



Socio-economic Panorama of the Osa and Golfito Cantons: Trends and Challenges for Sustainable Development

By:

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Executive Summary

(Synthesis and translation by Austin Cruz)

This case study seeks to identify key economic activities of the Osa and Golfito cantons that are able to create and sustain a model of a “green economy,” defined as one that “improves the well-being and social equity of human beings while significantly reducing environmental risks and ecological deprivation” (United Nations Environment Programme, 2011).

Methodologically, this case study is a mix between field-interviews combined with registered statistical documents as well as secondary sources. Between August 5-9, 2012, INOGO researchers conducted 22 interviews in the Osa and Golfito cantons with 24 strategic actors. Interviewees were between the ages of 30-65, and 3 were female. The interviews were informal and not scripted so as to allow for a more personal and open framework.

Historic Economic “Milestones” in Osa & Golfito

- 1936: United Fruit Company begins banana cultivation in the region, receiving 100,000 hectares for 100 years from the state.
- 1937: A “gold rush” along what is today Corcovado National Park begins with gold miners from Costa Rica, Nicaragua, and Panama.
- 1938: United Fruit Company is authorized to begin construction of a dock in Golfo Dulce.
- 1963: Construction on the segment of the Inter-American Highway from Buenos Aires to the Panamanian border begins, connecting Costa Rica with its southern cantons.
- 1974: The Institute of Agrarian Development (IDA) begins its efforts of a land distribution system after squatting occurs on United Fruit Company lands.
- 1975: The Corcovado National Park is created, with 43,570 ha on land and 5,375 ha of sea.
- 1979: The Golfo Dulce Forest Reserve is created.
- 1984: The Costa Rican Government terminates its contract with United Fruit Company,

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leaving company infrastructure abandoned and hundreds of families unemployed.

- 1985: The Tax-Free Commerce Center (*Depósito Libre Comercial*) is established by law in Golfito, opening its doors in 1990.
- 1986: The Costa Rican National Park service, with financial help from the World Wildlife Fund, evicts gold miners from Corcovado National Park.
- 1989: The National Marine Whale Park is created as the first National Marine Park in Costa Rica.
- 1993: Piedras Blancas National Park is created with 14,000 ha.
- 1994: The Térraba-Sierpe National Wetlands is created, and is declared as having international importance in 1995 by Ramsar.
- 2007: The pavement of the road between Palmar and Sierpe, streamlining the connection to Bahía Drake

Among the top development projects and plans identified by the BRUNCA Regional Competitively Board for the private sector, many are considered “megaprojects” and are at odds with what local communities would like to see for Osa and Golfito region. Instead, they prefer small- to medium-sized projects that favor the inclusion of the local population in the region’s economic development.

Demographics & Social Indicators

This dilemma between “development” and “conservation” in the region can be seen in unfavorable unemployment and poverty indicators. With a total area of 3,684 Km², both Osa and Golfito represent 7.2% of national territory, and 1.6% of the country’s total population, reflecting a low demographic concentration. From the 2011 census, 39,136 residents live in Golfito and 29,455 live in Osa.

Over the past several decades though, population dynamics in Osa and Golfito have changed substantially. From 1984 to 2000 the population of Osa decreased, while from 2000 to 2011, both Osa and Golfito saw increases in their total populations (+3,572 and +5,327, respectively) in absolute terms, with growth rates of 1.2% and 1.3% respectively, over the same period. In Osa, 38% of people between the ages 15-65 are under the age 30, while two-thirds of the growth in Golfito’s population was in people between the ages of 30-64 years.

In terms of composition, both cantons have undergone major changes in their age structures. Both Osa and Golfito demographic groups of ages 14 years and under have decreased in absolute terms (-1,067 and -675, respectively), while the concentration of their elderly populations (65+) have increased (+606 and +668, respectively) in absolute terms.

The economically active workforce (EAF) in both cantons increased in absolute terms by 2,683 people in Osa, and by 3,146 in Golfito over the period 2000-2011. In relative terms, the EAF grew from 40% to 52% in Osa and from 40% to 50% in Golfito. The occupational structure in Osa has changed, seeing a decrease in the percent of salaried workers from 69% to 61% over the 2000-2011 period, while in Golfito the occupational structure has changed very little, relatively, yet growing in absolute terms over the same period, retaining a total of 25% salaried state

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employment. An increase in the “self employed” category was seen in Golfito, from 23% to 31% over the 2000-2011 period.

Movement between cantons for employment played an important role in both Osa and Golfito, and for the larger Brunca region, in 2011. Over 60% of those who travel for work in Osa come from different cantons outside of the region, representing over 40% for Golfito. About one-fourth of those employed in Osa and Golfito are employed in the service industry (hotels and restaurants), while 28% are employed in the industrial sector in Osa and 24% in Golfito.

Table 1. Osa & Golfito: Summary of Demographic Statistics.

	Osa	Golfito
Total residents 2011	29,455	39,136
Pop. Trend 1984-2000	Decreased	--
Pop. Trend 2000-2011	+3,572	+5,327
- Growth Rate	1.2%	1.3%
Employment: Service Industry	~25%	~25%
Employment: Industrial Sector	28%	24%

According to the Canton Competitiveness Index (CCI), modeled after the Global Competitiveness Index of the World Economic Forum, from 2006 to 2011 Golfito remained in the category of “very low” while Osa went from “low” to “very low.” This competitiveness measurement takes into several factors such as economic, governmental, infrastructure, business, employment, innovation, and quality of life.

In terms of land use, 40% of territory in Osa and Golfito is protected land, forming 3 national parks, 10 wildlife reserves, 1 biological reserve, 1 forest reserve, and 2 wetlands. Tourism, ecotourism, and the housing market all had substantial growth since the year 2000, with some instances of serious environmental impacts between 2007-2009. In Osa, recent socio-environmental conflicts have arisen between a diverse group of peasant farmers, small-scale livestock producers, and eco-tourism service providers due to lack of land security, uncertainty in use and access to resources in the Golfo Dulce Forest Reserve, and buffer zones around protected areas in the region.

The Business Climate in Osa and Golfito

In a National Institute of Statistics and Census survey for the years 2008 and 2011, the absolute number of declared businesses in Osa was 177 in 2011, declining from 212 in 2008, while 172 businesses were registered for Golfito in 2011, down from 313 in 2008. From the perspective of the size of the business community in both cantons, Osa was able to better manage the 2008 global economic downturn and today has more registered business than Golfito. Although, the Tax-Free Commerce Center (*Depósito Libre Comercial*) in Golfito is one of the few sources of stable employment in the region.

Tourism and Fishing

Between 20-30 years ago, major tourism along the Pacific southern region began, first in Drake Bay and Playa Zancudo, and more recently in Puerto Jiménez and La Palma. Today, Sierpe,

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Drake Bay and Puerto Jiménez are considered “zonas de paso” (brief stopping points) along the way to Corcovado National Park, the Térraba-Sierpe National Wetlands, and other protected areas. Around the year 2000, infrastructure improved in the southern region and small- and medium-sized tourism and ecotourism became the main economic activity for costal communities along the Golfo Dulce.

According to the Costa Rican Tourism Institute, in 2011 there were 16 small businesses in lodging in Osa offering a total of 275 rooms, while in Golfito there were 12 offering a total of 288 rooms. In terms of hotels, there were 28 registered hotels in Osa in 2009, with a capacity of 582 rooms. As of October 2012, no international hotel chains existed in Osa, and the hotels that did were small-scale and represented 2.8% of rooms available in Costa Rica for the international market. Traditionally, many small-scale hotels and cabins exist in the Osa region, informally serving the domestic and international “backpacking” market.

In general for the southern region, there were very few lodging businesses that were certified with the Certification of Sustainable Tourism, especially larger enterprises. Tourism to protected areas in the region drew in over 155,600 tourist in 2011, with a strong concentration of tourists visiting the National Marine Whale Park, 68.7% of total, followed by 18.2% of tourists visiting the Isla del Caño Biological Reserve, and Corcovado National Park attracting 12.6% of tourists to the region.

In all, around 57% of these tourists are residents, and 43% are foreigners. Over the 2006-2007 period, resident tourism to national parks increased by a magnitude of 2.4, and two years later by a magnitude of more than 11. This increase in tourism can partially be explained by publicity efforts of the Costa Rican Tourism Institute in whale watching, and by the construction of the Southern Coastal Highway. Economically, this increased tourism to the national parks contributed over \$1.3 billion to the national economy, representing about 5% of GDP (in 2009 dollars).

Table 2. Summary of Tourism Statistics.

TOTAL Tourists to Protected Areas: 2011	155,600	
Tourism National Marine Whale Park	68.7%	
Isla del Caño Biological Reserve	18.2%	
Corcovado National Park	12.6%	
TOTAL Tourists to Protected Area: 2011	Residents	Non-residents
	57%	43%
Resident Tourism to National Parks: 2006-07	2.4 x more	N/A
Resident Tourism to National Parks: 2009	11 x more	N/A
National Park Tourism Contribution to GDP	5% (\$1.3 billion)	--

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It is estimated that around 60% of the coastal population living around the Golfo Dulce make their livelihoods from tourism, while only one-fourth work in fishing. Subsistence fishing has generally always been in practice by coastal communities, such as in La Palma; according to statistics from MarViva, fishermen in the region receive about 20% of the final price paid by the consumer.

Sport fishing in the area, on the other hand, is largely driven by foreign capital, representing about \$600 million in revenue (~2.13% of GDP), \$78 million in taxes, and 4,000 jobs generated by 280,000 tourists in the high season. Additionally, around 3,700 foreign tourist boats generate \$138 million in maintenance and repair costs. Nationally, the sport-fishing sector as a whole supersedes the commercial fishing sector, which generates around \$517 million per year in revenue (~1.88% of GDP).

The segment of medium-sized fishermen or enterprises (with capacities up to 10, 20, and 30 tons) represents the largest and most important in terms of extraction volume. In terms of employment, four crewmembers are employed for an average of 20 harvests a year per boat, averaging a harvest of 10,000 tons per year. In the community of Golfito, a strong semi-industrial fishing sector exists. Some of the major concerns the fishermen in the area have and to which they are vulnerable are illegal fishing practices, over-harvesting, contamination (especially in agricultural areas with runoff), and weak governmental oversight.

Housing and Real Estate Market

Foreign investment into the real estate and housing markets in Osa and Golfito over the last two decades grew substantially. It is estimated that during the 1990s coastal land in Osa with an ocean view and view of the forest doubled in value every year. In 2002, foreigners owned 66% of beachfront property in the Osa peninsula for vacation homes and ecotourism businesses.

Foreign real estate investment in Osa for the years 2004, 2008, and 2011 was \$1.4 million, \$10.5 million, and \$3.1 million respectively; in Golfito the figures were \$1.6 million, \$9.5 million, and \$0 respectively. Over the 2001-2008 period, housing and real estate boomed in Osa, increasing by a magnitude of eight with a total of over 60,000 m² of new construction.

Agricultural Activities in Osa and Golfito

Land use for the agriculture of rice and African palm comprise the largest use of land in Osa and Golfito. However, with the prospects of few productive opportunities, many landowners find it more profitable to sell their land to foreign investors for tourism projects than to keep and develop it themselves.

Around 60,000 ha of land is dedicated to African palm cultivation in Costa Rica, with the Brunca region cultivating 64% of the palm, the Central Pacific Region cultivating 31%, and the Atlantic Region cultivating 5% (CANAPALMA-MAG, 2012). Today, land use for the cultivation of African palm is growing while international prices continue to increase, generating \$1,200 per

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ton today up from \$250 per ton in 2001. There are around 2,100 African palm producers in various forms of organization, generating around 8,000 jobs of direct employment and 40,000 indirect jobs.

The vast majority (91.5%) of national African palm producers in Costa Rica are small enterprises, ranging from 0-20 ha, which utilize 44% of African palm cultivation lands. Four large producers, including Palma Tica, represent only 0.2% of total producers, yet use 40% of all land dedicated to African Palm production.

Costa Rica is the 9th largest exporter of African palm in the world, exporting more than 170,000 metric tons in 2011 – worth over \$202 million in revenue. In terms of productivity of ton/ha/year, Costa Rica is ranked number one in the world. With such a high market value and productivity, land use is increasingly being converted to African palm cultivation resulting in large profit margins even for small land holdings. Additionally, African palm is said to require less economic inputs in terms of fertilizers and water use, making it more desirable over other agricultural options such as coffee, sugar cane, pineapple, melon, and bananas.

The Brunca region is also the second largest producer of rice in the country with 23.6% (over 15,600 ha) of the cultivation area. In the Osa and Golfito cantons, rice cultivation is concentrated in Cortés, Palmar Sur, and Puerto Jiménez and is mechanized, generating very little employment.

Other smaller agricultural activities that are important include tiquisque (tuber), banana (over 300,000 ha), corn, and rambutan in Osa, and cacao, beans, banana, palm heart, and corn (over 150 ha) in Golfito. Additionally, a little less than 60,000 ha were dedicated to cattle in both Osa and Golfito, with over 55,000 heads in the year 2000. In 2007, 80% of cattle was dedicated to beef production.

Conclusions and Recommendations

For the past eight decades, the local development model in the Southern Region (Brunca) has been influenced by decisions that are made from outside the region, unconnected to the realities and needs within the Brunca Region. While the private sector has and continues to support large-scale infrastructure and subsequent tourism projects, the tourism services sector has grown substantially due to infrastructure improvements in the past 15 years. Specifically, transit between Quepos and Dominical, Dominical and Palmar, Palmar and Puerto Jiménez, and between Palmar and Sierpe has facilitated the growth in numerous tourism enterprises. Unlike mass-tourism and mega-infrastructure projects that have dominated this same region, many within the industry are recognizing the need to develop a tourism model different from the high-volume one found in Guanacaste. Historically, tensions between conservation and development manifest in socio-spatial conflicts, from the area's high percentage of protected land and growing agricultural demands. Nevertheless, agriculture and especially African palm are estimated to continue generating the majority of employment within this region of undiversified and heavily seasonal productive activities.