghen<sup>185</sup> described, in 2008 construction was already well underway when the ICAA first informed the communities of Sardinal and its surroundings about the project. A group of inhabitants were highly displeased with this announcement and demanded an unbiased and thorough assessment of the aquifer's capacity. This request was denied. The individuals opposing the project then

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<sup>185</sup> MSc student Sofia van Eeghen carried out an in-depth inquiry into the water conflict in and around Sardinal in February–May 2010 (Van Eeghen, 2011). This included 24 semi-structured interviews with local people in two affected villages (El Carpintero and Nicomedes, close to Sardinal) and with other stakeholders, followed by a survey among 78 households in the two villages and Sardinal. She used a stratified systematic random sampling technique based on place of residence. The survey topics included basic household characteristics, economic characteristics, access to water (quantity, quality, price), use of water, views of and involvement in the conflict. Respondents were mostly native local people.

began to organise themselves in various manners. The community-based Comité de defensa del agua de Sardinal was established. The committee met once a week to investigate, discuss and strategically plan its resistance to the Sardinal–El Coco–Ocotol water project. It managed to pressure the ICAA into allowing a review of the permits that had been granted, and having a thorough look at the procedures that had taken place. They also managed to get the National Office of the Ombudsman, the University of Costa Rica and other experts involved to help them to appeal to the Constitutional Court and the Comptroller General with a twofold criticism concerning the project: a lack of community participation and the questionable legal procedures that had taken place (Van Eeghen, 2011).

Together with its partners and with the help of local and regional environmental organisations, the committee managed to make its case well known in the whole country through the national media, after which national politicians and civil society started to become involved. Most importantly, the committee organised various protests including two demonstrations at the construction site. After the second demonstration, all construction was discontinued. One respondent described the protests as follows:

I: But the people have paralysed the project, right? R: Yes of course. Those pipes, we have taken care of it, we have burnt them. When we stood up against the government, there were shootings, there were cries, tear gas, there were people dismayed, the community has never lived through anything like this. Well, here the solution is in the street. We organise peaceful marches, we organise meetings and we urge the community to go out, we meet and go out to march through the streets. (interview excerpt in Van Eeghen, 2011)

Such situations are uncommon in what is generally a peaceful country. A group also went to San Jose to protest against government institutions. These actions led to a hydrological study. The study was reviewed by two public universities, and both publicly questioned the results. The Constitutional Court withdrew its approval and ordered a full-scale environmental assessment of the project as well as further investigations into the permit procedure that had taken place. SETENA ordered the municipality to withdraw its permits for the infrastructure works. The municipality could not issue any new construction permits without adequate proof of a sufficient water supply, and many residential projects were halted (though also as a consequence of the worldwide economic crisis). The studies ordered by the Constitutional Court revealed that water supply for the future was not endangered, and the project could go on under certain conditions. However, construction has still not been resumed, this time also because of financial limitations.

The main reason for protests was the concern of the communities surrounding Sardinal (where many local people and Nicaraguan migrants live): many people were already experiencing dry wells and were concerned about future water supplies (Van Eeghen, 2011). The following are quotes from local inhabitants of Carpintero, a town near Sardinal (*ibid.*).

They want to take the water to Playas del Coco for tourism and all that, and the people of Sardinal doesn't want that because if they take the water for tourism, the people of Sardinal will be left without water.

The people, we don't want to give away our water to private companies, because water is our oil. It's the only thing of value we have. And if we give it away, we are giving away agriculture, cattle raising, the lives of our children and future generations; we would give away everything.

Their insecurity was reinforced by the lack of proper water availability studies and environmental impact studies before the development of the water project; thus future effects were unclear. However, other factors also played a role. Van Eeghen attributed the protests to resistance against a rapidly changing environment, a lack of benefits from tourism and a lack of trust in the government. The last-mentioned might also be connected to the anti-democratic character of the project, in which water management was – without any consultation – handed over to a non-transparent arrangement between private investors and government officials. This was especially painful as the ICAA and the developers had identified an interior town – Sardinal – to supply water to the coastal tourism areas, as coastal water sources were already compromised. The loss of power over a strategic and life-giving resource such as water led to rage.

The Sardinal protests were inspired by an earlier (2005) water conflict over a similar case in Lorena, the 'Nimboyores conflict' (Ramírez Cover, 2008; IPS, 2004). In 2003, the coastal megaproject Reserva Conchal aimed to extend its water extraction for various new golf courses it planned to construct. The water was to be extracted from the Nimboyores aquifer in the interior town of Lorena, with the help of the ICAA. As in Sardinal, the community of Lorena was not consulted about these plans and started protesting against the extraction of water. Successful community protests and judicial action – also taken by many national institutions such as universities, the ombudsman's office and environmental organisations – delayed the water project, and in the end the developer (the Spanish chain Melía Conchal) scrapped its plans. The ICAA and the developers had clearly underestimated this local resistance in all these cases. Interestingly, in another public–private water partnership (in Manuel Antonio, a tourism town on the south Pacific coast), the resistance was much less strong, according to the ICAA because there 'the native population was not that big' (ICAA, n.d.).

With central government and private investors' reluctance to provide information or to consult communities beforehand on water projects, community influence has been mostly expressed through demonstrations and judicial action after projects had started. However, some groups also attempt to open up broader spaces of participation. After the Nimboyores conflict, efforts were made by the communities and institutions to establish new participative mechanisms: an inter-institutional committee was established between municipality, community organisations,



environmental organisations and state institutions; and the community organisation on sustainable development ‘Organización de Comunidades para el Desarrollo Sostenible del cantón de Santa Cruz’ was established (IPS, 2004). The water problem has gained more attention within municipalities thanks to these initiatives, and communities have gained experience in organising. However, the organisations’ influence and activities seem to have vanished in recent times. Similarly, the Sardinal committee attempts to unite with other surrounding villages that are experiencing similar problems, and organises its protest on a more national level, as its town has become a powerful symbol of resistance to tourism overdevelopment on the coast (Van Eeghen, 2011).

#### ***8.4. Community participation in conservation: Playa Grande***

The difficult balance between residential tourism and environmental sustainability is also clear from the case of the Leatherbacks of Guanacaste National Park, in the coastal town of Playa Grande. I described the case in Chapter 7. Here, I draw some ideas from it regarding community participation and protest. In Playa Grande, communities have played the role of both decentralised conservation ‘managers’, and protestors and militant defenders of the environment.

Ecotourism constitutes an important part of Costa Rica’s participatory strategy of conservation management (Honey, 1999; Campbell, 2002a, 2002b). In Playa Grande, local communities have become increasingly involved in sea turtle conservation, partly to earn an income from ecotourism. The ‘turtle tours’ developed into a well-organised activity that guaranteed turtle protection and provided the inhabitants of adjacent communities with extra income. Local guides have the exclusive right to organise the tours, and the local women’s association sells food and souvenirs in and around the national park. The tours and the related activities have provided around 45 local people with an important extra income.<sup>186</sup> In addition, the groups have received education and training. These initiatives have been a welcome alternative for a local population that is still facing poverty despite the growing employment opportunities in the region; populations that find it difficult to find employment, such as single mothers and older people, particularly benefit from them. They do not offer a perfect solution, though: the employment of guides is strictly seasonal, as the turtle season runs from October to February. Furthermore, they do not provide a guaranteed fixed income.

However, since the park and its conservation efforts have been threatened by increased urbanisation and residential tourism development (and subsequently by politicians’ attempts to reduce the park), the same groups have defended the park and become involved in political and judicial action together with the local administration of the national park, the main international environmental organisation involved (The Leatherback Trust) and national environmentalists. The guides depend on the park’s ecotourism possibilities for their income; they have received much help from the

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<sup>186</sup> In total, the associations have about 90 members (Hernández & Piedra, 2007); however, not all of them participate actively.

national park administration and environmentalists in the past, and many also have an intrinsic interest in sustainable development and nature conservation. The women's association was established explicitly with the aim of nature conservation. The idea of a women's cooperative arose during a local demonstration *against* the national park, in which men outnumbered women. The current leader of the women's cooperative started to inform these men's wives about the park and encourage them to support it, which resulted in 15 signatures and the establishment of an organised group. 'Our objective is to help the park, and also to consolidate the park (...). Because I don't want *my* Playa Grande to become another Tamarindo, I don't agree with that.' (Interview with the leader of the women's association).

These organisations have been involved in political protest and action (e.g. visiting public assemblies of parliament on the issue), attracting media attention, local lobbying (among neighbours) and, most importantly, judicial action. For example, together with TLT and other actors they have started cases before the Constitutional Court and other courts.<sup>187</sup>

On the other hand, various stakeholders take a strong stand against the limitations on private property that the existence of the park imposes on them. These are developers, investors and residents; both Costa Rican (mostly holiday home owners or developers from central Costa Rica) and foreign (US, German, etc.). Some of them are organised in the landowners' association. In their attempt to protect their private property, these landowners have become involved in legal and political struggles, and their lobbying in parliament and with local and central government has been partly effective. Besides this, the landowners have forged relations with some inhabitants of adjacent communities (e.g. their personnel) to create more 'local allies'.

Interestingly, local social strife related to the national park has existed ever since its creation; however, arguments against conservation have been rephrased and coalitions have changed. Today's opponents collaborate with tourism developers and residential tourists, and they focus their protest on the reduction of employment perspectives if expropriations were to continue, and on the involvement of environmentalists in the area. In former times, the prohibition of egg harvesting and the impenetrability of the guides' associations were the main arguments against the park (Campbell, 2002a).

The Playa Grande case once again shows how difficult it is for communities to regulate sustainable tourism development when they are under pressure from investors and central government. With decentralised national park management and community involvement, some groups of local people have become connected to the national park and involved in its conservation. However, this small but successful example of community management has come under threat from real estate investment, rapidly rising land prices and pressure from investors, combined with the government's unwillingness to support the park. Thus, the communities originally involved in decentralised management are now also involved in protests and conflicts. They have come to regard the continuing existence and strengthening of a national park as the only opportunity to defend the area from unregulated and chaotic real estate development; other coastal areas have shown that 'normal' regulations are

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<sup>187</sup> E.g. the case in 2008 against MINAET for failing to speed up expropriations – sentence 2008-7549.

insufficient. A national park is one of the few ways for communities to have an influence *before* overdevelopment takes place, rather than having to resort to more reactionary actions afterwards. Another difficulty is the clear division within communities, which are becoming increasingly international and diversified. Communities are divided not only by nationality or place of origin, class or gender, but also into ‘pro-investors’ and ‘pro-environmentalists’. Indeed, the idea of bounded and cohesive communities can be questioned here.

### ***8.5. Community fragmentation***

As we saw in Chapter 4 and in the case studies presented here, one interesting element in Guanacaste’s situation is the local fragmentation and diversity of population groups. This diversity of communities along ethnic, national, age, gender, socioeconomic and other lines is mentioned in the literature as one of the main difficulties of a participatory community approach. Indeed, different groups in Guanacaste are organised partly along national and socioeconomic lines, and their views and opinions on local place and residential tourism also differ.

### **Diverse views on local place and residential tourism**

Guanacastecans and other Costa Ricans’ views on local development in Guanacaste are very diverse. Economic, environmental and social priorities can be found among the local population. Socio-environmental protests and demonstrations such as the ones about water and in Playa Grande understandably receive the most attention, and indeed many respondents expressed critical views about residential tourism and its related environmental, landscape-societal change and corruption issues. On the other hand, a series of interviews in Playas del Coco uncovered a majority of local people who viewed residential tourism in a more positive or at least neutral way; a ‘silent majority’ particularly interested in employment and economic growth that the sector had brought. Out of 19 respondents, 12 expressed their happiness with the existence of tourism in the area, particularly the employment and business opportunities it had brought, the money it brings in. They were very positive about ‘foreigners’ and content with any type of tourism; they did not differentiate between short-term tourism and residential tourism, or indicate that the latter was only a recent phenomenon that they did not see so much yet. The other seven respondents were generally also positive about tourism and the opportunities it had brought, but also expressed more nuanced or even critical views.<sup>188</sup>

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<sup>188</sup> Three things are important to take into account here: first, these interviews were held in September–October 2009 in the midst of the economic crisis and low season, and many respondents were preoccupied with the lack of economic opportunities and wished for the sector to recover. When asked about their worries for the future and current situation, 13 mentioned the economic crisis and lack of employment opportunities in tourism, which had affected several of them. Second, some of these

In other areas, Guanacastecans are more critical and aware of social and environmental change. In Tamarindo many more negative opinions were found.<sup>189</sup> People were worried about the image of their area with high-rise growth, sea contamination and other pollution, and damage to nature (e.g. sea turtles) in the area. In Sardinal and surrounding small towns, Van Eeghen (2011) sought people's opinions about the project to grant water from their towns to coastal tourism developers: 69% were against, 21.6% neutral and 9.5% in favour of the project. She found that about half of the respondents claimed tourism brought employment benefits, whereas the other half claimed that tourism brought too little benefit to the community; in response to another question, half of respondents blamed tourism for the water conflict. In my interviews in Playas del Coco, some people were worried about pollution (5 of my 19 respondents mentioned it), but were mostly concerned with such matters such as dirty beaches and the polluted sea as these are important resources for tourism.

Besides environmental awareness, many *ticos* also expressed great concern about social and security problems such as rising crime, drug abuse and trade, prostitution and alcohol in their communities, and the lack of an adequate response from police and justice. In the Playas del Coco interviews, 12 of the 19 respondents stated that these issues are very worrying. Other social problems, such as family disintegration, were also mentioned. Some respondents saw a clear connection between security problems and economic (tourism) growth.<sup>190</sup>

As outlined in Chapter 7, western residents are very environmentally conscious and often take a stand against overdevelopment and high density. When specifically asked to make a 'trade-off' between economic growth, social wellbeing and nature/environment, 11 of the 18 respondents said that nature was the most important. On the other hand, social wellbeing was chosen more often than economic growth. Security and crime were also very important issues for western residents. Unemployment was seen as only temporary.<sup>191</sup>

Nicaraguan migrants in Playas del Coco unanimously stressed the importance of tourism-related employment and related businesses; they were positive about and

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respondents were internal Costa Rican migrants, e.g. from the Central Valley, who had moved there because of opportunities in the tourism sector. Third, in Playas del Coco, people are generally used to depending on tourism for their livelihoods. As Cordero argued, in such traditional tourism towns people tend to be less critical of tourism (2011), but the same is true for residential tourism; the latter is seen as an extension of short-term tourism and not as an important change; not all people view the two developments as essentially different.

<sup>189</sup> While community leaders were somewhat overrepresented in interviews held in the Tamarindo area, critical views were also more present among other people.

<sup>190</sup> At the same time, many respondents were preoccupied with the quality of local education and school drop-out rates (8 of 19 mentioned it): local public education did not prepare youth well for employment in the area, according to some. Various respondents complained about the lack of social, recreational and cultural activities in the area, especially for youths, who were then left to 'vicious' things such as drugs and alcohol. Other socioeconomic worries often mentioned were the lack of available and affordable land and houses (8), the bad quality of local infrastructure, roads etc. (7) and the problems of the fishery sector (lack of catches, government restrictions because of national parks, unstable prices) (5).

<sup>191</sup> Importantly, the in-depth interviews may not adequately represent a newer, less environmentally aware groups of western residents.

longing for more foreign investment, tourism, *gringos*, etc. Employment is what had attracted them to Playas del Coco in the first place, and in the midst of the crisis many of them were suffering from unemployment and economic hardship. They did not differentiate between residential tourism and short-term tourism, or between different types of tourism: any type of tourism and foreign investment was good for them. Some stressed that *gringo* employers treated them better than Costa Ricans, and others emphasised that some developers were doing good for the community by making social investments. Only one person argued that there are also less positive experiences with developers who are 'only interested in making a quick profit'. Besides their economic concerns, Nicaraguans were also very worried about social problems such as drugs, crime, prostitution and alcohol. Environmental issues were hardly mentioned, except for some worries about the dirtiness of the beach and the area, but mostly as a tourism investment drawback. In Van Eeghen's research on the water conflict in Sardinal, she also found various Nicaraguan respondents to be the most positive about granting water to tourism developers, as they depended on tourism employment.

In sum, the opinions of different groups can be quite unexpected and diverse: among Costa Ricans and Nicaraguans, there are many indifferent or pro-growth groups besides the more critical factions, and among western residents there is a large group that is more environmentally conscious. This partly translates into their differential involvement in local organisations, although there is no one-to-one relationship.

## **Organisations and participation by different groups**

Figure 4.2 in Chapter 4 showed the division of different groups into different types of organisations. Guanacastecans are involved in a number of organisations such as community development associations (ADIs) and ASADAs, as well as cooperatives and protest organisations like local town committees. ADIs are mostly joined by Guanacastecans. As a consequence of their native local character, ADIs exist mostly in villages with large original populations, like Sardinal, Villareal and Playas del Coco. Coastal towns with much immigration do not host many ADIs. As a Tamarindo leader explained:

I'm very happy that we have the first ADI in Tamarindo; there has never been one here. Very few beach towns have ADIs. The problem is that there are not many people in the beach towns, and you need 100 signatures to form an association. It was very difficult to unite 100 persons at the same time.

Water boards (ASADAs) were dealt with earlier. ASADAs in the Guanacaste coastal area are traditionally quite 'local' in their composition, but in specific tourism towns, North American and European residents and migrants from the Costa Rican centre have taken up board positions or established their own ASADAs. Besides these more

practical and infrastructure-oriented associations, other local Guanacastecan groups are more oriented towards social protest and environmental conservation, often expressing criticism of residential tourism. We have seen the examples of the water protests and the Playa Grande guides and women's associations. Typical of these local associations seems to be that their criticism of large-scale and residential tourism is based not only on environmental preoccupations, but also and equally on social issues such as access to land, water and income generation.

As we saw in Chapter 4, the western community is well-organised in Guanacaste. Western residents are often involved in neighbourhood organisations that collectively arrange infrastructure and services. Through these organisations, residents can claim services from local government or arrange their own services: this often happens in communities where many foreign residents are concentrated, such as Surfside Residents Association in Potrero, Nosara Civic Committee and various committees in Playa Grande. The example of the Nosara water association mentioned before, fits this description. Other such associations in more mixed towns include the APMT and ProTamarindo, which were mentioned earlier; these organisations are also included in local land-use planning efforts. They can exert a lot of influence on local affairs. English is the main language in these organisations, and small tourism business owners (often domestic migrants and western migrants) are well represented. Some tensions have been present around such organisations as APMT: as we saw, Guanacastecans felt excluded from this foreign-driven organisation. During an interview with former ProMejoras leader Federico Amador in the study by Camps Garmón, Montserrat Royuela, Porrás Ruiz and Rovira Planas (2008), he agreed that there had been much mistrust towards the APMT which had for a long time defended personal interests rather than community interests; however, in 2008 the association was improving and trying to regain the trust of the local community. A few western residents are also active in more activist environmental organisations that influence public opinion through protests and file judicial complaints; however, they are mostly separate from Costa Rican organisations.

Developers and investors in the real estate and tourism sectors may participate in local organisations, but they also create their own lobbying networks, such as the Caturgua, a regional tourism lobby organisation, and specific thematic networks such as the Sardinal–El Coco–Ocotol public–private water partnership. Nicaraguan migrants' involvement in local organisations is very low, as was outlined in Chapter 4.

In Guanacaste's community participation, there is a clear case of the exclusion of poor and migrant factions, whereas western residents show an exceptionally high involvement, particularly in infrastructure and services organisations. Costa Ricans have traditionally been active in ADIs and ASADAs, but more recently there has been more activism and protest among them. The latter are more connected to central government institutions than local government, whereas ADIs and western migrants' organisations make attempts to forge connections with local government. Developers and investors, besides their power through informal political connections, can also exert influence through their more formalised lobbying networks.

## *Conclusion*

As we saw in Chapter 2, with the growth of the Costa Rican population in general, and recent economic growth in peripheral areas such as Guanacaste, local governments and government institutions are burdened with responsibilities for which they are unprepared. There is a lack of effective decentralisation and good local governance, and only recently have more attempts been made to remedy the situation. Communities are then the missing link in current governance and policy on residential tourism. While public participation and civil society involvement are widely promoted in Costa Rica's legislative framework, the power for communities and civil society to have a say in residential tourism development is largely insufficient. There are two main problems.

First, the control of resources is increasingly recentralised and privatised, and taken away from communities. Private investors have acquired important roles in decision-making on residential tourism and related issues; this has been possible due to collaboration with central and local state institutions. The large amounts of money and valuable natural resources involved in the residential tourism sector, has incited the central government reclaim its power over local resources, this time together with the private sector and with local government support. The presented cases of water management, water conflicts and conservation management are examples of the increased recentralisation of power combined with the privatisation of resources. They show how the control of strategic resources and decisions is taken away not so much from local governments, but especially from local communities and civil society. They are then left with little room for real influence on projects and decision-making. This problem is related to the general lack of control that local Guanacastecans can assert over the rapidly growing tourism and residential tourism sector, which has been externally and privately driven.<sup>192</sup>

Second, the opportunity for communities to influence decision-making on policies, land-use planning and specific residential projects *before* development takes place is largely inadequate. This is why judicial procedures and protests (mostly after the government has given the green light for a project) are the main actions resorted to by communities and civil society to raise their voice and allow at least some degree of participation. As FUNPADEM (2005) demonstrates for Costa Rica as a whole, participation in environmental matters may be widespread, but on the level of individual projects (such as hydroelectric power plants), opportunities for participation in decision-making have been limited. Projects have been approved without providing any information or holding consultations with communities beforehand, and communities have had the opportunity to influence matters through judicial

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<sup>192</sup> In and around conservation areas, various innovative types of participation in tourism interventions have recently been promoted in order to strengthen the development effects and benefits for local people: direct community involvement in tourism enterprises, protected areas outreach arrangements, public-private partnerships, private-community partnerships, public-community initiatives, and public-private-community partnerships (Manyisa Ahebwa, 2012). However, in Guanacaste coastal area, such arrangements are not widespread (exceptions are Ostional and Playa Grande), and tourism is mainly private-sector driven.

procedures only after the projects had been approved. This was only possible thanks to strong community and civil society protest (FUNPADEM, 2005). In the residential tourism sector we can see the same reluctance of state institutions, together with private investors, to provide communities with real information, participation and consultation in the elaboration of projects. As a consequence, ex-post judicial action and protests become the main avenues for participation. There are various problems with this focus, however effective such action may be in the short term. Most action occurs after damage has already been done, so that environmental damage is irreparable. It also overloads the judicial system.

Third, most of these actions do not have any link to local government. This leap-frogging of local government can be placed in a Costa Rican tradition of the weakness of and distrust in local government, and the tendency of individuals and communities to resort directly to central government institutions (see also Edelman, 2005).<sup>193</sup>

There are various reasons for these problems. First, real spaces for ex-ante participation have never been promoted by central or local government; only recently have there been more positive policy examples in the field of land-use planning and local government–community relations (see Appendix 8.1). Effective collaboration between local government and communities/civil society on essential issues is both low and only recent. This is related to the first problem: government institutions and private parties have largely been reluctant to allow for significant community participation in decision-making, so communities are not accustomed to these types of procedures. In addition, Costa Rica has a number of well-established environmentalist groups and a responsive judicial system. This is related to Costa Rica’s progressive environmental legislation, which includes the fundamental right to a ‘healthy environment’ as a diffuse or collective interest (Barrantes-Reynolds, 2010).<sup>194</sup> This window for environmental action has been widely used by civil society. In judicial proceedings against violations of the right to a healthy environment, the Constitutional Court has produced several resolutions in which it has intervened to stop residential tourism construction (Barrantes-Reynolds, 2010). Therefore, these public action and judicial techniques are more well known to communities and they are seen as more effective ways of influencing policy on specific projects and localities. Environmental organisations are among the most active groups in community action, together with local community groups: they are accustomed to this type of technique. Community organisations and individuals in Guanacaste lack the experience and culture of participating in planning and decision-making.

As such, what is needed is first of all a *real interest* by central government (and private actors) in devolving power to lower levels rather than recentralising control. In this way, the danger of the de-politicisation of participatory processes can be

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<sup>193</sup> It can also be argued that this ex-post participation may lead to an increasingly polarised climate between ‘pro-investors’ and ‘pro-environment’ groups, which is seen for example in Playa Grande. Communities become divided and broadly accepted solutions become more difficult to achieve. On the other hand, such ‘politicisation’ can also be necessary, and ‘de-politicisation’ is often mentioned as a negative effect of other types of participation.

<sup>194</sup> Any person or group can consequently safeguard it even if they are not being directly affected or harmed (Constitutional Court, resolution 03750-93, in Barrantes-Reynolds, 2010).



prevented: important decisions are made by communities, rather than leaving room only for filling in the details. Second, Costa Rica needs better mechanisms for participation, to involve communities in different types of ex-ante planning and decision-making on residential tourism, urban planning and environmental issues in their area, in collaboration with local government. As we saw, in the current situation there are only a few mechanisms for participation and these are still in an initial stage, except for the water boards. Ordinary community members often lack the technical knowledge to make effective contributions and defend their interests. Training, education, good information sharing as well as simplification and the development of effective procedures for real inclusion are needed. The increased self-mobilisation among communities in recent years as a response to residential tourism provides a better basis to work from and to create spaces for participative decision-making. On the other hand, the current types of ex-post activism can still remain important mechanisms for mobilisation and change.

Finally, I reflect on the issue of inequalities and representation in a fragmented and diverse social context such as Guanacaste. The capture of control and benefits by traditional elites is not so common in the cases described here; participation in community organisations is quite democratised. However, there are issues of inclusion and exclusion. Nicaraguans are the most excluded group in decision-making, because of their limited opportunities and their limited interest in participating. Western residents, on the other hand, have been highly active in community organisation. Their involvement has provided opportunities for community improvement where Guanacastecan civil society was weak. It can even provide opportunities for effective environmentally sustainable practices, as the ASADA in Nosara shows. On the other hand, the predominance of western migrants in local involvement leads to inequalities based on class and national divisions. For example in Tamarindo, there is a danger that the interests of these groups are better represented than the interests of other groups. In addition, in the Playa Grande neighbours' association, absentee groups can exert much power. Guanacastecans have become more involved in community organising over the years, especially in protest and activism; they had already played important roles in integral development associations and water boards. However, many of them do not participate; there is a large silent majority which is not represented and may have different views.

The high fragmentation of communities makes it difficult to treat them as cohesive and bounded entities: as we have seen, people have diverging interests and views. Divisions can be found across locality, socioeconomic group, nationality, age and gender. In addition, people's opinions can change over time, and external actors attempt to influence them (e.g. tourism developers and environmental groups). In Guanacaste, mechanisms of exclusion are mostly related to socioeconomic and ethnic-national characteristics, whereas representation of different genders and generations does not seem to be very problematic.

Despite such difficulties in defining communities, the absence of ordinary people in decision-making on residential tourism and natural resources is still a main weakness of Guanacaste's development. The privatisation and centralisation of essential resources in Guanacaste are potentially dangerous developments: removing

people' decision-making power on resources such as water, land and biodiversity is anti-democratic and can create counterproductive effects such as protests and project paralysation. More effective and representative spaces for public participation and decision-making in all stages of tourism planning, land-use planning, resource governance and project approval should be created, also through local government.

## 9. Wrapping up: equitable and sustainable development?

*An adapted version of part of this chapter appeared in International Development Planning Review (Van Noorloos, 2011a).*

Residential tourism, with its focus on land investment, speculation and urbanisation, constitutes an urgent research topic within debates on the global land rush. It also provides a way to elaborate on new processes of mobility whose direction (from the North to the South) is opposite that of most migration flows, while they are also qualitatively different from regular short-term tourism. In addition, residential tourism engenders multiple linkages to and from local space: it entails an influx of residential tourists and labour migrants, with an associated range of financial and cultural linkages. It thus offers a perfect way to examine globalisation, mobility and transnational land investments 'on the ground'.

Many characteristics of current processes of globalisation in Central America (and rural areas more generally) come together in the topic of residential tourism: the revalorisation of rural space and the changing global countryside, with new forms of mobility and dynamic forms of accumulation; the direct insertion of local economies into the global market; increased inequalities and struggles over space; and problems of governance (Robinson, 2001; PRISMA, 2007; Pérez Sáinz, 2003; Woods, 2007). Hence, researching residential tourism provides insight into globalisation's complex and multi-local effects in particular contexts and places. Governing such flows of people, finance and resources is increasingly difficult, particularly in a context of different interests and power relations.

My study focused on a region in Costa Rica that is well known for the real estate and residential tourism boom it has undergone in the past decade, namely the northwest coastal area of Guanacaste province. Guanacaste has been transformed from a resource periphery into a pleasure periphery: it is now incorporated into the global system in new ways. The aim of this research was to arrive at a better understanding of residential tourism in the context of debates on land grabbing and globalisation, and to assess its implications in terms of equitable and sustainable development in Guanacaste.

This dissertation has provided insight into a number of aspects of residential tourism growth in Guanacaste: economic, social and environmental effects; access to land; and governance. As these analyses stand by themselves, I do not repeat all their conclusions here separately. Rather, I weave them together to arrive at a number of general implications, which will answer the main research question: *What are the implications of residential tourism for equitable and sustainable development in Guanacaste, Costa Rica?* I highlight four main points. First, the three strands of the sustainable development paradigm (economic, social and ecological) are highly interrelated, and their articulations create a number of paradoxes. I therefore argue that a temporal dimension and dynamic perspective should be included. I also argue that residential tourism clearly illustrates globalisation's tendencies to fragment local place and

generate a number of trans-local linkages. Finally, I draw some implications for the debate on the global land rush.

### ***9.1. Sustainable development's paradoxes and interrelations***

The case of residential tourism shows that sustainable development's three strands (economic, social and ecological) cannot be viewed in isolation: they are strongly interrelated, and the trade-offs or clashes between them create a number of paradoxes. The total development effects of a phenomenon such as residential tourism can be understood only by exploring the articulations between ecological, economic and social factors. The inherent and historical contradictions of the concept of sustainable development have been well-researched: impact analyses tend to overemphasise one aspect (often the economic) to the detriment of the others. It is also problematic to regard nature, the economy and the social system as three separate and opposed systems: the nature–culture dichotomy has been widely scrutinised (Seghezzeo, 2009). A comprehensive approach is thus needed.<sup>195</sup> In addition, time should be integrated in the definition of sustainable development (ibid.): what is needed is a dynamic perspective on developments, rather than a static, bounded impact assessment. 'Permanence, the fourth, temporal dimension, has been largely neglected in the sustainability debate, in spite of the widespread recognition of the potential long-term effects of our actions, and all the inter-generational justice rhetoric' (ibid., p. 540).

Various articulations between the three strands of sustainable development have emerged from this dissertation. First, in the tourism sector, economic sustainability is often closely linked to environmental sustainability: nature and environment are important resources for the tourism industry, and I have shown that this is also the case for the residential tourism industry in Guanacaste. A typical tourism paradox thus emerges: balancing growing tourism development and employment creation with conserving natural resources, which are essential for maintaining tourism.

However, residential tourism adds new dimensions to this paradox: with its focus on real estate, urbanisation and construction, it contributes to landscape deterioration and various environmental problems. In addition, rapidly increasing land prices endanger possibilities for nature conservation: it is difficult to see how nature conservation can still be financed and implemented in the context of extremely high land prices and pressures, particularly if the state holds the primary responsibility for conservation. Although tourism development seems a necessary source for funding national parks, rapid tourism development is contributing to skyrocketing land prices and resource degradation. With unregulated construction and population growth damaging the landscape and natural amenities, the source on which residential tourism is based is endangered. As such, residential tourism may provide a wide range of people with economic opportunities in the short term, but these livelihood improvements are vulnerable to future deterioration. This is articulated not only at the

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<sup>195</sup> The inherent contradictions in the concept of sustainable development are also a cause of state policy ambiguity, as Barrantes-Reynolds also showed for Costa Rica (2010).

local level in Guanacaste, but also at the national level: Costa Rica's image in world tourism markets is based on its natural amenities and ecotourism fame. This comparative advantage might be endangered by tourism overdevelopment on its coasts.

Nevertheless, the immigration of foreign groups that take an interest in nature, provides opportunities for social action in favour of conservation (McElroy & De Albuquerque, 1992; Van Fossen & Lafferty, 2001; Janoschka, 2009, 2010, 2011). People who are most tied to the local area (and less to other places) are most vulnerable to the long-term deterioration of their environment. Both their life quality and their area's comparative advantage for attracting tourists may be lost (Bimonte, 2008). As such, residential tourists can be an important asset for sustainability. As I have shown, residential tourists in Guanacaste are very interested in the local nature, landscape and environment. This creates opportunities for effective action for sustainability, and also reminds policymakers that nature and sustainability are still among Guanacaste's and Costa Rica's main comparative advantages. In fact, a number of residential tourists in Guanacaste have been active in protecting their environment. Thus, the social aspect of residential tourism may enhance environmental sustainability. I return to this later.

Guanacastecans are also increasingly involved in organised resistance against residential tourism; this often arises from a range of interrelated factors. For example, although the water protests in Sardinal were incited by an important socio-environmental issue (i.e. future access to water), they were also related to a lack of trust in government, a lack of economic benefits from residential tourism (Van Eeghen, 2011) and the fact that various groups of people feel excluded from decision-making on their local place in times of rapid social, economic and landscape change. Reclaiming space (literally) and spaces for autonomy and decision-making can be regarded as one of the drivers behind the protests. This means that the political and democratic influence of different groups of people on local development is also an essential aspect to take into account in an assessment of residential tourism's effects.

My research did not deal extensively with social problems related to tourism and population growth in Guanacaste, namely increasing crime, prostitution, drug abuse and family disintegration. Such issues partly arise from modernisation and increasing inequalities related to residential tourism; however, they are part of broader processes (also within Costa Rica) and cannot be exclusively related to residential tourism. Issues such as crime, drugs and prostitution further complicate an assessment of residential tourism's effects, because although they may cause economic growth, it is a type of growth that most people would not call 'development'. As such, economic and social goals often conflict.

In describing different residential tourism projects and their developmental potential (Chapter 3), I also dealt with the complexity and paradoxes of sustainability. While individual and more adventurous house buyers contribute to social cohesion and often also to environmental conservation, the economic effects of individual houses and land plot subdivisions are less convincing. And whereas all-inclusive luxury gated communities have so far established extensive environmental and social sustainability policies, and attracted a lot of money to the local economy, their elitist

and securitised character calls into question social cohesion, and their golf courses and marinas may still pose threats to environmental sustainability. Other types of residential tourism projects, namely villa and apartment complexes, generate ambivalent economic effects: on the positive side, residents of these projects more often frequent small independent businesses in the area, given the lack of services within the projects and the fact that many short-term tourists stay at such projects. On the other hand, these projects compete with small- and medium-scale hotels in the area, and their tax contributions are questionable. In addition, especially vertical apartment complexes have caused landscape contamination and environmental problems, followed by social resistance.

Further complicating the matter, a responsible type of project often attracts a chaotic range of less sustainable projects and developers – the free-riders (see Janoschka, 2009). In the end, development and sustainability will depend on the accumulation of all these effects. An unregulated development of residential tourism will lead to a continuing rapid real estate dynamic: construction and urbanisation provide the greatest short-term profits, as the Spanish case has shown (see Aledo, 2008). Even if it is connected to short-term tourism and there is a demand for more traditional tourism services, developers will primarily be interested in more construction and urbanisation, if market forces are left to their own devices. Unlimited construction along the coast and towards the interior will then threaten future tourism development.

## ***9.2. Temporal and dynamic perspectives***

This brings us to the importance of putting time central to the sustainability debate and taking a dynamic perspective: when we assess residential tourism's impacts, what time frame do we use? What will be the implications in the long term? Evaluations will differ depending on the direction in which the development is going. Tourism research (and more recently, also residential tourism research) makes use of evolutionary models to predict future tourism development. Guanacaste was moving towards becoming a large-scale destination with many large all-inclusive gated communities and international chain hotels, and rapid growth of residential development along the coast and towards the interior. However, the economic crisis led to many developments being put on hold as well as to a large oversupply. It is difficult to draw conclusions or predictions for the future, as various scenarios are possible. Certain developments that have been noticed in recent years may be expected to continue: the spatial development of residential tourism towards the still isolated beaches; enclave development in all-inclusive complexes; the continued expansion of high-rise buildings; the expansion of real estate development towards interior areas (partly dependent on the development of urban planning and environmental control); and the 'democratisation' of residential tourism (a growing market of middle-class segments and Costa Rican second home buyers, rather than just elite groups). There is not much space left on the Guanacaste coast to buy or

build individual properties that are not part of a development, and the more adventurous residential tourists consider the area already too overdeveloped.

A further geographical and quantitative spread of residential tourism would entail various risks: a continued increase in land and housing prices; gentrification and displacement even in interior areas, where there are still more opportunities for low-income groups to buy land; more environmental damage, water scarcity and landscape contamination in coastal areas; an undermining of Costa Rica's country image as an ecotourism destination; social polarisation and more limited social embeddedness of new groups of residential tourists; and further market domination by transnational companies. A continuing focus on construction and real estate – putting residential tourism more central to the economy – might also entail risks for future labour market polarisation and disadvantages for small business. The small-scale hotel sector will face increased competition from apartments and private houses, while local government policies are already putting local small businesses at a disadvantage with their increased focus on large developments. Some community and ecotourism initiatives also face pressure from the area's rapid residential tourism development, as I have shown in the Playa Grande case (Chapters 7–8). Together with the process of market domination by transnational companies, this conversion has the potential to further affect local autonomy and control over the tourism sector.

The current economic crisis has been a clear sign that an economy that is more oriented towards real estate is inherently externally dependent, unstable and vulnerable to shocks. This provides a warning for future development. In Guanacaste, land has become an object of speculation and investment. This is partly a result of the global process of financialisation of the economy (Harvey, 2003), a process that generates and transmits increased risk, uncertainty and volatility (Pike & Pollard, 2010). Continued land sales and growth in construction, driven by short-term profit expectations, increases the boom–bust character of the economy. As such, economic sustainability may be at stake (see Chapter 5).

Whether such a renewed focus on and growth in residential tourism will materialise is, of course, still unclear. In the current situation, people in Guanacaste are able to take a breath and reflect on rapid developments. Natural resource depletion, overdevelopment and the stagnation or downgrading of tourism, which is often predicted in tourism evolution models, is not inevitable. Regulation and the better implementation of rules (e.g. land-use plans and environmental regulations, as well as migration-related policies) could make a difference, especially if developments were to continue at a slower pace. On the other hand, a more controlled, protected type of development can also become exclusionary and elitist (e.g. private nature conservation). This contrast between a 'democratised' type of mass tourism with the overexploitation of resources vs. a controlled, regulated but exclusive development, may constitute another paradox of sustainable development.

As I demonstrated in Chapter 8, local populations have more actively resisted unwanted developments and influenced their surroundings in recent years; if local government democratisation and improved linkages with communities are becoming a reality, this can provide good opportunities for more balanced development. Residential tourists can also play a role here, as they can make a positive difference for

sustainability. While their involvement has sometimes been effective, the high level of local social fragmentation and the temporariness and flexibility of many other residential tourists (and other migrants, e.g. labour migrants) also prevent effective organising. Hence, social segmentation and the different time frameworks and aspirations of different groups also entail risks (see Chapter 4). With many mobile and temporary groups, it is more difficult to combat common urban quality-of-life problems. Temporary, flexible and absentee groups (which include developers who are looking for quick profit) have more short-term economic interests, whereas more permanently established and embedded people are interested in conserving resources.

Guanacaste's prospects for effective social organising and balancing economic growth with social wellbeing and environmental protection, partly depend on the type of future migration flows (i.e. temporary or permanent, conservation-oriented or not). There has been a change from long-term western residents who are highly locally involved, to a new group of more segregated, temporary and mobile residents. This situation may continue, with a move towards all-inclusive developments and higher numbers of retired western residents. The scenario of ever new groups of residential tourists coming in, and older more embedded and environmentally aware groups leaving the area to find a better place, is possibly the worst case scenario for social cohesion and the defence of local place. Whereas many western residents are already considering leaving the area, the current crisis is making it hard for them to sell their houses and is thus probably slowing down such continuous movement.

From a different perspective, possible alternatives for the area should also be taken into account when looking at the long-term development effects. Dry regions such as Guanacaste may have few other options for livelihoods than tourism, and other options are often much more exclusivist and resource-intensive (e.g. large-scale cattle industry, agro-export). In tourism, there is a reversion of value assigned to landscapes and land: tourism assigns resource value to otherwise 'useless' landscapes and places, because of their beauty, isolation, etc. As such, for coastal areas tourism can be one of few livelihood alternatives and create economic spin-offs and broader opportunities, at least for some places in the area, such as small regional cities. On the other hand, tourism and residential tourism can take many alternative directions, and the type and direction of tourism should be decided upon in a more informed and democratic way.

### ***9.3. Globalisation, fragmentation and trans-local development***

Researchers have warned that globalisation should not be viewed as an overarching power of obscure global forces; rather, globalisation is found in specific local places and the connections between them (Sassen, 2001; Massey, 2005; Tsing, 2005). Places are not bounded, but are crossroads of different spatial articulations, the coming together of different interrelated trajectories, people, financial flows, etc. (Massey, 2005). A trans-local perspective (Zoomers & Van Westen, 2011) allows a more comprehensive view of the causes of residential tourism.

In Guanacaste, the corridors and flows of North American investment and migration, Costa Rican central valley investment and migration, Nicaraguan migration,



and local governments, business owners and Guanacastecans came together and produced a residential tourism boom, thereby converting the coast into a transnational space (Torres & Momsen, 2005; Zoomers & Van Westen, 2011). This was not an automatic and uninterrupted flow of simple capitalist forces: structural factors, historical circumstances and purposive action brought the three flows into Guanacaste and generated a complex and diverse development. Various factors at local, national and international levels play a role in explaining Guanacaste's recent residential tourism boom: place-based geographical and cultural factors; policy at different levels; local and national history; factors in the countries of origin of the residential tourists; and more structural developments in the tourism and real estate industry (Chapter 2).

Globalisation creates unequal relationships between regions and localities, in which some regions are able to flourish while others wither. 'Globalization fragments locally and integrates select strands of the population globally' (Robinson, 2001, p. 559). As the role of geographical space changes, development opportunities of different groups and individuals are increasingly defined by their place in networks. In the residential tourism sector in Guanacaste, it is clear that distance has become less relevant for production: inputs and labour are often brought in from distant areas. Local social, economic and spatial logic is increasingly defined trans-locally, that is, by factors outside the local area (Zoomers & Van Westen, 2011). Such 'disembedding' from local place is variable across space and social groups: in Guanacaste, the fate of certain households is largely determined by local and national logics, for example retired local people, government employees, and subsistence agriculture and fishery households, although there are always some trans-local influences. Other places and people depend more on trans-local logics from outside: people working in residential tourism, construction and real estate sectors indirectly depend more on international retirement pensions, stock markets and land markets. Tour operators and the owners of restaurants and hotels partly depend on international developments, and partly on things taking place in other areas of Costa Rica (e.g. the central valley). The particularities of residential tourism demand make it possible that involvement in the residential tourism industry can be very different from place to place. Although in today's world most lives and spaces are in one way or another influenced by factors from outside, this influence is variable, and globalisation is uneven. People's opportunities depend on their place in networks, rather than their physical location.

I have presented in this dissertation analyses of various interrelated aspects of residential tourism development – namely economic, social, environmental and land issues – all of which are fragmented in some way. As I showed in Chapter 6, space and land markets are highly segmented in Guanacaste. This in turn is partly caused by economic fragmentation. I made it clear in Chapter 5 that residential tourism creates more and intensified financial flows from and to different regional, national and international areas. Whereas external spending power and consumption leads the residential tourism economy, the economic production and growth that results from these increased consumption flows is not necessarily locally perceived: economic links are increasingly made with outside regions and countries. In addition, Guanacaste's labour market is sharply divided by nationality and place of origin: residential tourism has particularly provided profitable opportunities to many domestic and western

migrants, whereas Nicaraguans have been involved in the labour market in only very vulnerable and disadvantaged ways; local people are in the middle. Thus, there is no generalised high income-growth for all groups, and incomes do not increase enough for most people to be able to buy land or houses in areas that have become upscale. This means that there is a large gap and separation between a land market that is oriented towards high-income groups (i.e. residential tourists), and a land market oriented towards low-income local and migrant groups, and this leads to fragmentation. Different segments of the land market function according to different logics; elite spaces exist alongside low-income neighbourhoods. The segmented nature and heterogeneity of socio-spatial arrangements in areas with residential tourism development also influences the inherent processes of displacement, exclusion and gentrification. These processes take place in more subtle, mediated ways than assumed: there is no large-scale displacement. Rather, small plots of land in tourism towns and areas in the interior remain in the hands of local populations and have a residential function. However, many coastal low-income groups (including labour migrants) face processes of pre-emptive exclusion, economic hardship resulting from high land or rental prices, and conflict and distress. There are also de facto processes of land privatisation, although these are also subtle and fragmented, generated mostly by inadequate local governance.

There are other examples of hybrid and fragmented local development. One of these is social fragmentation: the coexistence of a large variety of local and migrant groups with different histories and conditions of migration, types of mobility and future plans. These groups are all differentially embedded in local society and partly in their areas of origin. Local responses to residential tourism (resistance and accommodation) are also highly divergent across different groups and places. Social differences are also reflected spatially: gated communities next to local poor areas are a very visible expression of this.

Is it then true that, as Bauman (1998) asserted, globalisation results in progressive spatial segregation, separation and exclusion? Bauman's view of a deep segregation between a 'hypermobile' elite and a large poor 'imprisoned' group (*ibid.*) seems exaggerated: not all residential tourists are members of such a highly mobile elite (see also O'Reilly, 2007) and they do engage in place-making (see Janoschka 2009, 2010, 2011). Labour migrants exert active agency to improve their lives, and local people are far from imprisoned: while they have seen their place changing rapidly and may experience 'placelessness' (Relph, 1976, in McWatters, 2009), many are highly mobile and increasingly active in attempting to change their place. Power differences and inequalities are an inherent characteristic of such a diversified, globalised place; however, western residents' power is far from unlimited, and local people can exert influence. The fact that these groups act increasingly in separation and isolation, and especially the increase in the number of people who consider their home in Guanacaste as exchangeable and transitory (see Relph, 1976, in McWatters, 2009, pp. 48-9), are indeed threats to an integrated local system. However, there are still elements holding the place together, and importantly, people live in a peaceful, accepted separation, without much outright hostility.

In many studies, impact assessments are limited to assessing implications in only the local area (see Zoomers et al., 2011). This study is different in that I have also reflected on implications in other areas, as these cannot be separated. With various flows of people, finance, resources and ideas coming into Guanacaste and producing a residential tourism boom, development implications also flow back along these corridors. The crucial question is whether increased trans-local connections flowing from residential tourism can provide people with better opportunities to lead valuable lives; that is, whether such connections contribute to development (Zoomers & Van Westen, 2011). Applying a trans-local analysis rather than automatically focusing on the local, complicates every evaluation of residential tourism's development potential. It shows that environmental effects may be externalised to distant areas, as is clear from the case of water scarcity in Guanacaste. It also shows that some local people may become increasingly disconnected by residential tourism, despite their physical proximity, while new opportunities are given to more distant employees and businesses. Development implications travel in space, towards Nicaraguan hometowns of migrants and to the Costa Rican centre. This makes the assessment more complicated; for example, there is no consensus on the structural effects that Nicaraguan employment in Costa Rica's residential tourism industry has on development in Nicaragua.

What is more, such a trans-local analysis recalls a number of biases in development research and in migration and development debates (see also Raghuram, 2009): Nicaraguan migrants are seen as 'development subjects': they are either seen as in need of being developed, or they are made co-responsible for the development of their country of origin. On the other hand, domestic Costa Rican migrants, often from middle class backgrounds, are regarded as individuals in search of personal empowerment opportunities. The same applies to residential tourists, who in addition often feel a desire or even moral pressure to contribute to local development in the destination. The analysis of a complex transnational space such as a residential tourism destination can then also make us rethink some of the assumptions of development research and practice.

Fragmentation and trans-locality also complicate the improvement of local and national regulation, implementation and institutions: Chapters 4 and 8 showed that social fragmentation and multiple mobilities pose challenges for effective community participation and collaboration. Another important governance paradox is that whereas local governance and decentralisation are becoming more widespread worldwide (even to some extent in the traditionally centralised Costa Rica), globalisation leaves localities with less agency to decide on their own futures (Zoomers et al., 2011). For example, mobile and temporary populations present many difficulties: migration policy has little influence on actual flows of people, as people often travel on tourist visas, and urban planning is more difficult. In the context of economic fragmentation and the spatial separation between production and consumption, local authorities can exert less influence on development in their area. Much of the policy advice in tourism research focuses on strengthening local and regional economic articulations, which can and should be more supported in order to increase local development opportunities in the wider Guanacaste area. However, the

broader underlying factors of a move towards residential tourism have to be considered: local governance may then not be sufficient.

Nevertheless, this study has also shown that the recentralisation and privatisation of resources and their governance is one of the main causes of problems; the decline of local autonomy also leads to conflict and protest. Thus, rather than arguing for more national and international governance, I argue that the devolution of power to communities (rather than local governments as such) is even more necessary in the current situation, even if it is difficult to bring about.

#### ***9.4. The global land rush***

Finally, what can the debate on transnational land investments learn from this case of investment in residential tourism? First, residential tourism has a particular impact on real estate markets, urbanisation and speculation, and should therefore be included in the land grab debate, which is largely focused on agricultural investments. Tourism resources (landscape, view, land, water) are among the key resources for capitalist development, which drives current land grabs. While tourism and urban land investments are mostly considered too small to be included, this might change if we take the amount of the financial investment (the scale of the capital involved) as a criterion, rather than only focusing on the area of land (Borras et al., 2012). It is also necessary to look at various complicated processes of obtaining land control, rather than focusing only on the outright purchase or lease of land (Peluso & Lund, 2011), as this will bring to the fore the changing processes of land control in Latin America. Such recognition of the diverse processes of obtaining control over land also allows us to highlight the importance of domestic developers and ‘gatekeepers’, and the collaboration between such domestic actors and foreign investors, as also illustrated by the Guanacaste case (Chapter 3).

The focus of the land debate has recently shifted away from only large-scale land leases by foreign parties, and more attention is being paid to general processes of land conversion, land rights formalisation, changing development models, and agricultural transformations. Residential tourism may offer insight into these issues: the Guanacaste case shows that the broader processes of speculation, land-based development, increasing land prices and gentrification are important to take into account. Exclusion and displacement are not always direct, as in many well-known examples of land grab. In Guanacaste, they are more indirect and intertwined with changing development models, rising land prices and gentrification. Displacement can also be seen as a much broader phenomenon than direct physical displacement from land (see McWatters, 2009): the concept can be applied to the gradual disappearance of certain types of tourism, such as camping and nature tourism. The increase in large-scale and residential tourism and the accompanying rising price levels and biodiversity loss, are partly responsible for this. Establishing profitable small tourism businesses is also more difficult in the context of high taxes and land prices. In addition, residential tourism competes with ecotourism for touristic spaces and undermines the possibility of touristic activity on the coast (Barrantes-Reynolds, 2010).

The study of land grabs also needs more elaborate and evidence-based assessments of the implications of such deals, taking into account the factors that have been mentioned in this conclusion, namely the interrelation and articulations between various dimensions of sustainable development; the inclusion of a temporal dimension and long-term effects (e.g. longitudinal research); an acknowledgement of globalised processes and the tendency towards local fragmentation; and taking into account the trans-locality and geographical spreading of implications.

Finally, a deeper reflection on governance and regulation in the context of the land discussion is needed: to what extent can private sector regulation, central state policy, local governance, and community and civil society involvement play a role in changing the direction of developments or in mitigating their effects? Anseeuw et al. (2012) mentioned four governance failures related to the global land rush: weak democratic governance, land governance that fails the rural poor, economic governance that fails the rural poor, and the side-lining of smallholder production.

These factors, particularly the first and the last one, are also partly present in Guanacaste, which has undergone a privatist-led development (Janoschka, 2009), as opposed to Africa where the state is heavily involved in land acquisitions. The state is also needed in Costa Rica to acquire land in the coastal zone and protected areas, but it has not played a very active role in tourism development, except in specific cases such as the Papagayo Gulf Tourism Pole. Instead, it has regulated by deregulation, leaving responsibility to the private sector. Weak democratic governance is further exacerbated by the privatisation and recentralisation of resources. In addition, the side-lining of smallholder production has characterised Guanacaste since the 1980s (Edelman, 2005), and the lack of viable alternatives for smallholders plays a role in current land and economic conversion. Despite the problems of various state institutions and the deregulatory developments, Costa Rica has strong environmental legislation and various strong state institutions in place. This shows that strict national regulations and laws and elaborate checks and balances cannot always prevent damage. Local government's traditional weakness (and the weak presence of various central government institutions in peripheral areas) in combination with very rapid developments and important economic interests is one of the main explanatory factors in this.

In some cases in Guanacaste, private developers have introduced voluntary regulations and corporate social responsibility practices (sometimes in collaboration with the government), and these have worked quite well. However, these projects have unintentionally brought with them a large variety of often less responsible developers; in addition, the accumulation of all these projects can still cause problems, despite good intentions. Costa Rica's tourism sustainability certificate scheme for voluntary regulation in the tourism sector has not yet been extended to residential tourism. As we have seen, policy responses to the global land rush often focus on stimulating responsible investments and establishing counterbalancing institutions (Zoomers, 2012). Although these measures are necessary, the Guanacaste case shows that it is extremely difficult and often insufficient, given the broader underlying processes of land-based development.

This research has also shown that people's involvement in decision-making and compensation are often much more complex than assumed (Chapter 8). In the debate on land grabs and their regulation, issues such as compensation for displacement and loss of livelihoods, protecting local land rights, and community participation in deciding on land deals, receive a lot of attention. However, such arrangements are very complex: existing knowledge on community involvement in decision-making can provide more insight into these complicated local processes. First, what is often lacking is a real interest among central government and private actors in allowing and promoting people's involvement in decision-making. Second, participation requires adequate mechanisms to involve different groups of people. Training, education and good information sharing, as well as simplification and the development of effective procedures for real inclusion, are needed. However, other challenges remain and are inherent to community participation: the high level of fragmentation and mobility of communities makes it difficult to treat them as cohesive and bounded entities. People have diverging interests and views; divisions can be found across locality, socioeconomic group, nationality, age and gender. People's opinions can also change over time, and external actors attempt to influence them (e.g. tourism developers, as well as environmental groups).

All these complications, which are related to the issues dealt with above (i.e. globalisation and fragmentation, different dimensions of sustainability, the temporal dimension, etc.), make effective participation in decision-making very problematic. For example, it is difficult to decide on adequate compensation for loss of livelihood when people are displaced by a land deal in their area. The Playa Grande case shows a reverse example of expropriation, in which speculation and land price inflation have taken place, and state acquisition of land for conservation goes against the interest of powerful landowners. In this case, land owners claim enormous amounts of compensation, given the inflated real estate prices in the area. As such, residential tourism also complicates the compensation process. More generally, Chapter 6 has shown that land pressures in Guanacaste take place in areas within much broader processes of land use change and socioeconomic transformation. As such, displacement almost inevitably means the loss of a certain way of life, and compensating for the loss of a way of life is nearly impossible. In addition, the case of residential tourism shows that for deciding on compensation, the temporal dimension is an important complication: in time, the effects of a project may differ significantly from initial expectations. It is extremely difficult for researchers, let alone affected populations, to predict such effects.

In the end, The Onion's representation of Costa Rica as a playground and real estate paradise for North Americans (see introduction), with all its exaggeration, does hold true to some extent. People living in the area and local decision-makers should therefore take the future of their area more into their own hands, and jointly decide what type of development they prefer.

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## Appendix 1.1. List of respondents in-depth interviews

### Tamarindo area, August-November 2008

Tamarindo	shop-tour operator owner, comm. leader	male	24-07-2008
Tamarindo	community leader	male	19-08-2008
Tamarindo	local inhabitant, retired	female	22-08-2008
Tamarindo	Employee real estate agency	male	23-08-2008
Tamarindo	hotel owners	male & fem.	26-08-2008
Tamarindo	tour guide, originally from Central Valley	male	28-08-2008
Tamarindo	taxi driver	male	28-08-2008
Tamarindo	hotel owner, born Central Valley	female	13-09-2008
Tamarindo	tour operator owner, US born	female	19-09-2008
Tamarindo	restaurant owner, retired, comm. leader	female	19-09-2008
Playa Grande	local hotel employee	male	24-09-2008
Playa Grande	National Park administration	male	24-09-2008
Playa Grande	restaurant-hotel owner	male	30-09-2008
Tamarindo	leader Asociación de Guias Tamarindo	male	06-10-2008
Matapalo-Tamar.	leader Asociación de Guias de Matapalo	male	10-10-2008
San Jose	leader environmental org.	female	17-10-2008
Matapalo	leader Asociación de Damas Amigas del Parque Baulas	female	17-11-2008

## Appendix 1.2. Survey residential tourists and short-term tourists (2011)

Serial Code: _____
Town: _____
Name of project: _____
Indication of address: _____
Type of property: a. House b. Apartment c. Villa
Date of interview: ____/____/2011
Interviewer: _____

### Section 1. General household characteristics & time in Costa Rica

- 1.1 What is your name? \_\_\_\_\_  
 1.2 What is your nationality? \_\_\_\_\_  
 1.3 Which town or state are you from? \_\_\_\_\_  
 1.4 Who do you share this apartment or house with? >> We would like to know some characteristics of your household members. For person x, .....

1.4 Relationship respondent:	1.5 M/ F	1.6 Age	1.7 Nationality	1.8 What is the highest level of education you've completed?	1.9 Currently, are you enrolled in any education? 1.9a. In which country are you currently enrolled in education?	1.10 Who contributes the most to your household income?	1.11 What is your current economic situation?
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1.12 What was your economic activity before you retired or became unemployed?	1.13 What is your current main occupation / what was your main occupation before becoming retired or unemployed? 1.13a. In which country is / was your main occupation based?	1.14 What type of business do you currently run, or did you run before you became retired or unemployed? (open) 1.14a. Where is/was it?	1.15 What is your religion	1.16 How much time did you spend in Costa Rica in last 12 months? 1.16a. Do you usually spend this amount of time in CR?
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For respondents (no 1) & their partner (no 2) who are NOT from Costa Rica and spend more than 1 month in CR per year (last year and/or generally)

Costa Ricans & short stay visitors: go to section 2

For children, grandchildren & house/apartment from BOTH partner & respondent, fill out ONLY in no 1.

1.17 Do you have any children who are currently in your country of origin and if so, how many? Under/over 18	1.18 Do you have any grandchildren who are currently in your country of origin?	1.19 Do you have parents who currently live in your country of origin?	1.20 Do you currently own a house or apartment in your country of origin?	1.21 Where do you stay when you are in your country of origin?
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### Section 2. Property & move to Costa Rica

In this section we would like to know something about this house where you're staying and your property.

- About THIS property (where you are now): .....
- Other properties you own or rent at this moment, including your home country. 2a. (See 1.20) First, about the house you own or rent in your home country...  
 Other No 2's: Then: do you own any other properties in your home country?  
 Do you own any other properties in Costa Rica?  
 Do you own any other property anywhere else in the world?
- Have you owned any property outside your home country BEFORE (which you have sold later)?



2.1 Do/did you own or rent this property?	2.2 In which year did you BUY or START RENTING this property? In which year did you sell this property?	2.3 Where is it located?	2.4 What is/was the main purpose for this property? 2.4a. Do you plan to make this your main home later on? 2.4b. Would you consider selling this property in the near future?	2.5 <i>for CURRENT properties IN Costa Rica</i> From whom did you buy this property? 2.5a. Where is the company/ individual/ developer from?	2.6 <i>For current properties</i> Did you rent out the property the last time when you were away (or now)? 2.6a. Where is the rental company from?	2.7 <i>For CURRENT properties IN Costa Rica</i> From whom did you rent this property? 2.7a. Where is the agency/owner from?
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**Questions on this property where you are now (no 1)**

2.8. Why did you sell x property/ properties (for all No.3 in the table)?
2.9. Does your house have a pool?
2.10. How many rooms does your house have? (incl. living room, bathrooms)
2.11-2.13a: Only for those who own this property
2.11. What was the approximate price of your property when you bought it?
2.12. Did you custom-design your home, or did you buy it ready-made?
2.13. Did you furnish your home by yourself, or have it furnished by others?
2.13a. Where did you buy the majority of the things for furnishing?

**Questions on your travels to Costa Rica (for non-Costa Ricans)**

Costa Ricans> move to section 4

How many times have you been in Costa Rica, when, for how long, what was the main purpose, and where did you stay?

2.14 When: Approx. year the trip started	2.15 Approx. total length of stay 2.15a. How long have you been here until today?	2.16 Main purpose	2.17 Where did you stay?
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2.18. How did you first become interested in coming to Costa Rica?	
1. Family or friends who have been on holiday to CR recommended	5. I read an article or commercial in newspaper or magazine
2. Family or friends live in CR recommended	6. I saw a TV commercial about CR
3. Information websites	7. Through the company where I work
4. Travel agency suggested CR	8. Other, specify:
2.19. Which of the following were reasons for you to choose Costa Rica?	
1. Nature (natural amenities & diversity)	8. Tranquility, not mass tourism
2. Beach	9. Possibilities to return to home country frequently / when necessary
3. Relaxed lifestyle	10. Availability of luxury housing
4. Climate, weather	11. Availability, price, quality of health facilities
5. Property prices	12. Availability of other amenities (shops, supermarket, internet, entertainment)
6. Peaceful / democratic image CR	13. Other, specify:
7. Family/friends living there	
2.19a. Of the above reasons, could you rank your three most important reasons for choosing Costa Rica?	
2.20. If you have or have had properties in other foreign countries Why did you choose x other country / countries?	
2.21. If you have or have had properties in other foreign countries Which country do you prefer (Costa Rica or x other country) and why?	
2.22. Can you explain in your own words why you decided to buy property and/or live in another country than your own?	
2.23. Can you explain why you chose THIS PARTICULAR TOWN OR REGION for living or buying property? (possible follow-up question: Have you considered any other parts of Costa Rica, and why chose this instead?)	
1. Companies that offer advice and information on emigration, property etc., in home country	8. Books
2. Companies that offer advice and information on emigration, property etc., in Costa Rica	9. Magazines
3. Websites / weblogs of foreigners living in Costa Rica	10. Retirement tour / property tour
4. TV shows	11. Costa Rican media
5. Lawyer in Costa Rica	12. Foreign community in CR
6. Lawyer in country of origin	13. Friends or relatives
7. ARCR (Association of Residents)	14. Other, specify:

2.24. If don't own a property in CR. Are you planning to buy property in Costa Rica in the near future?
2.25. If you own a property in CR. In which of the following ways did you obtain information or advice about buying property in to Costa Rica?

### Section 3. Involvement in country of origin: visits & contacts

For respondents who 1) Are NOT from Costa Rica 2) Spend more than 1 month in CR per year (last year and/or generally)

3.1. Do you have any family or friends from your place of origin who currently live full-time or part-time in Costa Rica, BUT WHO ARE NOT NOW PART OF YOUR HOUSEHOLD?		
3.1a. What relationship do you have to them? > (s)he is my.....		3.1b. Did they come to live in Costa Rica before you came, or after?
3.2. How many family members or friends have visited you here in Costa Rica in the past 2 years?		
3.2a. How many days did the last visitors stay?		
3.2b. For the last visit: Where did you take them/ what did you or they do?		
3.3. For those who live in CR more than 6 months per year. Could you estimate how many times you have visited your country of origin in total since you've lived here?		
3.4. When you travel from your home country to Costa Rica, what products do you usually buy to bring with you?		
3.5. Which of the following ways do you use to maintain contact with your family and friends abroad when you are here?		
1. Telephone	3. Email	5. I write a weblog / personal website
2. Internet call or direct messaging (e.g. Skype, MSN)	4. Online social networks (e.g. Facebook, Twitter)	6. Post
3.6. Do you have an internet connection in this house/apartment?		
3.7. How many phone calls or chat-calls to your family and friends abroad have you made last week?		
3.7a. Do you usually make this amount of calls/chat sessions per week?		
3.8. Have you voted during the last national elections in your home country?		
3.9. Are you an active member of a political party or political organization in your country of origin?		
3.9a. Does this party or organization have a branch in Costa Rica?		
3.9b. Have you been involved in any way in home country politics while being in Costa Rica during the past 5 years?		
3.10. What kinds of media do you use for news, backgrounds and entertainment when you are in Costa Rica?		
1 Costa Rican television	7 Local town newspaper	8 Country of origin newspaper
2 TV from country of origin	9 Costa Rican magazine	10 Other magazine
3 TV from other countries	11 Websites / weblogs / forums	13. Online social networks: Facebook, Twitter etc.
4 Costa Rican radio	14. Other:	
5 Radio from country of origin		
6 Costa Rican newspaper:		
3.10A. Which one?		

### Section 4. Involvement in local place: contacts and activities

5.1. We would like to know how often and in what situations you have contact with different groups of people when you are in this town/region. Could you order the following groups, with 1 being the group you have contact with most often, and 4 being the group you have less contact with?

5.1a. In which situations do these contacts mostly take place?

Local Costa Ricans / Nicaraguans / Other people from my country / People from other countries, specify

5.2. How well do you speak Spanish on a scale from 1 to 5 (1 being very bad and 5 being very good)?		
5.3. Which of the following activities have you done or do you plan to do during this stay in this town/region?		
1. Volunteer work	3. Recreational activities	5. Other study
2. Paid work or business > go to 5.3a	4. Study Spanish	6. Creative activities (arts, theatre, photography etc.)
5.3a. If not yet specified in Q1.11-1.15: What kind of paid work or business?		

5.4. In which of the following local organizations (i.e. in THIS town/region where you are now) have you ever been involved or contributed? Then: in what ways, and are you still involved?

	5.4 Type of involvement	5.4a. Name of org.	5.4b. When
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1. Local town association for infrastructure, recycling, cleaning etc. (e.g. ADIO, ProMejoras)
2. Local water association
3. Local protest organization, e.g. for water or environment
4. Environmental organization
5. Home Owners Association
6. Local cooperative
7. Animal rescue association
8. Local development organization (e.g. Cepia, Lion's Club)
9. Local school
10. Cultural club, e.g. reading group, art club
11. Sports club/group
12. Church / religious organization
13. Other:

- |  |
|--|
| 5.4C. What activities do or did you do for this organization? (specify per number) |
| 5.4d. Why did you get involved in this organization? (specify per number)          |
| 5.4e. Why have you stopped contributing or volunteering? (specify per number)      |

## Section 5. Daily living and spending characteristics

In this section we will ask you about your activities and spending behaviour during your CURRENT STAY in Costa Rica. We would like to know something about the shops you go to and services you use in this place. You only have to indicate how often you use them, not your spending.

I. OVER THE PAST MONTH, how often did you go to the following stores here in Costa Rica? You can indicate the number of times per day, per week, or per month.

- \* If person has been there less than one month, please indicate it over the PAST WEEK.
- \* If person has been there less than one week, please indicate how often you EXPECT to go in the NEXT WEEK.

II. OVER THE PAST MONTH, how often did you have meals out? Please count each meal: breakfast, daytime and evening meals. You can indicate the number of meals out per day, per week, or per month.

How often did you have drinks out? This can be both afternoon coffee or nightly drinks. You can indicate the number of drinks out per day, per week, or per month.

- \* If person has been there less than one month, please indicate it over the PAST WEEK.
- \* If person has been there less than one week, please indicate how often you EXPECT to go in the NEXT WEEK.

III. OVER THE PAST MONTH, how often did you go to the following stores / services? You can indicate the number of times per day, per week, or per month.

- \* If person has been there less than one month, please indicate it over the PAST WEEK.
- \* If person has been there less than one week, please indicate how often you EXPECT to go in the NEXT WEEK.

IV. When you stay at this property, how often do you generally hire or receive the following services? You can indicate the times per week, per month, or per year.

2-3x a day	Daily	2-3 days a week	4-6 days a week	Weekly
Bi-weekly	Monthly	Quarterly	Annually	Never
<b>I. Groceries, daily shopping</b>				
6.1 Supermarket		6.3. Smaller shops for groceries (greengrocers, butcher, bakery)		
6.1a. Which supermarket do you usually go to?		6.4. Pharmacy		
6.2. Grocery market, street sale				
<b>II. Meals and drinks out</b>				
6.5. Meals		6.6. Drinks		
<b>III. Personal services / stores</b>				
6.7. Hairdresser, beauty treatments, massage		6.10. Electronic stores		
6.8. Clothing stores		6.11. Household items stores & ferreterias		
6.9 Gift / souvenir stores				
<b>IV. House services</b>				
6.12. Gardening & pool cleaning		6.14. Laundry		
6.13. Cleaning		6.16. Household repairs & painting		
Where did you hire these services?				
Included in HOA/developer/rent; local individual; local company; other/n.a.				

6.17-6.23. How do you transport yourself in and around the area with the following means during your current stay here? Car / Bicycle / Scooter / Walking / Taxi / Public bus / Other

- |  |                          |
|--|--------------------------|
| A. About your means of transport: Do you own or rent it? | B. Where did you buy it? |
|--|--------------------------|

6.24. In the past 12 months, have you been to any of the following health facilities for advice or treatment here in Costa Rica?

- |                          |                         |                    |                   |                   |
|--------------------------|-------------------------|--------------------|-------------------|-------------------|
| 1. Local Ebais           | 2. Local private doctor | 3. Public hospital | 4. Private clinic | 5. Public dentist |
| 6. Private dental clinic |                         | 7. Other:          |                   |                   |

6.25. Do you pay any medical insurance which covers health costs in Costa Rica, and if so, which one?

1. No	2. Yes, Costa Rican CCSS (Caja)	3. Yes, other Costa Rican	4. Yes, in country of origin
5. Yes, both in CR and in country of origin		88. Other, specify:	
			99. n/a

6.25-6.37. How often have you done the following recreational and sports activities on average - \* if stay 1-12 months during your current stay in Costa Rica?  
 \* if stay > 12 months over the past 12 months?  
 \* if stay < 1 month How often have you done them and are you planning to do them during this stay (altogether)

<b>Several times a week / Weekly / Monthly / 6-10 times a year / 1-5 times a year / Never</b>
6.25. Sportfishing, boat trips
6.25a. Do you own a boat?
6.26. Water sports on a tour (e.g. snorkeling, diving, rafting, canoeing)
6.27. Water sports individually, e.g. surf, snorkel
6.28. Go to the beach to swim or relax
6.29. Nature walks with guide / on a tour
6.30. Nature walks without guide, individually
6.31 Canopy (zip-line), hanging bridges
6.32. Horse riding
6.33. Golf
6.34. Hot springs visit
6.35. Visit to volcanoes
6.36. Visiting a rural community
6.37. Other sports / movement (e.g. soccer, cycling, yoga)
6.38. Which national parks and protected areas have you visited in the last 12 months?

6.39-.6.47. \* If you have been here less than one week, Could you estimate the amount that you expect to be spending in Costa Rica on the following categories? You can either estimate it over the next week or over the next month.  
 \* If you have been here between a week and a month, Could you estimate the amount that you have spent during the past week in Costa Rica on the following categories?  
 \* If you have been here one month or more, Could you estimate the amount that you have spent in Costa Rica on the following categories? You can either estimate it over the past week or over the past month.  
 For all: If you are uncomfortable or don't know the amounts for different categories, you can also estimate the total amount you spend altogether. Currency can be in US\$ or CRC.  
 6.48. (if you RENT your property) Could you please mention the amount that you spend on accommodation or house rental costs here during this visit? You can either estimate it per week or per month.  
 6.49. Could you estimate the amount you spent on international flight tickets to and from Costa Rica during the past 12 months?

6.39. Grocery shopping
6.40. Eating / drinking out, entertainment
6.41. Trips & tours
6.42. House maintenance: the amount you spent on improving your house, but also incl. cleaning, gardening etc. <u>If owned house&gt; estimate the amount, also if included in HOA. If rented&gt; don't fill out if included in rent.</u>
6.43. Electricity, water, phone, internet <u>if rented&gt; don't fill out if included in rental cost</u>
6.44. Transportation locally
6.45. Medical expenses, wellbeing & beauty, medical insurance (only if in CR)
6.46. Other, specify
6.47. Total
6.48. Accommodation / rental costs
6.49. Flight tickets international

## Appendix 2.1. Basic data: Costa Rica and Guanacaste

Costa Rica is located in Central America, bordering with Nicaragua to the North and with Panama to the South; the Pacific Ocean to the West and the Caribbean Sea to the East. It has a surface of 51,100 km<sup>2</sup>. Being located on the Central American isthmus which connects North America with South America, it is a geologically active area with many earthquakes and volcanic eruptions; and also with a great biodiversity.

Guanacaste is one of Costa Rica's seven provinces. Its name is derived from the famous large Guanacaste tree, which can be found abundantly in the province's dry lowlands. It is the most western-located province of the country, connecting the northeastern mountain range with the western coast through the vast lowlands. Guanacaste covers 10,141 km<sup>2</sup> (almost 20% of Costa Rica) and has a population of 326,953, making up 7.6% of Costa Rica's population (INEC 2011 census). It borders with the more southern coastal province of Puntarenas, with Alajuela province in the east, and with Nicaragua (the large Lake of Nicaragua and the Rivas isthmus) in the north.

Administratively, Guanacaste is divided into 11 cantons, which are again subdivided into 59 districts. Population density is low (32.2 inhabitants per km<sup>2</sup> – compare Costa Rica general 84.2, but the latter is much influenced by the Central Valley urban area) and population is mostly concentrated in a four interior cities: the province capital Liberia (main, 53,000), Nicoya (25,000), Santa Cruz (22,000) and Cañas (21,000). Guanacaste is the province with the smallest population of Costa Rica, but that has experienced most population growth between 2000 and 2011: population grew by 1.9% annually (general Costa Rica 1.1%; INEC 2011 census).

**Table 2.1.1.** Population data: Guanacaste vs Costa Rica (2011). *Source: INEC 2011 census*

	<b>Guanacaste</b>	<b>Costa Rica</b>
Total population	326,953	4,301,712
Population younger than 15	32.6%	24.0%
Population older than 60	12.2%	10.0%
Global fertility rate (2010)	2.57	1.82
Gross mortality rate (2010)	5.54	4.18
Infant mortality rate (2010)	9.65	9.46
Territorial extension in km <sup>2</sup>	10,141	51,100
Population density	32.2	84.2

## Appendix 2.2. International Living Retirement Index 2012

**Table 2.2.1.** International Living Retirement Index 2012. *Source: International Living*. Retrieved from <http://internationalliving.com/2011/12/the-scores-and-how-our-2012-retirement-index-works/>

Country	Real Estate	Special Benefits	Cost of Living	Integr.*	E&A*	Health	Infras.*	Climate	Final Scores
Ecuador	97	98	100	95	90	85	80	83	91.1
Panama	95	100	95	96	96	91	82	68	90.4
Mexico	94	91	88	96	96	88	75	89	89.6
Malaysia	94	79	95	95	96	87	91	66	87.7
Colombia	93	76	60	92	96	93	84	75	83.7
New Zealand	87	72	69	90	93	84	86	89	83.6
Nicaragua	92	79	94	89	85	78	63	70	82.6
Spain	79	68	78	90	93	76	94	81	82.1
Thailand	90	68	71	91	97	83	76	75	81.4
Honduras	82	89	76	95	96	78	67	63	80.7
Uruguay	91	76	81	87	57	81	83	87	80.4
Italy	69	74	60	71	98	80	90	100	80.3
Brazil	81	87	68	81	99	85	69	71	80.2
Ireland	70	90	57	99	91	70	85	79	80.2
France	68	75	57	82	100	90	88	90	80.1
<b>Costa Rica</b>	<b>88</b>	<b>79</b>	<b>65</b>	<b>97</b>	<b>94</b>	<b>83</b>	<b>74</b>	<b>60</b>	<b>80.0</b>
Belize	80	84	84	100	83	82	70	57	79.9
Chile	90	73	77	80	93	81	84	61	79.8
Dom. Republic	93	68	60	85	89	72	75	72	76.8

\*E&A = Entertainment and Amenities; Integr. = Integration (= how easy can you get by with English; is there an established and accessible expat community; how friendly are local people; and how well can you get US products); Infras. = Infrastructure (also internet etc.)

### Appendix 2.3. Human development index and indicators: comparing Costa Rica, Latin America/Caribbean and the world

**Table 2.3.1.** Human Development Index and indicators. *Source: Own elaboration based on UNDP Human Development Index 2011*

	<b>Costa Rica</b>	<b>Latin America &amp; Caribbean</b>	<b>World</b>
<b>Human Development Index (HDI, UNDP) 2011</b>	0.744 (Rank 69)	0.711	0.663
<b>Inequality-adjusted Human Development Index</b>	0.591	0.530	0.535
<b>Life expectancy at birth</b> (years)	79.3	73.8	69.7
<b>Education index</b> (expected and mean years of schooling)	0.659	0.682	0.640
<b>GNI per capita in PPP terms</b> (constant 2005 international \$)	10.497	9.324	12.782
<b>Gender inequality index</b>	0.361	0.445	0.394
<b>Poverty</b> (population living on less than \$1.25 PP per day (%))	0.7	2.9 (not many data available)	No data

## Appendix 2.4. International Flights per week arriving at Liberia Airport

Airline	Origin flight	Flights per week		
		High season 2008	Low season 2008	High season 2012 (Feb.)
Delta	Atlanta	9	7	8-14
Delta	Los Angeles	1	0	0
Delta	New York	2	0	0
Delta	Minneapolis	0	0	1
American	Miami	7	3	14
American	Dallas	3	1	4
Continental	Houston	13	2	14-17
Continental	Newark	3	1	7
US Airways	Charlotte	1	1	1
Northwest	Minneapolis	1	0	0
Air Canada	Toronto	2	1	1
United	Chicago	1	0	0
First Choice	London	1	0	0
Sky Services	Toronto	5	1	0
Frontier	Denver	0	0	1
Jetairfly	Brussels	0	0	1
Jetblue	New York	0	0	4
Taca	San Salvador	0	0	3-8
Sunwing	Toronto	0	0	2
Sunwing	Montreal	0	0	1
<b>Total</b>		<b>49</b>	<b>17</b>	<b>62-76</b>

Source: Own elaboration based on DGAC 2008, in Morales & Pratt, 2010, p. 79; DGAC, 2012 (website [http://www.dgac.go.cr/transporte\\_aereo/itine\\_aidog.pdf](http://www.dgac.go.cr/transporte_aereo/itine_aidog.pdf)); Air Canada / Sunwing websites



## Appendix 3.1. Basic characteristics of survey respondents

**Table 3.1.1.** Basic characteristics of survey respondents (N=81). *Source: author's survey*

<i>Sex of respondent</i>	52% female, 48% male		
<i>Country of origin total</i>	57% USA 12% Canada 12% Europe 3% Costa Rican 4% mixed nationality Costa Rican and other 8% mixed/other		
<i>State of origin (USA)</i>	19% California, 5% Florida, 5% Oklahoma, 71% diverse		
<i>Place of stay in Costa Rica</i>	32% Tamarindo ( <i>short-term tourists 60%</i> ) 16% Conchal 14% Pinilla / Avellanas 11% Langosta 11% Playa Grande 10% Huacas 5% Flamingo 1% Carrillo		
<i>Highest completed level of education</i>	38% university 33% college 20% secondary school 6% graduate school 3% elementary school		
	<b>Permanent residents (N=34)</b>	<b>Temporary residents (N=27)</b>	<b>Short-term tourists (N=20)</b>
<i>Mean age<sup>1</sup></i>	49	56	57
<i>Country of origin separated</i>	50% USA 12% Europe 12% mixed CR/other	70% USA 11% Europe	50% USA 30% Canada 15% Europe
<i>Time generally spent in Costa Rica per year</i>	6-12 months (88%)	1-2 months (30%) 3-5 months (26%) 16-30 days (26%) 6-12 months (19%)	1-15 days (65%) 1-2 months (20%) 16-30 days (10%) 3-5 months (5%)
<i>'Tourism career' (how long has respondent been coming to or living in Costa Rica)</i>	6-10 years (32%) 1-2 years (24%) 11-20 years (21%) 3-5 years (12%) >20 years (12%)	6-10 years (37%) 3-5 years (33%) 1-2 years (19%) 11-20 years (7%)	<1 year (70%) 1-2 years (20%)

## Appendix 3.2. Survey respondents' locations: types of projects

**Table 3.2.1.** Type of property where residential tourists' project is located. *Source: author's survey*

	<b>Total residential tourists</b>	<b>Permanent residents</b>	<b>Temporary residents</b>	<b>Short-term tourists</b>
All-inclusive luxury gated community	30%	29%	30%	15%
Horizontal condominium: villas	23%	21%	26%	25%
Vertical condominium: apartment complexes	16%	9%	26%	20%
Land plot subdivisions	20%	27%	11%	5%
Individual plot	12%	15%	7%	0
Hotel / <i>cabina</i> / hostel	0	0	0	35%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Appendix 3.3. Reasons for residential tourists' choice for a particular town or region

**Table 3.3.1.** Reasons for choosing region or town, divided by type of property. *Source: author's survey (all groups included)*

	<b>type of property</b>				
	<i>All-inclusive luxury gated community</i>	<i>Horizontal condo: villas</i>	<i>Vertical condo: apartment complexes</i>	<i>Land plot sub-division</i>	<i>Individual plot</i>
Nature, tranquillity	6%	9%	10%	39%	40%
Touristic amenities: accessibility, availability	40%	47%	50%	32%	20%
Lifestyle, atmosphere, people, community	6%	26%	15%	14%	20%
Climate, weather	6%	12%	15%	4%	0
Property-related reasons	9%	2%	5%	4%	10%
Accessibility home country	2%	2%	0	0	0
Safety	21%	2%	0	0	10%
Got to know the area during tourism trips	11%	0	5%	7%	0
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Appendix 4.1. General population characteristics of research area

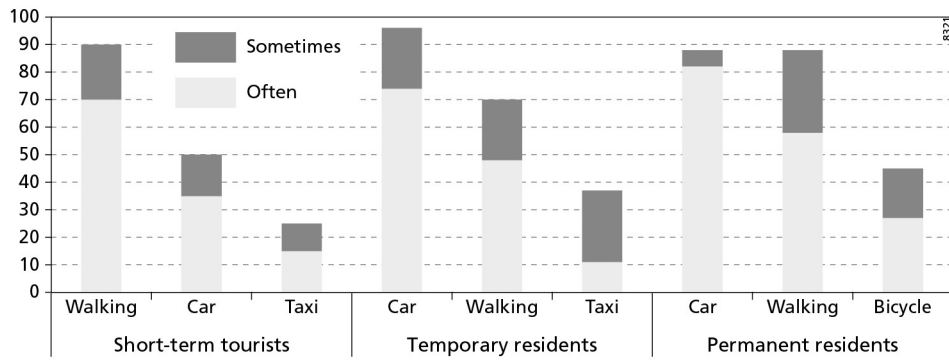
This research focuses on the coastal area of Guanacaste between Papagayo and Pinilla. This area includes parts of three Guanacaste cantons, and six districts:<sup>196</sup> Nacascolo district in Liberia canton, Sardinal district in Carrillo canton, and Tempate, Cabo Velas, Tamarindo, and 27 de Abril districts in Santa Cruz canton (see figure 1.1 for a map of the canton division). The total population of the research area was counted at 39,576 in the 2011 census (INEC), of whom 50.5% are men and 49.5% are women.

**Table 4.1.1.** Population characteristics in research area. *Source: Own elaboration based on INEC census 2011*

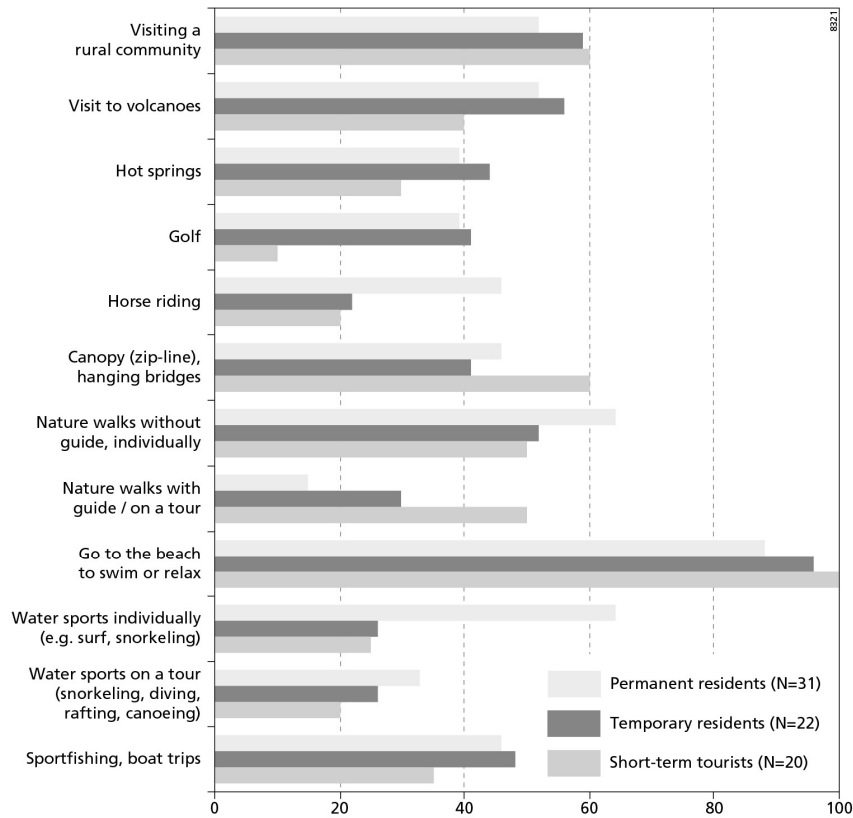
<b>District (Canton)</b>	<b>Population 2011</b>	<b>Surface km2</b>	<b>Population density</b>	<b>% Nicaraguan (2000)</b>
Nacascolo	2249	323.57	7	11
<i>(Liberia canton)</i>	<i>(62,987)</i>	<i>(1567.67)</i>	<i>40.2</i>	<i>9</i>
Sardinal	14,912	240.45	62.0	12
<i>(Carrillo canton)</i>	<i>(37,122)</i>	<i>(577.54)</i>	<i>(64.3)</i>	<i>10</i>
27 de Abril	7048	300.65	23.4	3
Tempate	5630	140.81	40.0	13
Cabo Velas	3362	73.12	46.0	15
Tamarindo	6375	123.53	51.6	12
<i>(Santa Cruz canton)</i>	<i>(55,104)</i>	<i>(1312.27)</i>	<i>(42.0)</i>	<i>5</i>
Total research area	39,576	1202.13	32.9	11
<i>Total research area excl Nacascolo</i>	<i>37,327</i>	<i>878.56</i>	<i>42.5</i>	<i>11</i>

<sup>196</sup> Costa Rica is administratively divided into seven provinces, which are subdivided into 81 *cantones* (regions), which are in turn subdivided into 467 districts.

## Appendix 5.1. Residential tourists' and short-term tourists' expenditures: additional data



**Figure 5.1.1.** Means of transport most used: top 3 for each group, % use (during current stay in Costa Rica) *Source: author's survey*



**Figure 5.1.2.** Recreational activities done in Costa Rica (% that did activity at least once in the previous 12 months) *Source: author's survey*

## Appendix 8.1. Future improvement: more responsive municipalities?

In recent years, municipalities have made more effort to enhance social participation and collaborating with communities. In the case of land-use planning, this process is slowly starting. Linkages between local government and communities are also slowly appearing in other ways, partly because of some cautious central government attempts at more decentralisation. The Municipal Code of 1998 assigned district councils a more active role in promoting public participation.<sup>197</sup> The district councils are now seen as an intermediary between the needs of the community and the municipal politics (USAID, 2004, p. 29). Nevertheless, district councils are not very important or participatory in Carrillo or Santa Cruz; it seems that the many ADIs in the cantons play a more active role as intermediaries between the municipalities and communities.

The 1998 Municipal Code also introduced various instruments to include civil society in the decision-making process: committees (to research and analyse the motions presented to the municipal council; private citizens can participate as advisors), public hearings and public municipal sessions (all sessions of the municipal council are public – USAID, 2004, p. 32). There are also extraordinary instruments such as town meetings, plebiscites, referendums and public consultations in matters of municipal regulations (*ibid.*, p. 32), but these have hardly been used (*ibid.*, p. 33). Individuals and organisations from various communities have attended public municipal sessions to be informed or attempt to influence decision-making. For example, the community of Tamarindo is very active in voicing complaints about plans that might damage the town's tourism image (e.g. a cellular phone tower; see Arias, 2011). Carrillo municipality has made important advances in the area of public participation in development plans (the local development plan for 2010–20 was drafted with broad public participation, and current municipal policies are based on this) and public information (e.g. reports including elaborate budget information are available online). In Santa Cruz, the municipality together with a national university held a series of public meetings in 2009 on a local human development plan for the canton (2010–20). A development plan was elaborated as a basis for drafting land-use plans in the canton. These meetings have been held and plans made in many municipalities throughout the country, and partly result from the aid of various international organisations such as the UN (UN Habitat and PNUD) and the EU, together with national organisations. To what extent municipal policy has been changed or improved by the plan, is still unclear.

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<sup>197</sup> The municipality or canton is divided into districts. Each district has a *síndico* (trustee) and deputy, who represents the community's interests before the municipal council. District councillors are elected by popular vote and have a voice before the municipal council (USAID, 2004).



## Samenvatting

### Wiens plek onder de zon? Residentieel toerisme en de gevolgen voor rechtvaardige en duurzame ontwikkeling in Guanacaste, Costa Rica

Dit boek gaat over residentieel toerisme, een fenomeen dat steeds verder oprukt in ontwikkelingslanden. Residentieel toerisme houdt in dat mensen zich tijdelijk of permanent vestigen in een toeristische bestemming, en daar een huis, appartement of stuk land kopen. Het gaat vaak om Europeanen of Noord-Amerikanen die emigreren naar 'het Zuiden' omdat ze op zoek zijn naar een meer ontspannen levensstijl, lagere kosten van levensonderhoud, een beter klimaat, etc.

Residentieel toerisme gaat vaak gepaard met een grote toename van buitenlandse en binnenlandse investeringen in land, en past daarom in het huidige debat over '*land grab*' of 'landjepik'. Vooral in Afrika is de recente toename van grootschalige landverwerving voor landbouw en biobrandstoffen een controversieel onderwerp: het kan lokale landrechten en voedselzekerheid onder druk zetten. Maar de druk op landmarkten en lokale landrechten speelt ook in andere continenten, en is ook gerelateerd aan andere processen zoals verstedelijking, bevolkingsgroei, mijnbouw, natuurbescherming en residentieel toerisme. Het aantal residentieel toeristen en de investeringen in land als gevolg daarvan zijn in het afgelopen decennium sterk gegroeid in verschillende landen in Latijns Amerika, Afrika en Azië.

Het doel van dit onderzoek was dan ook om een beter begrip te krijgen van residentieel toerisme en de gevolgen voor rechtvaardige en duurzame ontwikkeling, in de context van debatten over grootschalige landverwerving, globalisering en mobiliteit. In dit onderzoek heb ik me gericht op een van de belangrijkste en – tot voor kort – snelst groeiende bestemmingen van residentieel toerisme in Latijns Amerika: de noordwestelijke kust van Costa Rica, in de provincie Guanacaste. Dit gebied staat al langer bekend als toerismebestemming, maar sinds 2002 hebben ook het residentieel toerisme en de vastgoedmarkt er een sterke groei doorgemaakt. Tussen 2008 en 2011 ben ik drie keer naar het gebied geweest voor verschillende soorten dataverzameling: interviews met verschillende bevolkingsgroepen, een enquête onder residentieel toeristen, participerende observatie en analyse van secundair materiaal.

### Residentieel toerisme in Guanacaste, Costa Rica: kenmerken en oorzaken

Residentieel toerisme heeft de tot voor kort marginale, geïsoleerde noordwestkust van Costa Rica veranderd in een drukbezocht en dynamisch gebied. De ontwikkeling van vele appartementencomplexen, urbanisaties en *gated communities* heeft het landschap sterk gevormd in de afgelopen tien jaar. De factoren die dit mogelijk hebben gemaakt beschrijf en analyseer ik in hoofdstuk 2.

Guanacaste (en Costa Rica als geheel) heeft ten eerste een aantal specifieke kenmerken die het mogelijk maken om veel residentieel toeristen aan te trekken, zoals het zonnige klimaat, aantrekkelijke landschap en natuur, een stabiel en democratisch imago, een goede bereikbaarheid, etc.

Als we terugkijken in de geschiedenis zien we dat Guanacaste al sinds de late 19<sup>e</sup> eeuw verbonden is met de Noord-Amerikaanse economie, en al vroeg gekenmerkt werd door transnationale landaankoop (gericht op veeteelt) en privaat landeigendom (Edelman, 1998). Echter, Guanacaste kende perioden van bloei en neergang; in de jaren '80 van de 20<sup>e</sup> eeuw werden na enkele decennia van bloeiende veeteelt, de magere jaren ingezet. Beleidsmakers en bewoners zagen het toerisme steeds meer als de mogelijkheid om Guanacaste opnieuw tot bloei te brengen; de sector maakte inderdaad een sterke groei door in de jaren '90. Al gedurende enkele decennia hadden met name buitenlandse investeerders grond opgekocht aan de dunbevolkte kust van Guanacaste, vooruitlopend op toekomstige toeristische ontwikkeling. Er hadden zich ook al Noord-Amerikaanse migranten gevestigd, maar dat was slechts een kleine groep pioniers. De laatste belangrijke zet voor de ontwikkeling van residentieel en grootschalig toerisme werd gegeven in 2002 met de uitbreiding van het internationale vliegveld in de regio en de komst van chartervluchten uit Noord-Amerika. Dit zorgde ervoor dat een aantal grote residentiële projecten die al eerder bestonden nu echt tot ontwikkeling kwamen, en het leidde tegelijkertijd tot de komst van een groot aantal nieuwe vastgoedprojecten. Guanacaste was op weg om een grootschalige residentieel toerismebestemming te worden, tot in 2008 de mondiale economische crisis het gebied trof; die leidde tot het stopzetten van veel projecten en een grote leegstand.

Naast deze historische factoren en verschillende externe factoren, heeft ook beleid en (de)regulering op verschillende niveaus een belangrijke rol gespeeld in de ontwikkeling van residentieel toerisme. De Costaricaanse centrale overheid heeft actief beleid gevoerd om investering in residentieel toerisme te bevorderen, bijvoorbeeld via belastingvoordelen en infrastructuur. Maar de overheid heeft vooral gezorgd voor deregulering: ondanks strenge regels is de private sector in de praktijk erg vrij gelaten. De implementatie van en controle op milieu- en ruimtelijke regelgeving door de overheid is grotendeels tekortgeschoten. Dit is bijvoorbeeld duidelijk in de uitvoering van de kustwetgeving: de doelen van deze wetgeving – het beschermen van de sociaal en ecologisch kwetsbare kust, en het gebruik ervan voor duurzame toeristische ontwikkeling - zijn in de verdrinking geraakt, onder andere doordat bestemmingsplannen gemaakt zijn op initiatief van private investeerders, landconcessies zonder veel voorwaarden zijn uitgegeven, beperkingen op het hebben van meerdere concessies en op eigendom door buitenlandse investeerders niet zijn nageleefd, etc. Ook met de behandeling van milieueffectrapportages voor residentieel toerismeprojecten is veel mis. Nationale instituties en vooral lokale overheden schieten sterk tekort in menselijke en financiële capaciteiten en onderlinge afstemming. Dit alles heeft gezorgd voor een chaotische en nauwelijks gereguleerde ontwikkeling van residentieel toerisme in Guanacaste.

De vastgoedmarkt voor residentieel toeristen in Guanacaste bestaat uit diverse typen projecten (hoofdstuk 3). Zulke projecten variëren van grote lappen grond die opgedeeld worden in percelen, die vervolgens verkocht worden zonder veel voorzieningen (urbanisaties); tot complete appartementen- en bungalowcomplexen; daarnaast zijn er mengelingen tussen deze typen; en tenslotte zijn er grootschalige luxe complexen waarin daarnaast ook grote internationale hotels en allerlei voorzieningen zoals golfbanen en jachthavens zijn toegevoegd. Residentieel toerisme en 'normaal'



kortdurend toerisme gaan vaak samen, ook omdat de meerderheid van de appartementen en huizen grote delen van de tijd worden verhuurd aan ‘normale’ toeristen. Veel projecten in Guanacaste zijn *gated communities* of gesloten woonwijken. In 2011 waren er acht grote projecten en 136 kleinere in het onderzoeksgebied (het kustgebied tussen Papagayo en Pinilla). De ontwikkelaars en het investeringskapitaal komen voor het grootste deel uit de Verenigde Staten en Canada (twee derde van de projecten heeft een Noord Amerikaans aandeel in het kapitaal), maar binnenlandse investering is ook sterk aanwezig: 40 procent van de projecten is (deels) gefinancierd met Costaricaans kapitaal. Samenwerking tussen Noord-Amerikaans en Costaricaans kapitaal komt ook vaak voor.

Volgens mijn schatting verblijven er ongeveer 2000 permanente residentieel toeristen in het onderzoeksgebied, en tussen de 3400 en 4800 tijdelijke residentieel toeristen op elk gegeven moment. Dat is respectievelijk 5 procent en tussen de 8,6 en 12,2 procent van de totale bevolking. De residentieel toeristen komen voornamelijk uit de VS en Canada, maar ook uit Europa, Zuid-Amerika en Costa Rica zelf (meestal uit het grootstedelijke gebied – de GAM). Het zijn vooral tweepersoonshuishoudens (partners zonder kinderen – 49%), hoewel zich ook redelijk veel families met kinderen onder hen bevinden (23%). Hun motivaties om tijdelijk of permanent naar Costa Rica te gaan (hoofdstuk 4), hebben voornamelijk van doen met kwaliteit van leven en een meer ontspannen levensstijl, hoewel dit vaak samenhangt met andere motieven (bijvoorbeeld vakantie/vrije tijd; het mooie weer; lagere kosten van levensonderhoud; maar ook teleurstelling in politiek en samenleving in eigen land).

De groep residentieel toeristen in Guanacaste is in de loop van de tijd niet alleen steeds groter geworden, maar ook meer divers. Deze ontwikkeling zal waarschijnlijk doorzetten in de komende jaren. In de toekomst is het daarom goed mogelijk dat het residentieel toerisme zich uitbreidt naar de nog overgebleven lege stranden en richting het binnenland; ook een verdere uitbreiding van appartementencomplexen aan de kust wordt verwacht.

### **Lokale samenleving en sociale inbedding**

Residentieel toerisme heeft van Guanacaste een transnationale ruimte gemaakt: er komen verschillende groepen Guanacasteken en migranten samen, waaronder de residentieel toeristen zelf maar ook arbeidsmigranten. Met name migranten uit Nicaragua en de stedelijke gebieden van Costa Rica vormen een belangrijke groep: in het onderzoeksgebied bestaat ongeveer 11 procent van de bevolking uit Nicaraguanen, en tussen de 6 en 9 procent uit interne migranten. Dit leidt tot een complexe sociale situatie: hoe werkt een lokale samenleving met zoveel verschillende mobiele groepen? Hoofdstuk 4 gaat over de lokale en transnationale inbedding van al deze groepen en de sociale gevolgen van residentieel toerisme.

De lokale inbedding van migranten is onder andere afhankelijk van politieke mogelijkheden en beperkingen. Zowel binnen de groep Noord-Amerikanen als onder Nicaraguanen bestaat veel diversiteit en heeft men verschillende strategieën om te emigreren, variërend van compleet legale migratie (bijvoorbeeld een speciaal visum

voor gepensioneerden; arbeidsmigratieprogramma's; en pardonregelingen) tot verschillende niet toegestane vormen van migratie (de grens oversteken zonder visum, lang verblijven en werken op een toeristenvisum, etc.). Beide vormen komen vaak voor. Dit heeft gevolgen voor de situatie van migranten in Costa Rica: zo zijn veel niet legaal verblijvende Nicaraguanen kwetsbaar voor uitbuiting, en ondervinden residentieel toeristen beperkingen in hun economische participatie. Daarnaast zijn beide groepen migranten beperkt in hun (formele) politieke participatie en lokale macht en invloed. Nicaraguanen hebben de minste invloed, en dat is grotendeels te wijten aan hun lage sociale status (discriminatie) in de samenleving en een gebrek aan economisch, sociaal en cultureel kapitaal. Daarentegen blijken residentieel toeristen wel veel informele invloed te hebben, bijvoorbeeld door het oprichten van hun eigen buurtcomités en organisaties die zorgen voor infrastructuur. Hun invloed heeft te maken met een hoge sociale status en economisch en sociaal kapitaal. Aan de andere kant houden veel residentieel toeristen zich juist op de vlakte (met name bij meer politieke en controversiële aangelegenheden), bijvoorbeeld om geen wantrouwen op te wekken bij de lokale bevolking. Lokale Guanacasteken hebben wel degelijk ook invloed: zij gebruiken hun status als 'locals' en hun lokale en nationale kennis en connecties om hun eigen organisaties op te richten en ongewenste ontwikkelingen tegen te gaan. Toch zijn er ook veel Guanacasteken die niet georganiseerd zijn: de samenleving is erg individualistisch.

Wat betreft sociale contacten blijkt dat de verschillende groepen redelijk gescheiden van elkaar leven, verdeeld naar nationaliteit, plaats van herkomst en sociaaleconomische situatie. Toch is er een redelijk rustige en vredige samenleving, zonder al te veel openlijke conflicten.

De tijdelijkheid, flexibiliteit en mobiliteit van grote delen van de bevolking werkt beperkend voor sociale cohesie. Er is een grote groep residentieel toeristen die steeds voor korte perioden naar Guanacaste komt (of alleen investeert in vastgoed zonder het gebied werkelijk te bezoeken), en extreem mobiel is. Ook zien veel residentieel toeristen hun woning in Guanacaste als inwisselbaar: bijna de helft van de respondenten denkt erover om hun huis te verkopen of heeft het al te koop staan. Daarnaast is de migratie van een groep Nicaraguanen (bijvoorbeeld degenen die in Guanacaste in de bouw werken) ook heel tijdelijk en circulair. Ook binnenlandse migranten zijn steeds mobieler. De grote fragmentatie, mobiliteit, tijdelijkheid en afwezigheid in Guanacaste, met veel migranten die geen toekomst in de regio voor zich zien, werkt beperkend voor succesvolle lokale samenwerking en organisatie.

## **Economische gevolgen**

Als we kijken naar de economische gevolgen (hoofdstuk 5) ligt het voor de hand dat de lokale economie van een voormalig perifeer, geïsoleerd gebied een grote opleving krijgt met de komst van het residentieel toerisme. Dat is inderdaad het geval geweest in Guanacaste tussen ongeveer 2002 en 2008, met een snelle groei van zowel normaal toerisme als residentieel toerisme. De mogelijkheden voor werk en ondernemingen in toerisme, bouw, vastgoed en gerelateerde dienstensectoren in bijna alle segmenten van

de arbeidsmarkt zijn sterk gestegen tijdens die periode. Het aantal mensen dat werkte in de landbouw en veeteelt bleef daarentegen sterk dalen. In de regio ontstond veel nieuwe bedrijvigheid gerelateerd aan bouw en vastgoed, maar ook de traditionele toeristische bedrijven en andersoortige diensten maakten een groei door.

In Guanacaste heeft het residentieel toerisme een keten aan economische effecten in gang gezet, en die effecten zijn lang niet alleen lokaal te merken maar ook ver buiten Guanacaste. Nieuwe mogelijkheden voor werk en bedrijvigheid gaan vaak naar (groepen uit) andere gebieden, zowel binnen als buiten Costa Rica. De werkgelegenheid gecreëerd door residentieel toerisme is gesegregeerd is naar plaats van herkomst: Nicaraguaanse migranten werken in laagbetaalde banen zoals huishoudelijk werk, bouw en beveiliging; terwijl Noord-Amerikanen en stedelijke Costaricanen uit de GAM vaker hoogopgeleid werk doen in vastgoed, projectontwikkeling en management. Lokale Guanacasteken zitten er tussenin: zij werken in allerlei soorten banen, maar met name in toerisme en diensten. Daarnaast hebben veel lokaal opererende bedrijven sterke *linkages* met externe gebieden: zo zijn veel makelaars onderdeel van ketens uit de VS, en wordt de bouw veelal gedaan door grote Costaricaanse bouwbedrijven opererend vanuit de GAM. Er zijn dus allerlei financiële stromen van en naar andere, vaak verafgelegen gebieden.

Op dit moment zijn kortdurend toerisme en residentieel toerisme in Guanacaste nog zo met elkaar verweven dat het moeilijk is om de effecten apart te meten. Een vergelijking van de bestedingen van residentieel toeristen en kortdurende toeristen laat echter zien dat residentieel toerisme minder positief kan uitpakken. De uitgaven van residentieel toeristen (vooral permanente migranten) zijn vooral gericht op vastgoed en land, vliegtickets, huishoudelijke diensten, en boodschappen. Kortdurende toeristen geven juist meer uit aan restaurants, hotels en tours: de traditionele toerismesector. Ik concludeer dan ook dat kortdurend toerisme over het algemeen betere mogelijkheden oplevert voor lokale mensen, kleine bedrijven, etc.; terwijl residentieel toerisme met name grote winsten oplevert voor de vastgoedsector. Een grotere nadruk op residentieel toerisme kan leiden tot verdrukking van de kleinschalige toerismesector, meer laagbetaalde en kwetsbare arbeid, en een nog sterkere ongelijkheid tussen groepen.

Daarnaast toont de huidige impact van de mondiale economische crisis in Guanacaste aan hoe kwetsbaar de sector is: door de groei van het residentieel toerisme is de regio steeds directer afhankelijk geworden van de vastgoedmarkt en kredietmogelijkheden in Noord-Amerika. De crisis heeft dus een grote impact gehad: sinds 2008 is de bedrijvigheid gerelateerd aan residentieel toerisme aan de kust in Guanacaste sterk gekrompen, en dit geldt vooral voor de bouw en vastgoed. Dat residentieel toerisme en een focus op vastgoed leiden tot grote volatiliteit toon ik ook aan met statistieken over armoede, werkloosheid en onderbezetting, die in Guanacaste veel sterker zijn gestegen sinds de crisis dan in andere delen van Costa Rica.

## Landmarkt en toegang tot land

Een van de redenen waarom de groei van residentieel toerisme op de lange termijn problemen kan opleveren, is de focus op het 'vermarkten' en verkopen van land, in plaats van het ontwikkelen van bredere diensten. Land wordt een doel van investering en speculatie op zich en raakt verweven met de financiële sector, en dat gaat vaak gepaard met grotere risico's, volatiliteit en ongelijkheid.

Land als object van speculatie is dus een probleem (hoofdstuk 6). Externe investeringen in land leiden vaak tot verdrukking en uitsluiting van de lokale bevolking, doordat landrechten niet worden erkend. Dat is in Guanacaste ook deels het geval, maar van grootschalige verdrukking is geen sprake. Er zijn voorbeelden van uitsluiting op kleine schaal, bijvoorbeeld in de kustzone, waar lokale mensen in sommige gevallen in de verdrukking zijn gekomen door landconflicten, *de facto* privatisering en onduidelijke landrechten. De slecht geïmplementeerde regelgeving is daar debet aan. Ook hebben veel Guanacasteken hun land vrijwillig verkocht, vaak wel onder enige druk. Een breder spelend probleem in Guanacaste is de enorme prijsstijging van land sinds de ontwikkeling van het residentieel toerisme: de prijzen van land en huizen/appartementen in het onderzoeksgebied zijn tussen 2000 en 2011 met respectievelijk 17,7 en 24,3 procent per jaar gestegen. De huidige prijzen van gemiddeld \$188 (land) en \$2717 (huizen) per vierkante meter zijn te hoog voor de meeste lokale en arme migrantengroepen. Na 2008 zijn ze iets gedaald, maar lang niet genoeg om toegang mogelijk te maken. Veel jongeren blijven dan ook langer bij familie inwonen of gaan steeds verder richting het binnenland wonen, waar land nog betaalbaar is; een andere strategie is het huren van een klein appartement.

De landmarkt in Guanacaste is sterk gefragmenteerd: er bestaan allerlei segmenten met heel verschillende prijsklassen en kenmerken. Dit is onderdeel van een algemeen proces van fragmentering van de ruimte: eliteprojecten bestaan naast sociale woningbouw, residentieel en commercieel landgebruik bestaan naast landbouw; goed gereguleerde en geordende ruimtes bestaan naast chaotische ongeordende ruimtes, etc. Elk klein stukje ruimte heeft een eigen logica. Deze fragmentatie is een van de factoren die ervoor heeft gezorgd dat er van grootschalige verdrukking van de lokale bevolking (nog) geen sprake is.

## Gevolgen voor natuur en milieu

Residentieel en kortdurend toerisme hebben duidelijke gevolgen voor het milieu en natuurlijke hulpbronnen (hoofdstuk 7). Hoewel alle vormen van toerisme waarschijnlijk beter zijn voor het milieu dan de veeteelt die voorheen dominant was in Guanacaste, is er ook een aantal negatieve gevolgen aan te wijzen. Die hebben met name te maken met de schaalvergroting van het (residentieel) toerisme en de gerelateerde bevolkingsgroei en inadequate regulering. Zo is er sprake van overmatige exploitatie van waterbronnen, vervuiling van de zee en van grond- en oppervlaktewater, schade aan mangroven en wetlands, erosie, en 'landschapsvervuiling' met een chaotische groei van hoogbouw. Ook presenteer ik de

casus van Nationaal Park Las Baulas de Guanacaste, een beschermd natuurgebied met verschillende stranden waar de bedreigde *leatherback* zeeschildpadden hun eieren leggen. Daaruit blijkt dat natuurbescherming onder druk komt door hoge landprijzen: de overheid is steeds minder bereid en in staat om land te kopen voor natuurbescherming, en adequate bescherming is moeilijk onder druk van grote financiële belangen van investeerders.

Door de grotere aanslag op natuur en milieu is een paradoxale situatie ontstaan: de natuur is voor (residentieel) toeristen een van de belangrijkste redenen is om naar Costa Rica te komen, en dus essentieel om het toerisme te kunnen behouden voor de toekomst. Ook eenmaal verblijvend in Guanacaste zijn residentieel toeristen zeer milieubewust: de overgrote meerderheid is tegen teveel ontwikkeling en hoge dichtheid; en een schoon milieu en mooie natuur zijn voor hen belangrijker dan sociaal welzijn en economische groei. Bovendien is het 'volbouwen' van Guanacaste met alle gerelateerde milieuproblemen ook op nationaal niveau niet slim: het imago van Costa Rica als eco-bestemming is nog steeds erg sterk, maar dit comparatieve voordeel kan onder druk komen te staan door zulke excessen. Er is dus een typische 'toerismeparadox' ontstaan: de (residentieel) toerismesector wordt steeds groter, wat problemen oplevert voor natuur en milieu; maar de natuur is tegelijkertijd een belangrijke aantrekkingsfactor voor toeristen. Deze paradox wordt nog complexer in het geval van residentieel toeristen: aan de ene kant pakt residentieel toerisme met zijn nadruk op land, vastgoed en bouw nog negatiever uit voor het milieu dan kortdurend toerisme, maar aan de andere kant kunnen residentieel toeristen een belangrijke bijdrage leveren aan het beschermen van het milieu: ze verblijven voor langere tijd in het gebied, en hebben dus meer tijd en interesse om hun omgeving te beschermen.

### **Tot slot**

Tot slot enkele reflecties over de gevolgen van residentieel toerisme voor ontwikkeling en de mogelijkheden tot verbetering (hoofdstuk 9). Ten eerste zijn de totale ontwikkelingseffecten van een fenomeen zoals residentieel toerisme alleen te begrijpen door te kijken naar het samenspel tussen de sociale, economische en ecologische factoren van het concept duurzame ontwikkeling. Zo zijn economische en milieuaspecten in het toerisme op een complexe manier met elkaar verweven. Ten tweede is het belangrijk om het tijdsaspect mee te nemen in een evaluatie van duurzame ontwikkeling: vaak worden de effecten op lange termijn niet serieus meegewogen, terwijl een dynamisch perspectief erg belangrijk is. In de toekomst kan een verdere groei en geografische verspreiding van residentieel toerisme in Guanacaste risico's met zich meebrengen, zoals grootschalige verdrukking van de lokale bevolking, waterschaarste, sociale polarisatie, etc. Aan de andere kant vallen er verbeteringen te verwachten in regulering. Ten derde zorgt residentieel toerisme niet alleen lokaal en regionaal voor veel verandering, maar heeft het ook directe invloed op andere verder gelegen gebieden via stromen kapitaal, goederen, mensen, etc. Als we deze stromen en effecten meenemen zorgt dat voor een heel ander resultaat dan bij de gebruikelijke statische, gebonden impactevaluatie. Doordat lokale dynamieken steeds meer in andere gebieden (op afstand) bepaald worden, ontstaat er bovendien een grote sociale,

economische en ruimtelijke fragmentatie en ongelijkheid op lokaal niveau; ook dit is een bekend effect van globalisering.

Om te komen tot een meer rechtvaardige en duurzame ontwikkeling is een analyse van regulering en beleid vanuit verschillende actoren belangrijk. Met een centrale overheid die geen coherent beleid voert, zwakke lokale overheden, en een private sector waar lang niet alle verbetering van verwacht kan worden, ligt er een belangrijke rol voor burgers en *civil society* om te zorgen dat regels worden nageleefd en om positieve verandering te bevorderen. Dat lokale actie inderdaad kan werken werd bewezen door succesvolle protesten in het binnenland van Guanacaste tegen het gebruik van lokale waterbronnen voor toeristische en residentiele projecten aan de kust. Echter, de invloed en macht van lokale gemeenschappen en het maatschappelijk middenveld is toch beperkt (hoofdstuk 8): de centrale overheid en de private sector trekken de besluitvorming over natuurlijke hulpbronnen steeds meer naar zich toe; de invloed van maatschappelijke organisaties en lokale groepen is vooral achteraf en niet preventief; en er zijn nog weinig connecties met lokale overheden. Ook de fragmentatie en diversiteit van de bevolking maakt het lastig om te komen tot democratische deelname aan besluitvorming.

De overheid zou dus ten minste drie dingen moeten doen: regulering en controle op naleving van milieu- en andere regels sterk verbeteren; de besluitvorming over lokale aangelegenheden en natuurlijke hulpbronnen democratiseren in plaats van hercentraliseren en privatiseren; en zich beraden op het soort toerisme dat het aantrekt.

In het debat over '*land grab*' wordt weinig aandacht besteed aan residentieel toerisme (en kortdurend toerisme). Uit mijn studie blijkt echter dat residentieel toerisme wel degelijk leidt tot grotere druk op lokale landmarkten en een bedreiging kan vormen voor de landrechten van de lokale bevolking. Het debat moet zich niet alleen richten op directe verdrukking van mensen, maar ook op lange termijn effecten en bredere processen van uitsluiting, bijvoorbeeld via speculatie en prijsinflatie. In de huidige discussies over land wordt vaak de nadruk gelegd op bepaalde soorten regulering, bijvoorbeeld vrijwillige regels voor een verantwoordelijke private sector en het versterken van nationale instituties om tegenwicht te bieden. Deze maatregelen kunnen hun doel voorbij schieten wanneer bredere onderliggende ontwikkelingen niet worden aangepakt. Aan de andere kant laat deze studie ook zien dat het betrekken van de lokale bevolking (bijvoorbeeld in besluitvorming over land, of via compensatiemechanismen) belangrijk is, maar tegelijkertijd extreem complex.

## Síntesis

### **¿Un lugar en el sol para quién? El turismo residencial y sus consecuencias para el desarrollo equitativo y sostenible en Guanacaste, Costa Rica**

Este libro se trata del turismo residencial, un fenómeno que está avanzando rápidamente en los países en desarrollo. Por turismo residencial se entiende el fenómeno en que las personas se establecen temporal o permanentemente en un destino turístico y compran una casa, apartamento o un terreno. A menudo se trata de personas de origen europeo o norteamericano que emigran hacia ‘el sur’ en busca de un estilo de vida más relajado, menor costo de vida, mejor clima, etc.

El turismo residencial está interconectado con el gran aumento en las inversiones extranjeras e internas en tierra. Por lo tanto, es un fenómeno relevante para el actual debate sobre ‘*land grab*’ o ‘acaparamiento de tierras’. Particularmente en África, el incremento de adquisiciones de tierra a gran escala para la agricultura y los biocombustibles constituye un desarrollo controversial: tales inversiones pueden causar presión sobre los derechos de tierra y la seguridad alimentaria de la población local. Sin embargo, la presión sobre los mercados de tierra y los derechos a la propiedad también tienen importancia en otros continentes; y además no solamente se deben a la agricultura y los biocombustibles, sino que también están relacionados con otros procesos como la urbanización, el crecimiento de la población, la minería, la conservación de la naturaleza, y el turismo residencial. El turismo residencial y la inversión inmobiliaria externa han crecido fuertemente en la última década en varios países de Latinoamérica, África y Asia.

El objetivo de esta investigación fue llegar a un mayor entendimiento del turismo residencial y sus implicaciones para el desarrollo equitativo y sostenible, en el contexto de los debates sobre las adquisiciones de tierra a gran escala, la globalización y la movilidad. Este trabajo se enfoca en uno de los destinos más importantes y que fue hasta hace poco uno de los destinos de más rápido crecimiento del turismo residencial en Latinoamérica: la costa noroeste de Costa Rica, en la provincia de Guanacaste. Esta región ya era un destino turístico conocido, pero desde el año 2002 también ha experimentado una fuerte expansión del turismo residencial y del mercado inmobiliario. Entre los años 2008 y 2011 he visitado el área tres veces para la recolección de datos: entrevistas con diferentes grupos de población, encuestas entre los turistas residenciales, observación participante y análisis de materiales secundarios.

### **El turismo residencial en Guanacaste, Costa Rica: características y causas**

Hasta hace poco la costa noroeste de Costa Rica fue un área marginal y aislada, pero a causa del turismo residencial y el turismo común (de corto plazo) se ha convertido en una región muy visitada y dinámica. El desarrollo de una gran cantidad de edificios de apartamentos, urbanizaciones y comunidades cerradas ha transformado radicalmente el paisaje en la última década. Los factores que contribuyeron a esta transformación se describen en el capítulo 2.

Guanacaste (y toda Costa Rica) tiene varias características específicas que la hacen adecuada para la atracción de grandes cantidades de turistas residenciales, como lo son el clima, el paisaje atractivo, la naturaleza, la imagen de estabilidad y democracia, la accesibilidad, etc.

Si partimos de una perspectiva histórica podemos ver que Guanacaste ha sido conectada económicamente con Norteamérica desde finales del siglo XIX: desde temprano la provincia se caracterizó por adquisiciones de tierra por parte de extranjeros (industria ganadera) y la propiedad privada de la tierra (Edelman, 1998). Sin embargo, Guanacaste experimentó periodos de auge y de caída: en los años 80 del siglo XX, después de varias décadas de crecimiento basado en la ganadería, comenzó un periodo de decadencia. Fue así como los gobernadores y habitantes empezaron a considerar el turismo como la mejor oportunidad para impulsar el florecimiento en la región; y en efecto, el turismo mostró una expansión significativa en los años 90. Durante varias décadas inversionistas extranjeros habían llegado a comprar tierra en la costa escasamente poblada de Guanacaste, anticipando el futuro desarrollo del turismo. También se habían establecido los primeros inmigrantes norteamericanos, aunque fue solo un pequeño grupo de pioneros. El último paso importante para el desarrollo del turismo a gran escala y residencial fue la extensión del aeropuerto internacional en la región, y la llegada de vuelos chárter de América del Norte. Como resultado de la mejor accesibilidad, algunos grandes proyectos residenciales que ya existían llegaron a expandirse más, y además se establecieron muchos nuevos proyectos inmobiliarios. Guanacaste estaba convirtiéndose en un destino de turismo residencial a gran escala, cuando en el año 2008 la crisis económica mundial afectó gravemente a la región, causando la paralización de muchos proyectos y desocupación habitacional.

Además de los factores históricos y otros factores externos, que son necesarios para comprender estos desarrollos, también han jugado un papel importante las políticas públicas a diferentes niveles, el marco regulatorio y la ‘desregulación’. El gobierno de Costa Rica ha atraído inversión turística e inmobiliaria de diferentes maneras, como por ejemplo por medio de incentivos fiscales y el desarrollo de infraestructura. Pero sobre todo resalta la ‘desregulación’, ya que a pesar de las reglas estrictas, en realidad el gobierno les ha dado mucha libertad a los inversionistas y desarrolladores: la implementación de regulaciones ambientales y espaciales y el control sobre estas ha resultado muy deficiente. Un ejemplo es la gestión de la zona costera (zona marítimo-terrestre). Los objetivos de la ley – proteger la zona costera por su vulnerabilidad social y ambiental, y desarrollar un turismo sostenible – no se han cumplido, debido a varios factores: los planes reguladores han sido elaborados por iniciativa de inversionistas privados; se ha otorgado concesiones sin cumplir con las condiciones necesarias; no se han tomado en cuenta las limitaciones a la emisión de concesiones a extranjeros y al otorgamiento de múltiples concesiones a la misma persona o empresa, etc. Además se han presentado serios problemas con las evaluaciones de impacto ambiental para los proyectos turísticos y residenciales. Las instituciones nacionales responsables y sobre todo los gobiernos locales se han mostrado muy deficientes en sus capacidades personales y financieras así como en su



coordinación interna. Todo esto ha provocado una dinámica turística e inmobiliaria desordenada y poco regulada.

El mercado inmobiliario para turistas residenciales en Guanacaste se compone de diferentes tipos de proyectos (capítulo 3): urbanizaciones con parcelas que se venden sin muchos servicios; complejos de apartamentos y de villas (condominios); mezclas de estos dos tipos; y grandes comunidades con una oferta residencial variada y incluyendo además grandes hoteles internacionales y servicios de lujo como canchas de golf y marinas. Existe mucha interdependencia entre el turismo común de corto plazo y el turismo residencial: por ejemplo, gran parte de los apartamentos y casas subalquilan la mayoría del tiempo a los turistas de corto plazo. Muchos proyectos en Guanacaste son comunidades cerradas. En el 2011 existían ocho proyectos grandes y 136 más pequeños en el área de estudio (la parte costera entre Papagayo y Pinilla). La mayor parte de los desarrolladores y del capital de inversión es de Estados Unidos y Canadá (dos tercios de los proyectos es financiado total o parcialmente por capital norteamericano), aunque la inversión interna también es fuerte: el 40 por ciento de los proyectos se financió total o parcialmente con capital costarricense. La combinación de capital norteamericano y costarricense también es común.

Según mis estimaciones, el número de turistas residenciales permanentes en el área de estudio es aproximadamente 2000, y es complementado por entre 3400 y 4800 turistas residenciales temporales en cualquier momento dado, formando así un 5 por ciento y entre un 8,6 y 12,2 por ciento de la población total respectivamente. La mayoría de los turistas residenciales son originarios de Estados Unidos y Canadá, pero también hay personas de Europa, Sudamérica y Costa Rica (estas últimas principalmente provienen de las partes urbanas: la Gran Área Metropolitana - GAM). La mayoría (49%) son hogares nucleares (parejas) sin hijos, aunque también hay bastantes hogares nucleares con hijos (23%). El principal motivo de migración es la búsqueda de una mejor calidad de vida o un estilo de vida más relajado; otros motivos mencionados incluyen el clima, vacaciones/ocio, el costo de vida, pero también el sentido de decepción en la política y sociedad del país de origen (capítulo 4).

El turismo residencial en la última década en Guanacaste no solo ha aumentado mucho en cantidad, sino que también se ha diversificado en cuanto a las características de los turistas. En los próximos años se prevé una continuación de esta dinámica. Por lo tanto es probable que en el futuro este fenómeno se extienda a las playas aún sin desarrollar y hacia el interior de Guanacaste; también se espera una nueva expansión de apartamentos en la costa.

### **Sociedad local y participación social**

A causa del turismo residencial Guanacaste se ha convertido en un espacio transnacional: un lugar donde confluyen diferentes grupos de guanacastecos e inmigrantes, entre los cuales se encuentran los turistas residenciales pero también los inmigrantes laborales. Un grupo importante lo forman los inmigrantes de Nicaragua y de las áreas urbanas (GAM) de Costa Rica: en el área de estudio el 11 por ciento de la población es nicaragüense, y entre un 6 y 9 por ciento se compone de inmigrantes

internos. Esto desencadena una situación social compleja: ¿Cómo se forma una sociedad local con muchos grupos móviles diferentes? El capítulo 4 se trata de la participación local y transnacional de todos estos grupos, y los impactos sociales del turismo residencial.

La participación local de los inmigrantes depende entre otras cosas de las posibilidades y limitaciones políticas. Entre los turistas residenciales así como entre los inmigrantes nicaragüenses existe una gran diversidad de características y estrategias migratorias. Estas estrategias incluyen la migración completamente legal (por ejemplo con una visa especial para pensionados; programas de migración laboral; y amnistías migratorias) y la migración irregular (cruzar la frontera sin visa; entrar con visa de turista y permanecer más tiempo o trabajar, etc.). Ambas formas de migración se observan frecuentemente entre ambos grupos, lo que tiene implicaciones para su situación en Costa Rica: por ejemplo, muchos nicaragüenses que se encuentran en situación irregular son vulnerables a la explotación, y los turistas residenciales están limitados en su participación económica. Además ambos grupos de migrantes tienen pocas oportunidades formales para participar en la política e influenciar la sociedad local. Los nicaragüenses tienen la menor influencia, debiéndose en gran parte a su rango social bajo (discriminación) y su limitado capital económico, social y cultural. Por el contrario los turistas residenciales sí tienen mucha influencia de manera informal, como por ejemplo con la creación de sus propias asociaciones de vecinos y organizaciones de mejoras infraestructurales. Esta influencia se debe a su alto rango social y capital económico y social. Sin embargo también hay muchos turistas residenciales que no ejercen mucha influencia (sobre todo cuando se trata de asuntos más políticos y controversiales), por ejemplo porque no quieren evocar desconfianza entre la población local. Por otro lado, los guanacastecos tienen influencia también: ellos usan su estatus como personas locales y su conocimiento y conexiones para establecer sus propias organizaciones y contrarrestar desarrollos no deseados. Aun así, hay muchos guanacastecos que no están organizados: la sociedad es muy individualista.

En cuanto a los contactos sociales, existe una clara segregación: los grupos están divididos por nacionalidad, lugar de origen y situación socioeconómica. A pesar de esto, la sociedad es relativamente pacífica y tranquila, sin muchos conflictos.

La temporalidad, flexibilidad y movilidad de gran parte de la población en Guanacaste limitan la cohesión social. Hay muchos turistas residenciales sumamente móviles, que visitan Guanacaste por periodos muy cortos o solamente invierten en bienes raíces sin visitar el área. Muchos turistas residenciales también consideran su lugar de residencia en Guanacaste como intercambiable: casi la mitad de los encuestados piensa vender su propiedad o ya la está vendiendo. Asimismo la migración de un grupo de nicaragüenses (por ejemplo los que trabajan en construcción en Guanacaste) es temporal y circular. También los inmigrantes internos son cada vez más móviles. Esta gran fragmentación, movilidad, temporalidad y ausentismo, y el hecho de que muchos inmigrantes no buscan asentarse en la región, lleva a dificultades para la organización comunal exitosa.

## Impactos económicos

En cuanto al impacto económico (capítulo 5) sería lógico pensar que la economía local de una región anteriormente periférica y aislada experimentaría un gran crecimiento con la llegada del turismo residencial. Este fue el caso en Guanacaste: entre los años 2002 y 2008 aproximadamente, el turismo común (de corto plazo) y residencial experimentaron un gran dinamismo. Las oportunidades de empleo y negocios en sectores como turismo, construcción, bienes raíces y servicios relacionados se incrementaron rápidamente durante ese periodo para casi todos los segmentos del mercado laboral. Por otro lado, la cantidad de personas involucradas en la agricultura y ganadería siguió disminuyendo. La región experimentó un auge de nuevas empresas alrededor de los sectores construcción y bienes raíces, y además hubo una continuada expansión del sector turístico tradicional y de servicios.

El turismo residencial ha provocado una cadena de impactos económicos en Guanacaste, y estos afectan no solo localmente sino que también a áreas lejanas. Las nuevas oportunidades de empleo y negocios frecuentemente benefician a áreas y grupos externos, dentro y fuera de Costa Rica. El empleo creado por el turismo residencial es categorizado por lugar de origen: los inmigrantes nicaragüenses hacen trabajos de baja remuneración como el trabajo doméstico, la construcción y la seguridad privada. Por otro lado, los norteamericanos y costarricenses de la GAM tienden a trabajar en profesiones de alto nivel educativo como en bienes raíces, desarrollo de proyectos y gerencia. Los guanacastecos locales están en el medio: trabajan en todo tipo de profesiones, pero principalmente en turismo y servicios. Además, muchas empresas que operan en Guanacaste tienen fuertes lazos con regiones externas: por ejemplo, muchas agencias de bienes raíces son parte de cadenas norteamericanas, y la construcción en Guanacaste es dominada por grandes empresas costarricenses que operan desde la GAM. Por lo tanto hay una gran variedad de flujos financieros entrando y saliendo desde y hacia lugares lejanos.

En este momento existe una fuerte interconexión entre el turismo residencial y el turismo de corto plazo: esto dificulta una evaluación del impacto por separado. Sin embargo, una comparación entre los gastos de los turistas residenciales y de corto plazo demuestra que el turismo residencial puede ser menos beneficioso. Los gastos de los turistas residenciales (particularmente los migrantes permanentes) se enfocan mucho en bienes raíces y tierra; tiquetes de avión; servicios domésticos; y compras en supermercados. En cambio, los turistas de corto plazo gastan más dinero en restaurantes, hoteles y tours: el sector turístico tradicional. Por lo tanto se puede concluir que el turismo de corto plazo generalmente ofrece mejores posibilidades para la gente local, las empresas pequeñas, etc.; mientras que el turismo residencial provee grandes ganancias para el sector inmobiliario. Un enfoque más hacia el turismo residencial podría dar lugar al desplazamiento del turismo de pequeña escala; un aumento del empleo vulnerable y de baja remuneración; y una mayor desigualdad entre los grupos.

Asimismo el impacto de la crisis económica mundial en Guanacaste acentuó claramente la vulnerabilidad del sector. Debido al turismo residencial, la provincia ha llegado a depender cada vez más directamente del mercado inmobiliario y de las

posibilidades de crédito en América del Norte. Por lo tanto la crisis ha tenido un impacto fuerte, y desde el 2008 el empleo y los negocios relacionados con el turismo residencial en la costa de Guanacaste han decrecido rápidamente, principalmente en los sectores de bienes raíces y construcción. En efecto, otras estadísticas también comprueban la mayor volatilidad relacionada al turismo residencial y al sector inmobiliario: en Guanacaste desde el 2008, la pobreza, el desempleo y el subempleo han aumentado con mayor intensidad que en otras regiones de Costa Rica.

### **Mercado inmobiliario y acceso a la tierra**

Una de las razones por las cuales el crecimiento del turismo residencial puede causar problemas a largo plazo, es su enfoque en el mercadeo y la venta de tierras, en lugar del desarrollo de servicios más amplios. De esta manera, la tierra se convierte en un objeto de inversión y especulación. Además tiene una conexión con el sector financiero, lo que conlleva mayores riesgos y una mayor volatilidad, desigualdad y vulnerabilidad.

El hecho que la tierra se convirtió en un objeto de especulación es preocupante por varias razones (capítulo 6). La adquisición de tierras por personas o empresas externas puede provocar el desplazamiento y la exclusión de la población local, como por ejemplo cuando sus derechos adquiridos no son reconocidos. Este es parcialmente el caso en Guanacaste. Aunque no ha habido un desplazamiento a gran escala, existen varios casos de exclusión a pequeña escala. Un ejemplo de ello es la zona marítimo-terrestre, donde ha habido casos de pobladores locales que han sido desplazados por conflictos de tierra, *de facto* privatización, y derechos ambiguos sobre la tierra. Esto se debe sobre todo a la falta de implementación y control de regulaciones. Por otro lado, muchos guanacastecos han vendido su tierra voluntariamente, aunque muchas veces bajo alguna forma de presión. Un problema más grave y amplio es la enorme sobrevaloración de las tierras que se ha dado en Guanacaste desde el desarrollo del turismo residencial: en el área de estudio los precios de las tierras y de casas/apartamentos se han incrementado anualmente en un 17,7 y 24,3 por ciento respectivamente (2000-2011). El actual precio promedio de \$188 (tierras) y \$2717 (casas) por metro cuadrado es demasiado elevado para permitir el acceso a los grupos locales e inmigrantes pobres. Después del 2008 ha disminuido levemente, pero no lo suficiente como para permitir acceso general. Esto ha dado como resultado que muchos jóvenes no puedan formar sus propios hogares nucleares, y que se desplacen cada vez más hacia el interior de la provincia, donde la tierra todavía es más barata; otra estrategia es alquilar un pequeño apartamento.

El mercado inmobiliario en Guanacaste está sumamente fragmentado: hay muchos segmentos con grandes diferencias en sus precios y características. Esto forma parte de un proceso general de fragmentación del espacio: las residencias de la élite existen al lado de la vivienda social; las parcelas para uso comercial y residencial están junto a las de uso agrario; los espacios bien regulados y ordenados existen al lado de los desordenados y caóticos. Cada pequeña parte del espacio tiene su propia organización.

Esta fragmentación ha servido para prevenir (por ahora) el problema de desplazamiento a gran escala.

### **Impactos sobre naturaleza y medio ambiente**

El turismo residencial y de corto plazo ha tenido un claro impacto sobre el medio ambiente (capítulo 7). Aunque desde el punto de vista ambiental cualquier forma de turismo probablemente es preferible sobre la ganadería que solía predominar en Guanacaste, también se pueden identificar varios problemas. Estos tienen que ver con la ampliación y la mayor escala del turismo (común y residencial), el crecimiento de la población, y la regulación inadecuada. Dentro de estos problemas sobresalen la sobreexplotación de acuíferos; la contaminación del mar y de las aguas subterráneas y superficiales; el daño a manglares y humedales; la erosión; y la contaminación paisajística con el crecimiento desmedido de edificios altos. Además presento el caso de 'Parque Nacional las Baulas de Guanacaste', un área protegida con varias playas que son un sitio importante para la anidación de las tortugas baulas, una especie en peligro de extinción. Este caso demuestra que la conservación de la naturaleza está enfrentando una situación difícil, debido a los altos precios de las tierras: la voluntad y capacidad del gobierno para comprar tierra para la conservación ha disminuido, y es más difícil organizar una protección adecuada debido a los grandes intereses financieros de los inversionistas.

Estos problemas en la gestión de los recursos naturales han llevado a una situación paradójica: para los turistas residenciales, la naturaleza es una de las principales razones para visitar Costa Rica, y por lo tanto su conservación y protección son esenciales para el futuro desarrollo del turismo residencial. Los turistas residenciales establecidos en Guanacaste tienen una alta conciencia ambiental: la gran mayoría está en contra del desarrollo en exceso y la alta densidad; sus principales intereses son un ambiente sano y una naturaleza atractiva, y prefieren esto por encima del bienestar social y crecimiento económico. Asimismo, una continua expansión de la construcción en Guanacaste, con todos los problemas ambientales que este proceso conlleva, puede ser perjudicial a nivel nacional: la imagen de Costa Rica como destino ecológico aún es sólida, pero esta ventaja comparativa podría estar en peligro debido al desarrollo desmedido. Se presenta entonces una paradoja típica del turismo: el crecimiento de la industria turística conlleva claros impactos ambientales y presión sobre los recursos naturales; pero al mismo tiempo, la naturaleza es un factor importante en la atracción del turismo. Esta paradoja se complica aún más en el caso del turismo residencial: de un lado, este tipo de turismo pone más énfasis en la urbanización y el desarrollo inmobiliario, agravando posiblemente el impacto ambiental. Por otro lado los turistas residenciales, por su prolongada estadía en la región, tienen más tiempo e interés en la protección del ambiente y la conservación de la naturaleza.

## En conclusión

Finalmente debemos reflexionar sobre las implicaciones del turismo residencial para el desarrollo y las posibilidades para mejorar (capítulo 9). En primer lugar cabe destacar que para entender los impactos de un fenómeno como el turismo residencial es necesaria una exploración de la interconexión entre los aspectos sociales, económicos y ecológicos del desarrollo sostenible. Por ejemplo, los ejes de la economía y el medio ambiente están interrelacionados de manera compleja en el sector del turismo. En segundo lugar, en el momento de hacer una evaluación del desarrollo sostenible se debería tomar en cuenta el aspecto temporal: los efectos a largo plazo a menudo no son evaluados, y es esencial partir de una perspectiva dinámica. En el futuro, una expansión del turismo residencial en Guanacaste podría conllevar riesgos como el desplazamiento a mayor escala de la población local; la escasez de agua; la polarización social, etc. Por otro lado, se esperaría mejoras en las políticas públicas y el marco regulatorio. En tercer lugar, el impacto del turismo residencial no se limita solo al nivel local o regional, sino que también influye directamente en las regiones más lejanas por medio de los flujos de capital, bienes, personas, etc. Tomando en cuenta estos flujos se puede llegar a una comprensión más amplia, lo que no sería posible con una evaluación de impacto estática y local. El hecho de que cada vez más las dinámicas locales sean determinadas en otras áreas (a distancia) también conlleva una gran fragmentación y desigualdad social, económica y espacial a nivel local; esto es un efecto conocido de la globalización.

Con el fin de lograr un desarrollo más equitativo y sostenible, es importante analizar el papel que han jugado las políticas públicas y la regulación por parte de diferentes actores. El gobierno central no ha desarrollado una política coherente, los gobiernos locales son débiles, y del sector privado no se puede esperar todo el mejoramiento; por lo tanto, los ciudadanos y la sociedad civil juegan un papel importante para lograr cambios positivos y dar seguimiento al control y la implementación de reglas. En efecto, las protestas exitosas en el interior de Guanacaste contra el uso de acuíferos locales para los proyectos turísticos y residenciales en la costa, demuestran el potencial y la efectividad de la acción social local. Sin embargo, la influencia y el poder de las comunidades y la sociedad civil aún son insuficientes (capítulo 8): el gobierno central y los inversionistas están re-centralizando y privatizando el control sobre los recursos naturales; la influencia de los grupos organizados y locales a menudo es *ex post* (después) y no preventiva; y la conexión entre la sociedad civil y los gobiernos locales es débil. Además, la gran fragmentación y diversidad de la población dificulta el proceso democrático de toma de decisiones.

Por lo tanto, el gobierno debería trabajar en por lo menos tres aspectos: mejorar en gran medida la implementación de las regulaciones ambientales y relacionadas, y el control sobre estas; democratizar la toma de decisiones sobre asuntos locales y recursos naturales, en vez de re-centralizar y privatizar el control; y reflexionar sobre el tipo de turismo que desea atraer.

En el debate sobre ‘acaparamiento de tierras’ el turismo residencial (y de corto plazo) recibe poca atención. Sin embargo, esta investigación ha demostrado que el

turismo residencial causa una alta presión sobre los mercados de tierra y puede amenazar los derechos a las tierras por parte de la población local. El debate no debería enfocarse exclusivamente en el desplazamiento directo, sino que también debería tomar en cuenta los efectos a largo plazo y los procesos más amplios de exclusión, por ejemplo por medio del aumento en los precios de tierras y la especulación. En el actual debate algunas formas de regulación y gobernanza reciben mucha atención: las reglas voluntarias para la responsabilidad del sector privado, y el fortalecimiento de las instituciones nacionales para mejorar el balance de poderes. Sin embargo, estas medidas podrían no ser efectivas si no se hace frente a los desarrollos subyacentes más amplios. Por otro lado este estudio también ha enseñado que es muy importante pero también sumamente complejo involucrar a la población local (por ejemplo en la toma de decisiones sobre las tierras, o en procedimientos de compensación).





## Summary

### **Whose place in the sun? Residential tourism and its implications for equitable and sustainable development in Guanacaste, Costa Rica**

This book is about residential tourism, a phenomenon that has recently become more prominent in developing countries. Residential tourism is the temporary or permanent mobility of relatively well-to-do citizens from mostly western countries to a variety of tourist destinations, where they buy (or sometimes rent) property. Most residential tourists are Europeans or North Americans who migrate to the South in search of a more relaxed lifestyle, a lower cost of living, better weather, etc.

Residential tourism is intertwined with increasing foreign and domestic investments in land, and is therefore of interest to the current debate on 'land grabbing'. Particularly in Africa, the rapid increase in large-scale land acquisitions for agriculture and biofuels is a controversial topic that causes much concern about local land rights and food security. However, other continents are also experiencing mounting pressure on local land markets and land rights. The phenomenon is related not only to food and fuel crops, but also to such processes as urbanisation, population growth, mining, nature conservation and residential tourism. Both the number of residential tourists and the size of the related land investments have increased markedly during the past 10 years in various countries in Latin America, Africa and Asia.

The aim of this research was to gain a better understanding of residential tourism and its implications for equitable and sustainable development, in the context of debates on large-scale land acquisitions, globalisation and mobility. The focus is on one of the main and (until recently) fastest growing residential tourism destinations in Latin America: the northwest coastal region of Costa Rica (Guanacaste province). This area has been a well-known destination for short-term tourism for a long time, but since 2002 residential tourism and the real estate market have undergone rapid growth. Between 2008 and 2011, I visited the area three times for several types of data collection: interviews with various population groups, a survey among residential tourists, participant observation and analysis of secondary data sources.

### **Residential tourism in Guanacaste: characteristics and development**

Residential tourism has transformed Costa Rica's formerly marginal, isolated northwest coast into a crowded and dynamic area. The development of a wide range of apartment complexes, urbanisations and gated communities has radically changed the landscape in the past 10 years. In Chapter 2, I describe and analyse the factors that played a role in this change.

Guanacaste (and Costa Rica as a whole) has a particular combination of pull factors that make it an attractive destination for residential tourists: it has sunshine and good weather, attractive landscapes and nature, good accessibility, the image of being peaceful, stable and democratic, etc.

Guanacaste has been linked to the North American economy since the late nineteenth century, when the province saw transnational land acquisitions (for cattle farming) and the introduction of private property rights (Edelman, 1998). The area has been through several cycles of growth and decline. In the 1980s, after having benefited from a flourishing cattle farming industry for various decades, the province's economy went into depression and policymakers and inhabitants alike embraced tourism as an alternative development strategy for the marginalised area. In the 1990s, the sector underwent significant growth. For decades, particularly foreign investors had been acquiring land on Guanacaste's sparsely populated coast, thereby anticipating future tourism development. A small number of 'pioneering' North Americans were already living in the area, but in 2002 a boom in both short-term and residential tourism was triggered by the extension of the region's international airport and the arrival of charter flights from North America. As a result, a few large residential projects were further developed, and a wide range of new real estate projects were launched. Guanacaste was on its way to becoming a large-scale residential tourism destination, when in 2008 the global economic crisis hit the area and led to the cancellation of many projects and to a large oversupply of property.

The development of residential tourism has been driven not only by these historical factors and external processes, but also by policy and regulation at various levels. Costa Rica's central government has actively encouraged investment in residential tourism by, for example, providing tax incentives and the required infrastructure. However, deregulation has also played a major role: despite strict regulations, in practice the government has given the private sector a free hand. Government implementation and control of environmental and spatial regulations has been largely deficient. The management of the coastal zone is a clear example. The aims behind the coastal law – namely to protect the coasts as socially and environmentally vulnerable areas, and to promote sustainable tourism – have been endangered: land-use plans have been elaborated on the initiative of private investors, land concessions have been granted despite breaches of the regulations, limitations on granting concessions to foreign investors and on granting multiple concessions to the same person or company have not been observed, etc. There are also many problems with the environmental impact assessment procedure for residential tourism projects. National institutions and particularly local governments largely lack the necessary human and financial capacities and internal coordination. This has led to the chaotic and unplanned proliferation of residential tourism in Guanacaste.

The physical landscape of residential tourism in Guanacaste is made up of various types of projects (Chapter 3): land plot subdivisions (urbanisations), in which plots are sold without the provision of many additional services; complete villa and apartment complexes; mixed projects; and all-inclusive luxury gated communities, which combine residential elements with large international hotels and services such as golf courses and marinas. As such, residential tourism and short-term tourism are often intertwined, also because most apartments and houses are rented out to short-term tourists for most of the year. Many projects in Guanacaste are gated communities. The residential tourism sector in the research area (the coastal area between Papagayo and Pinilla) comprises eight large projects and 136 smaller ones (2011). The

developers and investment capital mostly come from the USA and Canada (two thirds of the projects are partly or completely financed by North American capital), although there is much domestic investment: 40 per cent of the projects are either completely or partly financed by Costa Rican investors. Collaborations between North American and Costa Rican investors are common.

According to my estimates, the research area is home to about 2000 permanent residential tourists, who make up 5 per cent of the total population. There are also 3400–4800 temporary residential tourists at any given moment, accounting for 8.6–12.2 per cent of the total population. The residential tourists are mainly from the USA and Canada, although some come from Europe, South America and Costa Rica (mostly from the country's Great Metropolitan Area – the 'GAM'). Almost half are members of nuclear households without children, while slightly less than a quarter are members of nuclear households with children. The reasons they moved temporarily or permanently to Costa Rica (Chapter 4) are often related to improving their quality of life and enjoying a more relaxed lifestyle, although these reasons are frequently intertwined with others, for example, the weather is better, the cost of living is lower, or they are disappointed with society and the politics in their country of origin.

Residential tourism in Guanacaste has both increased in quantity and diversified in terms of the characteristics of residential tourists; this development will probably continue. It is therefore expected that residential tourism will expand to the remaining empty beaches and towards the interior of the province. The number of apartment complexes on the coast is also expected to increase.

### **Local society and social involvement**

Residential tourism has transformed Guanacaste into a transnational space that hosts many groups that have different origins and different goals and interests; these groups comprise local Guanacastecans, residential tourists and labour migrants. Particularly Nicaraguan and domestic migrants (the latter mostly from the GAM) make up an important group: in the research area, about 11 per cent of the population are Nicaraguans, and 6–9 per cent are domestic migrants. This has led to a complicated social situation, as it is very difficult to create a local society in the presence of so many mobile groups. Chapter 4 deals with the local and transnational involvement of these groups and the social implications of residential tourism.

Migrants' local involvement depends on, among other things, political opportunity and constraints structures. Residential tourists and Nicaraguan migrants comprise diverse groups that apply a variety of migration strategies, ranging from completely legal migration (e.g. a special *pensionado* visa; labour migration agreements; amnesty arrangements) to irregular types of migration (crossing the border without a visa; overstaying or working on a tourist visa; etc.). Both regular and irregular migration is common among both groups. This has implications for the situation of migrants in Costa Rica: for example, many irregular Nicaraguans are vulnerable to exploitation, and residential tourists often face limits to their economic participation.

In addition, both groups of migrants are limited in their formal participation in politics and in their power to influence local society. Nicaraguans have the least influence, which is largely due to their low social status (discrimination) and their lack of economic, social and cultural capital. By contrast, residential tourists exert much informal influence, as they establish their own organisations, such as neighbourhood committees and infrastructure-related organisations. Their influence is related to their high social status and economic and social capital. However, many residential tourists prefer not to become too involved (particularly in more political and controversial affairs), for example in order to avoid arousing suspicion among the local population. Local Guanacastecans also have an influence: they can use their status as 'original inhabitants' and their connections to and knowledge of national institutions to create their own organisations and defend themselves from unwanted developments. Still, many Guanacastecans are not organised; local society is rather individualistic.

In terms of social contacts, the different groups are segregated by nationality, place of origin and socioeconomic situation. Nevertheless, the society is relatively tranquil and peaceful, and there is not much outright hostility.

A major barrier to a cohesive local society seems to be the temporariness, flexibility and hypermobility of large population groups. Many residential tourists are extremely mobile and visit Guanacaste for only short periods (or invest in real estate but do not actually visit the area). Furthermore, many of them regard their home in Guanacaste as exchangeable: almost half of the respondents stated that they are considering selling their property or are in the process of selling it. In addition, many Nicaraguans (e.g. construction workers in Guanacaste) show a temporary and circular migration pattern. Domestic migrants are also increasingly mobile. The high level of fragmentation, mobility, temporariness and absenteeism in Guanacaste, combined with the presence of many migrants who do not envision a future in the area, circumscribes successful community organising.

### **Economic implications**

It seems logical that a formerly peripheral, isolated area will flourish economically as a result of the arrival of residential tourism (Chapter 5). This was indeed the case in Guanacaste from about 2002 to 2008, when the region saw the rapid growth of both short-term and residential tourism. Employment and business opportunities in tourism, construction, real estate and the related service sectors in almost all labour market segments increased strongly during this period. At the same time, the number of people working in agriculture and cattle farming continued to decrease. Diverse economic activities developed around the construction and real estate sectors, and the traditional tourist sector and the related services continued to grow.

The growth of residential tourism has caused a chain of economic effects that are felt not only locally but also in distant areas. New employment and business opportunities often benefit other areas or people from elsewhere, both in and outside Costa Rica. Employment created by residential tourism is divided by place of origin: Nicaraguan migrants have low-paid jobs, such as domestic work, construction and

security, whereas North Americans and domestic urban migrants often have highly skilled jobs in real estate, project development and management. Local Guanacastecans are in between: they are active in a variety of job types, but mainly in tourism and services. In addition, many locally operating companies maintain strong linkages with external areas: real estate agencies in Guanacaste are often part of US chains, and the construction sector is dominated by large Costa Rican companies based in the GAM. Hence, there are various financial flows to and from distant areas.

Short-term and residential tourism in Guanacaste are strongly interrelated, which makes it difficult to measure their effects separately. However, a comparison of both groups' expenditure patterns shows that residential tourism might be less beneficial. The expenditure patterns of residential tourists (especially permanent residents) tend more towards land and real estate investment, plane tickets, grocery shopping and domestic support services, whereas short-term tourists spend much more on hotels, restaurants and tours (the traditional tourist sector). Thus, short-term tourism generally offers better opportunities for local people, small-scale businesses, etc., whereas residential tourism provides profitable opportunities for real estate development and related services. A greater focus on residential tourism can lead to the displacement of the small-scale tourism sector, a relative increase in low-paid and vulnerable employment, and greater inequalities between groups.

Furthermore, the impact of the post-2008 global economic crisis on Guanacaste has exposed the vulnerability of the sector: the growth of residential tourism has made the region increasingly more dependent on the North American real estate market and credit opportunities. Hence, the crisis has hit hard and economic opportunities in residential tourism and related sectors have declined sharply in Guanacaste since 2008; this is particularly true for construction and real estate. The fact that residential tourism and real estate development cause greater volatility is also shown by the poverty and unemployment statistics: poverty, unemployment and underemployment have increased at a much higher rate in Guanacaste than in other regions of Costa Rica since the crisis.

### **The land market and access to land**

One of the reasons residential tourism growth can be problematic in the long term is its focus on the sale and transfer of land, rather than the development of broader services (Chapter 6). Land then becomes an object of investment and speculation, deeply interrelated with the financial sector. This often entails greater risks, vulnerability to shocks, volatility and inequality. External investments in land often lead to the displacement and exclusion of local populations, as they are denied their land rights.

This is partly the case in Guanacaste, although there has been no large-scale displacement. Some small-scale examples can be found in the coastal zone, where local people have been displaced by land conflicts, *de facto* privatisation and ambiguous land rights, mostly due to the inadequate implementation of regulations. In addition, many Guanacastecans have sold their land voluntarily, though often under some form

of pressure. A larger problem is that residential tourism has caused spiralling land price inflation: in the research area, the prices of land and apartments/houses have increased by 17.7 and 24.3 per cent per year, respectively (2000–11). The current average prices of \$188 (land) and \$2717 (houses) per square metre, has made land and housing inaccessible to most local and poor migrant groups. Since 2008, there have been slight decreases, though not enough to offer broad accessibility. Thus, many young people are unable to form their own nuclear families, or have moved towards the interior of the province, where land is still affordable. Others rent small apartments.

The land market in Guanacaste is highly fragmented: it consists of many segments with different price ranges and characteristics. This is part of a general process of the fragmentation of space: elite projects exist alongside social housing; residential and commercial land-uses appear alongside agricultural use; well-ordered and regulated spaces exist next to chaotic unregulated spaces; etc. Every small piece of land has its own logic. This fragmentation is one of the factors that have (so far) prevented a large-scale displacement of the local population.

### **Implications for nature and the environment**

Residential and short-term tourism have clearly affected Guanacaste's coastal environment (Chapter 7). While any type of tourism is probably more beneficial to the environment than the cattle industry that used to dominate Guanacaste, there are also a number of negative impacts. These are mostly related to the larger scale of tourism and residential tourism, the related growth of the population, and inadequate regulation. Examples of the detrimental impacts on natural resources include the overexploitation of aquifers; the contamination of groundwater, surface water and the sea; damage to mangroves and wetlands; erosion; and landscape contamination caused by the chaotic proliferation of high-rise buildings. In addition, I present a case study of 'Leatherbacks of Guanacaste National Park', a protected area consisting of various beaches that constitute a main nesting site for the endangered leatherback sea turtles. The case study shows that nature conservation is increasingly under pressure because of high land prices: the government is less able and willing to purchase land for nature conservation, and investors' large financial interests have made adequate protection more difficult.

The intensified exploitation of natural resources has given rise to a paradoxical situation, as nature is one of the main reasons for residential tourists (and short-term tourists) to choose Costa Rica, and is thus essential to the future of the country's tourism sector. Furthermore, residential tourists in Guanacaste are highly environmentally conscious: the large majority are against overdevelopment and high-density developments; a clean environment and beautiful nature are their primary interests, while social wellbeing and economic growth are secondary. In addition, on a national level it is counterproductive to allow high-density growth with all its related environmental problems in Guanacaste: the strength of Costa Rica's image for drawing tourists should not be underestimated, and this comparative advantage can be

endangered by such developments. A typical tourism paradox thus emerges: nature is a main tourist attraction, but the growing tourism sector puts pressure on natural resources. This paradox is even more complex in the case of residential tourists: although residential tourism – with its focus on land and urbanisation – is more detrimental to the environment than short-term tourism, residential tourists can be an important asset for sustainability: they live in the area for longer periods, and thus have both more time to get involved in environmental protection and more interest in doing so.

### **In conclusion**

Finally, I reflect on residential tourism's implications for development and opportunities for improvement (Chapter 9). First, the overall development effects of a phenomenon such as residential tourism can be understood only by exploring the articulations between ecological, economic and social strands of sustainable development. For example, in the tourist industry, economic and environmental aspects are interwoven in complex ways. Second, a temporal dimension should be integrated in evaluations of sustainable development: it is important to provide a dynamic perspective, whereas long-term effects are often not sufficiently taken into account. A further expansion of residential tourism in Guanacaste would entail various risks: the large-scale displacement of the local population, water scarcity, social polarisation, etc. However, regulation is expected to improve. Third, the impact of residential tourism is not limited to the local or regional level: distant regions are also directly affected through flows of capital, goods, people, etc. By taking into account these flows and effects we can arrive at a broader understanding that cannot be provided by static, bounded impact evaluations. Furthermore, the fact that local dynamics are increasingly defined trans-locally (that is, by factors outside the local area) also results in a greater social, spatial and economic fragmentation and inequality at the local level. This is a well-known consequence of globalisation.

In order to achieve a more equitable and sustainable development in Guanacaste, it is important to analyse the role of public policies and regulation by different actors. With a central government that lacks a coherent policy, and with weak local governments and a private sector that cannot be expected to offer all the solutions, citizens and civil society have an important role to play in improving the implementation and control of regulations, and in achieving positive change. The successful protests in the interior of Guanacaste against the exploitation of local aquifers for tourism and residential projects on the coast have shown that local action can indeed be effective. However, the power of communities and civil society to influence local affairs is still largely insufficient (Chapter 8): central government and the private sector are increasingly recentralising and privatising the control of natural resources, the influence of NGOs and local groups is mostly *ex post* and not preventive, and the connection between these groups and local government is still weak. In addition, the fragmentation and diversity of the population makes it difficult to achieve democratic participation in decision-making.

The government should therefore do at least three things: greatly improve the implementation and control of environmental and other regulations; democratise decision-making on local affairs and natural resources, rather than recentralise and privatise control; and reflect on the type of tourism it wants to attract.

Residential tourism receives little attention in the 'land grab' debate. However, this study has shown that residential tourism puts great pressure on local land markets and can endanger the land rights of local groups. The focus of the debate should therefore not be limited to direct displacement, but should also include long-term effects and broader processes of exclusion, for example through speculation and land price inflation. Discussions on land issues often emphasise certain types of regulation and governance, such as voluntary regulations for responsible investment and strengthening national counterbalancing institutions. However, these measures might lack effectiveness if broader underlying developments are left untouched. This research has also shown that while involving the local population in, for example, decision-making on land or compensation mechanisms is important, it is an extremely complex process.



## Curriculum Vitae

Femke van Noorloos is a social science researcher with a broad interest in international development, land issues, sustainability, anthropology, tourism, migration, etc. She did her Bachelor's and Master's studies (cum laude graduated) in Cultural Anthropology at Radboud University Nijmegen, the Netherlands from 2002 to 2007. After that, she worked as a research assistant at the department of Human Geography at RU Nijmegen, where she assisted in a study on bilateral migration agreements. In 2008 she wrote a proposal for her PhD research, and in 2009 she joined the International Development Studies group (Human Geography & Planning, Faculty of Geosciences, Utrecht University) to continue this research. Her research was also incorporated into the LANDac network and programme (IS-Academy on Land Governance for Equitable and Sustainable Development), where she is also involved as a coordinator.

During her PhD research Femke has published various articles in peer-reviewed journals, and presented many papers at national and international conferences. She also coordinated and lectured at various Utrecht Summerschools on Land Governance for Development; supervised theses and gave guest lectures; organised conferences and workshops; etc. Femke is also a writer, editor and board member for La Chispa magazine on Latin America and the Caribbean.

