



LESSONS IN SUSTAINABLE DEVELOPMENT:

Monteverde, Costa Rica

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IN AUGUST 2006, 16 BOSTON COLLEGE STUDENTS SPENT THREE WEEKS TRAVELING THROUGHOUT COSTA RICA SEEKING TO UNDERSTAND HOW THE COUNTRY HAS DEVELOPED ECONOMICALLY WHILE PRESERVING ITS RAINFORESTS AND BIODIVERSITY. MANY OF THE ANSWERS WERE FOUND HIGH IN THE HILLS OF THE COUNTRY'S CONTINENTAL DIVIDE IN MONTEVERDE WHERE CONSERVATION AND "ECOTOURISM" HAVE MADE POSSIBLE AN INNOVATIVE MODEL FOR DEVELOPMENT: A MODEL BUILT UPON THE COMBINED EFFORTS OF PRIVATE ENTITIES, GOVERNMENT AGENCIES, AND INTERNATIONAL PARTNERS. IT IS A MODEL THAT IS REFLECTIVE OF THE TRENDS AT PLAY NATIONWIDE. THIS PAPER EXAMINES NOT ONLY COSTA RICA'S CURRENT APPROACH TO SUSTAINABLE DEVELOPMENT THROUGH THE LENS OF MONTEVERDE BUT ALSO ITS DIFFICULTIES WITHIN THE PRESENT MODEL AND THE CHALLENGES AHEAD BASED ON COMPETING VISIONS FOR THE FUTURE.

HISTORICAL OVERVIEW

By the 1980s, deforestation rates in Costa Rica were among the highest in the world. After years of clearing away rich rainforest to make room for small-scale agriculture, the trend peaked in 1983—at which point 75 percent of the country's forests had been lost.

For much of the early to mid-20th century, many Costa Ricans followed the same strategy as early American pioneers. They cleared unused land for pasture and kept livestock or grew crops on it in order to feed the family and sell the surplus. Strong squatters' rights gave farmers much leeway to clear patches of rich forest and to cultivate it for small agriculture. Furthermore, rainforest topsoil is generally shallow and infertile, capable of supporting agriculture for only a few years; consequently, as long as this approach to development continued, forest was being cleared faster than it could possibly regenerate, posing serious challenges to the country's biodiversity. Though the government recognized the problem a decade before deforestation peaked, efforts aimed at reversing the trend largely fell short.

The country thus found itself in a precarious situation. Not only was the prevailing philosophy of development-by-deforestation leading the country towards environmental ruin, it was also not working. Despite the huge environmental losses, life for the average Costa Rican family did not improve much. On the other hand, for Costa Rica today, it is a much different story—one told best by a small town nestled among the cloud forests high in the hills of the country's continental divide: Monteverde.

The story of Monteverde's transformation from out-of-the-way farming town to bustling ecotourist hub parallels the similar changes nationwide. The area today draws thousands of visitors each year who come to see the rare cloud forest reserves and their exceptional biodiversity. Reflective of the trend nationwide, the development of ecotourism has driven countless Costa Ricans to give up the fields to drive cabs and to work in hotels, jobs that typically pay better than agricultural work. The once quiet community has

become a burgeoning tourist hub, a development that has placed a strain on the area's natural resources, including the very cloud forests that initiated the transformation.

Underlying this transformation is a fundamentally different philosophy for development built upon the principle of sustainability and the recognition that conservation is a service to society. From this foundation, a new model for economic growth—the “Monteverde model”—has emerged, characterized by a unique blend of private entities, international partnerships, and government policies, all working in concert to improve the lives of the country's people and to safeguard its environmental treasures through sustainable growth.

Though this model has allowed Costa Rica to become the most prosperous country in Central America, serious questions still remain for the country and Monteverde ahead. How will it continue to develop without undermining the very environmental assets that made it all possible? In other words, how can Monteverde continue to develop economically in a sustainable way?

AHEAD OF THE CURVE

Although the trends at work today throughout Costa Rica run parallel with those of Monteverde, at the point deforestation was at its worst nationwide, Monteverde was already ahead of the curve. In 1970, a group of ornithologists arrived in Monteverde to study the exotic birds found in the area's cloud forests. After recognizing the area's exceptional biodiversity, the scientists approached the Tropical Science Center (TSC), a Costa Rican organization, and worked to secure 4,000 hectares of forest, which formed the basis of the original Monteverde Cloud Forest Reserve.

In the 1980s, this reserve was joined by the Bosque Eternal de Los Niños (BEN)—in English, the Children's Eternal Rainforest. Established by another group, the Monteverde Conservation League, the land was purchased with funding from foreign donors, including school children in Sweden and the United States. These two reserves were joined by

two smaller ones also in the area: the Santa Elena Cloud Forest Reserve, reportedly established when the government foreclosed on a farmer's land, as well as another small reserve, set aside in the 1950s by a group of Quaker settlers. Together, these reserves filled the void in conservation left by the government and provided the initial impetus for transforming Monteverde into the ecotourist mecca it is today.

DEBT-FOR-NATURE

When the government found itself with a weak economy and unable to repay debts from earlier national development projects, it capitalized on foreign interest in conservation by renegotiating repayment terms with creditors. Under the new agreements, foreign donors would assume part of the Costa Rican debt in exchange for the government conserving land of comparable value. "Debt-for-nature" led to the establishment of a national park network, providing the foundation upon which the ecotourist industry emerged.



When the economy picked up in the early 1990s—due in part to the success of these agreements—creditors decided that the country could repay its debts the usual way and "debt-for-nature" largely ended. Nonetheless, the value of conservation economically and socially had been recognized, an insight that was not forgotten in the years that followed.

THE MONTEVERDE MODEL TODAY

Reflective of the lessons learned from "debt-for-nature," the cornerstone of the government's conservation efforts lies in environmental service payments (ESPs). Based on the philosophy that conservation and sustainable land use is a service to society worthy of compensation, landowners can receive subsidies for protecting tracts of forest, reforestation sensitive areas, and integrating farming with tree preservation, a practice known as agroforestation. To amplify the program's social and biological benefits, more money is channeled to impoverished areas and biologically sensitive areas, often in order to create biological corridors.

The program, initiated in 1996 and coupled with several other government efforts, has been tremendously successful in restoring forest and improving the quality of life. In recent years, five billion *colones* (\$100 million) have been directed towards impoverished regions. In 1983, only 26 percent of the rainforest was left intact. In 1996, forest cover had recovered to 40 percent, reaching 45 percent in 2000. With the government taking the lead on conservation and land prices rising exponentially, many of the private entities that formerly led the way towards the new model in Costa Rica have either cashed in on their success or reinvented themselves to serve new purposes.

The Tropical Science Center, which discontinued expansion of the Monteverde Cloud Forest Reserve two decades ago, has particularly embraced the commercial potential. Visitors now pay over \$20 (payable in the local currency *and* U.S. dollars) for a guided tour of the park. The arrangement works out particularly well for tour guides who receive a significant cut of the fees. This approach is in contrast to that of the Monteverde Conservation League, which has focused less on promoting ecotourism at the BEN and more on simply maintaining its current land holdings.

A focus on education for a sustainable future is the underlying mission of another organization at work in the area, the Monteverde Institute (MVI). Unlike the TSC and the league, the MVI was founded in 1986 with the express pur-

pose of bringing foreign students, particularly undergraduates, to the area for study. During the 1980s, while it was still affordable, the MVI engaged in limited conservation activities. Recently, however, as a result of the government's conservation efforts, increased land values, and a need to repay debts, the MVI sold its holdings and returned to its original focus on education.

On the individual level, several local business owners, recognizing that they owed the success of their businesses to the environment underlying ecotourism, established the *Fundación Conservacionista Costarricense* (the Costa Rican Conservation Foundation) to conserve more land and to expand reforestation efforts. Financed by the individuals' businesses as well as foreign donors, the foundation's most promising project is growing saplings for farmers to use on their fields for reforestation or to create windbreaks. Farmers benefit when their cows produce more milk with less exposure to the wind and weather on the Monteverde hills, while local bird species have additional tree coverage in which to nest and feed. Though it is a small, local project, the government recently issued the foundation an ESP grant, recognizing the group's agroforestry and reforestation work and further demonstrating the ways in which private, government, and international efforts overlap for the model's success.

A WORK IN PROGRESS

Though Costa Rica is currently the most prosperous country in Central America—in large part due to the success of the Monteverde model—the present approach to economic development is not without its difficulties. With ecotourism bringing in over a million additional people to a native population of four million each year, there is a tremendous strain on the country's natural resources—including the very environmental assets that the ecotourists come to see. Monteverde is no stranger to this environmental strain; for many years, it lacked a municipal government to address needed infrastructure upgrades and issues of water and waste management. Drug usage is also on the rise in Costa Rica, fueled in part by tourists

engaging in illegal activities.

Years of poor land documentation have also complicated things, particularly for environmental service payments. Frequently, more than one individual will request funding for the same plot of land. Though the government has worked to avoid paying two people for the same land, resolving these cases drains resources. This problem has also contributed to tensions between organizations working towards similar ends, such as the Tropical Science Center and Monteverde Conservation League, which recently fought in a bitter legal dispute over the precise location of the boundary of the BEN and Montverde Cloud Forest Reserve.

Further, as the prosperous economy now considers agreements such as the Central American Free Trade Agreement, free trade may pose challenges for Costa Rica's many farmers. Agriculture is still a dominant economic force in the country. In 2005, coffee, pineapples and bananas, the country's chief exports, contributed to a \$7 billion trade surplus. However, with the United States and other countries insisting upon maintaining protectionist agricultural policies, signing the agreement may make it more difficult for Costa Rican farmers to compete.

VARYING VIEWS ON BUSINESS AND THE FUTURE

The biggest challenge to the present model comes in the form of the tension between two different philosophies on economic growth. A long-term approach seeks to ensure continued advancement, while a short-term approach focuses more on profits today, regardless of future sustainability.

Victorino Molino is a local business leader in Monteverde who helped found the *Fundación Conservacionista Costarricense*. He also owns the Frog Pond, a business that not only showcases Costa Rica's various frogs for tourists but also uses a portion of its profits to support the *Fundación*. Molino often tells visitors, "Since we make

money off of wildlife, I felt that we should give back to wildlife.”

In sharp contrast is the short-term approach of Monteverde’s Beche family, which founded and recently expanded the largest hotel-resort in the area, the Hotel El Establo. Though the facility places heavy demands on local resources, the family patriarch states, “My responsibility is to myself and family. I need to live happy.” By placing greater emphasis on profits than sustainability, the Beches have grown rich in ecotourism. Their vision for the future of Monteverde is to be in the mold of Cancun.

While the family patriarch argues that bigger facilities are actually better for the environment because they have to follow stricter environmental regulations, his business model raises valid concerns. If development is pursued without

regard to its ecological or communal impacts, how much can the local environment—that which made the development possible—sustain? Yet most of the workers at the Hotel El Establo are earning more than their farmer parents ever could have imagined.

Though not in the ecotourism industry, coffee growers in Monteverde are also benefiting from turning to more sustainable and equitable business models. Café Monteverde, a growers’ co-op, now sells its beans at fair trade prices. This allows them to receive higher, more equitable prices so long as they uphold certain labor standards for their workers. The co-op arrangement itself also benefits growers. By selling beans collectively, growers benefit from lower overhead costs and higher selling prices yielded through collective bargaining. Although all of these efforts have made growers’ lives better in the present, for them it is ultimately



about the future; the co-op invests a share of its profits into the schools attended by the growers' children, hoping that they can realize their own potentials in a prosperous future.



In a broader sense, the co-op's efforts offer a possible solution for reconciling the short-term/long-term tension. By maximizing short-term profits without abandoning a long-term commitment to sustainability and development, the greatest benefits can be achieved. Such a solution, however, is only possible through a continued commitment to sustainable development as the Monteverde model evolves further.

CONCLUSION

As the world faces challenges such as global climate change and as developing nations strive to raise the quality of life for their peoples, several questions frequently arise: given a country's limited natural resources, how does it ensure that economic advancement can be sustainable by future generations? How does a country improve the lives of its people without harming the environment in which those people live? How does a country develop in a sustainable way?

For Costa Rica, despite the country's present successes, these questions remain as relevant as ever. As seen in Monteverde, there is tremendous potential for positive development when international cooperation is brought together with government efforts and private initiatives. However, the bigger key to success is an underlying view that recognizes the economic value of sustainability and conservation for society.

In the end, the real lesson to learn from Monteverde's story is not only that sustainable development is essential to the long-term well-being of a nation, but also that much progress is possible when various actors in a country are brought together to work towards a common end. As seen in Costa Rica, it is an effort that makes all the difference.



REFERENCES

All facts and figures were collected firsthand during a three-week course on sustainable development and environmental conservation in Costa Rica in August 2006. The trip was directed by Professors Charlie Lord and Peter Auger.