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Foreign Resorts Battle Local Citizens For Limited Water On Costa Rica's Gold Coast

by Mike Leffert

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Foreign investors, say environmentalists, are sucking parts of Costa Rica dry. At issue is a US\$300 million project that would divert water from dwindling Lake Arenal to the country's driest region, in Guanacaste, to satisfy the needs of lavish resorts to what is called the Gold Coast. This is just one of several such projects, planned or in process.

"It's not the coastal communities that need water," said environmentalist Gadi Amit of the Federacion Costarricense para la Conservacion del Ambiente (FECON). "Who needs the water are the hotels and condos and a long list of business projects." Lake Arenal is an artificial reservoir more than 100 km from the coast. Its waters are let out through three dams, making the lake a principal source of electricity, and irrigate about 28,000 hectares of rice, melon, sugarcane, and other crops through gigantic canals.

The lake is already shrinking because of changing weather patterns. The plan to send enough water for 300,000 people to play in at the beach has pitted farmers and environmentalists against a government hungry for tourism and infrastructure-development dollars.

The government says these concerns are overwrought. Amit says the government has it backwards. "Growth has to be planned. If you don't have a basis for growth, it's bad planning. If there's no water, you can't build." Herman Araya, interim director of the Instituto Costarricense de Acueductos y Alcantarillados (AyA) Guanacaste region, said his agency has asked the Central American Bank for Economic Integration (CABEI) for US\$50 million to finance the planning and design stages of an estimated 10-year project.

Getting the water to the beaches will require an infrastructure of pumps, pipelines, and treatment plants feeding off one of the canals. Araya said the project would not affect farmers who get their water from the canal. Araya did concede, however, that "our systems are planned for steady growth. But tourism development has created a great necessity for water." He told The Tico Times that it is the state's job to catch up with growth, not to slow it down. The newspaper said that Araya is an interim director, because he replaced Carlos Leiva, who was suspended pending the outcome of an investigation involving granting 5,000 water connections to Cocowater S.A., a company with developments in Ocotol and Playas del Coco.

The company was taking payments for water-availability documents, required for construction permits. These documents were predicated on the private expansion of a regional aqueduct, which AyA prohibits. The Tico Times sought comment on how agriculture would be affected by the water diversion from the Corporacion Arroceria Nacional (CONARROZ), but director Carlos Arevalo had not even heard of the plan. Others have been up in arms since last July, when President Oscar Arias

visited the area and promised Lake Arenal water for beach development while the lake levels were at historic lows. Said Sandy Shaw of Fuentes Verdes, "Add increasing sedimentation to less rainfall and the useful life of the lake as a producer of energy and irrigation comes to an end." She said the sedimentation makes the lake a nonrenewable resource.

Offsetting diversions with further diversions

In December, the government guaranteed irrigation water in the Arenal-Tempisque region through an agreement with the Instituto Costarricense de Electricidad (ICE) at an emergency meeting with growers alarmed by the drop in water levels. The agreement called for constructing emergency canals to take water from the Corobici and Tenorio rivers. Also involved in providing the work are the Agriculture and Cattle Ministry (MAG) and the Servicio Nacional de Aguas Subterráneas, Riego, y Avenamiento (SENARA). The areas to be irrigated are the same 28,000 ha served by the Arenal water downstream from the generating dams, plus some tilapia farms that had already begun to suffer from reduced flows.

ICE scheduled a reduction in the releases from the lake to avoid draining it further, accepting a shortfall in electricity production (see NotiCen, 2007-06-21) as a consequence. To make the emergency canals maximally efficient, officials said scaled plantings would have to be worked out among the growers. No matter how much diversion the parties do, however, there is still just so much water available in the area, and demand from the developers seems limitless.

As a result of Costa Rica's normalization of relations with China, the Mandarin Oriental hotel chain announced it would build a 130-room facility at Manzanillo Beach, just 25 minutes from the Daniel Oduber International Airport in Liberia, Guanacaste. Among its thirsty appurtenances will be a golf course, a spa, swimming pools, three restaurants, bars, and a gym. Somewhat ironically, Mandarin Oriental said it had chosen Costa Rica because it protects 25% of its territory in national parks and has such impressive biodiversity. The Chinese effort is small potatoes next to its proposed neighbor.

Called Solarium, this development is conceived as a small city, with a duty-free zone, warehouses, 800 condos, a gas station, and, of course, thirsty appurtenances. The project is estimated in the US\$300 million range. Even animals are moving into the neighborhood. Africa Mia Park, built to resemble the African savannah, is bringing in new species, including elands, giraffes, camels, and Watusi cattle. The camels, known as they are to be able to go long periods without water, but only after drinking enormous quantities of it, may turn out to be the most apt species.

Hilton Hotels Corporation signed multiyear management agreements for two resorts, the financial details of which were undisclosed in the January deal. Hilton will manage a 202-room resort in Guanacaste and a 410-room establishment in Puntarenas. All American Homes RPC has announced a 33-ha facility in Fortuna de Bagaces, Guanacaste, that combines ecological, medical, and spa tourism, named the Ailanto Wellness Resort and Spa.

This place will offer an extraordinary menu of services, including but not limited to plastic surgery, dentistry, homeopathy, nutritional therapies, and chiropractic treatment. The 400 rooms will be

in the US\$300-\$500 a night range depending on season, not including surgery or other extras, and condos will be for sale for between US\$330,000 and US\$1 million. All American Homes is an Arizona company, registered in Costa Rica as Un Toque del Cielo.

The US\$34 million facility is not alone in the medical tourism hotel business; there's the Hotel Che Tica Ranchy in San Isidro de Heredia, the Paradise Cosmetic Inn in Escazu, and the Casa del Lago in Alajuela. The difference here is that medical services will be rendered in the open air or in the forest, to take full therapeutic advantage of the healthful atmosphere. Plans are to hire 250 locals and to provide a school where they are taught English. This facility will be located 2 km from an ICE geothermic plant, affording patient access to hot springs, and just 10 km from Liberia. These are just a sample of the projects that local Costa Ricans will be sharing their water with.

During the next three years, the area is expected to host US\$2.1 billion in tourism investment, or 10% of GDP. About 35 projects of this kind are in various stages of completion, according to El Financiero. Taking it to court Amit said that there have been no studies to determine the effects of this influx on the local water situation. A group he heads, the Guanacaste Brotherhood Association, has filed suit with Sala IV, the constitutional chamber of the Corte Suprema de Justicia (CSJ), to stop all construction and issuance of building permits until the water rights of local residents are secured. The filing further asks that all construction projects lacking permits be shut down, pursuant to a study that found 25% of developments in the area are illegal. The lawsuit also asks that any project requiring large amounts of water for swimming pools and golf courses be required to finance and operate desalinization plants to sip from the Pacific Ocean to meet their needs.

Sala IV has responded with an order to AyA to draw up a plan to address the problem. At the same time, Amit criticized state reliance on developers to pay for water infrastructure after development has begun. He said that, with all the growth, Guanacaste has one of the worst tax-collection rates in the country.

The province collected less than US\$15 million last year, less than 1% of the national tax income, according to the Central Bank. AyA's position is that the developers are willing to finance the systems because they need the water. Said Araya, they "will construct this infrastructure and hand it over to us. There's no conflict of interest because we're managing it." Perhaps so, but the arrangement also encourages developers' habit of starting projects without permits and benefiting from the practice. In Playas del Coco, the investors are paying US\$8 million for a water-storage and distribution system.

One of the developers, Mapache Group, was found to have started its projects without permits. It was this case that led to the suspension of the AyA director and the appointment of Araya. Former director Leiva defended his actions to The Tico Times, telling a reporter, "I'm suspended because we wanted to start a project in Playas del Coco financed totally by investors, but some didn't like that idea. AyA doesn't have a budget for these projects without developers. If we don't get the financing, Guanacaste will lose tourism, its golden egg."

The government may be willing to leave watering the geese that lay those eggs to others, but it will spend to provide them with happy landings. Costa Rica will spend the equivalent of Guanacaste's

total annual tax collection, US\$15 million, on a new terminal at the Oduber International Airport. Passenger arrivals increased 18% from 2005 to 2006, and 85% of the traffic was vacationers.

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