

# Governing Sustainable Development:

Coercion, Negotiation and Persuasion  
in the Promotion of Sustainable Tourism  
in Costa Rica

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# Abstract

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This study explores the impact of different types of governance at promoting sustainable tourism in developing states. Given the very limited research in this area, and yet the common challenges found in many developing states around achieving sustainable tourism, it assesses the significance of tourism governance in Costa Rica - a small developing state with an enviable international reputation for 'ecotourism'. A theoretical model for the study of sustainable development governance is devised and employed, which defines sustainable development and identifies three different types of governance mechanisms - 'legal', 'bargaining' and 'persuasive' - distinguished by the degree to which they are choice-constraining for 'governed' actors. The thesis then evaluates the effectiveness of these mechanisms in turn with respect to 'ecotourism' in Costa Rica. The governance mechanisms identified as moderately effective at promoting sustainable tourism in Costa Rica include national park and coastal regulations, the state-run Certificate for Sustainable Tourism (CST) certification system, and the non-state Rainforest Alliance's technical assistance programme. The thesis identifies a number of success factors related to the characteristics of these mechanisms that enhance their impact, including the collaborative nature of the bargaining and persuasive mechanisms and the high choice-constraining nature of legal mechanisms. Other, more contextual, success factors include a heightened receptiveness towards sustainable development, the state's authority and bureaucratic competence, and the expertise of non-state organisations. The thesis also seeks to make a contribution towards theoretical debates around the degree to which the state has continuing significance in governance, and the relative significance of compulsory versus voluntary governance mechanisms.

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# Acronyms

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APRONAD	Asociación para la Promoción de Nuevas Alternativas de Desarrollo (Association for the Promotion of New Development Alternatives – Costa Rica)
AYA	Instituto de Acueductos y Alcantarillados (Institute of Aqueducts and Drains – Costa Rica)
CANATUR	Cámara Nacional de Turismo (National Tourism Chamber – Costa Rica)
CBNRM	Community Based Natural Resource Management
CEPF	Critical Ecosystem Partnership Fund
CIA	Central Intelligence Agency
CST	Certificación para la Sostenibilidad Turística (Certificate for Sustainable Tourism - Costa Rica)
ECLAC	Economic Commission for Latin America and the Caribbean
EU	European Union
FTT	Fair Trade Tourism (South Africa)
GATS	General Agreement on Trade in Services
GATT	General Agreement on Trade and Tariffs
GDP	Gross Domestic Product
GNP	Gross National Product
ICT	Instituto Costarricense de Turismo (Costa Rican Tourism Board)
IMF	International Monetary Fund
INBio	Instituto Nacional de Biodiversidad (National Biodiversity Institute – Costa Rica)
IPE	International Political Economy
IUCN	International Union for the Conservation of Nature
MINAE(T)	Ministerio de Ambiente y Energía (Ministry of Environment and Energy – Costa Rica)
NGO	Non-Governmental Organisation
NSMD	Non-State Market Driven

SINAC	Sistema Nacional de Áreas de Conservación (National System of Conservation Areas – Costa Rica)
STEP	Sustainable Tourism Education Programme
TAA	Tribunal Ambiental (Environmental Court - Costa Rica)
TECOCOs	Coastal Community Tourism Law (Costa Rica)
TRIMS	Agreement on Trade-Related Investment Measures
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNWTO	United Nations World Tourism Organisation
US	United States
WWF	World Wildlife Fund
ZMT	Maritime Zone Law (Costa Rica)

# Chapter One

## Introduction

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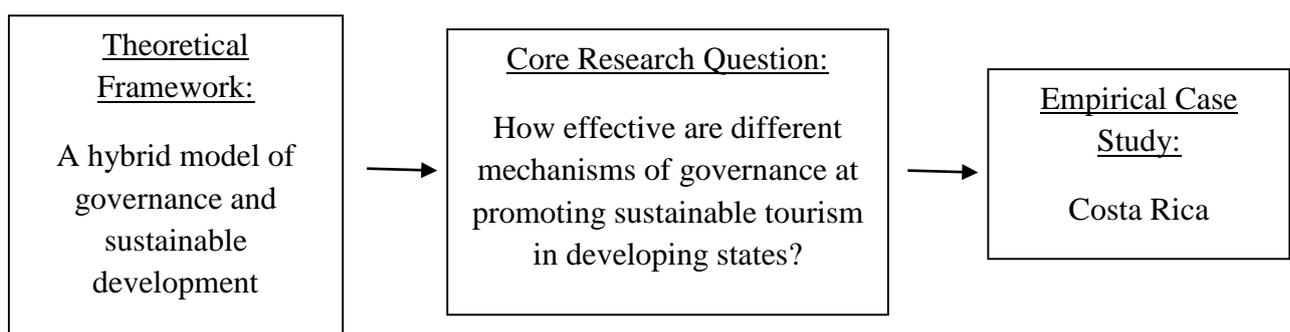
Tourism accounts directly and indirectly for nine per cent of global gross domestic product (GDP), one in 11 jobs and six per cent of the world's exports (UNWTO, 2014). Since the 1960s, tourism has replaced agriculture as the key economic sector in many developing states, in some cases accounting for as much as 30 per cent of total exports (UN, 2014). A conglomeration of the transport, accommodation, hospitality, tour package and food and restaurant sectors, tourism is most akin to service industries, but is unconventional in the way in which the consumer is transported directly to the developing state in order to consume the product. This has led the industry to become renowned for its negative local environmental impacts, including coastal erosion, water pollution and damage of coral reefs. These environmental impacts can be even more severe in small developing states, which often have few other development options, along with varied and unique ecosystems, which are particularly vulnerable to environmental damage. The potential for cultural erosion in developing states is also significant, as tourism has brought Western brands, languages and lifestyles directly to many local communities. The extent of positive gains for developing states from tourism is also questionable, given the tendency for the concentration of local employment in low-skilled - and thus, low-paid - jobs, and instability in jobs and income, due to the seasonal nature of the industry.

The academic literature on tourism is limited, focusing largely on the issues aforementioned around the potentially negative impacts of the industry. Relatively little systematic research has been conducted into how the positive impacts of tourism might be better harnessed and these negative impacts addressed. This thesis will, therefore, explore the effectiveness of different mechanisms of governance at promoting a form of tourism that creates more economic and social benefits for developing states without causing significant environmental damage (defined in this thesis as 'sustainable tourism'). In order to address this question, the first part of this thesis will develop a two-part theoretical model through which to conceptualise the 'sustainable development' that tourism can potentially facilitate, and the different types of

governance used to promote this. Sustainable development will be defined as economic development, social equity and environmental protection, promoted at all stages of the global value chain. The theoretical model will identify three different types of governance mechanism, distinguished primarily by the degree to which they are choice-constraining for ‘governed’ actors (which are largely tourism businesses and consumers). These three governance mechanisms are: highly choice-constraining legal mechanisms, moderately choice-constraining bargaining mechanisms and low choice-constraining persuasive mechanisms. The model will identify the intrinsic characteristics of each of these mechanisms in order to support explanations of their effectiveness, including whether they are confrontational or collaborative in nature, and if they are run by state or non-state actors.

The second part of the thesis will then assess the effectiveness of these three types of governance mechanisms in promoting sustainable tourism in Costa Rica. Costa Rica is selected as the primary case study due to its reputation as one of the premier ecotourism destinations in the world, and the fact that it has a relatively extensive framework of tourism governance, alongside one of the highest levels of development in Central America. The exploration of Costa Rica’s case aims to draw out insights into how far tourism governance is effective and to identify the success factors in effective sustainable tourism governance. Figure 1 demonstrates this approach to the thesis in diagrammatic form.

Figure 1: The Approach of the Thesis



This thesis makes three particular claims to originality. Firstly, it contributes to the limited quality research on the link between governance, tourism and sustainable development. In particular, it attempts to draw lessons from relatively effective tourism governance frameworks in order to understand how to better facilitate sustainable tourism in developing states. To do this, it draws on first-hand data from interviews in Costa Rica, exploring the impact of specific

governance mechanisms of which to date there has been very little study. The second claim to originality of this thesis is that, while many existing studies on governance for sustainable development focus on individual or particular types of governance mechanisms, such as certification systems or state mechanisms (see, for example, Eagles, 2009; Sánchez-Azofeifa et al, 2003; Font, 2007; Honey, 2002 and Medina, 2005), this thesis compares and contrasts the impact of all different types of governance instruments within one state. This enables an in-depth understanding of the relative impact of different types of governance on sustainable tourism in a single country context. The final, theoretical, claim to originality of this thesis is the development of a theoretical model through which to theorise the different types of governance mechanisms, and the precise meaning of sustainable development. The use of a model that combines conceptual tools for the study of both governance and sustainable development is novel in itself. This hybrid model can potentially be utilised more broadly, in sectors beyond tourism in order to analyse the governance drivers of sustainable development. The thesis will also provide insight into theoretical debates in international political economy around the degree of significance of the state, and the relative effectiveness of compulsory versus voluntary governance mechanisms.

This introductory chapter will explain the focus and approach of this thesis in more detail. It will, firstly, discuss how the core research questions of this thesis depart from the existing literature on the tourism industry. Secondly, it will outline the theoretical model's conceptualisation of sustainable development and governance, and explain how this framework will inform the subsequent empirical chapters of the thesis. Thirdly, it will discuss the methodology used in this thesis, describing the first-hand qualitative interviews and ethnographic research carried out in Costa Rica in order to gather data. Finally, the chapter will outline the structure and key arguments of the thesis.

## **Core Research Questions**

This thesis, as indicated above, seeks to address a gap in the academic literature around how tourism, an industry on which many developing states are now heavily dependent, might be made more conducive to sustainable development. Tourism is relatively understudied - it is not taken seriously as a topic of study by many scholars, who see it as the 'business of fun' (Brown

and Hall, 2008). In particular, as identified by scholars such as Bishop (2010), Bramwell (2011), Brown and Hall (2008) and Richter and Steiner (2008), there are few studies of tourism in the discipline of politics and international relations, and those other studies that do exist rarely take a theoretically informed empirical approach. As such, studies of tourism are divided between those that appear to accept rather uncritically the role of tourism in developing states, and those which focus much more exclusively on the limited benefits and negative impacts of tourism in developing states (Bianchi, 2009).

Concerns around tourism identified in the literature include the way in which the industry creates a concentration of local people in unskilled tourism jobs with lower salaries, the exclusion of local people from resorts and beaches, the diversion and monopolisation of local water sources for golf courses, and how ecotourism brings tourists to inherently ecologically fragile locations (Cabezas, 2008; Honey et al, 2010 and Pattullo, 2005). Bramwell and Lane (2013), for example, indicate how tourism businesses have little incentive to adopt more sustainable practices, as they have made significant investments in tourism infrastructure that facilitate more conventional forms of mass tourism, such as large airports, accommodations and attractions. These negative impacts of tourism have been so strongly emphasised that the 'Butler cycle', outlined by Butler (1980: 6) and emphasising the inevitable stages of a tourism destination from the beginning exploration and development stages, through to stagnation and decline, has been commonly pointed to as the likely model for tourism in many developing states. Buckley (2012), for example, argues that mainstream tourism, like other industry sectors, is far from sustainable, while Bramwell and Lane (2013: 1) indicate that progress towards sustainable tourism is 'at best almost static'.

While the challenges posed by tourism for sustainable development are important to recognise, much of the literature appears to have stagnated through this assessment that tourism altogether fails to facilitate sustainable development. This thesis, therefore, seeks to move forward the debate by exploring cases where developing states have purposefully sought to promote sustainable practices, and identifying success factors behind these cases. In particular, this thesis focuses on the significance of governance as a driver of sustainable tourism and sustainable development. Studies of tourism often tend to ignore the impact of internal factors, such as governance, for the effects of the industry, instead focusing on external factors, including the implications of the degree of international control of the industry (Sharpley and Ussi, 2014).

The literature on sustainable development governance that does exist often focuses on isolated governance mechanisms, such as national park systems (see, for example, Eagles, 2009 and Sánchez-Azofeifa et al, 2003), certification schemes (see, for example, Font, 2007; Honey, 2002 and Medina, 2005) and the role of NGOs (see, for example, Cashore, 2002; Keck and Sikkink, 2002). As the focus is often on isolated mechanisms, there is little in the literature that compares or contrasts the impact of these different types of governance instruments, for example, within a single country context. The findings on the impact of these isolated mechanisms, furthermore, are often negative, leading to few insights into effective tourism governance. There are concerns in the literature around the role of the state and traditional command and control mechanisms in sustainable development, as it is indicated that voluntary governance may be more suitable, given the potential for inefficiencies and corruption (Mauro, 1997; Jordan, 2008). On the other hand, the literature also points to the challenges with voluntary governance, including low numbers of compliant actors, lack of evidence of any substantial increase in sustainability as a result of these mechanisms, and concerns that voluntary governance mechanisms only address those actors already interested in sustainability, the ‘lowest hanging fruit’ on the tree (Haufler, 2003). Commins (2000) and Fridell (2006), furthermore, point to the use of voluntary governance mechanisms to reduce the negative impacts of neoliberal globalisation, rather than to tackle the structural inequalities inherent in the global system. Thus, there is little understanding around the most effective types of governance mechanisms for sustainable tourism and sustainable development.

This thesis will, therefore, draw on the relatively successful case of Costa Rica in order to explore the effectiveness of different governance mechanisms for sustainable tourism. Costa Rica’s status as one of the foremost ‘ecotourism’ destinations in the world, coupled with its relatively high level of development and well-embedded governance mechanisms, provides an ideal case study where there is high potential for governance to have positive impacts for sustainable development. Costa Rica has a considerable number of environmental laws, some of which have won international awards, and one of the most well-reputed certification systems for sustainable tourism in the world, with one of the highest levels of compliance. The Rainforest Alliance, an international environmental non-governmental organisation (NGO), also has its Latin American headquarters in Costa Rica, where it supports tourism businesses to increase the sustainability of their practices, using Costa Rica as its testing ground for projects in the broader region. Costa Rica is, therefore, a data-rich case study through which to

explore the effectiveness of tourism governance, and potential success factors for effective tourism governance in developing states more generally. There are two types of success factors that may be identifiable. The first are success factors that are characteristics of specific governance mechanisms, and which are potentially identified in the theoretical model. The second are success factors that are specific to Costa Rica's social and political context, and therefore, may not be identifiable in other developing states.

'Governance' and 'sustainable development' are two of the most essentially contested terms in the social sciences (Jordan, 2008). This thesis, therefore, will develop a theoretical model to act as a framework through which to explore, define and unpick the meaning of these concepts in order to explore their role in the case study of Costa Rica. This theoretical model will provide a novel approach to the study of sustainable development governance, enabling a direct comparison of the impact of state versus non-state and compulsory versus voluntary mechanisms within a single country case study. Thus, it will provide insight for the diverse and fragmented literature around governance, which is currently polarised between state and society-centric views of governance. The main features of this theoretical model will be outlined in the following section of this chapter. The implications of the insights from this empirical case study for broader questions around the theory of governance and sustainable development will also be considered. As Jordan (2008) indicates, there is a need to test empirically how far a shift has taken place from government to governance, and to move beyond the grand theories and typologies of governance often produced in the literature.

The following sub-questions will, therefore, be addressed in order to explore the core research question identified above:

How effective are different mechanisms of governance at promoting sustainable tourism in developing states?

- What are the most effective governance mechanisms for promoting sustainable tourism in Costa Rica?
- What are the success factors for effective tourism governance mechanisms in Costa Rica?
- What are the implications of the theoretical model and Costa Rica's case study for broader questions of governance and sustainable development?

## **The Theoretical Model**

In Chapters Two and Three, this thesis will develop a two-tier theoretical model through which to frame the exploration of the impact of tourism governance on sustainable development. This theoretical model has two purposes for the following empirical analysis in the second part of the thesis. Firstly, it will define the ‘sustainable development’ that the governance mechanisms for tourism examined in this thesis potentially promote. This will enable a clear analysis of how far these governance mechanisms facilitate the different, and potentially competing, aspects of sustainable development. The second purpose of the theoretical framework is to identify a number of distinct governance mechanisms in order to provide a starting point for the empirical chapters, and to draw out the individual features and characteristics of these governance mechanisms that may create either strengths or weaknesses, in order to support the identification of the effectiveness of these mechanisms in the subsequent empirical chapters.

Chapter Two develops a three-fold definition of sustainable development, which incorporates economic development, social equity and environmental protection. The chapter indicates through global value chain theories how economic power, and therefore profit, in many retail and service industries is concentrated in core capitalist countries, with lead firms responsible for branding/marketing/retailing stages, leaving service-providers - typically based in developing states - to shoulder disproportionately the costs and risks of an industry. The thesis uses this as a point of departure to investigate how far developing states can effect policies with positive economic, social and environmental impacts under these tight conditions of external dependency. Chapter Three then identifies three governance mechanisms that potentially promote the definition of sustainable development presented in Chapter Two. The model distinguishes between the three mechanisms by the degree to which they are choice-constraining for ‘governed’ actors. Legal mechanisms are highly choice-constraining and require governed actors to adhere to their standards, or risk penalties. Bargaining mechanisms are moderately choice-constraining forms of governance and, while voluntary, have some levers through which to negotiate adherence to their standards, such as the offering of a certification mark or funding in exchange for more sustainable practices. Persuasive mechanisms are low choice-constraining, having only persuasive tactics in order to influence the behaviour of governed actors, such as arguing that sustainable practices are morally the

‘right’ thing to do, or persuading governed actors that sustainable practices are in their own best interests.

Chapter Three identifies the potential strengths and weaknesses of these three types of mechanisms in addressing sustainable development, given their degree of choice-constraint, whether they are confrontational or collaborative and whether they are facilitated by state or non-state actors. Legal mechanisms are indicated to have significant potential influence due to their highly choice-constraining nature and the fact that they are run by states. This provides them with considerable ‘levers’ and authority with which to influence the behaviour of actors, and capacity to force the most prolific offenders against sustainable development to comply with regulations. The use and effectiveness of legal mechanisms, however, can also be limited by international legal obligations (such as the World Trade Organisation’s (WTO) most-favoured nation and national treatment principles) and local administrative restrictions (such as privatisation of state-run utilities and rules governing public procurement); along with implementation problems associated with corruption and inefficiency; and national remit, which can prevent legal mechanisms from addressing inequalities stemming from external structures and actors. It is suggested that these characteristics might be problematic in the context of tourism in small developing states, where resource shortages are common, levels of external dependency are often high and tensions within sustainable development can be problematic and complex. This chapter also elaborates on the conceptions of ‘effectiveness’ and ‘success factors’ that will be utilised in the thesis.

Bargaining mechanisms, as moderately choice-constraining mechanisms of governance, have fewer levers than legal mechanisms with which to attract compliance, and therefore, potentially reach a reduced number of actors. On the other hand, where they are collaborative – that is, they work hand-in-hand with governed actors by offering them positive incentives to comply, as opposed to undertaking more confrontational action against them through negative incentives – they are indicated to have the potential to address sustainable development at a deeper level, as they can work with individual actors on a long-term basis. Bargaining mechanisms also have the potential to address actors at the global level, as their enforcement power is not limited to the national level. Where run by states, bargaining mechanisms can have additional authority, which may increase compliance levels, but potentially face obstacles such as inefficiency and corruption, which can negatively affect impact. Where bargaining mechanisms are run by non-state actors, the model indicates that they can potentially have

significant expertise, which can enhance their impact, but may conversely lack accountability and legitimacy.

The theoretical model indicates that persuasive mechanisms can be advantaged by the fact that, like bargaining mechanisms, they can address sustainable development in considerable depth and at the global level, as well as the national level. On the other hand, persuasive mechanisms have even fewer enforcement powers than bargaining mechanisms, relying on their powers of persuasion, and therefore, may be unlikely to attract compliance from significant numbers of actors or the more prolific offenders of sustainable development, thus reducing their impact. Again, while state-run persuasive mechanisms can have more authority and legitimacy, non-state persuasive mechanisms may have more technical expertise, which can enhance their impact.

The three types of governance mechanisms identified by this model inform the structure of the rest of the thesis. They form the basis for which Chapters Five, Six and Seven address the impact of legal, bargaining and persuasive mechanisms in turn in Costa Rica. The intrinsic characteristics of each type of governance mechanism identified – including their degree of choice constraint, whether they are collaborative or confrontational, and if they are run by state or non-state actors – will support understanding of their impact in the case study of this thesis. Furthermore, the model will enable the identification of whether success factors are inherent characteristics of individual governance mechanisms, or specific to the broader social and political context of Costa Rica. This theoretical model is novel in the way in which it combines both a definition of sustainable development and a framework of mechanisms through which to study the impact of governance on developing states. This chapter will now outline the methodology used throughout this thesis, before discussing the structure and key arguments of the thesis.

## **Methodology**

In order to tackle the question of the impact of governance for tourism in developing states, the thesis draws insights from the international political economy (IPE) literature, which has influenced both the subject of study and the analytical tools employed. Firstly, the thesis focuses on the relationship between the state and the market, the particular strategies that states

pursue and the structural conditions which shape, if not determine, the outcomes of these strategies (Cohen, 2008; Gilpin, 2003; O'Brien and Williams, 2004; Phillips and Weaver, 2011). Secondly, the thesis uses the national level as the referent unit of analysis, and starts from the assumption that even small, economically weak and externally vulnerable states and their citizens pursue purposeful strategies and possess political agency. It is also recognised, however, that international actors have an influence on domestic development, for example, through dictating the feasibility of policies, or changing the choices and behaviour of domestic actors and institutions (Frieden and Martin, 2002). Global value chain analysis is referred to throughout the thesis in order to capture the interaction between the local, national and international spheres in which development takes place. Finally, this thesis recognises both state and non-state actors as significant in international political economy.

The thesis draws on insights from a broad array of existing literature across social science disciplines as a point of departure, including international political economy, public policy, development studies, tourism studies, economics and environmental sciences. This enables an informed approach to a topic that has relatively little existing data, for example, using insights from the more general governance literature in order to identify three different types of tourism governance. Insights from the sustainable development literature are also drawn on in order to develop a conceptual framework for sustainable tourism. These allow the grounding of the study in existing theoretical debates, with the hypothetical strengths and weaknesses of governance mechanisms, for example, playing an important role in the assessment of the impact of tourism governance in the case of Costa Rica.

This research, in addition, takes a case study approach in order to capture the rich contextual detail defining the lived experience of the politics and governance of sustainable development. In particular, the case study approach enables the thesis to spend time unravelling the complexities of the tourism industry, and the relationships between firms at the international end of the industry and local stakeholders on the ground in developing countries. As there is little existing data or research to start from, the single case study approach enables in-depth insight into one example of tourism governance, providing a detailed understanding of how tourism governance operates, which is currently missing from the academic literature. This single case study approach creates a significant amount of data, as a result, into tourism governance in Costa Rica. Although the case study approach is often criticised for drawing conclusions that, in practice, may not always be generalisable to other contexts, in this case the

views and interests of a broad range of stakeholders are considered, which aims to broaden the applicability of the findings (Beeton, 2005). The single case study approach is also highly valuable in enabling a detailed exploration of the dynamics present within a single country context (Eisenhardt, 1989), again leading to broader and, therefore, generalisable findings. The use of the theoretical model and the descriptions of the shared experiences of many other developing states in terms of a dependency on tourism, also broaden the applicability of the findings.

The thesis uses primarily qualitative research methods, including interviews, documentary analysis and literature reviews. This is suited to research into sustainable development, which is in many ways primarily about the impact of industry on people's lives and their perspectives of these effects. Interviews were selected as the centrepiece of the research methodology, due to the researcher's belief that sustainable development cannot be fully captured by quantitative indicators and econometric modelling. While quantitative approaches are able to create significant datasets, collecting information from a large number and range of participants, qualitative approaches are arguably better placed to capture the perceptions of stakeholders in greater depth, which is useful for the study of sustainable development, a concept that can have deep significance for individuals' experiences. In the case study of this research, it is crucial to establish at the local level the perceptions of stakeholders around the effectiveness of different forms of governance. While this qualitative approach does not demonstrate statistically the precise extent of impact of governance on a nation-wide scale across Costa Rica, as a quantitative study might be able to, it allows an in-depth understanding of why different types of governance have more or less impact, which a quantitative study would not necessarily be able to show. This qualitative approach also provides a wealth of data on tourism governance, and thus makes a significant contribution to understanding a topic where there is relatively little existing literature.

The core primary research took place in Costa Rica in the summer of 2012. 25 interviews were undertaken during a four-week stay in the capital of San José in August-September 2012. These interviewees were selected in order to represent a wide range of stakeholders' views. They included sustainable managers in a number of hotels and tour companies, with a range of levels of certification from the Certificate for Sustainable Tourism (CST). A range of government departments involved in tourism governance were also interviewed, including the Costa Rican Tourism Board (ICT), the environment department, the Environmental Court and the

department responsible for the Ecological Blue Flag Programme. Three sustainable tourism consultants were also interviewed, along with two funding agencies for sustainable projects, the Rainforest Alliance, and NGOs and agencies providing technical assistance to communities and tourism businesses. An interview was also conducted in April 2013 with the international tourism organisation, Tourism Concern, based in London. A list of these interviews is provided in the Appendix to the thesis.

Interviewees were identified primarily through internet searches into sustainable tourism organisations and experts, as well as through the identified of sustainable tourism professionals on Linked In, which offered a useful method for contacting relevant individuals. A number of interviews were arranged through the ‘snowballing’ effect, where interviewees recommended colleagues that it would be useful to speak to. The perspectives captured ranged from the passion of tourism businesses and civil servants about the achievements of sustainable tourism in Costa Rica, to the balanced, and at times critical, views of independent tourism consultants that had worked with a range of tourism businesses in Costa Rica in order to navigate the tourism governance landscape, such as supporting application for the Certificate for Sustainable Tourism (CST) certification system. Furthermore, the accommodation providers and tour agencies selected for interview had achieved a range of ‘leaves’ on the CST, enabling a breadth of insight into the views of businesses with differing levels of commitment to sustainability, or differing abilities to achieve certification. These were identified through the CST website. This enabled the garnering of insights from businesses with a varied range of sustainable practices. Thus, the aim of these interviews was to build up a vivid picture of the range of perceptions around the effectiveness of different governance mechanisms for tourism at the local level.

One potential limitation was that interviews were conducted solely in the capital city of San José and nearby towns, rather than in a variety of locations and environments across Costa Rica. Perceptions of sustainability and the effectiveness of tourism governance might be expected to vary, for example, between a city and more isolated mountainous region, as the challenges of sustainable tourism, and subsequently the impact of governance, are likely to differ. In order to address this potential limitation, a number of the interviewees were selected as a result of their experience working in or with tourism businesses across a range of locations in Costa Rica. One sustainable tourism management company, for example, managed hotels in locations including the Osa Peninsula (a rainforest region in the south-west), Nosara (a beach

destination on the north-west pacific coast) and an inn in the central valley mountainous region. The sustainable tourism consultants, furthermore, had worked with tourism businesses across different parts of Costa Rica. As a result, the interview data reflected the diversity of experiences across Costa Rica, for example, showing how the Environmental Tribunal had limited resources to operate outside of the San José region, and how local municipalities struggled to find the resources to implement the coastal zoning regulations.

The interviews were all semi-structured, with the majority around an hour in length. Three sets of standard interview questions were used, one for each of the different types of stakeholders interviewed: tourism businesses, governance organisations and sustainable tourism consultants. Interview schedules for tourism businesses included a general initial question around the types of sustainable practices that they used, followed by more probing questions into the types of governance mechanisms that they engaged with for sustainable tourism and how these had affected their practices. Interviews with governance organisations started with a question around the role of the organisation in sustainable tourism in Costa Rica, followed by more probing questions into the exact role and impact of the governance mechanism that they operated, and their perception of the role and impact of other types of governance mechanisms for sustainable tourism. Sustainable tourism consultants were asked, firstly, to identify what they perceived to be the most important programmes and organisations in Costa Rica for sustainable tourism, followed by a more specific focus on the role and impact of each of the types of governance mechanisms, and queries into perceptions of tourists and the public around sustainable tourism. The questions for all three types of interviewees were designed to be open, so as to avoid leading the responses in any particular direction. Research was conducted into the role of an interviewee prior to each interview in order to identify any potentially useful non-standard interview questions. This information was garnered largely through the internet, and particularly the websites of organisations and businesses interviewed, and also, through conversations with other interviewees.

Around three-quarters of the interviews were conducted in Spanish, the rest in English. Data from the interviews was anonymised for the purpose of the thesis, in order to protect the identities of the interviewees. Interviewees were also told that they would not be quoted directly in the research. This was important as there were tensions between some governance organisations, and anonymity enabled interviewees to speak candidly about these relationships. In certain cases, furthermore, individuals had views that were not necessarily representative of

their organisation's approach, and thus, this was treated sensitively, with information given confidentially not referred to directly in the thesis. The researcher stayed in separate lodgings from interviewees in order to avoid a cross-over in interests, which might potentially have affected the objectivity of the responses of interviewees. While interviewing in the San José region in 2012, the researcher stayed with a local family who also provided useful context to Costa Rica's tourism industry and sustainable development. It became evident, after around 18-20 interviews, that a significant amount of data had been collected, and similar arguments and points were being made across interviews, indicating that there was enough data to draw conclusions for the thesis.

This interview data was complemented by data from a series of documents and a data set on certified CST businesses. Interviewees provided access to a number of documents, including an evaluation of the Certificate for Sustainable Tourism (CST) certification system, which is referred to in Chapter Six (document #1). The origin and agenda of these documents is taken into consideration when the data is used in the thesis. Data on the size and location of certification of certified CST businesses compared to non-certified businesses was also drawn from two separate data sources, one on tourism businesses in general in Costa Rica, and the other on certified tourism businesses. This data enabled insights into the nature of certified businesses, for example, the average size of businesses with the lowest and highest levels of certification, and their regional location. As this was quantitative data, however, it was not able to show why this was the case, and thus, the qualitative interviews were useful in providing insights here. This triangulation of quantitative and qualitative data in the case of the CST was particularly useful in providing insights into tourism certification, which is a complex area of governance with relative little quality study. Again, therefore, this approach addressed the lack of existing data on this topic.

Two previous trips to Costa Rica, in the years leading up to the fieldwork, also contributed to the researcher's understanding of the context of tourism in Costa Rica from many different locations and viewpoints. In July 2011, a month was spent in the beach destination of Flamingo, on the northwest peninsula, in a Spanish language school. The researcher lived with a Costa Rican family who owned a construction business which had built many of the tourism developments in the area, and therefore, were a useful source of information about the local tourism industry. Two months from August to September 2011 were then spent in the mountain town of Monteverde, again in the north-west of Costa Rica, and one of the most famous locales

for eco and rainforest tourism, with much of the employment in the local area in the tourism industry. The father and sons of the family that the researcher stayed with during this period had worked in a number of different roles related to tourism, including in construction, a hotel reception and a local cheese factory, which is popular among tourists for tours. During these periods in both Flamingo and Monteverde, the researcher was attending full-time Spanish lessons at local language schools, where one-to-one lessons with a different local teacher each week enabled many opportunities to discuss the impact of tourism in Costa Rica, as many of the teachers' families and friends were involved in the industry. This period also provided opportunities to speak with tourists, many of whom were from either the United States (US) or Europe, and who were often seeking ecotourism experiences and had their own opinions and impressions of tourism in Costa Rica. A further ten day trip to Manuel Antonio, a popular beach destination in the south-west of Costa Rica, in October 2011, including a tour around its national park, one of the most endangered natural areas in Costa Rica, added to the researcher's understanding of the broader tourism industry in Costa Rica.

The researcher had also made a separate trip to Costa Rica in 2008 for four weeks, involving a two-week conservation volunteer project in the Osa Peninsula, in the south west of Costa Rica, where the accommodation was again staying with a local family. This involved the collection of data for research into various frog species in the rainforest and dolphins in the waters of Golfo Dulce. This enabled the researcher to comprehend the current lack of knowledge around many species in Costa Rica and the subsequent need for research into species, in order to make a case to the government for an area to be protected, as well as an understanding of how this research is carried out and the threats that these species face. This trip then concluded with a two-week tour around popular tourism destinations in Costa Rica, which provided a broad overview of the different types of tourism in Costa Rica, including a stay in one of the most highly rated sustainable hotels in the country on the CST, Selva Bananito Eco Lodge and Preserve, which sparked the researcher's interest in sustainable tourism in Costa Rica. Other destinations included Rio Pacuare, Tortuguero, La Fortuna, Monteverde, Playa Ocotol and Heredia. Thus, this five and a half months spent in total in Costa Rica provided very useful contextual information on, and background insight into, the key issues analysed in the thesis.

The interviews were transcribed by the researcher in the period shortly after returning from fieldwork. The empirical material gathered was collated in written form into a single folder upon the researcher's return from fieldwork. The data was then evaluated systematically, with

each interview and data source examined in turn for common themes. These themes were mapped out in order to plan for the arguments to be made in the theoretical chapters. The empirical data was constantly referred back to in order to confirm the validity of thoughts and arguments. Key statements and ideas from the interview data were presented and referenced in the empirical chapters in order to support the arguments put forward. The data presented fairly clear conclusions, with few contradictions, and therefore, the arguments in the empirical chapters were fairly intuitive from the data collected.

### **The Main Arguments and Structure of the Thesis**

As indicated above, this thesis has two main parts, divided into eight chapters. In the first part, Chapters Two and Three develop the theoretical framework of governance and sustainable development described above. The second part of the thesis then uses this theoretical framework to assess the effectiveness of governance at promoting sustainable tourism in Costa Rica. This focus is in particular on the effectiveness of the legal, bargaining and persuasive mechanisms identified in Chapter Three at promoting Chapter Two's definition of sustainable development as economic development, social equity and environmental protection.

Chapter Four outlines the development challenges faced by Costa Rica as a small developing state, which have led to the adoption of tourism as a development strategy, and the associated challenges that the industry poses to the country. It is indicated how Costa Rica's dependence on the coffee and banana industries, followed by attempts at diversification into high-technology industries under neoliberalism, which concentrated profits at the international level and environmental impacts at the local level, led to the adoption of tourism as an alternative 'non-traditional' development model. As with other small developing states, Costa Rica has the beaches, volcanoes and rainforests that many tourists seek and, therefore, the industry appears an obvious choice for a development strategy. The chapter explains, however, through global value chains analysis, how economic profit and influence in tourism are often concentrated at the branding/marketing/retailing and airline stages of the industry, owned by foreign firms based in developed countries, rather than with service-providers in host countries such as Costa Rica. In contrast, the industry often results in potentially significant environmental damage at the local level. The chapter outlines how these concerns in Costa

Rica have led to the use of governance mechanisms by state and non-state actors in an attempt to make the industry more conducive to sustainable development.

Chapters Five, Six and Seven then explore how far each of the three types of governance mechanisms developed in Chapter Three in turn are responsible for the relative success of sustainable tourism in Costa Rica. Four key legal mechanisms are identified: the national park system, the Maritime Zone Law, legislation recognising rights to land for communities, and the Papagayo Tourism Pole and Liberia International Airport investment. Chapter Five indicates that there is moderate evidence of their impact on sustainable tourism in Costa Rica, due to the high choice-constraining nature of legal mechanisms. Further impact is limited by factors including the promotion of economic objectives by the state, inadequate design unsuited to the complexities of sustainable development, resource shortages for implementation and corruption. These factors are largely captured in the theoretical model.

Chapter Six then identifies three certification systems in Costa Rica as the primary bargaining mechanisms for tourism: the state-run Certificate for Sustainable Tourism (CST), the state-run Ecological Blue Flag Programme and the non-state Rainforest Alliance Verification programme. Costa Rica's CST is argued to have a moderate impact on service-providers in the tourism industry, and the most significant impact of all the governance mechanisms for sustainable tourism. Furthermore, the CST is indicated to be slightly more effective than the legal mechanisms identified in Chapter Five. The other two certification systems have only a limited impact. As a collaborative bargaining mechanism, the CST is argued to have adequate levers to reach a relatively significant proportion of tourism businesses, and in some depth, due to close collaboration with individual businesses. The CST's relative success compared to other certification systems is argued to be a result of its authority as a state-run programme, the bureaucratic competence of the state, the support offered the CST programme by non-state organisations, which provide technical assistance in the design of standards and for businesses seeking certification, and a heightened receptiveness among stakeholders towards sustainable development in Costa Rica, which incentivises businesses to comply. The heightened receptiveness towards sustainable development is indicated to be a result of Costa Rica's varied and unique biodiversity, which has facilitated a historic affinity between people and nature. The theoretical model is indicated to partly identify these factors.

Chapter Seven identifies and assesses three key persuasive mechanisms for tourism in Costa Rica: technical assistance programmes run by non-state actors for tourism businesses and communities, education programmes run by both state and non-state actors for the public and tourists, and the lobbying of government and businesses for more sustainable policy and business activities. The chapter argues that the most significant persuasive mechanism for sustainable tourism in Costa Rica is the Rainforest Alliance's technical assistance programme for tourism businesses. This has a moderate impact, and is only slightly less significant than the CST discussed in Chapter Six. On the other hand, the other persuasive mechanisms are shown to have only a limited impact on sustainable tourism. The particular success of the Rainforest Alliance's technical assistance programme is attributed to the status of this programme, a result of the organisation's international reputation, and the heightened receptiveness towards sustainable development. It is suggested, however, that the reach of the Rainforest Alliance to service-providers is still limited by resource shortages, and the way in which they only reach the actors most interested in sustainability. It is indicated how the theoretical model again partly identifies the intrinsic characteristics of these persuasive mechanisms that led to these levels of impact. However, it is also indicated how the fact that these mechanisms do not adequately address key stakeholders in the tourism industry at the international level reduces their overall effectiveness.

Chapter Eight concludes with an outline of the key arguments and findings from the thesis. It first outlines the nature of the theoretical model, followed by the findings from the empirical chapters on Costa Rica. The chapter then discusses the utility of the theoretical model utilised in this thesis. It argues that the model provides a useful framework for exploring governance, through the distinction of three types of governance mechanisms that are used to structure the research, and identification of a series of potential strengths and weaknesses. The chapter, finally, suggests a number of potential avenues for further research, which would contribute further to knowledge around the impact of governance for sustainable tourism.

## **Conclusion**

This chapter has introduced the central research question of this thesis: the extent to which different types of tourism governance are effective in developing states. It has explained the

approach that this thesis will take in addressing these questions, including a theoretical framework to conceptualise both sustainable development and governance, and introduced the case study of Costa Rica, a potentially successful case of tourism governance that will be explored in this thesis. The chapter, firstly, discussed the core research questions and the existing literature on tourism and governance, before outlining the theoretical model that will be employed in order to answer these questions, the methodology used by the thesis, and the structure and main arguments that will be made throughout. The next two chapters will now establish the theoretical framework for this thesis, before Chapters Four to Seven discuss the impact of tourism governance in Costa Rica.

# Chapter Two

## A Theoretical Framework for Sustainable Development

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This thesis explores the effectiveness of different mechanisms of tourism governance in promoting sustainable development and seeks to identify success factors. This research focus is based on the premise that ‘development’, as defined up to this point, has been theoretically and conceptually problematic. The task of this chapter is to establish a framework through which to understand the concept of development. This chapter will explore, first of all, how existing conceptions of development from modernisation theories to agency and local-based theories are problematic, as they fail to consider adequately local economic, social and environmental aspects of development. This chapter will then explore insights from sustainable development and global value chain theories in order to address these three paucities of traditional conceptions of development. Finally, this chapter will develop a framework for understanding the concept of ‘sustainable’ development that will be utilised throughout this thesis. This will recognise how three essential aspects to development - economic development, social equity and environmental protection - must be addressed in a potentially challenging context, where the costs and risks of industry are disproportionately shouldered by local stakeholders. This framework will be used throughout the rest of the thesis in order to explore how far governance mechanisms promote sustainable development in Costa Rica.

### **The Paucities of Traditional Conceptions of ‘Development’**

In order to construct a framework of sustainable development for this thesis, it is useful to first explore the challenges of existing conceptions of development. This section will identify how traditional development theories have problematic understandings of development, which make them inadequate for use in this thesis. It will be indicated how historically, economic profit for large actors such as transnational corporations and governments has been prioritised over economic gains for more local and smaller actors. Furthermore, the need in development

for socio-cultural indicators, for example, gender and ethnic equality, has often been ignored, along with the requirement for environmental protection, which, when recognised, is often measured through inadequate environmental indicators. The following section will demonstrate how these concerns are inherent throughout the traditional development theories, from modernisation theories to present day, before the chapter indicates how sustainable development theories and global value chain theories provide methods through which to address these paucities.

From very early on, development was conceived almost purely in economic terms. The domination of the discipline of economics saw the early development strategies of England and France in the seventeenth and eighteenth centuries primarily seek economic success in the form of the accumulation of precious metals and agricultural production (Payne and Phillips, 2010). Social and environmental concerns of development were here largely ignored and where the environment was recognised, it was only in terms of its utility for economic development. Adam Smith (1910), for example, recognised the crucial role of the environment in the creation of useful products through the land.

This economic focus was again reflected in modernisation theories of development, emerging throughout the 1950s and 1960s and shaped decisively by the first industrial revolution. While diverse, modernisation theories generally argued that development is a teleological process, that is, that there are a number of discrete stages through which all societies must pass in order to develop. Rostow (1971), a key proponent, identified five key stages: traditional society, pre-conditions for take-off, take-off, the road to maturity and the age of mass consumption. These stages of development, however, again focused primarily on economic development. Rostow (1971), for example, understood the ‘take-off’ stage of growth to require a rise in the rate of productive investment from five per cent or less to over ten per cent of national income; the development of one or more significant manufacturing sectors, with a high growth rate; and the existence of a political, social and institutional framework. While phenomena such as urbanisation, a large reduction in birth and death rates, the creation of a centralised bureaucratic government, an effective education system and an increase in technology were considered to be symptoms of development, it was implied that as long as economic development took place, these factors would follow (Landes, 2003; for modernisation theorists see, for example, Eisenstadt, 1964, Huntington, 1971 and Rostow, 1971). Modernisationists also believed that

development involved a higher degree of control of man over the environment (Huntington, 1971), thus again subordinating the environment to human development needs.

The dependency theories that emerged in the 1960s also continued the trend of an economic conception of development. These included the work in Latin America of Andre Gunder Frank (1969), Furtado (1964) and Cardoso (1972); those in the Caribbean, such as Beckford (1970) and Best (1968); and world systems theorists such as Wallerstein (1976). These theorists argued that it was not internal conditions that determined whether or not a country developed, but rather the external structure of the international system. They argued that a 'structural duality' existed within many developing countries, which linked the most advanced sections of these 'hinterland' economies to the 'metropolitan' or developed economies (Cardoso, 1972 and Best, 1968). For dependency theorists, development was not taking place in the developing world due to economic transfers draining from hinterlands to the metropole, and in particular, the supply of raw materials to industrialised countries (Baran, 1957). Development itself was little discussed, apart from to illustrate its absence. However, where development is implicitly mentioned, it is often used interchangeably with economic development, defined as an 'increase over time in per capita output of material goods' (Baran, 1957: 18). The environment was recognised by dependency scholars only in terms of how the metropole was tearing natural resources from the hinterland for its own development.

The 1970s saw two new development strategies, again both largely with a focus on economic development: 'developmental state' theory and neoliberalism. The first was specific to East Asia, conceptualised by Chalmers Johnson (1982) as 'developmental state' theory, and developed by scholars such as Amsden (1989) and Wade (1998). This theory emerged to describe the sudden and unprecedented growth of Japan, South Korea and Taiwan through the use of a 'plan-rational capitalist developmental state, conjoining private ownership with state guidance' (Woo-Cumings, 1999: 2). Here, the state was argued to have taken a crucial role in steering the course of development. The success of the strategy extended to a second wave of East Asian nations that dramatically increased their growth rates, including Thailand, Malaysia and Indonesia. The strategy was challenged, however, by the Asian Financial Crisis in the late 1990s, that disrupted the impressive rates of growth of many of these economies.

The indicators for development here were again primarily economic, 'defined in terms of growth, productivity, and competitiveness' (Öniş, 1991: 111). Wade (1998) discussed the

predominantly economic successes of the East Asian states, with large annual growth rates of around eight per cent, high savings rates and capital spending. These were all measured nationally, ignoring the distribution of economic development among different actors within the developing countries. Where developmental states were afterwards measured through social indicators, such as the Human Development Index, there was evidence of 'striking performances in the domains of employment expansion, poverty reduction, and income distribution' (Öniş and Şenses, 2005: 265-266). Yet, while social factors, such as improved health and education, are seen in retrospect as positive outcomes from the developmental state model, at the time they were often not used as indicators for development themselves. Furthermore, the methods for achieving these gains often involved large-scale oppression of human rights, particularly of students, labour, political and religious groups (Leftwich, 2000). Thus development again failed to conceptualise the unequal distribution of economic gains and the need for social equity.

The second influential theory in the 1970s onwards was neoliberalism, which emerged from the Chicago School of Economics and scholars such as Milton Friedman and John Williamson (2004). This theory replaced the role of the state in development with that of the market, but remained strongly focused on producing economic gains, particularly for large transnational corporations. Many developing countries were advised, and in some cases more forcefully persuaded through conditional loans, to adopt economic policies that increased the power of the market, such as privatisation, deregulation on barriers to entry and exit, and fiscal discipline. This was the beginning of a general shift towards policies that enhance the role of the market that is still influential today. Neoliberalism suffers from similar problems to the previous development theories, however, prioritising economic profit for business interests and governments, taking 'privatization and trade liberalization as ends in themselves, rather than as means to more sustainable, equitable and democratic growth' (Stiglitz, 1998). Where development is mentioned, it is more often than not referring to economic development, virtually excluding non-economic factors of development from serious consideration (Brohman, 1995: 297). Factors considered as important indicators of development include strong financial organisations and judiciaries; and a stable economy with minimal debt, rather than economic and social gains for groups within a nation-state (see Williamson, 2004). Increasing social equality was assumed by neoliberals to follow naturally through the trickle-down effect, where the profits created by business interests would filter down to benefit all

stakeholders in an industry. In practice, however, there is little evidence that this trickle-down effect has taken place.

The environment is also often omitted from neoliberal conceptions of development, which have led in cases to significant environmental damages, as a result of the prioritisation of economic profit and privatisation of goods such as water, forests and biodiversity, which rests on the assumption that these goods are better managed by private owners. In cases, there has been a large backlash against neoliberalism due to concern around its management of the environment. In Cochabamba, Bolivia, strikes, roadblocks and protests during a six month period led to a reversal of water privatisation, as a result of the belief that privatisation would lead to changes such as farmers having to pay for previously free water for irrigation from underground sources (Nickson and Vargas, 2002). The discouragement of regulation has also led to significant environmental damage in the search for economic profit. In the tourism industry, for example, rapid resort development has led to the erosion of beaches, marine and coastal pollution, dumping of waste and raw sewage, destruction of wetlands and breakdown of coral reefs (Pattullo, 2005). Where the environment is recognised in neoliberalism as an indicator of development, it is measured through economic means. While this is fairly easy to do, for example, in terms of the social costs of pollution, it is less straightforward to calculate the positive value of an environmental asset to society as there are no markets for rivers or clean air and thus, it is difficult to gather data on how they might be valued by the public (Brohman, 1995). Thus, the neoliberal conception of development is problematic in that it fails to recognise the importance of local economic gains, tackling inequalities, and environmental protection.

Concerns over the poor record of neoliberal policies in many developing countries led to the emergence of a post-Washington Consensus development model, pioneered by scholars such as Joseph Stiglitz, Dani Rodrik, Stanley Fischer, and the World Bank's 'Voices of the Poor' report (Narayan et al, 2000). This model aimed to add a 'human face' to the neoliberal concept of development, through targets of not only raising GDP per capita, but also living standards, recognised through health and literacy indicators (Stiglitz, 1998). The emphasis was, thus, on social aspects of development alongside economic development. The post-Washington Consensus also indicated how development had not benefited many poor people and thus, finally recognised the diversity of development experiences within countries. In practice, however, the post-Washington Consensus agenda is often criticised as being little different to

original neoliberal theory. When countries such as Argentina and Turkey suffered frequent financial crises, for example, the post-Washington Consensus approach encouraged them to focus on the same neoliberal short-term adjustment and regulatory reforms, side-lining poverty and inequality targets (Öniş and Şenses, 2005). Thus, the claims to hear the needs of the poor within states were largely tokenistic. The post-Washington Consensus, therefore, did not emerge as a strong counterpoint to neoliberalism, which in many countries retains a dominant influence on policy today. As a result, development is still often defined in terms of economic development for larger actors at the expense of local actors, social equity and the environment.

Development Studies has been in somewhat of a quandary since these challenges to neoliberalism and the post-Washington Consensus. With the exception of the ‘Beijing Consensus’, a very controversial attempt to provide a state intervention explanation of the rapid economic development in China, few coherent new development models have emerged (Ramo, 2004; Huang, 2010). Development Studies has also been further challenged by significant changes in the landscape in which developing countries operate. The rapid onset of globalisation has led to a hugely increasing number and significance of transnational corporations, as investors expand across national borders in search of new and larger markets (Kaplinsky, 2005). Developing states are limited in how far they can regulate these transnational corporations, as a result of international agreements such as those made in the General Agreement on Trade and Tariffs’ (GATT) Uruguay Round of trade talks in 1994 (Madeley, 1999). These changes have significantly increased inequalities both between developed and developing countries and within developing countries, and have, therefore, made it even more crucial that a framework of development recognises the importance of economic profit at the local end of the development scale.

A number of potential new development theories have emerged in recent years. None, however, have become widely recognised as viable alternatives to neoliberalism. Local theories of development, for example, became popular from the mid-1980s, including participatory theories (see, for example, Gaventa, 2002; Williams, 2004; and Cooke and Kothari, 2001), which emphasise the need to bring the focus down to the ground level, as a response to growing disillusionment with governments. These, however, still neglected to recognise the environment, and, arguably, ignore the implications of development at the broader nation-state level. Theories of human development, based on the work of Amartya Sen (1985), conceive of development in terms of capabilities, or what people can actually ‘do’ and ‘be’ (Anand and

Ravallion, 1993). Thus, development is measured through social indicators such as health, nourishment and education, rather than income. The environment is again omitted from this conception of development. Gender theories of development have also become more prominent in recent years, stressing how understandings of development need to take into account the differences between the role of men and women (see, for example, Mohanty et al, 1991 and Tinker, 1990). Yet again, environmental issues are generally underplayed here.

The understandings of development used by mainstream development theories overall, therefore, are problematic. They indicate the need for an understanding of development for this thesis to recognise the importance of economic profit for smaller, local actors as well as large actors such as business interests and governments. Furthermore, development should include socio-cultural indicators, such as gender and ethnic equality, and the preservation of developing country cultures. Finally, environmental protection should be recognised as an indicator of development, and measured appropriately. The following sections will explore how sustainable development theories and global value chain analysis offer a number of valuable insights into how these problems might be addressed, before a framework of development for this thesis is developed.

## **Theories of Sustainable Development**

Sustainable development theories are useful in developing a framework of development, as they are one of the few development theories that explicitly understand the concept to include protection of the environment and, furthermore, they emphasise the importance of the poor in the development process (Arnold, 1989). As with the concept of development more broadly, however, sustainable development is also criticised for its lack of clarity, due to the ‘tremendous’ diversity of definitions and interpretations (Lafferty, 1996). Sustainable development theories emerged from the 1980s, although the environment had become an important issue for many from the 1960s onwards. Extensive worldwide social movements had emerged to tackle issues such as the environment, anti-nuclear and rights for women (Estes, 1993), while international environmental events such as the United Nations Conference on the Human Environment in Stockholm in 1972 saw the environment increasingly seen as crucial in the fight for the alleviation of poverty (Sachs, 1999). These early ideas blamed population

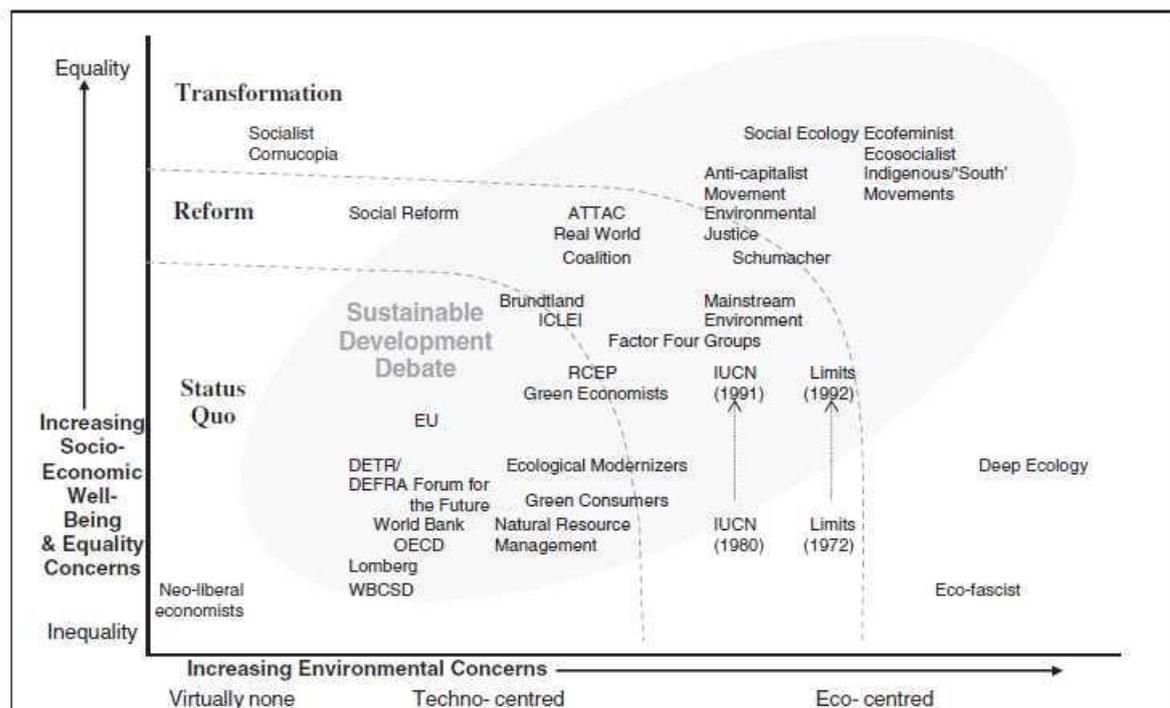
growth for environmental degradation, arguing that the earth has natural limits to human development (see, for example, Meadows et al, 1972 and Schumacher, 1973). They saw state regulations as an important solution to these problems and argued that huge and immediate cutbacks in population size and resource use were necessary to avoid environmental disaster. These debates, however, focused primarily on the environment at the expense of recognition of human development needs.

Mainstream sustainable development theories emerged to challenge these radical notions of limits to growth of the 1970s. They also challenged the assumption of economic policy that international prosperity and human well-being is achievable through increased global trade and industry. In these theories, the environment is viewed as an important aspect of development, often of equal or greater importance to economic development and social equity. Ecological economics scholars at the heart of mainstream sustainable development, such as David Pearce, Tom Tietenberg and William Nordhaus, argued that the absence of the environment in economic models beforehand was ‘as if biology tried to understand animals only in terms of their circulatory system, with no recognition of the fact that they also have digestive tracts’ (Daly, 1990: 25). Musters et al (1998), for example, accounts for environmental aspects of development as enabling ‘future’ development while the Brundtland Report’s vision (1987) is based on notions of inter-generational justice, which suggests that each generation should have equal access to natural resources. What has set ‘sustainable development’ apart even further from previous conceptions of development is that it does not come with a specific ideology attached for how it might be achieved. As such, it has been a popular concept for some time, with ideological opponents employing similar sustainable development vocabulary.

Hopwood et al (2005) provide a useful mapping of different approaches to sustainable development, shown in Figure 2, which indicates how ideologically diverse these theories can be. Sustainable development theories are divided into three categories: status quo, reform and transformationists. Those in the ‘status quo’ category (see for example, Lomborg, 2001 and Mol and Sonnenfeld, 2000) view sustainable development as achievable within the current neoliberal context, with a reduced role for regulation, leaving consumers and ethical business owners to promote sustainable development. Growth, or the price mechanism, is viewed as the way to solve environmental problems. As such, advocates of these approaches generally either assume that the price mechanism is the most efficient means of distributing scarce resources and, thus, that sustainability will take place automatically, or view environmental protection as

a secondary goal to growth. Those in the ‘reform’ category, largely NGOs and academics, accept the mounting problems in current policies and societal trends, however, do not see large environmental disasters as imminent or likely, or that radical change is necessary (see, for example, Hawken et al, 1999 and Weizsacker, 1997). They argue that large shifts in policy and lifestyles are required but that they can take place within existing economic and social structures. ‘Transformationists’, on the other hand, argue that system-wide change of economic and social structures and humans’ relationships with the environment is necessary to avoid the mounting crisis and potential future disasters (see, for example, Pepper, 1993 and Dryzek, 1997). They argue that a lack of concern for human well-being and environmental protection is embedded in the economic and power structures of societies, causing many development problems.

Figure 2: Mapping of Different Approaches to Sustainable Development (Hopwood et al, 2005)



As a result of this diversity of approaches, a range of definitions of sustainable development have emerged. Mainstream sustainable development in the early stages often assumed that GDP was an adequate single indicator of sustainable development, believing that sustainable development is ‘economic development that endures over the long run’ (Turner et al, 1994: 55). The understanding of both ‘human’ and environmental aspects of development were, thus, rather limited. While this approach uses a single figure to represent development, which is easy

to interpret and compare across contexts and time periods, as above with traditional development theories, it does not indicate that social equity has increased, as higher rates of GDP do not necessarily mean that basic needs are met, while GDP rates can be very low where the basic needs of most of a population are met (Goodland and Ledec, 1987). Later models of sustainable development that aggregated a number of measurements into one indicator, such as ‘green GDP’, or the World Bank’s ‘genuine savings’ approach also remained focused primarily on economic development, at the expense again of equality measures. However, as Bossel (1999) argues, this single model requires the adding together of indicators that cannot be measured in the same way, such as monetary income and damage to the environment, and is therefore problematic.

More recently, frameworks have been developed that use multiple indicators for sustainable development, including specific indicators for environmental protection (Steurer and Hametner, 2010). Some of these are complex, making them rather inaccessible to scholars and students of sustainable development. Hass et al (2002) note how Sweden uses a four-fold approach to sustainable development that is claimed to capture the *transition* towards sustainability instead of sustainability in one given moment: efficiency, contribution and equality, adaptability and values and resources for coming generations. Haughton (1999), on the other hand, uses the concept of ‘equity’ in order to explain five aspects of sustainable development: inter-generational equity; social justice (intra-generational equity); trans-frontier responsibility (geographical equity); procedural equity (people treated openly and fairly); and inter-species equity (importance of biodiversity).

More simplistic frameworks include that of the Brundtland Report (1987: 34): ‘sustainable development seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future’. This definition, although broad and, therefore, relevant to many different contexts, is not specific enough as to the ‘needs’ that the present and future generations require. The ‘three legged stool’ or ‘three pillar’ model, which integrates economic, social and environmental aspects of development is a very commonly used model by local, regional and national governments, as well as businesses, and international organisations such as the United Nations (Dawe and Ryan, 2003). The ‘three legged stool’ approach suggests that each of the three aspects of development represents one leg of a stool and that, if one leg is not appropriately addressed, it will be shorter than the others, and therefore the stool will be unstable but usable, at least for a period of time (Scottish Environment Protection Agency in

Dawe and Ryan, 2003). If one leg is not addressed at all, then it will be missing and, therefore, the stool will not be usable.

Dawe and Ryan (2003) argue the environment should be recognised as of more importance than economic and social aspects of development in the three-legged stool model, as there cannot be economic or social development without the environment. To prioritise the environment over economic and social aspects of development, however, implies that development should not be taking place at all in order to avoid environmental impacts. Furthermore, it risks isolating international political economy and development studies scholars, who are less inclined to recognise the significance of the environment for development due to their focus on economic and social aspects of development.

This three-fold definition of sustainable development meets the requirements outlined above for the integration of social and environmental indicators into an understanding of development. Its simplicity also makes it easy to understand and utilise. This definition does not, however, recognise the implications of powerful international political and economic structures for development and, particularly, the inequities between the interests and gains of large national and international actors and small local actors in development (Redclift, 1987). Therefore, insights will now be drawn from global value chain theories in order to develop further this three-fold definition of sustainable development into a framework useful for this thesis.

## **Global Value Chain Theories**

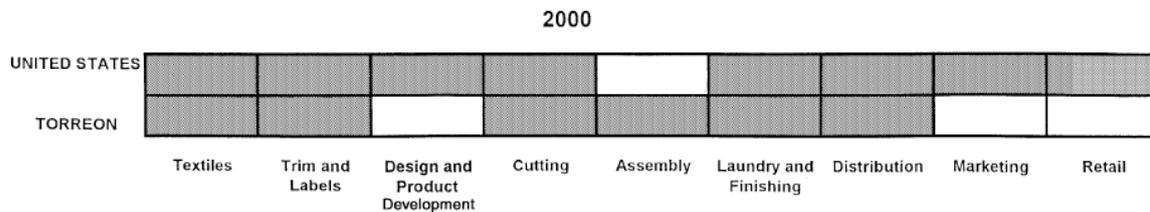
Global value chain theories have their roots in world-systems theory from the 1980s, variations of which include original commodity chain analysis (Hopkins and Wallerstein, 1977), global commodity chain analysis (Gereffi, 1999), global value chain analysis (Gereffi, Humphrey and Sturgeon, 2005) and global production networks (Hess and Yeung, 2006). Global value chain theories recognise the development implications of the reorganisation of capital at the local, regional and global levels (Clancy, 1998), incorporating 'globalisation' into understandings of economic development by drawing on the core, periphery and semi-periphery concepts of world-systems theory. This addresses the concern identified above that development should

recognise interests of stakeholders at both the local and the global levels (Boulangier and Bréchet, 2005). As Gibbon et al (2008: 330) argue, the value of the ‘chain’ metaphor is that it allows ‘a highly abstract idea (economic globalisation) to be grasped concretely, in terms of a series of relations organised around the economy’s most tangible entities (commodities or goods)’. Global value chain theories, furthermore, prompted a movement away from the historical unit of analysis as the state in development studies, towards recognition of the role of firms in development (Payne and Phillips, 2010). Thus, global value chain theories have significant potential to offer insight into how a framework of sustainable development for this thesis might recognise the implications of development not only for large national and international actors, but also people at the local level.

In these theories, ‘chains’ refer to the ‘whole range of activities involved in the design, production and marketing of a product’ (Gereffi, 1999: 1). Gereffi (1999) outlines two different types of commodity chains, distinguished by their concentration of developed and developing country firms at different stages. Firstly, in ‘producer-driven’ chains, developed country firms dominate most of the design, production and marketing stages of industry, apart from the labour-intensive stages of manufacturing, which are often subcontracted out to developing country firms (Gibbon, 2001). These chains are common in capital and technology-intensive industries, such as cars, aircraft, computers and heavy machinery, where developed country firms are keen to retain control over the capital-intensive, higher-value added and, therefore, more profitable stages of manufacturing.

‘Buyer-driven’ chains, on the other hand, are often present in more labour-intensive industries and, therefore, the production stages are often all subcontracted out to developing country firms, while developed country firms dominate the higher value-added branding, marketing and retailing stages of the chain. Korzeniewicz (1994), for example, demonstrates through commodity chain analysis how employees of the international shoe company, Nike, work almost solely in advertising, design or sales, with no Nike employees actually making shoes, as production contracts are established with foreign-owned producers in developing countries. Figure 3 shows a diagram from Bair and Gereffi (2001), which illustrates how the production stages of the blue jeans industry in 2000 were located in both the US and Torreon, Mexico, while the design and product development, marketing and retail stages of the industry were based exclusively in the US. This arrangement enables firms to respond quickly to ever-changing consumer tastes and demand.

Figure 3: Location of Stages of the Blue Jeans Industry in 2000 (Bair and Gereffi, 2001)



The overall premise of global value chain theories, therefore, is that those firms operating in the higher value-added stages of the industry, usually from developed countries, are ‘lead’ firms, and that in order for development to be achieved, stakeholders need to link up with the most significant of these lead firms, as they control access to major resources (such as product design, new technologies, brand names, or consumer demand) that generate the most profitable returns in the industry (Gereffi, 1999: 3). These ‘lead’ companies are in effect ‘strategic brokers’, linking the products with the right consumer markets (Gereffi, 1999). This model leads producers in developing countries to shoulder disproportionate amounts of risk and costs, as employment and income is extremely volatile as a result of flexible production, while ‘lead’ firms can negotiate cheap prices with producers through the threat of moving production elsewhere (Clancy, 1998). In producer-driven chains, therefore, the influence over the distribution of benefits from an industry lies with lead firms at the capital-intensive manufacturing, branding, retailing and marketing stages, while in buyer-driven chains, this influence lies primarily in the branding, marketing and retailing firms.

Global value chain theories are thus very valuable in understanding the nature of development, as they provide a very visual and detailed analysis of how power is concentrated at particular stages of industries, which is a common blind spot for state-centric theories of development. While the utility of the distinction between producer and buyer-driven chains has been criticised by some scholars (see, for example, Gellert, 2003 and Henderson et al, 2002), they are more extensive than many other theories in explaining why the complex industries that have emerged through globalisation are not bringing the expected economic and social benefits to developing countries. Global value chain theories, however, focus primarily on economic aspects of development at the expense of social and environmental indicators and, therefore, bring their own benefits but also limitations to understanding development. The final chapter of this thesis will develop a framework for understanding sustainable development that draws

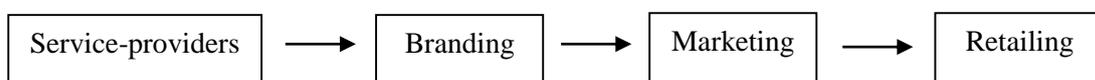
on insights from both sustainable development and global value chain theories in order to address the paucities highlighted in existing conceptions of development above.

## **The Conceptual Framework of Sustainable Development**

This thesis will use a conceptual framework of development drawn from various aspects of the above sustainable development and global value chain theories. The three-legged stool approach to sustainable development, with the three indicators of economic development, social equity and environmental protection, will be the foundation of a framework for sustainable development for this thesis. All three of these indicators will be required to take place in tandem for sustainable development to exist. This approach, therefore, addresses the lack of recognition in traditional understandings of development of social and environmental aspects of development. The simplicity of this approach is also of benefit, given that a second framework of governance will be added to this theoretical model in the next chapter.

As traditional theories of development and indeed, even sustainable development theories, have also failed to recognise the significance of inequalities between stakeholders at the local and global levels of industry, the framework for this thesis will integrate an explicit model from global value chain theories in order to ensure that local benefits are paramount in development. It will, therefore, recognise the external challenges that developing states face in achieving the three aspects of sustainable development above, and in particular, how the costs and risks in an industry are often disproportionately shouldered by local stakeholders. The key basic stages of an industry will be understood as ‘service-providers’ at one the local end of a chain, through to ‘branding’, ‘marketing’ and ‘retailing’, often based at the international level, as demonstrated in Figure 4. These stages can be adapted for specific industries, and indeed, Chapter Four will develop a chain specifically to explain the implications of development from the tourism industry.

Figure 4: Stages of a Global Value Chain



## Conclusion

The aim of this chapter was to develop a framework through which to understand sustainable development throughout this thesis. The chapter highlighted how traditional conceptions of development are problematic, as a result of the dominance of economic profit for large and international actors as opposed to local actors, the neglect of social and cultural aspects of development, and lack of recognition of the importance of environmental protection. The chapter then explored a range of frameworks of sustainable development, highlighting how, while many of these address some of the paucities of traditional development frameworks, they do not adequately recognise the structural constraints on local stakeholders of development, given inequalities in influence, cost and risk between the local and global levels of industry. It was therefore discussed how global value chain theories provide a way of recognising the importance of this distribution of economic development. Finally, insights from sustainable development and global value chain theories were combined in order to create a framework of sustainable development for this thesis that requires economic development, social equity and environmental protection to be achieved at the local level, given a challenging context where costs and risks are disproportionately shouldered by local stakeholders.

This definition of sustainable development identifies a number of features of sustainable development that require governance, including in particular, the potential for tension between the interests of international business interests, who are keen to generate profits, and local stakeholders. The disproportionate influence seen between these local and international stakeholders may also challenge the role and effectiveness of governance for sustainable development. The next chapter will develop a theoretical model of governance mechanisms through which this framework of sustainable development might be pursued by developing states, before Chapters Four to Seven examine the case study of Costa Rica, in order to gain insight into the effectiveness of governance for sustainable tourism and potential success factors for tourism governance.

# Chapter Three

## A Theoretical Model of Governance for Sustainable Tourism

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Chapter Two outlined a framework through which to define sustainable development as economic development, social equity and environmental protection, which must take place in a challenging context where stakeholders at the local level are often disproportionately affected by the risks and costs of industry. Given the central concern of International Political Economy around the extent to which states influence market forces for their own advantage, this thesis will explore how far governments and other non-state actors attempt to influence market forces in order to facilitate sustainable development (Gilpin, 2003). ‘Governance’ or ‘governing’ can be defined as a system of rules that shape the actions of social actors (Mayntz in Treib, 2007). This chapter will, therefore, develop a theoretical model for conceptualising, and comparing and contrasting, the different types of rules used in sustainable development to shape the actions of social actors. The term ‘governance’ is sometimes used to refer solely to rules employed by non-state actors, with those rules used by states classed as ‘government’. In this thesis, however, the term ‘governance’ will refer more broadly to systems of rules created by both state and non-state actors.

As indicated in the Introduction, the International Political Economy approach adopted by this thesis takes the national level as the primary referent of analysis; however, it recognises the significance of both state and non-state actors in governance. A theoretical model of governance for this thesis, therefore, needs to be suitable to this context, including in particular, recognition of the different types of governance and actors across all of these levels, but primarily within the nation-state level. This chapter will, firstly, explore the current debates in the governance literature, in order to understand the context for different approaches to governance typologies, and to embed the following theoretical model and case study of this thesis in broader theoretical debates around governance. Secondly, it will draw insights from the governance, environmental governance and tourism and sustainable development

literatures in order to explore the various typologies of governance already used in the literature. It will then draw on these in order to develop a theoretical model suitable for this thesis. The theoretical model developed will include three types of governance mechanisms, distinguished by the degree to which they are choice-constraining for 'governed' actors: highly choice-constraining 'legal' mechanisms, moderately choice-constraining 'bargaining' mechanisms, and low choice-constraining 'persuasive' mechanisms.

## **Current Debates in the Governance Literature**

In order to develop a theoretical model, it is first useful to explore debates in the broader governance literature within which existing models of governance are embedded, and in which a theoretical model for this thesis must be founded. The existing governance literature centres around the key question as to how far decision-making has shifted from 'government' to 'governance', and particularly, whether there has been a decline in significance in the role of the state, along with traditional command and control mechanisms, in favour of non-state, and more voluntary, forms of influence. This section will give an overview of these debates, before a theoretical model of governance is developed below, which will explore in more depth the potential advantages and disadvantages of different types of governance mechanisms.

Accounts of governance can be divided into two 'camps': normative, which offer perceptions of how governance 'should' be in order to deliver outcomes such as economic efficiency and democratic accountability; and empirical, which use real world evidence to explain the nature of governance. In the first camp, the two most dominant strands are neoliberal and civil society literatures. Neoliberals argue for the need to devolve power from central government institutions to the market in order to increase economic efficiency. Scholars such as Bauer (1972), Lal (1983) and Krueger (1980), suggest that central state mechanisms warp the market, producing perverse incentives that lead to the permanent subsidy of inefficient industries with little potential to promote international competitiveness, and large-scale rent seeking, where economic gain is sought without providing any benefits to societal wealth. These challenges have been indicated to be a particular problem in developing states, where governments can suffer from weak, imperfect, poorly resourced and coordinated institutions (Grindle, 2004;

Dodds and Butler, 2010). Thus, neoliberals argue for the merits of decentralised government, with empowered local authorities and non-state actors.

Civil society scholars similarly argue for the need to disperse power for effective government or governance, but for outcomes of democratic accountability and empowerment (see, for example, Cashore's (2002) non-state market-driven governance; Gemill and Bamidele-Izu, 2002; Glasbergen, 2011; Jepson, 2005; and Keck and Sikkink's (2002) references to transnational advocacy networks). These accounts focus particularly on the role of non-state actors in governance, stressing perceived strengths such as their bottom line of empowerment, which enables local people to articulate their needs and participate in politics (Banks and Hulme, 2012). Civil society mechanisms are also argued to have the potential for in-depth and long-term relationship with actors due to their participatory nature, and the ability to work with stakeholders outside of the national domain. Thus, again, the emphasis in this literature is on the reduced value of the state in governance.

In the other governance 'camp', empirical debates draw on evidence to point to theories of how governance operates in practice. General opinion indicates that up until the 1970s, the traditional model of government was 'monocentrism', underpinned by the notion that the most effective way to allocate power was through a strong centralised state, using command and control mechanisms of influence. Since then, however, the increasingly global nature of communications, travel, mass media, corporations, financial flows and environmental problems, along with the emergence of many non-state actors and the growing economic influence of transnational corporations, has led many to question the continuing role of the state in governance (Scholte, 2005).

These debates have been shaped both by perceived internal state 'failures' (indicated above in the neoliberal literature), and a changing international political and economy context for governance. As a result of concerns around internal state challenges, New Public Management ideology (inspired by neoliberal arguments) is perceived to have been promoted by many governments, leading to the perceived 'unravelling' or 'unbundling' of the state, whereby policy responsibility is delegated to arm's-length public bodies, creating a growing role for agencies, public-private partnerships, the voluntary sector, markets and quasi-markets (Flinders, 2011; Bramwell, 2011). As indicated above, these are argued to increase accountability and provide a voice for local people. Concerns around the perceived increasing

distrust among the public for the decision-making powers of 'distant' and faceless (central) institutions, furthermore, have reinforced the role of local and regional authorities (Lawrence, 2005). Batterbury and Fernando (2006) indicate, for example, how there is evidence that new powers have been allocated downwards to many communities in sub-Saharan Africa, Latin America and Asia.

States are also indicated to have been replaced, or at least joined, by a diverse range of international actors, such as NGOs, transnational corporations, international financial organisations and international governmental organisations, and it is viewed that states must now work with these actors in order to achieve their aims (Bell and Hindmoor, 2009). This is a view particularly taken in the global governance literature, where it is emphasised how global organisations such as the International Monetary Fund (IMF) and World Bank have become increasingly concerned with topics such as development, human security, international relations and environmental management, thus potentially detracting from the remit of nation states, which have traditionally been the dominant actors in these areas (Duffy, 2006; Streck, 2002; Thomas, 2001). The authority of these international organisations is argued by some to restrict the power of developing states to make their own policy decisions (Wade, 2003). As a result, power is indicated to have dispersed upwards to supranational institutions, outwards to transnational organisations and social movements and downwards to subnational groups and communities, not only devolution of authority from central to local government, but also a handover of authority from state institutions to non-state actors (Yüksel et al, 2005; Rosenau, 1994). These actors are also often indicated to use more voluntary forms of governance, rather than the command and control mechanisms of the state.

The extent to which these empirical findings, however, signal the demise of the state is contested. Some argue that these trends have led to a new era of 'governance without government' where private enterprise has become more powerful than states (see, for example, Rhodes, 1996; Rosenau, 1992; Strange, 1996; Tosun, 2001). On the other hand, others indicate that this power dispersal has been over-emphasised, and that the state remains a crucial actor in governance, with its role merely changing to include more voluntary mechanisms of influence (see, for example, Bramwell, 2011; Kemp et al, 2005 and Newman and Clarke, 2009). It is suggested that politicians have realised that voluntary mechanisms can be less politically contentious and more cost effective (Pierre and Peters, 2005; Jordan et al, 2003). Others argue that states are better placed to address certain policy issues that require command

and control intervention. Klick (2011), for example, indicates how states are often ascribed by non-state actors the responsibility to protect, along with management of the macroeconomy and public health. Furthermore, Öniş and Güven (2011) argue that the series of financial crises from the mid-1990s onwards, culminating in the 2008 global financial crisis, have reinforced the need for proper public supervision and coordination of markets, and thus potentially revived the need for the command and control mechanisms of the state.

Similarly, these scholars point to perceived challenges for non-state actors in governance. Fisher and Green (2004), for example, argue that non-state actors have even less influence in policy-making than developing states, with non-state actors from developing states in particular left at the periphery of international governance. Critics point to the lack of ‘levers’ in voluntary governance in order to enforce compliance, and thus, low number of compliant actors, a maximum of five per cent in the case of certification (Bendell and Font, 2004). Holloway (1999), furthermore, argues that while people who work in NGOs still see themselves as operating within the moral high ground, in the South many people now see NGOs as charlatans, affording their employees large salaries and air conditioned offices. Pearce (2000) points to how the world of NGOs and donors is characterised by mistrust and fierce competition for funding and resources. Indeed, voluntary mechanisms are viewed by some as having the purpose of covering up, rather than challenging, structural inequalities in the existing governance system (Commins, 2000; Edwards and Hulme, 2000).

Other scholars point to how the influence of states varies according to factors such as a country’s level of development. Scholars such as Fisher and Green (2004) indicate that developed states are in the strongest position as only a small number of states have any meaningful influence over international institutions such as the World Bank, IMF and World Trade Organisation, while the G20 excludes members of 150 of the 192 states and developing states in North, East and West Africa, the Caribbean, Central and Eastern Europe (Thomas (2001, Payne, 2010). Where developing states do legally have equal inputs into international policy-making as more developed states, there are perceived to be a number of informal barriers that impede their influence, such as limited resources, personnel, training and experience (Fisher and Green, 2004).

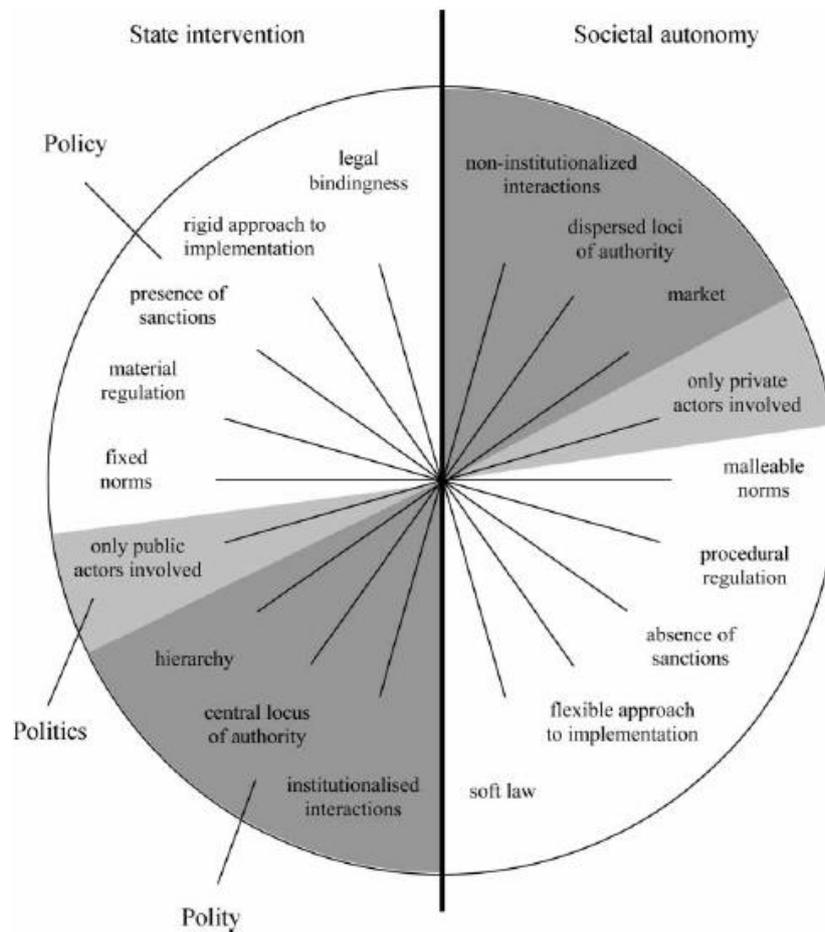
These debates around the degree to which the state, and traditional command and control mechanisms, still have a role in governance, therefore underpin the theoretical context for this

study into the impact of tourism governance. This thesis takes an approach which recognises the potential significance of both state and non-state governance mechanisms, and command and control mechanisms alongside those that are more voluntary. As a result, the theoretical model developed in this chapter will enable the identification and study of the impact of these different types of governance mechanisms, and indeed, a ‘test’ of the above arguments. This objective is reflected in the third research question presented in the Introduction, which proposed a reflection of the implications of the findings in the case study of this thesis for broader theoretical debates around the nature of governance. Therefore, each of the empirical chapters, along with the concluding chapter of this thesis will return to these key discussions in order to identify the theoretical contributions of this research. The rest of this chapter will now explore existing governance models and develop a theoretical model for use in this thesis.

### **Exploring Existing Typologies of Governance Mechanisms**

Examining existing typologies of governance mechanisms provides insight into how best to address the requirements of a theoretical model of governance for the study of sustainable development. There are a broad range of models of governance in the existing academic literature, as the concept is applied to a multitude of ‘arenas’, from the local to the national, regional and international, across a large number of disciplines, including international political economy, international relations, European studies, comparative politics and public administration and public policy. Treib et al (2007) identify three main typologies for governance mechanisms: ‘polity’ (where mechanisms are differentiated by the overall system structure – such as whether authority is centralised or dispersed); ‘politics’ (where mechanisms are differentiated by the type of actors involved – such as state or non-state actors) and ‘policy’ (where mechanisms are differentiated by the type of governance instruments used – such as the degree of legal bindingness). This model, shown in Figure 5, is useful in understanding the different ways in which a theoretical model of governance can differentiate between mechanisms. The merits and limitations of each of these will now be discussed in turn.

Figure 5: Treib et al's (2007) Framework for Governance Typologies: Polity, Politics and Policy



Polity typologies distinguish between governance mechanisms through the structure of governance at the system level, for example, whether authority is centralised or dispersed. One example is that of Hooghe and Marks' (2003) model of Type One and Type Two governance. Type One governance suggests that the role of the state has been transformed rather than undermined and, therefore, that authority is still largely centrally located, albeit with a number of local and intermediate jurisdictions. The Type Two multi-level governance model argues that authority is broken down into a larger number of jurisdictions, which often have overlapping responsibilities. Another common policy typology is that of hierarchies, markets and networks, such as that presented by Keast et al (2006). In this model, the state or 'hierarchies' mode derives its capacity from hierarchy, or legitimate authority. The 'markets' mode depends on price signals and legal contractual agreements to affect change, while the 'networks' mode draws on relationships built on trust and reciprocity. Polity typologies are

useful in comparing the broad structure of governance systems, for example, across time or between two different nation-states. They do not, however, distinguish clearly between different types of governance mechanisms within the national level, as is required, and therefore are not useful for this thesis. Politics and policy typologies are potentially more useful as they make clearer distinctions between individual modes of governance.

Politics typologies distinguish between different mechanisms by the type of actors involved in governance, often derived from the source of authority of the instrument. Discussions around governance in the literature often distinguish between modes of governance as run by either state or non-state actors, or public and private governance. Non-state or private actors are broad categories that can include but are not limited to NGOs, international governmental organisations, independent activists, professional associations and criminal networks. This category is residual, in that it comprises of everything that is not a state actor, and as a result, can include a very wide range of actors that differ considerably (Buthe, 2004). Cashore (2002) distinguishes between three types of actors in governance: traditional government, where authority lies with the government and its monopoly on the legitimate use of force; shared public/private governance, where the government gives authority to an instrument but policymaking is shared with a non-state actor; and non-state market driven governance (NSMD), where market transactions are the source of authority, following evaluations by external audiences.

Whether or not mechanisms of governance are employed by state and non-state actors is a factor that has some usefulness in explaining the impact of these mechanisms, such as through the extent of accountability and legitimacy of these actors or their access to resources. The fact that states use both formal regulation and more voluntary mechanisms of governance, as indicated above, suggests that there are more significant factors at play in explaining the impact of governance than whether the governance instrument is promoted by a state or non-state actor.

Policy typologies of governance often use the differentiating factor of the extent to which 'governed' actors are required to comply with the mechanism. A number of different sets of terms are used to describe the mechanisms in these typologies, including hard versus soft law, hierarchical versus non-hierarchical governance or binding versus non-binding instruments. Another differentiating factor used is the degree of flexibility of the implementation of a policy

instrument: there may be detailed standards without much flexibility or there may be more capacity for implementing actors to adapt standards to local contexts (Treib et al, 2007). Often, this factor is used alongside the degree to which the mechanisms are voluntary or compulsory. These policy typologies have potential to be useful for this thesis as they identify individual mechanisms of governance within a nation-state and differentiate between mechanisms by means that are more likely to have significance for the impact of each instrument than the actors involved, such as the degree to which the instrument forces compliance. A number of these policy typologies will now be discussed in turn and their insights drawn out for a theoretical model of governance for this thesis.

Treib et al (2007) suggest a policy typology based on four governance categories that are divided into binding or non-binding legal instruments, and rigid or flexible implementation (see Figure 6). ‘Coercion’ represents binding legal instruments that do not allow much flexibility in the standards that they require implemented. ‘Framework regulation’ has binding legal instruments but offers more leeway in implementation, such as by only defining broad goals. ‘Targeting’ involves non-binding recommendations that are more detailed and specific, and thus, allow less flexibility in implementation. ‘Voluntarism’ also includes non-binding instruments but again these have only broad goals for implementation. This typology presents a potentially useful division of governance instruments of hard/soft law. The extra factor of flexibility of implementation, however, over-complicates the model, as it is arguably less likely to be a determining factor for the impact of a governance mechanism. Furthermore, many governance mechanisms employed by non-state actors will likely fall into the ‘non-binding’ and ‘flexible’ category of ‘voluntarism’, therefore, given the complexity of the model, a factor that further divides up this category would be more useful.

Figure 6: Treib et al’s typology of four modes of governance

		<i>Legal instrument</i>	
		<i>Binding</i>	<i>Non-binding</i>
<i>Implementation</i>	Rigid Flexible	Coercion Framework regulation	Targeting Voluntarism

There are a number of policy typologies of governance mechanisms that are simpler, and divide the binding/non-binding factor into a greater number of categories in order to better explain the differences between mechanisms. Börzel and Risse (2002) utilise a typology that includes hierarchical and non-hierarchical governance, and then divides non-hierarchical governance into two further categories: bargaining and governing by incentives, and persuasion. Here, hierarchical governance reflects the binding category, whereas non-hierarchical governance is more voluntary. ‘Bargaining and governing by incentives’ refers to non-hierarchical governance from a rational choice perspective, where a change is sought in actors’ behaviour through convincing them that an action is in their own interest, essentially by influencing the cost-benefit calculations of utility-maximising actors. The second form of non-hierarchical governance, ‘persuasion’, seeks to change behaviour by convincing actors that an action is ‘the right thing to do’, based on the assumption that actors are more likely to comply voluntarily with a rule the more they are convinced of its legitimacy (Risse, 2003).

Börzel and Risse’s (2002) model, therefore, attempts to distinguish between voluntary mechanisms of governance. It is confusing, however, in that it uses one factor to distinguish between hierarchical and non-hierarchical governance, and then another to distinguish between bargaining and persuasive non-hierarchical mechanisms. Furthermore, in reality, as Risse (2003) notes, persuasion and bargaining often take place together as governors may argue that an action is both in an actor’s interest and morally the ‘right thing to do’ simultaneously. Indeed they may also argue that moral action is inherently in an actor’s interest itself, for example, as it could enhance the public image of the actor. Therefore, the dividing factor between persuasion and bargaining does not actually distinguish effectively between mechanisms. Furthermore, the terms ‘hierarchical’ and ‘non-hierarchical’ are not particularly self-explanatory, and might be better substituted for simpler labels.

A similar model that uses one single differentiating factor is that of Bemelmans-Vidéc et al (1998), who present a typology of public policy instruments based on the degree to which mechanisms are choice-constraining. Regulation is highly choice-constraining, seen as a ‘stick’ mechanism; the creation of rules that are backed by negative sanctions or the threat of negative sanctions, such as fines or imprisonment (Vedung, 1998). Economic instruments are moderately choice-constraining, a ‘carrot’ mechanism; including the provision or removal of material resources, making it less expensive in terms of resources such as time, money or effort to pursue particular actions (Vedung, 1998). Here, the governed are not obliged to change their

practices. Information mechanisms are free choice, named the ‘sermon’ instrument; involving ‘attempts at influencing people through the transfer of knowledge, the communication of reasoned argument, and persuasion’ (Vedung, 1998: 33). These include governance activities such as the distribution of books, leaflets and fliers, and training programmes and educational facilities, as well as advertising, labelling and demonstrations (Vedung, 1998). These may give information outlining the problem, the actions currently taken, and potential measures to address the problem. Here, the governed are even less obliged than with economic instruments to change their practices.

This model provides a very clear and simple distinction between instruments of governance through the degree to which they are choice-constraining for ‘governed’ actors. As indicated above, the extent to which a governance mechanism is choice-constraining is likely to be a determining factor in the impact of each mechanism. The names of the three categories, however, are a little unclear. ‘Regulation’ is used to describe the highly choice-constraining mechanisms. Yet, moderately choice-constraining mechanisms might also use informal ‘regulation’ in order to ensure that participants in a certification system meet certain standards, therefore the term is rather non-specific. Furthermore, the label ‘economic instruments’ for the moderately choice constraining mechanisms suggests that instruments such as certification systems are market mechanisms, where the market can be manipulated without legal influence. Yet, the free/greater choice mechanisms are also potentially economic instruments, as a business might be persuaded to change its practices for its own economic advantage. Overall, however, this model is certainly the clearest and most straightforward and will therefore be used below in order to develop a theoretical model of three governance mechanisms for use in this thesis.

### **Forming a Theoretical Model of Governance**

It was highlighted above how a theoretical model of governance for the IPE approach taken in this thesis needs to be applicable to the national context, while also recognising the significance of both state and non-state actors in governance. The previous section then indicated a number of further requirements for a theoretical model through exploring existing models, including the need for a simple model with clear labels, and a model that uses a factor to differentiate

between governance mechanisms that might help to explain the impact of each mechanism for sustainable development. This section will now develop a theoretical model of governance mechanisms for use in this thesis, drawing on insights from the above models.

As indicated above, the framework of Bemelmans-Videc et al (1998) is particularly useful for this thesis due to its differentiating factor of the degree to which governance mechanisms are choice-constraining. Therefore, this differentiating factor will form the basis for a theoretical model for this thesis. Börzel and Risse's (2002) labels of 'bargaining' and 'persuasive' mechanisms will, furthermore, be employed for the less choice-constraining instruments of governance. This thesis therefore will use a three-fold theoretical model of governance mechanisms, including highly-choice constraining 'legal' mechanisms, moderately choice-constraining 'bargaining' mechanisms, and low choice-constraining 'persuasive' mechanisms. Figure 7 provides a table illustrating these three mechanisms and potential examples of each in practice.

Legal mechanisms are highly choice-constraining, a 'stick' approach to governance, and usually employed in order to correct certain types of market failures, in particular those related to the environment and non-renewable resources, health and safety and social issues such as fairness, equality and justice (Lemaire, 1998). They involve negative sanctions, rather than positive interventions. Legal mechanisms are usually run exclusively by the state, as a result of its coercive power and therefore, ability to enforce highly choice-constraining standards. Legal mechanisms potentially have significant enforcement capacity; indeed, 'the governee is obligated to do what the governor tells her to do' (Vedung, 1998: 31). The 1648 Treaty of Westphalia gave states sovereignty and thus, the ideological justification and exclusive authority for total control over their territories (Caporaso, 2000).

Moderately choice-constraining mechanisms will be termed 'bargaining' mechanisms. They involve the exchange of resources such as funds, equipment, expertise, technical assistance or the ability to use eco-labels in exchange for particular behaviour on behalf of the governed, or, on the other hand, the introduction of negative sanctions such as taxes, charges of levies, in order to encourage certain behaviours (Leeuw, 1998). This is a 'carrot' approach to governance. As these mechanisms are moderately choice-constraining, they have less powerful 'levers' of influence than legal mechanisms, but more powerful 'levers' than persuasive mechanisms. 'Governed' actors will not be fined or imprisoned for failing to comply with

standards (Cashore, 2002). A common bargaining mechanism is certification, whereby actors that comply with a certain level of standards are able to use a certification ‘mark’ on their products, which informs consumers of the practices used in the production of the product. The lever here is the use of the certification mark, which firms are often keen to use in order to promote their products in a competitive market.

The final category will be named ‘persuasive’ mechanisms, as suggested by Börzel and Risse’s (2002) typology. While this mechanism also has ‘levers’, only information is offered in exchange for compliance. Cashore (2002) lists three potential ‘levers’ of persuasive mechanisms: pragmatic legitimacy, where the actions are argued to be in the self-interest of governed actors; moral legitimacy, where the actions are argued to be the ‘right thing to do’; and cognitive legitimacy, where the actions are argued to be generally viewed as understandable or accepted practices. As a result, this is a much more voluntary mechanism than the resource exchange seen in bargaining mechanisms. Bargaining mechanisms do, however, often use these persuasive methods alongside their material exchange in order to support their case. The first persuasive lever is the provision of general advice or recommendations to an actor about their behaviour; or consumers making buying choices based on information about products and, for example, avoiding purchasing a product produced in an unsustainable manner. The second persuasive lever is naming and shaming, or demonstrations and campaigns by the public or non-governmental organisations of the practices of other actors, such as businesses. The final persuasive lever is pressure from other sections of industry, where, for example, a group of sustainable businesses might seek to persuade the rest of the industry of the benefits of using sustainable practices, both for themselves, and for the ‘greater good’.

These three types of governance mechanisms can have either a confrontational or collaborative relationship with governed actors, which will be indicated to have implications for their level of impact. Legal mechanisms are largely confrontational, as they impose compulsory demands on governed actors with little flexibility, although there can be opportunities for consultation in the design process of legal mechanisms, which may make them partly collaborative. Bargaining mechanisms can be either collaborative, where they offer positive incentives to governed actors, or confrontational, where they involve a negative incentive for behaviour-change, such as where a government introduces a tax in order to discourage smoking. Persuasive mechanisms can also be either confrontational or collaborative. Confrontational

actions include protests and demonstrations, such as those of environmental NGOs against Shell’s disposal of the Brent Spar oil rig in the Atlantic Ocean, which was influential enough to cause Shell to abandon their disposal plans and made reputation sensitive companies aware of the power of voluntary mechanisms of governance such as protests (Gunningham, 2009). Since the 1990s, however, confrontational persuasive governance has become less common. Both industry and NGOs now often prefer collaboration, as businesses can gain credibility through working with NGOs, while NGOs found that industry would often make more substantial commitments when working alongside them (Gunningham, 2009). An example of collaborative persuasive governance is where a governance actor provides technical assistance to a business in order to improve their sustainability. The implications of the confrontational or collaborative nature of these three types of governance mechanisms will be explored later in this chapter.

Figure 7: Three Types of Governance Mechanisms

<b>Legal Mechanisms</b> <i>(Highly choice-constraining mechanisms)</i>	<b>Bargaining Mechanisms</b> <i>(Moderately choice-constraining mechanisms)</i>	<b>Persuasive Mechanisms</b> <i>(Low choice-constraining mechanisms)</i>
Regulation/ legislation	Voluntary standards, including certification systems, awards and ecolabels, and industry standards	General advice/ recommendations
	Negotiated agreements (eg. between industry and state)	Consumer preferences
	Provision of grants, subsidies, tax exemptions and other benefits with attached conditions	Naming and shaming/ demonstrations/ campaigns
	Taxes and levies to provide a disincentive for behaviour	Pressure from other sections of similar industry

As indicated above, the actors involved in governance can also affect the impact of a mechanism through, for example, their level of authority and legitimacy. Therefore, this model will also recognise the significance of the use of these mechanisms by either state or non-state

actors. Non-state actors will be defined as those actors that are not states or state-based, and do not rely exclusively on the actions or explicit support of states (Hall and Biersteker, 2002). Instead of gaining legitimacy through elections, these non-state actors gain legitimacy through their endorsement by the public, often including states, as authors of policies, practices, rules and norms. They can include a wide variety of actors, such as charities, businesses, international and regional organisations, religious organisations and communities. While legal mechanisms are usually employed by state actors, due to their inherent characteristic of a high choice-constraining capacity, which is provided by the legitimacy and authority of governments, bargaining and persuasive mechanisms can be employed by either state or non-state actors. The implications of whether these governance mechanisms are run by state or non-state actors will also be discussed below.

This theoretical model of governance meets the requirements outlined throughout this chapter for a set of governance mechanisms that can facilitate sustainable development within a nation-state context, which recognise the significance of both state and non-state actors, and which differentiates between the mechanisms through a factor that may have an impact on their significance in any particular context. The theoretical model is, furthermore, parsimonious, hence easy to understand and broad enough to be applicable to many different contexts. These distinctions between governance mechanisms provide a departure point for the empirical section of the thesis to explore the effectiveness of different types of governance for sustainable tourism. The final part of this chapter will now draw insights into the implications of the intrinsic characteristics of these mechanisms – whether they are legal, bargaining or persuasive; confrontational or collaborative; or run by state or non-state actors – for their impact on sustainable development. This will support the identification of strengths and weaknesses of individual governance mechanisms in the empirical part of this thesis.

## **The Implications of the Model for the Governance of Sustainable Development**

The previous chapter identified the challenges of sustainable development that require governance, and which also likely challenge the effectiveness of governance. The potential for tension was identified between profit-seeking business interests, and economic, social and environmental benefits for developing states. Furthermore, the way in which economic

development is often prioritised at the local level, at the expense of social equity and environmental protection was identified. There was a discussion earlier in this chapter around the main debates in the governance literature, and in particular, the continuing significance of state versus non-state actors, and compulsory as opposed to more voluntary forms of governance. This section will expand on this broad overview of these debates in order to indicate the expectations of the theoretical model for how far the three types of governance mechanisms identified above will be able to promote sustainable development, given the tensions highlighted in the previous chapter.

Upon first glance, legal mechanisms appear to be the most effective mode of governance for sustainable development, as their highly choice-constraining nature and authority garnered from the fact that they are state-run lead to a likely high compliance rate from a wide range of actors. This is particularly pertinent in the case of sustainable development, where strong economic business interests need to be balanced against the weaker voices of local people in their search for economic, social and environmental benefits from an industry. States gain legitimacy due to their accountability through mechanisms such as re-call or denial of re-election or re-appointment (Haufler, 2003). As a result, legal mechanisms give a clear signal of no compromise and strong action, as they are able to allocate values authoritatively and enforce rules, while any infringement of regulations is threatened with sanctions (Börzel and Risse, 2002; Lemaire, 1998).

Despite this potential power, however, as indicated above there are many arguments for the declining role of the state and legal mechanisms, which suggest that the traditional command and control method of governance is becoming obsolete and, therefore, is less effective for sustainable development. Critics point to two particular internal obstacles for the state which have implications for sustainable development: first, states have increased potential for corruption. Incentives for bribery and corruption exist when a public official has discretionary power over allocation of a benefit or cost to the private sector (Rose-Ackerman, 1997). Low wages, for example, can tempt public officials to collect bribes in order to supplement their salaries (Mauro, 1997). This corruption can deter the achievement of objectives towards sustainable development. Investors are discouraged by what they see as effectively an extra tax, aid funds can be diverted from their intended projects, and public procurement contracts allocated as a result of corruption may prevent a high quality of public services, if for example, cheap, substandard materials are permitted in building works (Mauro, 1997). Corruption can

also reinforce inequalities, as it increases the power of actors willing and able to pay bribes over those which are not, and can make effective governance more challenging by alienating the citizenry from its political leaders (Elliott, 1997). This is particularly problematic in sustainable development, where governance is sought in order to address these very inequalities between those with the most and least influence.

The other internal state obstacle is increased potential for inefficiency; for example, in the use of resources, which can be wasted if not appropriately allocated (Marsh and Lewis, 2014). This can result from weak incentives for managers to reduce costs, and the transfer of resources by governments to political supporters, such as excess employment at state firms and agencies or above-market wages, in order to reward political supporters (Shleifer, 1998). These inefficiencies can prevent decisive action where it is required in sustainable development, and in effect retain inequalities in the distribution of benefits from an industry.

As pointed to in the general discussion on governance above, legal mechanisms for sustainable development are also restricted in use by a series of international regimes and legal obligations under international law and the heavy influence of new public management in the reform of the state, both of which call for a move away from the use of legal mechanisms. The internal state obstacles described above have been argued to distort the market and cause more problems than the market forces they were seeking to restrain (Lemaire, 1998). As a result, international organisations such as the International Monetary Fund (IMF) and World Bank have displaced certain political capacities and responsibilities from the national and regional levels to the global level (Hay, 2008). The General Agreement on Trade in Services' (GATS) most-favoured nation clause, for example, requires that equal treatment is given to national and foreign companies, preventing countries from protecting their own industries (Hoad, 2003). A series of new public management reforms, promoted primarily by OECD countries and filtered through to developing states, have also challenged the role of legal mechanisms, aiming to deliver better quality services and value for money for taxpayers through methods including a greater decentralisation of authority and control (Hood, 1995). As a result, many developing states have 'raced to the bottom', reducing the use of highly choice-constraining regulation in order to attract mobile capital (Gill and Law, 1989).

Legal mechanisms hypothetically face three additional challenges as a result of the factors inherent to sustainable development. The first is the focus of states on short-term policy

making, based on a four or five year political term, which focuses on actions that gain favour with the electorate, such as the creation of jobs and economic growth fuelled by excessive public spending (Dodds and Butler, 2010). This can deter environmental protection, which often requires a long-term approach of ten years or more in order to anticipate and plan for the unfolding of an ecosystem's complete dynamics (Dodds and Butler, 2010; Boulanger and Bréchet, 2005). The second challenge for legal mechanisms for sustainable development is the evolution of modern states towards increased specialisation in order to improve responses to particular problems, which, along with their rigid institutional structures, can prevent them from effectively addressing tensions between the three diverse economic, social and environmental aspects of sustainable development (Kemp et al, 2005). In particular, state effectiveness is hampered by a lack of close coordination between sectors related to sustainable development, such as transportation, housing, and environmental conservation, contradictions between policies, and little consultation between levels or departments (Dodds and Butler, 2010). Progress can be hampered by competing policy objectives and bureaucratic conflict between different departments.

The third challenge for legal mechanisms in addressing sustainable development is the interconnected nature of the search for profits by business interests and sustainable development by developing states, indicated by global value chain analysis in the previous chapter. This requires action at both the national and international levels in order to balance the benefits of an industry between these actors, however, the authority of legal mechanisms is restricted to the national level. Therefore, legal mechanisms are potentially limited in their impact on the international actors that the previous chapter indicated can have significant influence over the distribution of benefits across actors in an industry.

As less choice-constraining mechanisms of governance, the literature offers a range of potential strengths and weaknesses of bargaining and persuasive mechanisms. They are able to operate where legal mechanisms are restricted by international law, as they are voluntary and therefore not restricted by the limitations on highly choice-constraining governance by international law and new public management trends. While there is the potential that the WTO and GATS, more specifically, may in the future view bargaining mechanisms as distorters of the market, at the moment they are small-scale enough to be under the radar of these international regulations (Vivanco, 2013). Bargaining and persuasive mechanisms are also not constrained by the national authority of legal mechanisms, and therefore, have a potentially global reach in order

to address the tensions inherent in sustainable development between profits for business interests and economic, social and environmental benefits for the developing state.

While bargaining and persuasive mechanisms have fewer levers with which to encourage compliance, due to their less choice-constraining nature, their methods are still influential enough to attract compliance in a number of ways. The offering in a bargaining mechanism of the use of a certification mark in order to promote the practices of a business, for example, can enhance the commercial image of a business and develop relationships with other stakeholders (Font and Buckley, 2001). Both bargaining and persuasive mechanisms also benefit from three other methods through which to persuade actors to comply, identified by Cashore (2002) from the discipline of organisational sociology. These include pragmatic legitimacy, where the action is argued to be in the narrow self-interest of the governed actor; moral legitimacy, where the action is argued to be the 'right thing to do'; and cognitive legitimacy, where the action is argued to be the obvious action to take, or to do otherwise would be unthinkable.

The overall impact of bargaining and persuasive mechanisms, however, is reduced to an extent by these limited levers. The group of actors that comply is self-selecting and limited to the 'lowest hanging fruit', or those actors which are most interested in the practices promoted or already carrying them out and seeking recognition (Haufler, 2003). Where bargaining and persuasive mechanisms are confrontational, they have more potential to facilitate more structural changes as they can address the most prolific offenders in development, such as those facilitating the worst environmental damages, or those with the lowest rates of employment of local people.

Collaborative bargaining and persuasive mechanisms do not address the most challenging or structural issues in sustainable development, such as unfair terms of trade or distribution of resources among social groups, as they rely on actors to approach them (Edwards and Hulme, 2000). As a result, these methods can be seen as merely useful 'fig leaves' for covering up problems in sustainable development, for example, with neoliberal policies, as they fail to tackle embedded inequalities in international political and economic structures (Commins, 2000). Collaborative bargaining and persuasive mechanisms can, however, address sustainability in considerable depth, as their standards can be more stringent and detailed; they do not have to apply to all actors and cannot rely on coercion (Prakash and Potoski, 2006). This depth of influence is particularly significant for sustainable development, which requires an

approach that recognises the complexity of the competing priorities of businesses and local people/ developing states, alongside tensions between the three different aspects of sustainable development.

Furthermore, there can be competition between very similar bargaining and persuasive mechanisms for sustainable development, leading to actors becoming confused by the costs and benefits of compliance across the varying schemes and, potentially, deciding to avoid them altogether (Kirton and Trebilcock, 2004). As a result, it has been suggested that bargaining and persuasive mechanisms are able to attract at most a five, ten or twenty per cent compliance rate, given the way in which they are predicated upon the voluntary behaviour of targets (Vedung and van der Doelen, 1998).

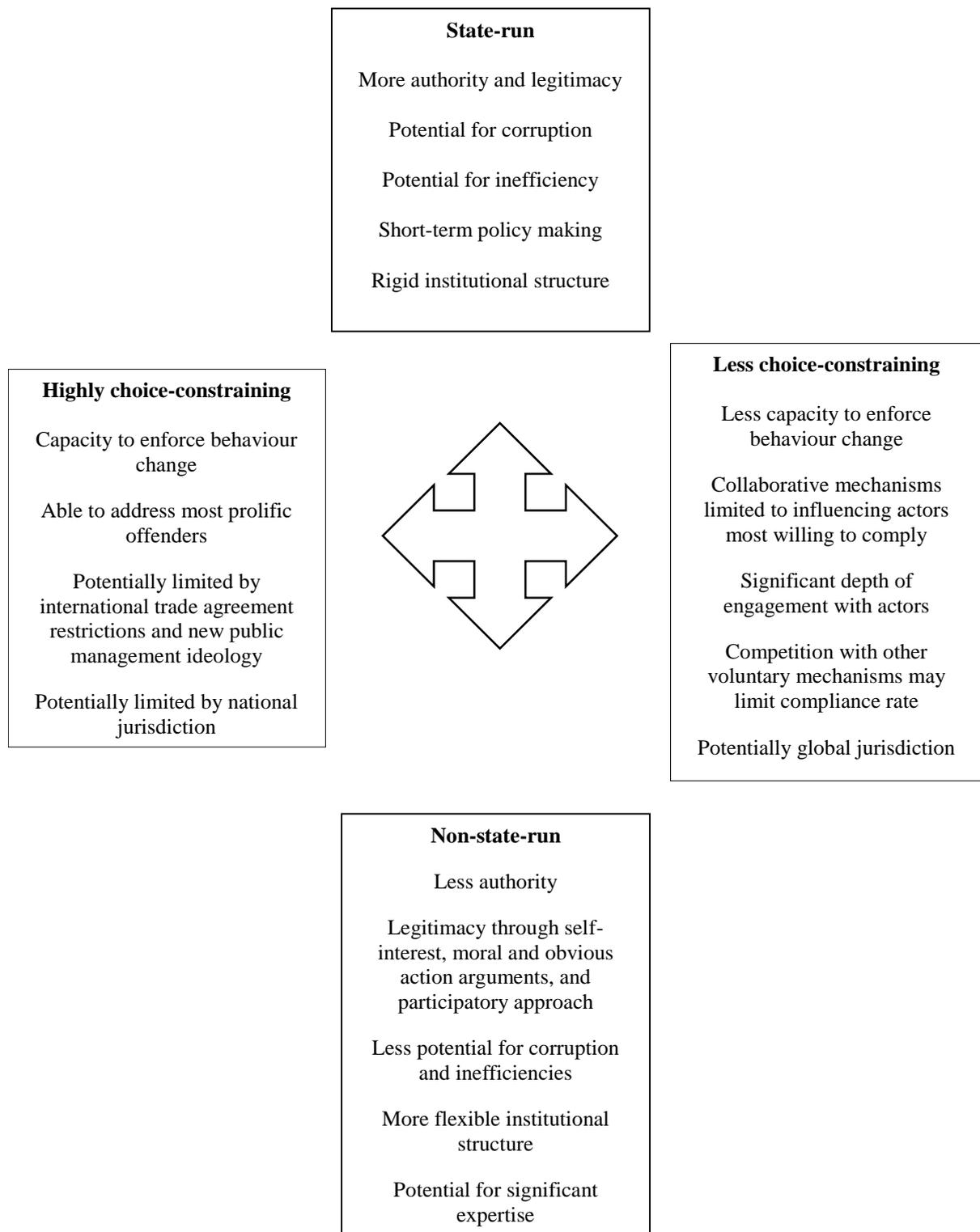
While the privatisation and decentralisation facilitated by new public management reforms have weakened the authoritative power of the state, they have provided points of access to non-state actors in governance. Where bargaining and persuasive mechanisms are run by states, they likely face many of the challenges identified with legal mechanisms above, including the internal state obstacles of corruption and inefficiency, the likelihood of short-term policy making and fragmented and conflicting institutional responsibility for sustainable development. Non-state actors, however, are more able to avoid these challenges as they are less prone to corruption and inefficiency. They are not restricted by political priorities and, therefore, are more able to focus on longer-term priorities, and furthermore, their often considerable expertise enables them to address complex issues such as environmental sustainability more effectively. In addition, their more flexible institutional structure enables them to better accommodate the three diverse aspects of sustainable development, and indeed, address sustainable development as a single goal, as opposed to delegating responsibility for its different aspects across different institutions. As a result, this model suggests that non-state bargaining and persuasive mechanisms face fewer challenges in order to impact on sustainable development than legal mechanisms or state-run bargaining and persuasive mechanisms.

While non-state run mechanisms have less formal authority than state mechanisms, they have other forms of legitimacy. Non-state actors benefit from the pragmatic, moral and cognitive legitimacy described by Cashore (2002) above. Non-state actors can also gain legitimacy from their participatory nature, which brings decision-making closer to the population, can be more supportive of difference and provides access to expertise (Yüksel et al, 2005; Wearing et al,

2005). This expertise also potentially increases the effectiveness of interventions by non-state actors, as they can be more tailored to the specific needs of local people and environments. Non-state actors also draw authority from producers and consumers in the market supply chain, who make a choice about whether to require that the products and services they buy or use comply with the standards (Bernstein and Cashore, 2007).

Overall, therefore, this model suggests that governance for sustainable development faces a number of hypothetical challenges. The rest of this thesis will test empirically how far this theoretical model of governance and sustainable development can explain the experience of tourism in Costa Rica, and what, if any, further insights for this theoretical model can be drawn from Costa Rica's case. This theoretical model will also enable the exploration through this case study of the two broader theoretical questions around the role of state versus non-state and compulsory versus voluntary mechanisms outlined at the beginning of this chapter. The model's clear division of the different actors and levels of choice-constraint inherent in governance mechanisms allows for insight into these questions. In particular, the breakdown of different types of voluntary mechanisms of governance, which are so often conflated into one category when in reality they are so diverse, into bargaining/persuasive and conflictual/collaborative, will enable identification of the specific impacts of each characteristic.

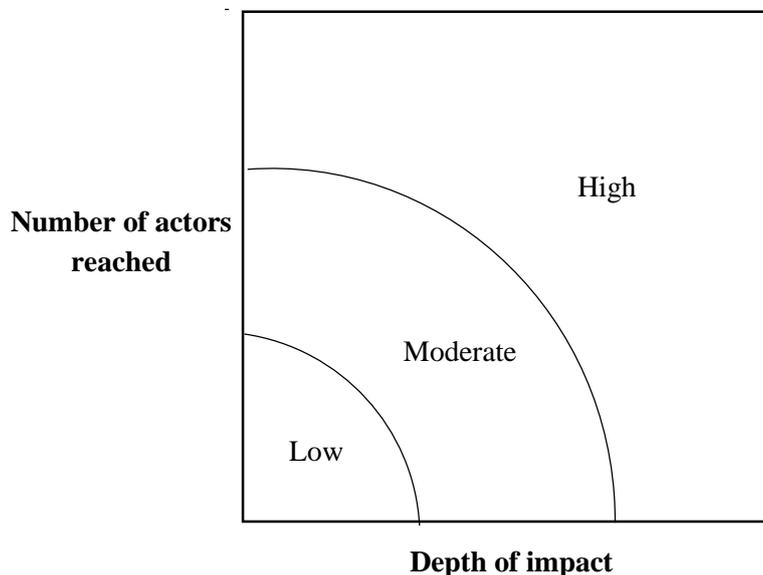
Figure 8: Theoretical Model of Governance



## Measurement of Effectiveness and Identification of Success Factors

In order to assess the effectiveness of the above three types of governance mechanisms at promoting sustainable development, it is useful to have a method of measurement for this impact. Effectiveness will, therefore, be measured as low, moderate or high, according to the number of actors that a mechanism reaches, and its depth of impact, as shown in Figure 9. A low impact will be considered to be found where there is some evidence of impact only in isolated case studies, and only a low depth of impact on actors' behaviour. A moderate impact will be identified where there is evidence of impact on a fairly significant number of actors, and a moderate level of depth of impact on sustainable practices. Finally, a governance mechanism with a high impact would be required to both address a broad number and range of actors, and to have a fairly significant depth of impact on individual actors. This typology will be used throughout the empirical chapters in order to assess the impact of legal, bargaining and persuasive mechanisms in turn.

Figure 9: A Typology of Effectiveness of Governance Mechanisms



This study also aims to identify the success factors causing a heightened impact in more effective governance mechanisms. There are two different types of success factors that might be found. The first is those that are intrinsic characteristics of a governance mechanism, such as those identified in the theoretical model above. The high level of choice-constraint of legal

mechanisms, for example, might be found to be a factor causing an increased level of impact due to the greater incentives for actors to comply. The second type of success factor is contextual, brought about by the specific social and political environment in a case study. This might include, for example, a particularly strong coordinated state, which increases the authority and efficiency of a state-run governance mechanism. The following empirical chapters will seek to identify where these two types of success factors may have had an impact in the case study.

## **Conclusion**

The purpose of this chapter was to identify a number of different types of governance mechanisms that might facilitate sustainable development in any given context. The chapter highlighted how, as this thesis is taking an IPE approach, a theoretical model of governance needs to be relevant primarily to the national level of analysis, and to recognise the significance of both state and non-state actors in governance. The chapter then explored a number of existing typologies in the governance literature, drawing on Treib et al's (2007) framework for differentiating typologies between 'politics' (the different actors involved), 'polity' (the structure of governance) and 'policy' (the nature of governance instruments), arguing that the 'policy' typologies were the most appropriate as their differentiating factor was likely one that would help to explain the difference in impact between alternative modes of governance. Insights were drawn from 'policy' typologies from Treib et al (2007), Bemelmans-Videc et al (1998) and Börzel and Risse (2002), including that a simple and clearly labelled model is most useful, and that a division along the lines of the degree to which mechanisms are choice-constraining provides the potential to explain differences in impact of mechanisms.

The final section of the chapter then drew on these insights in order to develop a three-fold theoretical model of legal, bargaining and persuasive mechanisms, which range from highly choice-constraining to low choice-constraining towards governed actors. The model identified a series of hypothetical challenges facing the three different types of governance mechanisms. These included restrictions in the use and effectiveness of legal mechanisms from international law, national limits to authority, and internal obstacles common in state mechanisms, such as corruption and inefficiencies. Bargaining and persuasive mechanisms, on the other hand, are theoretically restricted in their impact by their less choice-constraining nature and their

employment by non-state actors, which may limit their authority and the quantity and types of actors that they are able to reach. The chapter then explained the notions of ‘effectiveness’ and ‘success factors’ that will be used in the rest of the thesis in order to explore the impact of tourism governance.

The theoretical model thus developed in these two chapters will have two specific purposes in the rest of the thesis. Firstly, it provides a definition of the sustainable development that tourism governance is seeking to promote. Secondly, its identification of three types of governance mechanisms, and their inherent characteristics, provides a starting point for studying the impact of different types of governance for sustainable tourism, and a structure for the research – leading to the investigation of each of the three types of governance mechanisms in turn. This, furthermore, supports the assessment of the effectiveness of the different types of governance mechanisms, through the intrinsic characteristics identified of each.

Part Two, and the following four chapters, of this thesis will now explore the effectiveness of the three types of governance mechanisms identified in this model for tourism governance in Costa Rica. As discussed in the Introduction, Costa Rica’s tourism industry is a useful case study as it is likely a fairly successful case of sustainable tourism due to widespread recognition for its ‘eco’ and ‘sustainable’ tourism, coupled with its relatively high level of development and numerous governance mechanisms for tourism. Chapter Four will outline the particular development challenges that Costa Rica faces, shaped by its experience as a small developing state. Chapters Five, Six and Seven will explore how far the experiences of legal, bargaining and persuasive mechanisms for tourism in Costa Rica are reflected in the theoretical model. The aim, therefore, is both to explain Costa Rica’s particular case of tourism governance through the use of this theoretical model, and to further develop the model itself through insights from Costa Rica’s case.

# Chapter Four

## The Challenges of Sustainable Development in Small States: The Case of Costa Rica

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The two previous chapters developed a theoretical model through which to explore the effectiveness of different governance mechanisms in promoting sustainable development. Chapter Two developed a framework of ‘sustainable development’ that stressed the need to facilitate economic development, social equity and environmental protection in a context where many of the risks and costs of industry are shouldered at the local level. Chapter Three created a theoretical model of legal, bargaining and persuasive mechanisms of governance, distinguished by the degree to which they are choice-constraining to ‘governed’ actors. The remaining chapters in this thesis will use this theoretical model to examine the effectiveness of governance for sustainable tourism in the case study of Costa Rica with three key aims. The first is to understand precisely how effective tourism governance is in Costa Rica. The second aim is to identify success factors for tourism governance in this case study. The final, theoretical, aim is to test the utility of the theoretical model and its expectations, and to draw broader inferences for governance theory.

As indicated in the Introduction, Costa Rica is a useful case study for the research question of how far governance can and does facilitate sustainable development in small developing states. Tourism is a key development industry in Costa Rica, similar to many other small developing countries in the Caribbean and elsewhere, and therefore, insights from its experience are likely generalisable to other contexts. Furthermore, Costa Rica is renowned as one of the more successful cases of ‘eco’ or ‘sustainable’ tourism, and this, coupled with the fact that it has one of the highest levels of development in Central America, suggests that the governance mechanisms for sustainable tourism are well-embedded and potentially effective. Finally, Costa Rica also has a number of fairly extensive governance mechanisms for tourism, including numerous environmental laws, one of the most well-reputed certification systems for

sustainable tourism in the world - the Certificate for Sustainable Tourism - and the Rainforest Alliance runs a well-renowned technical assistance programme for tourism businesses looking to improve their sustainability. These mechanisms, therefore, have significant potential to provide useful insight into how governance might facilitate sustainable development in developing states.

The task of this chapter is to establish the particular development challenges that Costa Rica - as a small developing state - faces, before the following chapters explore how effectively governance addresses these challenges. This chapter will, firstly, identify the sustainable development challenges posed to small developing states, followed by a discussion of Costa Rica's particular experience of these challenges. The final section will then explore Costa Rica's difficulties in achieving sustainable development through the tourism industry, including that tourism often fails to create stable local employment, or economic and social benefits for isolated communities, and can cause significant damage to local environments.

### **The Challenges for Small Developing States**

In order to explore Costa Rica's particular development experience, given its status as a small developing country, this chapter will first engage critically with the 'small states' and 'small island developing states' literatures to provide the necessary theoretical vocabulary to discuss Costa Rica's case. While Costa Rica is not an island, the challenges to economic development, social equity and environmental protection caused by 'smallness' and its 'developing' country status are still very relevant. 'Smallness' can be measured in terms of population size, territory or Gross National Product (GNP), although population size is generally the measure used, with varying population sizes designated as 'small', from 1.5 million (Commonwealth and World Bank, 2000), to up to 10 million (Streeten, 1993). Costa Rica is a relatively 'small' state in terms of population size, territory and GNP: its population is around four million, its territory only approximately 51,000km<sup>2</sup>. Costa Rica is generally considered a middle-income developing state: in 2012 it was estimated to have generated US\$12,800 GDP per capita, with an estimated 24 per cent of the population living in poverty in 2010 (CIA World Factbook, 2013).

The small states and small island developing states literatures argue that small developing countries have particular features that affect their ability to achieve economic development, social equity and environmental protection. Some scholars in this field argue that certain small states have been able to achieve significant economic development and social equity since the 1980s despite these features (Read, 2004). Easterly and Kraay (1999), for example, argue that small states have lower infant mortality and higher life expectancies than other states. However, there are also many arguments that in other cases small developing states face significant challenges to development. The first of these is that small developing states often have limited options for development industries. Developing states, in general, have historically relied upon primary products, which present a number of challenges. Small developing states often rely on foreign investment to extract natural resources for these industries, which reduces the domestic benefits of primary product industries (Armstrong and Read, 1998). The often small populations of small developing states also lead them to have limited domestic markets, which makes them heavily dependent on international trade for these primary products, a vulnerable position as the price of primary commodities on the world market is falling and there are few guaranteed global markets or prices for primary products (Streeten, 1993; Scheyvens and Momsen, 2008). Neoliberalism has further reduced the certainty of income for primary products, as previously protected trade arrangements between developing and developed countries were removed, particularly those of the European Union (EU), which phased out preferential trade agreements on which these primary industries often depended (Weis, 2007).

Small states, furthermore, often struggle to develop their own manufacturing industries, as they are unable to afford high capital-intensive manufacturing, such as aircraft industries, car production or production of heavy railway stock (Streeten, 1993). They are often unable to compete with larger countries in low-skilled labour-intensive export sectors and as a result, rely on higher value-added sectors based on specialist skills (Armstrong and Read, 1998). Small developing countries can struggle to find the experienced and efficient workers that they need in order to make their industries competitive, however, as specialists often emigrate abroad to larger countries where their skills will be better utilised and more highly rewarded (Briguglio, 1995). Therefore, options for development industries are often very limited for small developing states.

Small developing states, furthermore, often face challenges in developing competitive industries, as protection of domestic industries is dissuaded by neoliberal ideology. Loans

given to many developing countries from international organisations, such as the IMF and World Bank, were in exchange for commitments to structural adjustment packages, which restrict protection of industries, while international agreements such as the Agreement on Trade-Related Investment Measures (TRIMS), the GATS and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) also restrict policy in developing states (Wade, 2003). Small developing countries are particularly vulnerable to the influence of foreign ideologies, due to their often limited influence over international decision-making processes as a result of the expensive cost per capita of sending representatives (Briguglio, 1995). Small states also often open their economies in order to trade for imports that they cannot produce themselves due to their limited skills and production capacity. This lack of ability to protect domestic industries is particularly problematic for small developing states, as they do not have the domestic demand in order to gain experience to create an efficient and competitively priced industry for the international market (Armstrong and Read, 1998; Srinivasan, 1986).

Some scholars argue that developed states have ‘kicked away the ladder’ to development through their influence over international decision-making, forcing neoliberal policies that they themselves never used to progress in order to keep developing countries ‘undeveloped’ (see, for example, Chang, 2003). Wade (2003) argues that the TRIMS, GATS and TRIPS agreements are the modern equivalent of ‘kicking away the ladder’, as they enable developing states to have less control over developed country firms in their territories. Thus, the challenges that small developing states face are embedded in international political and economic structures, making them difficult to avoid.

Due to these challenges in establishing their own development industries, small developing states are often dependent on a limited number of exports and markets. Lack of export diversification, combined with their economic openness, can leave them vulnerable to shocks in the international market, as they are more likely to be affected if, for example, prices in a particular industry suddenly drop, as coffee prices have, or in the case of an economic downturn (Briguglio, 1995). Of those goods that they do export, small developing countries often have little control over prices due to the relatively small size of their trade compared to the world market (Briguglio, 1995). Global value chain theories would argue that developing state firms are often concentrated in the low value-added often labour-intensive stages of industry, such as manufacturing and production, and that as a result, much of the profit from the industry is

retained by developed country firms in the higher value-added stages of branding and marketing (Gereffi, 1999).

As a result of these limited options or narrowing of ‘development space’ for small developing countries (Bishop, 2010), many have turned to focus on developing niche markets and labour-intensive activities, such as tourism or financial services, which can be unstable and volatile (Armstrong and Read, 2006). Services have become a key development strategy for many small developing countries, and particularly, tourism, which is perceived to have the greatest potential to attract foreign exchange earnings and employment both directly in tourism and indirectly in related sectors (Abeyratne, 1999; Craigwell, 2007). Furthermore, while small developing states often have a small resource base, they do have natural and cultural features appealing to tourists, such as waterfalls, rainforests, volcanoes and endemic species (Jules, 2005). Smaller countries are also better able to develop a coherent brand and present themselves as a niche tourism product, and therefore, many used their natural assets to do this (Scheyvens and Momsen, 2008). Tourism is, therefore, an obvious choice for many small developing countries. As a result, arrivals in small-island developing states increased from eleven million tourists in 1988 to over twenty-seven million tourists in 2004, a 145 per cent increase (Craigwell, 2007: 2). The particular challenges posed by the tourism industry to small developing states will be discussed further below, however, they include factors such as instabilities in income as a result of natural disasters or changes in consumer preferences, and lack of stable local employment as foreign workers are imported to meet the quality of service expectations of tourists, while tourism jobs for locals are often only seasonal.

While small states are suggested to have a greater degree of social homogeneity, cohesion and identity, which facilitates strong social capital and, therefore, potential for economic development, there are many significant internal social and political challenges for small developing states (Armstrong and Read, 1998). They have to import a lot of the goods that they need and therefore, have little control over the price of many domestic goods. There is often only a small pool of potential workers from which to draw experienced and efficient administrators to work for the state, and there is a shortage of specialists as they often go abroad in search of jobs where remuneration is better (Briguglio, 1995). Small states can also struggle to develop the infrastructure and expertise to provide an adequate range and quality of health services; there are often shortages of personnel and facilities (Charles, 1997). The provision of this infrastructure, as well as other provisions such as environmental protection, national

defence and representation in international debates and organisations also costs considerably more per capita than in larger economies, as the degree of people and resources required are not directly relative to the size of the economy (Campling and Rosalie, 2006).

Furthermore, small developing states often have fragile ecosystems, which can be damaged by their dependency on resource-intensive industries such as tourism. They are often unable to significantly regulate their industries in order to reduce environmental impacts, as a result of discouragement of regulation by neoliberal ideology. Resource shortages can also reduce the use of governance mechanisms for the environment. Small states are, furthermore, particularly vulnerable to climate change and natural disasters, such as earthquakes, volcanoes, hurricanes, tsunamis and landslides, which have a proportionally larger, and often devastating, impact in smaller territories. Small developing states emit a very low proportion of carbon emissions, but the cumulative global impact will likely affect them adversely; the impact of climate change is likely to be particularly significant in small states with large areas of coastline, as factors such as erosion, flooding, loss of wetlands and increased salinity of surface and ground water will affect relatively more of the country's geographical area (Schatan et al, 2010; Ashe, 1999). Environmental disasters can affect a state's infrastructure, residential and commercial property on land and water, human health and life, transport, agriculture, livestock, and business activities (Charles, 1997). Small developing countries, furthermore, often have fewer resources in order to prevent and address the aftermath of these disasters, and when they frequently have to allocate already limited budgets to addressing these problems, there is less money to spend on factors such as infrastructure and welfare. Small states can become indebted to foreign powers as a result of the need for capital to remedy these environmental disasters, thereby leading again to factors such as influence by international law and new public management ideology.

These challenges to small developing states, therefore, appear to present Costa Rica with significant obstacles to all three aspects of sustainable development: economic development, social equity and environmental protection. These include limited options for a development strategy, a dependence on international markets to sell goods due to a small internal market, limited resources for infrastructure and welfare, and increased vulnerability to environmental disasters. The chapter also indicated above how governance mechanisms for sustainable development in small developing countries can be restricted by the influence of international law and new public management ideology, and resource shortages. The following section will

explore how these challenges have shaped Costa Rica's development experience up to present day, and how they have led it to adopt tourism as a sustainable development strategy, which again presents many similar challenges that potentially might be addressed through governance.

### **The Challenges to Sustainable Development in Costa Rica**

There is evidence that Costa Rica's small developing country status has shaped its development in a number of ways. Historically, it has had limited options for development, a result of low levels of natural resources and mountainous terrain, and has depended largely upon primary products, as is common in developing countries. Elites in Costa Rica experimented with various potential export products, such as cattle, cacao, mining and tobacco, but coffee was the only product that was really successful (Wilson, 1998). In order to reduce the cost of transporting coffee to Pacific ports for shipment to Europe and the US, a railway was opened in 1880, which brought about the unexpected outcome of the banana industry, as bananas were grown on the lands adjacent to the railway in order to finance construction (Weaver, 1994). By the 1920s, Costa Rica's coffee and banana earnings accounted for nearly 90 per cent of export earnings, reflecting the limited export diversification highlighted above (Bulmer-Thomas, 1987). Further diversification was prevented, as Costa Rica's banking system had developed to the needs of coffee production and was reluctant to adapt, and the state was heavily influenced by coffee and banana interests due to its considerable previous investment of resources in the establishment of these industries (Bulmer-Thomas, 1987). The United Fruit Company attempted to transform some land used for bananas to cacao production up until 1954, when cacao exports comprised 10.1 per cent of foreign exchange earnings (Bulmer-Thomas, 1987). A fall in international prices for cacao, however, saw the collapse of production.

Costa Rica's dependence on the coffee and banana industries was problematic for development in a number of ways. The coffee industry was made up largely of small farmers dependent on elites to provide credit as coffee trees take between three to five years to mature, and therefore, there is a substantial period when labour and land are required but no income is produced, and furthermore, the processing of coffee also required major investment (Weaver, 1994). Nevertheless, the coffee industry, as it was largely locally owned, led to widely shared material

benefits for nearly all involved in the production, processing and transport processes. Unforeseen impacts of the railway, however, prevented the coffee industry from having considerable linkages to other local sectors, as the cheaper transport links created by the railway made consumer goods much cheaper to import from EU and North American markets, rather than produce domestically (Weaver, 1994). As a result, potential income multiplier linkages from coffee, where the increasing income of local people through wages and profits of coffee farms can lead to an increased domestic market for consumer goods, were minimal (Weaver, 1994). Local food production was also hard-hit by the railway, as it was cheaper to import grains and meat from Argentina and the US and, furthermore, as Costa Rica was thus so dependent on income from coffee, it became vulnerable to food shortages when international demand for coffee decreased (Weaver, 1994). Therefore, Costa Rica's coffee industry created significance challenges to sustainable development.

The dependence of Costa Rica on a US company to build the railway, due to the high capital costs required, furthermore, caused the banana industry to be under foreign control, as plantations were established by foreign investors on the land alongside the railway. The self-contained enclave nature of the banana industry meant that it had few linkages with the rest of Costa Rica's economy (Weaver, 1994). Although the banana industry brought tax revenues for the government, labour on the banana plantations was comprised largely of Africans brought in from the Caribbean, while expenditure from employees went to foreign company-owned stores, and the vertically-integrated nature of the industry, where foreign companies owned and controlled all aspects of the industry from production to marketing, meant that export sales led to a demand for banking services in North America and Europe rather than Costa Rica (Weaver, 1994; Bulmer-Thomas, 1987). Such a dependency on two core products also made Costa Rica's income vulnerable to internal problems, such as banana disease that struck Costa Rica in the 1920s and significantly decreased banana exports (Weaver, 1994). Incomes from both the coffee and banana industries were vulnerable to significant fluctuations in demand and product prices on the international market. Recessions in Europe and the US in the 1880s, 1890s, 1920 and 1921, and major collapses in commodity prices in 1929 and 1978, for example, reduced demand for coffee and banana exports across Central America (Weaver, 1994). Furthermore, the World Wars and Great Depression caused markets to be closed and shipping routes to become more difficult and thus, much coffee had to be exported at lower prices to the US instead of Europe (Bulmer-Thomas, 1987).

Costa Rica's vulnerability to shocks on the international market also left the country vulnerable to foreign intervention. In the late 1970s, the steep rise of gasoline and petroleum prices hit non-oil producing developing countries extremely hard; with oil prices doubling and coffee prices dropping dramatically (Honey, 1994). Forced to borrow heavily from abroad, Costa Rica was unable to pay back its debts as international interest rates sharply increased and was left with over \$3 billion in debt, the highest per capita in Latin America (Honey, 1994). Costa Rica's 'smallness' meant that it had little power to renegotiate its debts, as its lack of economic diversification led to suspicion over whether it could meet obligations (Edelman, 1999). The falling price of coffee exports led Costa Rica to turn to the IMF for loans, which imposed policy conditions including the elimination of subsidised credit for favoured sectors, ending control of interest rates, reduction of public sector spending and reductions in tariff protection (Sheahan, 1987). These liberal policies saw Costa Rica start to diversify exports away from primary goods towards manufacturing, including new consumer goods, capital goods and food and beverages, and also services, such as call centres and tourism. In this period, foreign direct investment increased dramatically, the most significant investment being that of Intel of over \$300 million into the building of a microchip factory near San José in 1996 (Paus and Gallagher, 2008). By 2005, primary products were only making up 23 per cent of Costa Rica's exports, a dramatic drop from 90 per cent in the 1920s (ECLAC, 2007; Bulmer-Thomas, 1987).

These new industries, however, brought economic profit for business interests, but relatively few benefits for Costa Ricans. The economic adjustment created jobs, but these were often low paid and insecure (Edelman, 1999). Backward linkages, where foreign companies buy parts for their products from local firms, are also minimal, as companies in free trade zones only purchase 10 per cent of their goods and services locally (Ernst and Sánchez-Ancochea, 2008). Local companies are unable to compete as they often lacked the economy of scale, technological knowledge and safety standards possessed by larger corporations (Paus and Gallagher, 2008). As a result of these minimal backward linkages, there have been few technological spill overs for Costa Rica (Ernst and Sánchez-Ancochea, 2008). Costa Rica's tax ratio of 13 per cent has, furthermore, been too low to fund required improvements in infrastructure and education (Paus and Gallagher, 2008).

Costa Rica's wealth therefore became concentrated in the hands of industrialists, bankers and large agricultural exporters. In 1973, the richest ten per cent of Costa Rica earned an average 16 times more than the poorest ten per cent; this gap increased under neoliberal policies as by

1990, the richest ten per cent earned 31 times more than the poorest ten per cent (Honey, 1994). Costa Rica also experienced corruption; in 2004, a former president from 1998-2002, Miguel Angel Rodríguez, was accused of taking a £1.2 million payoff to support a large French telecommunications company to win a large contract in Costa Rica, while a week later, a former president from 1990-1994, Rafael Angel Calderón, was accused of taking a nearly half a million dollar kickback from a loan from the Finnish government in order to finance the purchase of medical equipment (Lehoucq, 2005).

During the neoliberal period, furthermore, Costa Rica's vulnerability as a small developing country to the pressures of the international market saw serious environmental degradation as a result of exploitation from foreign companies. The environment was seen across Latin America as a resource for exploitation, with a focus on the privatisation and commodification of resources such as forests, water and biodiversity; payments for environmental services; deregulation and cuts in public expenditure for environmental issues; the opening up of trade and investment; and the transfer of responsibility for environmental issues to local or nongovernmental bodies (Liverman and Vilas, 2006).

As a result of the negative impacts of the neoliberal policies, Costa Rica broke its commitments to the IMF, but was left with few development options. The traditional industries of coffee and bananas were in decline and the diversified industries that it had developed in the 1980s and 1990s were not producing the development hoped for. The income of Central America from coffee declined by 44 per cent between 1999 and 2001, largely due to lower coffee prices as a result of increased supply from states such as Vietnam and Brazil, alongside hurricanes, erratic rainfall and drought in Central America, which impeded coffee production (Varangis et al, 2003). As indicated above, the limited options for small developing states due to the low price and instability of primary products and the competition from larger developing countries with more potential to provide manufactured products at large scales and cheaper prices, led countries such as Costa Rica to adopt service industries, particularly tourism, as a development model.

## **The Challenges Posed to Costa Rica by the Tourism Industry**

Costa Rica is an appealing destination for tourism, due to its wealth of natural features, including waterfalls, rainforests, volcanoes and endemic species. Costa Rica is one of 20 countries with the highest diversity of species in the world, with an estimated four per cent of world species in only 0.03 per cent of the world's territory (Jules, 2005; INBio, 2001: 21). Costa Rica has also effectively developed the niche tourism product that many small developing countries seek (Scheyvens and Momsen, 2008), focusing on nature and adventure tourism, given its natural assets. Social and political factors which also make Costa Rica attractive to tourism investors include its literacy rate of 95 per cent, which provides an educated workforce for the industry; a relatively large middle class, already familiar with tourism and travel and a stable and democratic government with no army. Costa Rica was also attractive due to its infrastructure, including the best public healthcare system in Latin America and paved roads and telephones and electricity; while its proximity to the US makes the country appealing to tourists (Chemonics International Inc, 2002; Bien, 2002; Duhá Buchsbaum, 2004). Therefore, as in many other small developing countries, tourism was an obvious choice for Costa Rica as an alternative to its traditional agro-export model.

Costa Rica was already popular as a tourist destination for scientists and conservationists keen to study its nature, but in 1987, hard currency from tourism only accounted for three per cent of GDP (INCAE, 1997). From the mid-1990s, tourism became a key development strategy in Costa Rica, and has since become a leading industry, comprising 13.5 per cent of GDP, 13.1 per cent of total employment and 17.1 per cent of exports in goods and services (World Travel and Tourism Council, 2008). This section will now explore the challenges that tourism, and particularly, forms of mass tourism, pose to sustainable development in Costa Rica. Many of these challenges are recognised as a concern by the government, non-state actors and the public, and have directly led as a result to the establishment of various governance mechanisms.

In terms of the impacts of tourism on economic development, it was hoped in small developing countries that tourism would boost local business and employment, as locals would establish their own tourism businesses or become employed in the industry. As developing country governments have often lowered taxes in order to entice foreign investors as a reflection of neoliberal ideology, however, the tax returns from tourism are often limited. Other potential economic benefits of tourism include local employment and economic linkages. The complexity of the tourism industry, however, makes understanding its impacts rather challenging. Global value chain theories can provide useful insight into the economic and

power structures of the tourism industry, which help to unravel their impacts on small and developing countries.

As indicated in Chapter Two, global value chain theorists (see, for example, Bair and Gereffi, 2001; Gereffi, 1999; Gibbon, 2008) present industries as a series of stages from the ‘service-provider’ businesses at the local end of the value chain in the host country, to the branding, marketing and retail businesses often run by foreigners from developed countries. Some tourism scholars, such as Clancy (1998), have applied global value chain analysis to the tourism industry. Clancy (1998) argues that the recognition of global value chains and the consequences for development of the changing organisation of capital at the local, regional and global levels make them useful in understanding the concentration of power and profit in the industry.

An eight-stage ‘chain’ is most appropriate for tourism, illustrated in Figure 10. This includes the development of brands for accommodation, such as Holiday Inn and Hilton; the owning and running of accommodation businesses; local tours, such as day trips and events; domestic transport, including trains, buses, taxis, hire cars and domestic flights; food from wholesalers, supermarkets and restaurants, handicrafts and souvenirs; international airlines; and those firms that package and sell holidays to tourists. These tour packagers negotiate with accommodation and tour providers, as well as other suppliers, and parcel together a holiday experience, which is then sold to tourists as a single package (Sheldon, 1986). While the tourism industry also has other stages, such as construction, the above are the most significant and therefore, in order to keep the chain as simple as possible, these stages will be the main focus of discussion.

**Figure 10: The Basic Elements of a Tourism ‘Value Chain’**

Brand development for accommodation	Accommodation	Local tours	Domestic transport	Food/ restaurants	Handicrafts/ souvenirs	Airlines	Packaging and selling holidays
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A key element to global value chain theories is the identification of the concentration of developed and developing country firms at each stage, which indicates the balance of economic power within an industry. Gereffi (1999) discusses two chains with different distributions of firms: producer-driven chains, where foreign-owned firms dominate most, if not all, stages of the value chain; and buyer-driven chains, where foreign-owned firms dominate the higher value-added branding and marketing stages of the value chain, leaving the lower value-added

service-provision and production stages to developed country firms. Taking this into account, there are two different ways in which firms are concentrated in the tourism industry, illustrated in Figure 11 as ‘enclave’ and ‘franchise’ tourism, with the stages where developed and developing country firms are most concentrated highlighted in grey.

The first value chain, ‘enclave’ tourism, reflects producer-driven chains, where large international transnational corporations own much of the different stages of industry. Thus, as demonstrated in Figure 11, the various stages of this type of tourism are dominated by firms based in developed countries. This type of chain is exacerbated by the negotiations of the Uruguay Round of GATS, which many developing states argued provided foreign companies unfair access to tourism in developing countries, while not opening up access for developing state firms to developed state markets (Cleverdon and Kalisch, 2000).

The second ‘chain’, ‘franchise’ tourism, reflects the buyer-driven commodity chains, where core firms buy products from suppliers, focus themselves on higher value added activities, such as branding, marketing and retailing, and then sell products to consumers. This emerged more recently than ‘enclave’ tourism. In ‘franchise’ chains, instead of core firms *buying* products from suppliers - as usually happens in industry chains - hotel chains often *sell*, or rent out, their brand name and operating expertise to suppliers, in this case, hotel and accommodation owners (Clancy, 1998). The selling of the use of brand names to service-providers is particularly common in tourism, as while in most industries, consumers can inspect a good before they purchase it, consumers are usually not able to view a hotel before staying there, which leads consumers to often rely on brands that they feel familiar with, prompting many chain hotel businesses (Clancy, 1998). The InterContinental Hotels Group, for example, which owns the Holiday Inn brands and has two Holiday Inn brand hotels in Costa Rica’s capital, owns less than one per cent of the InterContinental brand hotels, managing and franchising the rest (InterContinental Hotels Group, 2014). In managing and franchising arrangements, third party businesses own the bricks and mortar of the hotels, and have varying degrees of control over employment, quality and services. More up-market brands tend to exert more influence through management arrangements in order to ensure the quality of the products under their brand name, while brands focused on budget accommodation more often allow service-providers more independence over the running of the accommodation.

Adopting this buyer-driven model, therefore, in the ‘franchise’ tourism chain there is a bell curve structure, where the brand development for accommodation starts in the developed world, then the service-provision is often run by developing country firms, and then the airlines and packaging and selling of holidays are largely conducted by developed country firms. Airlines, like branding, marketing and retailing, are technologically-advanced and capital-intensive, leading to high start-up costs as a skilled workforce and expensive equipment is required (Clancy, 1998). As a result, they are frequently owned by multi-national corporations, often run by investors from developed countries (Carbone, 2005). Similar to the production chains for manufacturing, developed country activity is often concentrated around the higher value-added activities, including brand development, airlines and the packaging and selling of holidays. ‘Enclave’ and ‘franchise’ tourism are two commonly-found value chains in developing countries and each has different implications for small developing countries, which will be drawn out in the discussion below.

Figure 11: ‘Enclave’ and ‘Franchise/Local’ Tourism Chains

‘Enclave’ Tourism

	Brand development for accommodation	Accommodation	Local tours	Domestic transport	Food/ restaurants	Handicrafts/ souvenirs	Airlines	Packaging and selling holidays
Developing country firms								
Developed country firms								

‘Franchise/Local’ Tourism

	Brand development for accommodation	Accommodation	Local tours	Domestic transport	Food/ restaurants	Handicrafts/ souvenirs	Airlines	Packaging and selling holidays
Developing country firms								
Developed country firms								

The two different structures of the tourism value chain in Figure 11, therefore, help to explain why local employment and linkages can be limited in tourism. In the ‘enclave’ model, labour and goods are imported, leading to fewer gains for local stakeholders. While not always synonymous with ‘all-inclusive’ resorts – which are notorious for their lack of local benefits – enclave and all-inclusive resorts are often similar in structure. They both tend to encourage the isolation of tourists within the confines of a foreign-owned resort, and thus, fewer opportunities for local tourism businesses to sell their products. Data suggests that Costa Rica has fewer of these enclave models than some other small developing states, as she is well-known for having thriving local tourism businesses, and only 63 per cent of Costa Rica’s hotels are foreign owned compared to over 75 per cent in small developing states such as Antigua, Turks and Caicos and Cayman Islands (Pattullo, 2005).

There are two regions in Costa Rica where this enclave tourism is particularly popular, however. There has recently been rapid development of all-inclusive resorts on the Pacific coast, as ‘sun, sea and sand’ tourism has increased in popularity, and also around the major international Juan Santamaría airport in the Central Valley (UNEP, 2014; Honey et al, 2010). To demonstrate the increased propensity of large – and therefore, often foreign-owned – hotels in these regions, the average number of rooms in hotels in the north-west region of Guanacaste is 23, and 29 in the Central Valley, significantly higher than the country’s average of 19 rooms (Costa Rica Tourism Board, 2013). Furthermore, these regions also have the highest proportion of four and five star hotels, six per cent in Guanacaste and 17 per cent in the Central Valley, compared with five per cent and less in the other regions, suggesting that they are more likely to be foreign-controlled (Costa Rica Tourism Board, 2013). The cruise ship industry, accounting for 16 per cent of tourist arrivals in Costa Rica, also fits into this ‘enclave’ model, as tourists purchase most of their holiday through the cruise-ship company, including accommodation, food and entertainment.

In these enclave resorts, employees and products are often brought in from abroad in order to meet the language and service expectations of tourists from developed countries. Where local people are employed, it is often in the lower paid and semi-skilled jobs rather than management positions, and it is often the better educated people from around the capital city rather than those in poor rural areas that are given employment (Honey et al, 2010). Furthermore, tourism

employment is unstable, as workers are often only paid for the work that is available, which is heavily concentrated in the high tourist season, leaving local people with little employment during the low tourist season. In addition, tourists often pay for the majority of their holiday before they leave their origin country, paying tour package operators a single fee for a whole package holiday. Thus, in this model, as the tourism value chain is largely dominated by foreign firms, local businesses are often left with what is considered ‘crumbs on the table’, perhaps in the form of sale of a few relatively cheap souvenirs (Omotayo Brown, 1995).

Alongside local employment, the tourism industry can potentially create ‘backward linkages’, where the industry creates demand for domestically produced goods and services such as transport, food-processing and construction and ‘income multiplier linkages’, where demand is created for consumer goods by the employees and beneficiaries of the industry (Weaver, 1994). ‘Enclave’ resorts, however, as described with the banana industry above, often produce fewer linkages. As demonstrated in Figure 11 above, mass tourism resorts often include all the local amenities that resorts and tourists need, including shops, spas and golf courses, particularly as vacation homes are often built in the same complex (Honey et al, 2010).

Furthermore, as tourists generally expect food, goods and services that reflect their experiences at home, local produce is often not of the required type or quality and thus, much is imported from abroad or run by foreign firms, including food, local tours, local transport, and even handicrafts and souvenirs. Cruise ship passengers spend the vast majority of their money on board, including accommodation and food, limiting their benefits for the local economies (Honey et al, 2010). Where cruise-ship passengers go on local tours, cruise ships often receive a significant commission, around 50 per cent, for selling tours to passengers before they leave the ship (Honey et al, 2010). As a result, stayover visitors spend on average 18 times more in Costa Rica than cruise ship visitors (CREST-INCAE study in Honey et al, 2010). Furthermore, as many of the goods sold to tourists are imported, 40 to 50 per cent of gross tourism earnings in small developing countries are estimated to leak abroad, as opposed to between 10 and 20 per cent for more advanced and more diversified economies (Diaz, 2001: 8). As local employment can be low and unstable, income-multiplier linkages are also limited as there is less demand for consumer goods from local people. Indeed, worse still, tourism can inflate prices in local communities near tourism resorts to the extent that local people are unable to afford basic goods (Koens et al, 2009).

Local ownership of tourism businesses has, however, been increasing in developing countries. As indicated above, Costa Rica has a higher number of local-owned tourism businesses than many other small developing countries. This has led to the emergence of ‘franchise’ or ‘local’ tourism value chains. In ‘franchise’ chains, local businesses operate in parts of the chain and operate under a recognised international brand name. ‘Local’ tourism chains also include local businesses in parts of the value chain, but do not use international brand names to market themselves, instead they often rely on a more ‘authentic’ native tourism experience. These ‘local’ models often market themselves as ‘ecotourism’, characterised by small-scale hotels and businesses run often by locals and with an emphasis on nature, whether through the use of sustainable practices or simply the running of a nature tour. These ‘franchise’ and ‘local’ models, therefore, have the potential to provide more economic benefits to local people than the ‘enclave’ model, as the owners and managers of the businesses are often local people, however, in reality there are other problems that retain the concentration at profit at the international level.

Local businesses in tourism are often highly concentrated in the lower value-added stages of the industry, particularly accommodation-provision, day tour operators, food, domestic transport and souvenirs. In contrast, the higher value-added branding, marketing and airline stages of the tourism value chain remain largely dominated by developed country firms as they are highly capital and technology-intensive. While some local hotel owners in developing countries have advanced to develop a brand that they can then franchise, in many cases firms from developed countries own the big hotel chain brands (Clancy, 1998). These foreign companies often leave the physical service-provision of accommodation or tours to local businesses, instead selling their brand names to local service-providers, who need the brand recognition in order to attract tourists uncertain of services in developing countries. This limits the access of developing country firms to the profits from the industry. By focusing on developing brands that can be sold to local service-providers, foreign companies have the advantage that they do not have to take responsibility for costly remodelling, redecoration or upkeep of accommodations, and less risk, taking fees from hotels on gross receipts rather than profits.

The continued control of foreign owned firms over the tour packaging and airline stages of the industry, however, retains inequalities between developing and developed country firms. The large foreign tour packagers are able to negotiate cheap prices with local service-providers, as

they can buy in large volume, there are many service-providers looking for their business and they have significant influence over which service-providers and destinations tourists choose (Pattullo, 2005; Curtin and Busby, 1999). A substantial proportion of tourists buy their holidays from tour package agencies, 48 per cent of UK tourists who took an overseas holiday in 2012 booked their holidays as a package deal, and this number is increasing, from 37 per cent in 2010 and 42 per cent in 2011 (ABTA, 2013: 7). Tour packages offer tourists more control over their budget, as they can buy all-inclusive holidays and pay one sum for the entire holiday. Group tour packages have also become popular, offering tourists safety, companionship, convenience and good value for money (Chang, 2007). Tour package agencies often prefer to buy from larger hotels, which are less likely to be locally owned, and where they do buy from smaller service-providers, they often drive hard bargains to reduce prices, which small businesses often struggle to afford (Pattullo, 2005). Local service-providers are therefore extremely vulnerable to the whim of branders and marketers, as for example, omission of a hotel from a brochure could lead rapidly to bankruptcy (Britton, 1977).

Local accommodation-providers are also at the whim of international airlines, often owned by foreign investors, who control routes, the location of airports, schedules, fares and control reservation systems. Developing regions are becoming particularly dependent on airlines; in 2013, the fastest growing regions for the world air transport market were the Middle East (11.2 per cent), Asia and Pacific (7.2 per cent) and Africa (7 per cent), with growth in Latin America and the Caribbean (6.3 per cent) also higher than that in Europe (3.8 per cent) and the US (2.2 per cent) (Caribbean Tourism Organisation, 2014: 5). As Costa Rica is not an island, it does not suffer from the same level of dependency on airlines as many small island developing states, whose tourists have few other means of arriving. A fairly large proportion of tourists still arrive in Costa Rica by air, however, 67 per cent in 2013 (Costa Rica Tourism Board, 2013). Many more tourists likely depend on airlines in order to visit Costa Rica, as there is much cross-border travel between Costa Rica and its neighbours via road, and some tourists travel through a series of countries in the region before flying home. International airlines, therefore, carry a lot of clout, as the suspension or reduced frequency of particular flights can cause hotels to go out of business (Pattullo, 2005). As a result, airlines are in a strong position to bargain with developing countries for cheaper landing slots, reduced hotel rates for cabin crew, and increased marketing for the destinations from developing countries dependent on tourist arrivals.

Furthermore, in both enclave and franchise/local tourism value chains, host countries usually pay the costs for infrastructure such as sewerage, airports, roads, electricity and water, and therefore foreign companies often do not have to absorb these costs either (Britton, 1977). The contribution through taxes of tourism businesses often does not cover these costs. The cruise industry's contribution to taxes is particularly low, with a very low head tax paid to developing country governments, while developing country governments are left to take responsibility for the expensive development and maintenance of infrastructure for port facilities. Furthermore, cruise ships do not pay local tax on their onboard businesses, including casinos and restaurants, despite these being in use while they are docked at developing country ports (Pattullo, 2005).

Therefore, inequalities in both the 'enclave' and 'franchise' models of tourism place local service-providers in a precarious position. It is estimated that large tour operators based in developed countries retain at least 75 per cent of the price of retail packages paid by tourists, using their influence in the market to pressure small service-providers in developing countries to lower their prices (Jules, 2005). The fact that 47 per cent of international tourist arrivals are in 'emerging' economies, and yet only 36 per cent of international tourism receipts are retained in 'emerging' economies, also indicates an imbalance in profits (UNWTO, 2014). Clancy (1998) suggests that the structure of the tourism value chain allows international firms even more control over the industry than buyer-driven chains in manufacturing industries, due to the heavy dependence of local owned hotels on well-known international brand names in order to attract tourists.

Mitchell and Faal (2007) suggest that global value chain analysis for the tourism industry overstates the extent of 'leakages' from developing countries, as they argue that it is wrong to claim that developing countries 'own' the whole value chain and should therefore receive all of its benefits, as without the international aspects of the tourism industry, tourism would not exist at the local level. The objective of sustainable development as defined in this thesis, however, is not that all of the economic benefits of tourism should be retained at the local level, but instead that a more equitable distribution of profits from the tourism industry should be established, given the disproportionate risks and costs that local stakeholders shoulder. Mitchell and Faal (2007) argue that another major flaw with value chain analysis is that it underestimates the importance of discretionary income for destination countries, including expenditure from shopping, local travel and local tours, as this income often goes straight to the local people who need it. In response, however, this discretionary income is often very low,

with profit from local tours being extracted through the franchise arrangement discussed above, and purportedly ‘local’ handicrafts sometimes even shipped in from abroad to sell to tourists.

The economic benefits that the tourism industry does bring to developing countries from either of these tourism value chains, furthermore, are often volatile, due to vulnerability to a decline in market demand, for example, as a result of threats such as hurricanes, unpredictable oil prices, climate change, financial crises, terrorism or health outbreaks such as SARS and Avian Influenza (Bishop, 2010: 102). Therefore, even if a small developing country manages to escape the above challenges of the global value chain, there are many more obstacles to sustainable development. As indicated above, small developing countries are particularly vulnerable to income fluctuations as a result of their often lack of diversified development industries. Tourism has in cases lured communities to abandon multiple established local industries as a result of perceived high profits to be made, and yet this income can dry up due to changes in market demand. The impact of this has already been seen to some extent as a result of the global recession, where tourist arrivals in Costa Rica dipped from 2.4 million in 2008 to 2.3 million in 2009, and tourist expenditure decreased from US\$2.5 million in 2008 to US\$2 million in 2009 (World Tourism Organisation, 2013). Therefore, tourism is inherently a difficult industry to rely upon for development.

As a result of these economic concerns with ‘mass’ forms of tourism, new concepts of tourism started to emerge. Government officials and a number of non-governmental organisations in Costa Rica viewed ‘eco’ or ‘sustainable’ tourism as a model that has the potential to empower local communities, improving their quality of life with minimal environmental impacts (Horton, 2009). The concept of ‘ecotourism’ was used increasingly, attracting international criticism over its lack of regulation. A tourism business running a nature tour, but with no commitment to sustainable practices, for example, might call itself an ‘ecotourism’ venture. There was, therefore, a significant need for governance in order to further develop this concept of ‘ecotourism’ and the ventures associated with it in order to ensure their benefits for the local economy.

As well as the economic challenges of tourism so far described, tourism can also have adverse social impacts. The effects of tourism on local communities is particularly concerning, for example, tourist resorts can increase water shortages, as tourists expect to have constant access to water, despite the fact that locals may not have this (Pattullo, 2005). Golf courses are

particularly notorious for large water usage, with examples of local communities suffering droughts nearby. A US-style golf course, for example, can require the same amount of water per day as five to ten thousand local people (Honey et al, 2010). Tourism can degrade the culture of communities, for example, increasing alcohol consumption and crime, including prostitution and drug abuse. It can also cause isolation of local people from local nature, such as the beaches. While women have been able to earn an income in many cases for the first time, for example, in opening small businesses such as restaurants, these roles are often extensions of their roles in the home, such as cooking and serving others, while the best paid jobs, in roles such as nature guides, fishing and scuba diving, are still largely filled by men (Horton, 2009). Furthermore, while tourism improves local infrastructures such as roads, this is often built with the sole purpose of benefiting the tourism industry, resulting in tarmac roads ending at the point in a street past which there are no more resorts.

While it is arguable that tourism can be a stimulus for increased protection of the environment, including the introduction of administrative and planning controls such as beach clean-ups and improved waste disposal (Milne, 1990), tourism is also notorious for its environmental impacts, both locally and more broadly, at the global level. Local environmental damages from tourism include erosion of beaches, damage to coral reefs, marine and coastal pollution from water sports, dumping of waste and raw sewage and destruction of wetlands and salt ponds (Pattullo, 2005). Local infrastructures are often unable to cope with the large increases in sewage and waste. Small developing states often have particularly vulnerable ecosystems, due to their relative wealth of natural assets such as beaches, volcanoes and rainforests, and the fact that many integrate these assets into their tourism industry for tourists to enjoy. The significant greenhouse gas emissions created by the tourism industry, particularly through international flights, which account for between 3.5 per cent and 4.6 per cent of total greenhouse gas emissions (Becken, 2007: 351), also have the potential to cause environmental degradation. These effects, as indicated above, are likely to be felt more significantly in small developing states such as Costa Rica, as they have less capacity for risk reduction measures and adaptation due to their lack of economic diversification, are more likely to experience the effects of climate change, which will manifest as rising sea levels, warmer air and water temperatures, more intense tropical storms, and increased risk of extreme events such as floods and droughts (Becken and Schellhorn, 2007). The squeezing of profit margins from local service-providers in order to provide tourists with competitive prices also often leads to tourists shouldering little of the social or environmental costs of the tourism industry (Curtin and Busby, 1999).

Overall, therefore, the tourism industry poses numerous challenges to economic development, social equity and environmental protection in Costa Rica. Global value chain theories provided a particularly useful tool through which to understand the different arrangements within Costa Rica's tourism industry. 'Enclave' tourism clearly posed many challenges to sustainable development, while 'franchise' and 'local' models provided problems of their own. Claims for emerging 'sustainable' tourism have been subject to significant criticism due to perceived 'greenwashing' and a lack of regulation of the 'ecotourism' label. These concerns around the impacts of tourism have led to the design and implementation of a series of governance mechanisms aimed at promoting sustainable tourism in Costa Rica. This started with a small group of Costa Rican scientists and conservationists, which encouraged the government to protect its natural resources, fuelled by access to transnational contacts, funding and expertise (Horton, 2009). Thus, governance mechanisms for tourism started to emerge in Costa Rica and have since developed into a fairly extensive framework of national park systems, coastal zone legislation, certification, environmental education, activism and technical assistance programmes. The rest of this thesis, therefore, will explore how far these governance mechanisms in Costa Rica have promoted sustainable tourism. This thesis avoids the term 'ecotourism', as it is highly contested, as a result of cases of businesses using the term to 'greenwash' unsustainable practices and concern in the academic and international community as to how far 'ecotourism' businesses actually are sustainable. 'Ecotourism' is also generally applied to a subsection of the tourism market, typically small-scale local-run businesses. The focus of this thesis, however, is on how far governance can make the industry as a whole more sustainable, including larger-scale businesses.

## **Conclusion**

The aim of this chapter was to identify the challenges to sustainable development and sustainable tourism faced by Costa Rica. The chapter first outlined insights in the 'small states' and small developing island states' literature around the challenges to development faced by small developing states. These included dependency on a few primary exports and openness to the international market, all of which lead to unstable and limited economic development and often adverse impacts on social equity and the environment. The chapter then explored how

Costa Rica's development history has been shaped by these challenges, particularly its dependency on the banana and coffee industries. It was outlined how the decreasing prices for primary products and the low economic benefits from manufacturing industries had encouraged Costa Rica to adopt tourism as a new development model.

The final section of the chapter demonstrated the significant challenges that tourism poses to economic development, social equity and environmental protection in Costa Rica. These included that, economically, local people are often unable to start their own businesses and where they do, they provide services at the local level as opposed to the higher value-added sectors of marketing, branding and retailing. Tourism provides fewer employment opportunities than expected as often labour is imported from abroad, and the employment it does provide for locals is often unstable, low-skilled and low paid. Far fewer linkages than were hoped for have come to fruition, with enclave styled resorts importing many of the products they need in order to meet the high expectations of Western tourists, leading to significant leakages. With regard to social equity, tourism can cause resource shortages, as resorts often require significant amounts of water, while the close proximity of 'Western' culture to local communities has led to increases in prostitution, crime and culture-erosion. The environmental impacts of tourism can also be severe, with local infrastructures struggling to cope with large increases in water use and sewage. Ecotourism, furthermore, can bring tourists to some of the most fragile areas.

The next three chapters will explore the effectiveness of different types of governance mechanisms at promoting sustainable tourism in Costa Rica, and seek to identify success factors enhancing the impact of any particularly effective governance mechanisms. Chapter Five will explore the impact of legal mechanisms, Chapter Six will discuss bargaining mechanisms, and Chapter Seven, the impact of persuasive mechanisms. The final chapter will discuss the conclusions of the thesis and reflect on the utility of the theoretical model in exploring the effectiveness of different types of governance for sustainable tourism.

# Chapter Five

## Legal Mechanisms for Sustainable Tourism in Costa Rica

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This thesis aims to explore the effectiveness of different types of governance mechanisms for sustainable tourism in Costa Rica. The Introduction indicated how Costa Rica's adoption of sustainable tourism as a central pillar of its development strategy, coupled with its middle-income status and extensive institutional support for tourism, suggests that its case may represent a success story for governance and sustainable development. Chapters Two and Three developed a model through which to understand and theorise the effectiveness of governance in promoting sustainable tourism. Chapter Two defined sustainable development as comprising economic development, social equity and environmental protection, pursued in a context where local stakeholders disproportionately shoulder the risks and costs of industry. Chapter Three drew on the work of Bemelmans-Videc et al (1998) and Börzel and Risse (2002) in order to develop a model of three types of governance, including highly choice-constraining 'legal mechanisms', moderately choice-constraining 'bargaining mechanisms' and low choice-constraining 'persuasive mechanisms'. These chapters identified how governance must address the particular tensions inherent in sustainable development between business interests and local stakeholders, as well as both social and environmental aspects of sustainable development.

Chapter Four identified how Costa Rica's small developing status, and thus, limited development options and yet significant biodiversity, has led it to adopt tourism as a development strategy, and the many challenges that the industry poses to sustainable development. The concentration of economic influence in the hands of international stakeholders, the volatility and low-skilled nature of local employment and significant environmental damages indicated the need for governance in Costa Rica in order to promote a more sustainable tourism industry. The rest of this thesis will, therefore, use the theoretical model to assess the effectiveness of Costa Rica's governance mechanisms for sustainable tourism, and identify any success factors in Costa Rica's case. In theoretical terms, it will

evaluate the utility of the theoretical model in providing a framework through which to explore the impact of governance for sustainable tourism and sustainable development, and provide insights into general governance questions from the empirical findings.

The purpose of this chapter, therefore, is to explore the effectiveness of the first type of governance mechanism identified in the theoretical model, legal mechanisms, in promoting sustainable tourism in Costa Rica. Legal mechanisms involve the creation of law, backed by the threat of negative sanctions, such as fines or imprisonment, with the aim of prescribing or preventing certain types of human behaviour (Vedung, 1998; Lemaire, 1998). Broadly defined as legislation, they are also referred to as ‘stick’ mechanisms (Bemelmans-Videc et al, 1998) or command and control instruments. With regard to environmental legal mechanisms, for example, this could involve the identification of a target such as a limit on emissions of a pollutant (the command), with penalties where the target is not met (the control) (Gunningham, 2009).

The theoretical model identified a series of hypothetical strengths and weaknesses of legal mechanisms that will be tested in this chapter in the case of tourism in Costa Rica. It suggested that the highly choice-constraining nature of legal mechanisms provides them with the capacity to enforce compliance with their standards, including among the most prolific offenders. On the other hand, the model argued that legal mechanisms may face a number of obstacles. Firstly, legal mechanisms are potentially limited in use as a result of international trade agreements, such as the GATT/WTO and GATS, which require that goods and services from all trading partners are treated equally in the provision of access to the market, thus preventing violation of the most favoured nation principle. Another potentially limiting factor is the growing trend towards new public management, which argues for the reduced use of highly choice-constraining governance in order to limit the impact of state inefficiencies. Secondly, the implementation of legal mechanisms may face obstacles including increased risks of corruption and inefficiencies, a short-term policy focus that is not consistent with the long-term projections required for environmental protection, and fragmented state institutions that are typically unable to coordinate promotion of all three aspects of sustainable development simultaneously. Furthermore, the way in which the authority of states is restricted to the national level makes legal mechanisms less relevant to the increasingly global nature of many issues such as security, transnational production and, indeed, sustainable development. This chapter will start by outlining the different types of legal mechanisms for tourism in Costa

Rica, and will then evaluate the effectiveness of four of these in particular, given the potential challenges highlighted in the theoretical model. The final section will explore the theoretical implications of these findings for broader debates around governance.

## **The Impact of Legal Mechanisms on Sustainable Tourism in Costa Rica**

There are a number of legal mechanisms in Costa Rica related to sustainable tourism, shown in Figure 12. Some are economic and social, including investment in the Papagayo Tourism Pole, where a second international airport and large number of all-inclusive resorts have been developed; regulation against the exploitation of children in the tourism industry; restrictions on the height of buildings to reduce vulnerability to earthquakes and regulations to enable access for disabled people to buildings. Most legal mechanisms related to sustainable tourism, however, are environmental. Indeed, according to a local industry source, Costa Rica has more legal mechanisms for environmental protection than many other developing countries (confidential interview #10). The most renowned and extensive include a Maritime Zone Law, which restricts building on the first two hundred metres of the entire coast line; the national park and private reserve system which protects 25 per cent of Costa Rica's territory from deforestation (INBio, 2001: 6); and a regulation which requires hotels to secure a number of permits from the Ministry of Environment and Energy (MINAET) in order to build, including ensuring that the operation of water treatment plants meets environmental standards (confidential interview #5).

Other environmental legal mechanisms less relevant to tourism include anti-hunting laws, a water tax where dams, water providers and farmers pay the local people who live upstream a sum of money as an incentive to keep the river clean, and legislation to ensure that all municipalities have a recycling centre and a well-established system for managing waste (confidential interviews #17 and 15). The Environmental Court (the TAA) is the government institution responsible for addressing cases where individuals or organisations have caused environmental damages. Typical cases involve the inappropriate disposal of waste water, the expansion of business services beyond their capacity to treat waste water; invasion of protected zones through the construction of hotels, for example, beside a river; and the felling of trees without permission (confidential interview #5). Where there is non-compliance with

environmental legal mechanisms, the TAA requires that the environmental damage is rectified and compensation is paid (confidential interview #5).

Some of these environmental legal mechanisms are considered to be leading-edge in Central America and worldwide. Costa Rica's 1998 Biodiversity Law won the international 2010 Future Policy Award, for example, which recognises pioneering legal protection of the environment (The Guardian, 2010). Costa Rica was also one of the first developing states to implement certain environmental legislation. A local industry source indicated that Costa Rica had one of the first laws in Central America to protect water, despite its small size and large availability of water (confidential interview #10). The quantity of environmental legal mechanisms such as this in Costa Rica is attributed to the 'decades' worth of work by dedicated politicians and implementation staff, who had a clear vision of what they wanted to achieve through environmental legislation (Bennett and Hennington, 2009; confidential interview #10).

Figure 12: Legal Mechanisms for Tourism in Costa Rica

<b>Aspects of Sustainable Development</b>	<b>Main Legal Mechanisms for Tourism in Costa Rica</b>
Economic	Gulf of Papagayo Tourism Pole and Liberia International Airport
Social	Regulation against abuse of children in tourism Height restrictions for building to lessen earthquake risks Disabled access provision to buildings Law for the Promotion of Rural Community Tourism Recognition of the Rights of Inhabitants of the South Caribbean Law Coastal Community Tourism Law (TECOCOS)
Environmental	Maritime Zone Law (ZMT) National park and private reserve system Hunting regulations Water treatment system regulations Requirement for recycling centres and municipality systems for waste management Deforestation regulation Disposal of waste water regulations

This section will assess the effectiveness of four of the most pivotal legal mechanisms for tourism in Costa Rica: the national park system, the Maritime Zone Law (ZMT), legislation recognising rights to land for communities and the Papagayo Tourism Pole and Liberia International Airport. It will identify how far the impact of these mechanisms can be explained by the theoretical model developed earlier in this thesis, in order to assess the utility of the theoretical model. It will argue that the evidence suggests that they have a moderate impact on sustainable tourism. This level of impact is attributed to the high choice-constraining capacity of legal mechanisms, which has ensured a certain level of compliance, including in some cases,

prolific offenders against sustainable development. On the other hand, it will be indicated how factors largely pointed to in the theoretical model - including corruption, inefficiencies, short-term policy making, uncoordinated institutions and lack of authority beyond the national arena – restrict the further effectiveness of legal mechanisms. The impact of international trade agreements and new public management is less clear, although the limited number of economic and social legal mechanisms for tourism points to the indirect impact of these factors. Furthermore, the evidence suggests that there are few legal mechanisms that address economic and social aspects of sustainable development, while environmental legal mechanisms may be extensive, but are ineffectively implemented. The theoretical model, therefore, is shown to be useful in identifying the hypothetical strengths and weaknesses of legal mechanisms. The effectiveness of each of the four legal mechanisms above will now be discussed in turn.

### *The National Park System*

The first key legal mechanism for sustainable tourism in Costa Rica is the national park system. This is renowned internationally and covers 25 per cent of the country's territory, a significant percentage. The national park system restricts movements and activities within the park borders in order to protect the 75 per cent of Costa Rica's plant and animal species that are found in these protected areas. Restrictions include the requirement in certain locations that visitors stay on the paths and are accompanied by guides, and the regulation of activities such as farming and logging. In some respects, the evidence suggests that the national park system is effective. It adopts a scientifically sound approach to protection, focusing on whole ecosystems and basins, rather than just protecting a few key flower or animal species (Ramírez, 2004). Furthermore, Sánchez-Azofeifa et al (2003) found that deforestation rates were negligible inside national parks and biological reserves, and significantly reduced in all biological corridors between 1986 and 1997. This indicates at least some degree of effectiveness of the national park system.

On the other hand, the evidence suggests that the design of the park system limits any further effectiveness. Sánchez-Azofeifa et al (2003) argue that protected areas in Costa Rica are too isolated to enable species to travel to other areas through biological corridors, which limits gene flow. Furthermore, it is suggested that the purchase of land for protection by the state has been guided by price, rather than the land that is at the greatest threat of deforestation (Pfaff et al, 2009). As a result, the land that is protected is often not under significant threat as it is not suitable for agriculture or tourism development; leading Pfaff et al (2009) to argue that the

national parks overall only reduce deforestation by two per cent. Therefore, the design of the national park system does not adequately address environmental aspects of sustainable development. Furthermore, the impact of the national park system is also limited by the way in which its establishment was riddled with conflict, as much of the rural population depended economically upon the use of natural resources that the government sought to protect (Brüggemann, 1997). In some cases there have also been allegations that government has seized land for conservation areas without paying the owners. Thus, the national park system has in some respects also failed to address the social equity indicator of sustainable development.

The evidence suggests that the implementation of the national park system is problematic primarily due to inefficiencies and a shortage of resources. The park system struggles to maintain itself financially, with some parks unable to afford basics such as toilet paper and resources for fire prevention (CEPF, 2006). The problem is fuelled by the way in which many of the national parks bring in revenue, but they then have to channel this money to a central government account, instead of keeping it themselves (CEPF, 2006). As a result, parks do not have an incentive to increase their income from the public and tourists. An industry source indicated that funds for national parks are, furthermore, not distributed in terms of need; for example, a wild area of 120 hectares may only have two members of staff to protect it, and often only one member of staff at a time if the other is on leave (confidential interview #20). Another informant indicated that in 2011-12, MINAET suffered 30-40 per cent budget cuts due to resource shortages, and as a result, they struggle to even afford fuel for their vehicles in order to work outside of San José (confidential interview #4). This lack of financial, technical and human resources has led national parks and biological reserves to be severely damaged by squatters, illegal loggers, hunters and miners (Corbera et al, 2011). Thus, the inefficiencies of the state identified in the theoretical model restrict the effectiveness of legal mechanisms here.

#### *The Maritime Zone Law (ZMT)*

The second legal mechanism to be assessed in this chapter is the ZMT, which restricts construction activities on coastal land. The aim of these restrictions is to reduce environmental damages, such as coastal erosion and coral reef bleaching, maintain public access to the beaches and protect local buildings from the impact of weather events. The ZMT, therefore, prohibits construction on land within 50 metres from the high tide mark (designated the ‘public’ zone) and regulates construction on land between 50-200 metres from the high tide mark

(named the 'restricted' zone). Whereas before the rapid expansion of the tourism industry, this land was largely inhabited by locals, demand for building space from investors has dramatically intensified since the 1980s. In order to operate construction activities within this restricted zone, it is necessary to secure a concession permit from the local authority and the ICT, which require an adequate zoning plan that recognises and mitigates any environmental concerns associated with constructing on the land. The ZMT, therefore, has the potential to have a significant role in protecting both environmental and social interests in inherently vulnerable coastal areas.

The evidence points to some cases where the ZMT appears to have been effective. One local industry source stated that the authenticity of beaches has been 'saved' in many locations by the ZMT, through the prevention of construction of high rise hotels (confidential interview #11). The media has also reported various cases where hotels and other buildings have been demolished as a result of illegal construction on protected coastal land. The 'Tico Times' in 2008 reported how the coastal towns of Playas del Coco, Nicoya and Santa Cruz over the course of a year demolished a series of houses and bars in the public zone of the ZMT, in one case in order to construct a publicly funded pedestrian boulevard along a one kilometre stretch of beach (Tico Times website, 2008). Another Tico Times article (website, 2005) indicated how more than 20 structures had been demolished in Santa Cruz as a result of ZMT regulations. The highly choice-constraining nature of the ZMT, therefore, has enabled it to take action against some of the most prolific offenders of unsustainable development.

In other examples, however, disorganised and poorly coordinated implementation of the ZMT is indicated to limit its overall effectiveness. Responsibility for the ZMT and coastal tourism development in the northwest region of Guanacaste, for example, sees at least 23 national institutions, 11 municipalities and four district councils having roles in overseeing enforcement (Ross and Wood, 2010). Honey et al (2010) argue that there is a lack of clarity over the responsibilities of each institution, which creates conflict and uncertainty. Furthermore, responsibility has been decentralised but local authorities rarely have the knowledge or resources to monitor and plan effectively for tourism, even those in the most popular tourist zones (Monge-González, 2010). A survey undertaken by Ross (2010) indicates that the environment is, furthermore, not a primary concern of most municipalities, with only 12 per cent stating it as their most serious municipal problem, whereas 35 per cent pointed to crime

and violence, and 18 per cent to the economy. 84 per cent of municipalities, however, stated that there were not sufficient resources for environmental protection (Ross, 2010).

As a result, some individuals operate illegally in these zones without the appropriate concessions zoning plans. The poor monitoring of the zones by local authorities has encouraged the initiation of construction without permission which, when challenged, in reality often are able to pay a small fine and start the process of gaining a permit, allowing construction to continue (Miranda et al, 2007). Most of these illegal operations are local enterprises that have occupied the zone for decades; while a few locals have recently taken advantage of the anarchy in order to build illegally in the zone. While local authorities are authorised through the ZMT legislation to seize and demolish these illegal construction sites on the public zone, in reality few have done so.

One cause is that government institutions do not have the capacity to challenge illegal operations in the coastal zones effectively. Miranda et al (2007) identify a case where the Municipality of Liberia denounced on a number of occasions the occupation of land by one particular hotel which was located on land administrated by the ICT. However, the Municipality did not receive the required response from the ICT and therefore, was unable to take action. The TAA also has responsibility for challenging illegal activity in the protected zones. Yet, an industry source indicated that there are cases that the TAA has not been able to address due to a shortage of people and resources (confidential interview #5). The TAA's caseload was described as 'unmanageable', with thousands of open inquiries and only 20 civil servants to address them (confidential interview #5). Data exploring the level of confidence of Costa Ricans in the judicial system also supports indications here of its limited effectiveness, with only 7 per cent of interviewees saying that they had a lot of confidence in the judicial system, 28 per cent saying some, 34 per cent, little, and 28 per cent, none (Latinobarómetro, 2011). Thus, again, the state inefficiencies identified in the theoretical model are seen here.

Where operators have secured concessions to occupy restricted land in the coastal zone, in some cases, these concessions provide more influence over the land than the law allows, or for long periods of time, due to the corruption identified in the theoretical model (Noorloos, 2011). As responsibility for the ZMT has become decentralised to municipalities, more concessions have been granted for construction on coastal areas through political influence and bribery due to the low pay of employees, shortages of resources and lack of monitoring of funds (Ross and

Wood, 2010). Thus, private developers are often able to direct land use planning (Honey et al, 2010). One industry source indicated that there have been cases where businesses are given permits to operate in environmentally sensitive areas, as they say that they can make lots of money (confidential interview #17). Another informant reported that some larger companies ignore regulations due to their economic status or their name (confidential interview #22). In one case, the Municipality of Golfito, on the West coast of Costa Rica, was found to have authorised six businesses to operate in the maritime zone without an appropriate zoning plan (La Nación, 2011). The perception of the existence of corruption in Costa Rica is also indicated by the Latinobarómetro (2011), which indicates that 46 per cent of people interviewed in Costa Rica agree with the statement that formal procedures are often bypassed. 33 per cent of Costa Ricans also agreed with the statement that paying a public official is the only way to obtain what is required. Similarly, 23 per cent of Costa Ricans said that they knew of an act of corruption that had taken place. These figures, therefore, suggest that corruption is perceived to be a significant problem in Costa Rica.

Locals have also protested against irregularities in the implementation of the ZMT, as there have been cases where local fishermen have been evicted from the public and restricted zones while large hotel and resort complexes have been allowed to remain (Noorloos, 2011). Local people have, in some cases, also been prohibited by the ZMT from repairing or renovating their properties (Haddock, 2012). The ZMT, therefore, appears to not be addressing the unsustainable behaviour of many larger tourism businesses. As many of these larger resorts are likely to be foreign owned, given that foreign resorts comprise 63 per cent of Costa Rica's hotels and international investors often have more resources in order to run larger resorts (Pattullo, 2005), the inequalities between the interests of large corporations and local people identified in the sustainable development framework through global value chain analysis appear to be reinforced here by governance mechanisms.

In some cases, occupants have secured the appropriate concessions but are not meeting the regulations laid out by the concessions. For example, they may be failing to put the agreed zoning plans - which are intended to protect the local environment - into practice. In May 2007, Miranda et al (2007) found that around 1,600 concessions had been allocated, but that the individuals to who they were awarded often treated the land as their own private property, changing and degrading it in ways prohibited by the ZMT. Some occupants have also illegally sold their concession permits or tenure rights (Miranda et al, 2007). There have been cases

where foreign companies have taken advantage of loopholes in order to get around restrictions on multiple concessions and foreign ownership, and some even have a dedicated representative who spends their time locating people with possession of concessions in order to offer to buy the land use rights (Noorloos, 2011; Miranda et al, 2007). Overall, therefore, the effectiveness of this mechanism for sustainable tourism is only moderate, despite its highly choice-constraining capacity.

### *Recognition of Rights to Land for Communities*

Alongside these regulations to protect national park and coastal land are a series of protracted conflicts and political and legal battles initiated by local communities, many of which have lived on this land for decades, and oppose their own eviction in the interests of environmentalism. One cause of these disputes is that local communities are often not involved in planning processes or, when they are consulted, they do not always want to participate for fear of legitimising the process (Haddock, 2012). Local communities have, therefore, called for recognition of their rights to land, and, although they have had some successes for local communities, these are not yet concrete. The Recognition of the Rights of Inhabitants of the South Caribbean Law passed in 2014 redefines the borders of the Gandoca-Manzanillo National Wildlife Refuge on the South Caribbean coast of Costa Rica in order to allow Afro-Caribbean communities that were under threat of eviction from the national park to continue living on their 900 acres of land (Clark, 2014). There is no guarantee, however, that the new President will give legal property title to the communities and, therefore, the future of these residents is still uncertain (Clark, 2014). Following local activism from many Costa Rican communities around the injustice of eviction from coastal land that they had owned for years, the government was pressured to propose the Coastal Community Territory Law (TECOCOS). This aims to protect the rights of local Costa Ricans living in the ZMT's protected zones and is currently passing through Parliament. If passed, the law will form a historical precedent worldwide for the rights of coastal communities (Haddock, 2012). Therefore, although legal mechanisms have historically been more extensively environmental than economic or social, a backlash from local people has facilitated new regulations that are more economic and social in nature. The full impact of these, however, is yet to be determined.

### *Papagayo Tourism Pole and Liberia International Airport*

The final key legal mechanism for tourism in Costa Rica is the Papagayo Tourism Pole and Liberia International Airport investment, where the state has made a large investment in a series

of resorts and a second international airport in order to promote tourism in the northwest Guanacaste province. This legal mechanism does not specifically aim to address sustainable tourism, and indeed, will be indicated below to actually promote mass tourism, but is important to mention as it is the state's most extensive tourism investment and has played a significant role in shaping the tourism industry in Costa Rica.

Evidence from local industry sources suggests that this policy has only furthered inequalities in economic and social benefits from tourism as it has encouraged the rapid development of 'enclave' tourism – in the form of the model identified in Chapter Four - in the region. In Guanacaste, almost 75 per cent of residential tourism developments are at least partly of North American origin, compared with only 35 per cent that are partly of Costa Rican origin (Noorloos, 2011). The Papagayo Tourism Pole project saw the poorly planned development of many all-inclusive hotels, individual vacation homes, gated communities and condos, as tourists could fly in directly from the US within a couple of hours. The sheer quantity of rooms in this region, and that of the Central Valley where business tourism is common, shows the extent of tourism development in these regions compared to the rest of Costa Rica. 25 per cent of tourist rooms in Costa Rica in 2013 were in the Central Valley, 24 per cent were in Guanacaste, and each of the other regions in Costa Rica accounted for less than 12 per cent of tourist rooms (Costa Rican Tourism Board, 2013). This indicates the significance of impact of the Papagayo project on the nature of Costa Rica's tourism as a whole. While this project has been an important part of the government's overall tourism strategy, it does not reflect the sustainable vision promoted by other elements of tourism policy, such as the national park system discussed above.

The types of tourists attracted to this region are also less experienced travellers who stay for shorter periods and engage in fewer nature-based activities (Honey et al, 2010). Figures show that from 2011-12, arrivals at the Daniel Oduber airport in Liberia increased by 25 per cent, and that in 2013, 73 per cent of arrivals at this airport were from the US (Costa Rican Tourism Board, 2013). US tourists, in particular, often have shorter holidays than European tourists, and were indicated by several local sources to be less interested in sustainability (confidential interviews #14, #22 and #26). They have few reasons to leave these resorts as everything is provided, and often on an all-inclusive basis. Therefore, many of their tourist dollars stay within the resorts, and thus, in foreign hands. Thus, the type of tourism promoted by the Papagayo

Tourism Pole is not as sustainable as smaller, local-run ventures, which have greater links with the local economy and visitors that are more interested in the environment.

While there have been some local economic and social benefits as a result of the Papagayo project, these have not reached the level expected. Honey et al (2010) describe, for example, how the Papagayo project has improved road and electricity infrastructures and community education and social welfare programmes, such as transportation for local people to and from their jobs in the resorts, job training and health education. Tens of thousands of jobs were predicted as a result of the Papagayo project, but only about 1,400 jobs appeared in reality, relatively few considering the size of the project (Christian et al, 2011). Although some of the higher-skilled and better paid jobs, often requiring a high standard of English, have gone to Costa Ricans from the Central Valley, many have gone to foreigners and few to locals in the Guanacaste region (Honey et al, 2010). Overall, therefore, the local economic and social benefits have only been moderate, and less than expected. One local source indicated that people in the tourism industry are frustrated at the ICT's focus on this policy, as they perceived that tourists would be more likely to visit these sites, as opposed to more sustainable alternatives in Costa Rica (confidential interview #11).

With regard to the environmental impact of these new resorts, there are numerous examples of extensive environmental damages from resorts in this region, including beach erosion during the construction of several hotels, illegal deforestation, and the closure of two hotels after they disposed of their waste into the sea in front of their buildings (Honey et al, 2010). While Chapter Six will present some evidence that the Certificate for Sustainable Tourism certification system has increased the sustainability of a number of the resorts in this region, the type of tourism that the Papagayo project promotes is far from sustainable. Furthermore, in the implementation of the Papagayo project, there have been multiple cases of corruption, with a number of government officials accused of corruption and violation of environmental and labour laws (Honey et al, 2010).

In the case of the Papagayo Tourism Pole, therefore, the economic development element of sustainable development has been pursued in isolation from, and indeed in conflict with, social equity and environmental protection elements. The impacts described above, such as low levels of local employment in the Papagayo resorts and beach erosion, demonstrate the effects of pursuing one aspects of sustainable development over others. In Dawe and Ryan's (2003)

three-legged stool model of sustainable development, the economic development leg of the stool would be longer here than the other two, making the stool, which represents sustainable development, unstable.

The way in which the Papagayo project does not appear to be designed in order to promote sustainable tourism points to the influence of business interests and an uncoordinated policy approach, factors identified in the theoretical model. A local industry source suggested that the Costa Rican Tourism Board, the ICT, has a 'double discourse', where it makes theoretical commitments to sustainable tourism but in practice these ideas are often not backed up with concrete actions (confidential interview #10). An industry source suggested that the Costa Rican government appears to be applying lots of rules for sustainable tourism but in fact, they have made sure that if someone wants to invest \$100 million without meeting environmental standards then they can (confidential interview #26). Indeed, Horton (2009) argues that the promotion of less sustainable models of tourism reflects the embedded nature of neoliberalism in the region. A local industry source indicated that this policy focus on tourism expansion and foreign investment has been promoted by all governments for the last 30-35 years (confidential interview #26).

While there is some evidence of effective economic and social regulation for tourism, this is very limited. For example, one industry source indicated that regulation against the sexual abuse of children in the tourism industry has been very effective as it is a well-respected regulation and the government has put a lot of pressure on this (confidential interview #22). This lack of further progressive economic and social legal mechanisms for tourism points to the impact of international trade agreements and new public management. As indicated in the previous chapter, GATS restricts the use of legal mechanisms for tourism through its requirement for equal treatment of all trading partners, the granting of access for foreign suppliers to domestic markets and equal treatment for domestic and foreign suppliers (Jules, 2005). On the other hand, Chapter Six will discuss the ICT's Certificate for Sustainable Tourism, which does demonstrate a considerable commitment to sustainable tourism, and suggests that the Costa Rican state is moving towards policy that adopts a more sustainable model for tourism.

This problematic and uncoordinated approach in Costa Rica is also indicated to be a result of the way in which responsibility for sustainable tourism is fragmented between not only the

Institute for Tourism (ICT), but also the Ministry of the Environment (MINAET), the Ministry of Health and the Ministry of Education and Training. Industry informants indicated that even the different departments within the ICT do not communicate or coordinate their policy, and that when approaching the ICT, it is necessary to have a conversation with someone on each floor individually, as communication within the building is poor (confidential interviews #10 and #16). This would explain the inconsistent approach of the government to tourism. It also illustrates how different aspects of sustainable development are promoted by parties with differing, and sometimes conflicting, interests. In this case, one section of the ICT has prioritised economic development over the other aspects of sustainable development while, as indicated above, environmental factors have been prioritised by other agencies. While significant sustainable tourism policy such as the national park system, ZMT and CST, exists on the one hand, on the other, the interests of foreign stakeholders still appear to be prioritised over sustainable development at the local level. A key example of this is that, despite expert opinion that a new airport in the southwest Osa peninsula should be for regional and national flights only in order to bolster nature and cultural tourism, the government still plans to build a third international airport in this southern peninsula, which will likely attract 'enclave' and 'franchise' style tourism to a very ecologically-fragile area (Honey et al, 2010).

### **Implications for Theoretical Debates on Governance**

The findings in this chapter provide a number of insights for the broader debates outlined in Chapter Three around governance and the degree to which there has been a dispersal of power from state to non-state actors, and from hierarchical command and control mechanisms to more voluntary forms of governance. It was indicated how neoliberal and civil society scholars argue for the benefits of decentralising power from the state to local authorities and non-state actors, in order to increase economic efficiency and empowerment. Governance scholars, on the other hand, take an empirical focus, using evidence from research to point to the varying significance of the state in governance. The theoretical model of governance developed for this thesis has enabled the testing of these assumptions, as it clearly distinguishes between state and non-state mechanisms, and also between those that are more and less choice-constraining.

The four highly choice-constraining legal mechanisms focused on in this chapter were all state-run, and that three of them were found to be moderately effective indicates the continuing significance of both the state and highly choice-constraining mechanisms for governance. The state's authority here was crucial in enforcing the regulations and enabling the high-level planning of the tourism industry in the north-west peninsula. These findings thus reflect arguments in the literature around the state's significant role in governance by scholars such as Bramwell (2011) and Klick (2011). On the other hand, this chapter also identified many of the challenges for state-led and highly choice-constraining mechanisms pointed to in the theoretical model and the governance literature. These reflected arguments particularly in neoliberal and civil society accounts by scholars such as Bauer (1972), Dodds and Butler (2010) and Lal (1983), around fragmented, disorganised and under-resourced institutions, and corruption. There was, furthermore, evidence of devolution of authority to some extent to local municipalities, which are often responsible for implementing environmental policy, reflecting perceptions of decentralisation from scholars such as Flinders (2011). The lack of capacity in local municipalities in this case, however, challenges the assumptions of the neoliberal and civil society literature that devolution can lead to improved outcomes.

Similarly, the assumption in the civil society literature of the fairly superficial impact of state mechanisms compared with non-state mechanisms was reflected here, along with the lack of capacity to address the behaviour of international actors in global value chains. This challenge pointed to the influence of large, and often international, business interests and potentially, international trade agreements such as GATS. These findings, therefore, point overall to the continuing significance of the state, although also to the ongoing challenges that affect its impact. The distinction in the theoretical model between state-run legal mechanisms and state-run less choice-constraining mechanisms here enabled exploration of the benefits and challenges of each in isolation, given their different characteristics and thus, different impacts. This enabled a more in-depth understanding of the role of the state in governance and the different types of mechanisms that it employs. This approach is in contrast to parts of the existing analytical governance literature, which often leads to a focus on either state or non-state mechanisms as a homogenous group of governance instruments.

## Conclusion

This chapter has explored the effectiveness of legal mechanisms for sustainable tourism in Costa Rica, and how far the theoretical model of governance for sustainable development can explain these findings. The model identified a series of hypothetical challenges for legal mechanisms, including corruption, inefficiency, short-term policy making, rigid institutional structures, a lack of capacity to address the increasingly global nature of many sustainable development concerns and restrictions on highly choice-constraining regulations from international trade agreements and new public management. This chapter then assessed the effectiveness of four of Costa Rica's key legal mechanisms for tourism: the national park system, the ZMT, legislation for the recognition of rights to land for communities, and the Papagayo Tourism Pole and Liberia International Airport investment.

The chapter argued that these legal mechanisms have a moderate impact on sustainable tourism in Costa Rica. This impact was argued to be a result of the highly choice-constraining nature of legal mechanisms, which has enabled a certain level of compliance, and addressed some of the worst cases of unsustainable tourism. On the other hand, it was indicated how many of the obstacles to legal mechanisms identified in the theoretical model restricted their further impact. The Papagayo project has only promoted further the interests of international business interests, as opposed to the local interests integral to sustainable tourism. Corruption reduced the effectiveness of the ZMT, while inefficiency and short-term policy making were a major obstacle for the effectiveness of the national park system. Overall, therefore, this case suggests that the theoretical model is fairly accurate in its expectations of the challenges to legal mechanisms for sustainable development. This chapter concluded by exploring the theoretical insights pointed to by these findings. The following two chapters will explore the effectiveness of bargaining and persuasive mechanisms for sustainable tourism in Costa Rica in turn.

# Chapter Six

## Bargaining Mechanisms for Sustainable Tourism in Costa Rica

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This thesis is exploring the effectiveness of different mechanisms of governance at promoting sustainable development, using the case study of tourism in Costa Rica. The first part of the thesis developed a theoretical model, which defined sustainable development as consisting of economic development, social equity and environmental protection, and identified three types of governance mechanisms - legal, bargaining and persuasive - that potentially promote these. The rest of the thesis now seeks to explore how far these governance mechanisms are effective at promoting sustainable tourism in Costa Rica. Chapter Four indicated how, as a small developing state, Costa Rica has become dependent on tourism due to limited development options, and faces potentially significant challenges from the industry, such as limited local employment opportunities and environmental damage. The previous chapter indicated that the highly choice-constraining nature of legal mechanisms enables them to be moderately effective at promoting sustainable tourism, but argued that their further effectiveness is limited by state inefficiencies, corruption, a focus in some cases on a mass tourism model, and the way in which they do not address the activities of international stakeholders in the industry. This chapter will explore the impact of the second type of governance mechanism identified in the theoretical model - moderately choice-constraining bargaining mechanisms.

As moderately choice-constraining mechanisms, bargaining modes of governance have some levers with which to encourage compliance, but fewer than legal mechanisms. These levers are 'carrots', or incentives, offered to governed actors on the grounds that they will use more sustainable practices. The resource being 'bargained' can be either a positive incentive or a disincentive. With positive incentives, a material resource, such as funds, equipment or recognition through the use of a mark, is given to an individual or organisation in order to improve their economic conditions or reduce the costs and risks of a more sustainable action. On the other hand, a disincentive deprives an actor of a material resource, such as through

taxation of funds, in order to increase the costs and risks of their taking an unsustainable action (Vedung, 1998). ‘Governed’ actors will not be fined or imprisoned as a result of failure to comply with these standards, as bargaining mechanisms do not have this enforcement power, which potentially limits their impact (Cashore, 2002). Instead, bargaining mechanisms rely on the incentives above to attract compliance more voluntarily, often in combination with persuasive arguments that actions are in the self-interest of governed actors, the ‘right thing to do’ or understandable or accepted practices (Cashore, 2002). The impact of these persuasive methods will be explored in more detail in the next chapter.

The theoretical model suggests that there is potentially considerable scope for bargaining mechanisms to be employed as a result of restrictions on the use of legal mechanisms by WTO/GATT regulations and trends in internal policymaking towards new public management. Bargaining mechanisms are also potentially better placed than legal mechanisms to address sustainable development at the international level, as they are not limited by a national enforcement capacity. As moderately choice-constraining mechanisms, however, bargaining mechanisms are potentially limited in the number of actors that comply with their standards as they have fewer levers with which to encourage compliance than legal mechanisms. Where bargaining mechanisms offer a positive incentive, they are collaborative mechanisms, whereas where they offer a disincentive, they often take a more confrontational role.

The model suggests that collaborative bargaining mechanisms are more likely to address sustainable development in greater depth, due to their close, and often prolonged, relationship with individual actors, while confrontational bargaining mechanisms are more likely to target the worst offenders, with the aim of rapid behaviour change, although with a shorter-term, and therefore, shallower, impact. The model indicated that the impact of bargaining mechanisms may also be restricted by the way in which they have to compete with each other for compliance from actors, for example, if several certification systems are targeting the same market. Where bargaining mechanisms are run by states, their authority can potentially increase compliance rates, but they are then also potentially limited by obstacles such as inefficiency and corruption. The model suggests that non-state bargaining mechanisms may have less authority, but considerable expertise around sustainable development, due to their often extensive experience of working closely with local actors and thus, knowledge of ‘what works’. This chapter will outline the three main bargaining mechanisms for sustainable tourism in Costa Rica, and explore the effectiveness of these, along with the extent to which the expectations of the

theoretical model are realised in these cases. It will then reflect on the theoretical implications of these findings.

## **Bargaining Mechanisms for Sustainable Tourism in Costa Rica**

In Costa Rica, the main bargaining mechanisms for tourism are certification systems, which offer businesses recognition, marketing and the use of a logo in exchange for their commitment to certain sustainable standards. These programmes operate on the assumption that tourists will use them to inform their purchasing decisions, encouraging businesses to sign up in order to be more attractive to consumers (Poncibò, 2007). Four key stages of certification can be identified (see Figure 13), drawn from a more extensive framework by Toth (2002). The first stage involves the design of economic, social and environmental standards, which actors have to fulfil in order to achieve certification. The second stage is the application by actors for certification. The third stage is the assessment of the level of sustainability of businesses, where documentation is provided in order to demonstrate that practices conform to the standards. The fourth stage is the awarding and publication of results, in order to market the certification system and its certified businesses. Each of these stages, if problematic, can have significant implications for the impact of a certification system.

Figure 13: The Four Stages of Certification (drawn from Toth, 2002)

1. Design of standards
2. Application of actors for certification
3. Assessment of level of sustainability of actors
4. Awarding and publication of results

Tourism certification has become more common globally as a result of growing international scepticism from the media, consumers, civil society and businesses over the degree of commitment within the tourism industry to sustainable values. The nature-based tourism that attracted biologists to Costa Rica in the 1980s was inherently sensitive to its impact on host destinations, but gave way to mass tourism in the 1990s, which attracted a much larger number of tourists, who knew very little about environmental issues and were typically unaware of their impact (Bien, 2002). As a result of increasing environmental degradation, from the mid-

1990s, the international media began to question the degree to which Costa Rica was actually an ‘eco’ destination. As a result of a combination of an international political climate where state intervention in economic, social and environmental issues had been discouraged, as discussed above, and yet, concerns around these very issues had heightened, certification became an attractive option for many states, international governmental organisations, non-governmental organisations, businesses and consumers. The rapidly increasing development of, and participation in, certification systems, coupled with increasing recognition of certification by public authorities and policy makers, has led certification to become increasingly professionalised and well-established as an important component of public policy arrangements in many countries (Marx, 2010).

At first there were many competing tourism certification schemes in Costa Rica, including the Certificate for Sustainable Tourism (CST), the Rainforest Alliance Verification, the Ecological Blue Flag programme (PBAE, but hereafter referred to for ease as the Blue Flag programme), the Green Deal and ISO 9000. The main certification systems today, however, are the CST, Rainforest Alliance Verification and the Blue Flag programme, shown in Figure 14. The CST was founded in 1995 and is run by the Costa Rican Tourism Board (ICT), a government agency. It is the prominent, and most effective, certification system in Costa Rica for tourism, the reasons for which will be discussed below. The scheme certifies accommodation, tour providers, vehicle hire companies and parks, using a system of five ‘leaves’, which reflects the five ‘star’ quality certification for hotels. Businesses with the highest level of sustainability are awarded five leaves and the rest are awarded four, three, two, one or zero leaves, depending on their level of sustainable practices.

Figure 14: Certification Systems for Sustainable Tourism in Costa Rica

<b>Certification System</b>	<b>State or Non-State Run</b>
Certificate for Sustainable Tourism (CST)	State
Rainforest Alliance Verification	Non-state
Ecological Blue Flag Scheme	State

The Rainforest Alliance's Verification programme was created alongside the organisation's technical assistance programme, as a result of demand from companies that had received technical assistance, and wanted formal recognition of their work with the Rainforest Alliance. To achieve Verification, a business must meet at least 50 per cent of the Rainforest Alliance's best management practices; no other distinction is made between different levels of sustainability. The Blue Flag Programme started in 1996 and replicated the Blue Flag programme in Europe, but has been further developed in order to certify not just beaches, but seven other entities as well, such as educational institutions, communities and protected natural areas. The programme is run jointly by a number of government institutions, including the ICT, MINAET and the Institute of Aqueducts and Drains (AyA). To certify a beach, representatives from local businesses and other organisations must form committees in order to organise action and responsibilities for protecting the coastal area.

As collaborative bargaining mechanisms, the theoretical model would suggest that these certification systems have the potential to address sustainable development in considerable depth. On the other hand, the number of actors that they are able to engage with may be limited by their moderately choice-constraining nature, as the number of incentives that they have to offer actors in exchange for compliance is limited. The state-run CST and Blue Flag programmes potentially face obstacles such as corruption, inefficiencies, short-term policy-making and rigid institutional structures. The model suggests that the non-state Rainforest Alliance Verification may be able to avoid these obstacles and, in addition, potentially has significant expertise, which may enhance its impact. The model also indicates that all three certification systems may be able to address sustainable development at the global level, as they are not limited by national enforcement powers, as is the case for legal mechanisms. The existence of three certification systems for tourism within one country, however, may lead them to compete for compliant businesses and thus, reduce their individual levels of compliance and, therefore, their impact.

This section will argue that the CST is moderately effective at promoting sustainable tourism, and slightly more effective than the national park system and ZMT legal mechanisms discussed in the previous chapter. On the other hand, the Rainforest Alliance Verification and Blue Flag programme will be argued to be limited in effectiveness. Four key factors will be indicated to attribute for the CST's moderate level of impact, which are partly identified in the theoretical model. Firstly, as identified in the theoretical model, the moderately choice-constraining

capacity of the CST enables it to attract compliance from a moderate number of tourism businesses, while its collaborative nature enables it to work with individual businesses in relatively extensive depth. The moderately choice-constraining nature of the CST does, however, limit its further effectiveness, as its limited levers restrict the number of businesses it reaches, along with its ability to enforce compliance from some of the most resource-intensive businesses. The second success factor for the CST is the heightened receptiveness towards sustainable development pointed to by some local sources, which is indicated to have increased compliance rates with the CST, encouraging actors to comply for moral reasons, and in order to compete in the industry.

The third factor argued to contribute to the CST's moderate effectiveness is the state's authority and bureaucratic competence, which position the CST as the frontrunner certification system in Costa Rica and ensure that it is run fairly efficiently. The Rainforest Alliance Verification is argued to be limited in impact primarily as a result of its lack of ability to compete with the authority of the CST. The theoretical model identified the potential impact of state authority, but did not foresee the technical capacity of the state in this case. The state-run Blue Flag programme does not experience the same level of impact as the CST, as the state promotes the CST over the Blue Flag, and the latter is also a more generic programme, less relevant as it focuses solely on environmental indicators, and therefore less effective, at tackling tourism.

The final success factor for the CST is the expertise brought to the programme through collaboration with non-state organisations, both in consultation around its design and in the provision of technical assistance for businesses to apply. The cooperation here between state and non-state actors in one governance mechanism is not captured in the theoretical model. One limitation of all three certification systems, furthermore, is that despite the indications of the theoretical model, none of these three certification systems adequately govern the actions of international stakeholders. These arguments will be explored in more depth through a discussion of the effectiveness of these certification systems at each of the four stages identified above: design of standards, application, assessment and awarding and publication of results.

## **Design of Standards**

Standards are technical specifications or other precise criteria for use as rules and guidelines against which to assess a set of practices (Poncibò, 2007). They inform service providers of what needs to be done, inform consumers of what has been done, and enable comparison of practices used across products (Schepel, 2005). The CST has over 100 standards, arranged into four categories: physical-biological parameters; infrastructure and services (for accommodation providers) or service management (for tour agencies); external client and socio-economic environment. Across these, economic indicators include the training of employees and local people in hospitality, permanent relationships with local or regional microbusinesses, and the promotion of products made in the local area. Social indicators include measures against child abuse, the enabling of access to the business for disabled people and the inclusion of sociocultural aspects in tours. Environmental indicators include, for example, the use of biodegradable soaps and environmentally-friendly cleaning fluids and the installation of native plants in hotel gardens.

While the CST and Rainforest Alliance's standards address a range of indicators across all three aspects of sustainable development, the Blue Flag programme's standards only address environmental aspects of sustainability. As a result, the impact of the Blue Flag programme on sustainable tourism is limited. A local industry insider suggested that as the Blue Flag programme does not have any economic or social standards, it is not a very strong certification and does not indicate, for example, whether businesses are exploiting their employees (confidential interview #17). Here, the environmental aspects of sustainable development are pursued over the economic and social. This shows again, as indicated in Chapter Five, how the various interests potentially involved in sustainable development prioritise different aspects of it over others. In this case, the Instituto Costarricense de Acueductos y Alcantarillados (AyA – Costa Rican Institute for Aqueducts and Sewerage), which is the primary agency responsible for the Blue Flag programme, albeit supported by other agencies, has focused on its interest in environmental aspects of sustainable development. The way in which responsibility for sustainable development is fragmented between multiple, and uncoordinated, government departments, indicated in the previous chapter on legal mechanisms is pointed to as the origin

of this limited scope (confidential interviews #10 and #16). As the Blue Flag programme only has limited relevance to sustainable tourism, therefore, it will just be touched upon in this chapter.

There is only limited data on the quality and impact of the Rainforest Alliance Verification standards, as relatively few businesses have applied for the programme. One informant suggested that the Rainforest Alliance Verification programme had drawn their attention, in particular, to how hiring processes could be made more sustainable, and encouraged them to document all of their sustainability practices to ensure continuity through staff changes, which they had not considered doing before (confidential interview #11). Evidence around the quality of the Blue Flag's standards is mixed. One industry source stated that the Blue Flag's environmental standards are very useful; they used the standards for climate change in order to structure their own work (confidential interview #7). On the other hand, another industry source said that the standards are superficial and could be more profound, but that it is a good first step (confidential interview #13).

Despite the potential lack of expertise of state-run bargaining mechanisms identified in the theoretical model, there is significant evidence that the CST's standards are effective. To start, they have been approved by the tourism ministries in every country in Central America, and in Mexico (Cayuga, 2013). As indicated above, they also address all three aspects of sustainable development concurrently, where the Blue Flag scheme, and the legal mechanisms discussed in Chapter Five, have not. As a result, the three-legged stool described by Dawe and Ryan (2003) to represent sustainable development is stable, and thus, there is the potential for sustainable development to take place here.

Local industry sources indicated, furthermore, that the CST's standards require tourism businesses to have very structured, and therefore, thorough operations, such as documented sustainability practices, along with significant practical changes, from community impacts to the types of soaps and bedsheets used (confidential interviews #10 and #17). An ICT report undertaken in 2011 (document #1) indicates how levels of sustainability of business practices have improved since CST certification, suggesting again that the standards are relatively effective. 58 per cent of hotels in their sample indicated that their water usage had decreased, while 60 per cent of hotels had bought more food locally. Among tour operators, 75 per cent indicated that their electricity consumption had decreased, 62 per cent indicated that their

recycling had increased and 82 per cent of tour operators said that their paper use had decreased. This report was, however, conducted by the ICT itself through self-questionnaires, which raises potential concerns about the extent of its reliability. Furthermore, these figures do not indicate how far the sustainability of CST certified hotels and tour operators has increased compared to all hotels and tour operators in Costa Rica, which also decreases their usefulness.

The robustness of the CST's standards is at least partly a result of consultation by the state with non-state actors. One industry source indicated that non-state organisations provide essential 'know how' for sustainable tourism; the government has some knowledge but not enough, so it relies upon NGOs (confidential interview #26). The National Commission for Accreditation, the accreditation agency for the CST, draws on expertise from a variety of sources, including the ICT, the Ministry of Environment and Energy (MINAET), major educational institutions, the National Tourism Chamber (CANATUR) and international conservation groups (Vivanco, 2013). Furthermore, tourism businesses provide advice to the CST on how to improve their standards. Thus, the state-run CST is able to enhance its expertise around sustainable development through consultation with non-state actors. This analysis suggests that the distribution of expertise between state and non-state actors is less straightforward than the strict dichotomy identified in Chapter Three. This expertise is indicated to be a contextual success factor for Costa Rica. While the Rainforest Alliance, a key provider of technical assistance for the CST, also operates in other developing states, one informant indicated that the level of knowledge around sustainable development is considerably higher in Costa Rica than other developing states in Central America, as more research has been conducted in Costa Rica, resulting in knowledge gaps in other states (confidential interview #20).

There are, however, two particular concerns with the CST's standards that reduce its ability to promote sustainable tourism further. Firstly, despite the potential for bargaining mechanisms to address sustainability in considerable depth, Vivanco (2013) argues that the CST's standards address the simplest aspects of sustainability, such as high efficiency light bulbs, but do not address some of the deeper requirements of sustainability, such as the impacts of the construction process in building a hotel. An industry source argued that the CST does not promote real change; it is only a band aid to cover the problems as, for example, businesses have to show that they are planting trees, not that they are not cutting them down in the first place (confidential interview #17). One industry source stated that the CST is currently revising

their standards and that it was hoped that the standards would go deeper, beyond just using organic products and less electricity (confidential interview #17). On the other hand, however, the collaborative nature of the CST enables it to work closely, and therefore in some depth, with businesses in order to achieve certification, which to some extent counteracts the simplistic nature of the standards. This will be discussed further below in the section on assessment.

The second concern is that the CST's standards in cases do not represent the diversity of approaches to sustainable tourism and, as such, do not adequately reflect the breadth of sustainable development. For example, one of the CST's standards requires contribution to a social responsibility project based in the local area. One certified hotel said that their extensive social programme, which works with around 30 pregnant women who have been victims of sexual abuse in Alajuela, did not count because it was around ten miles from the hotel rather than in the close locality (confidential interview #3). Furthermore, an industry source indicated that the CST's standards also do not distinguish between where a business makes a small contribution to a social project once per year as opposed to running an established project all year round (confidential interview #7).

Furthermore, the CST's standards are less relevant to smaller businesses. For example, an industry source indicated that the CST's criteria for a full system of smoke alarms, sprinklers and big fluorescent 'emergency exit' signs is not fitting for a very rural hotel with only six bedrooms. They argued that small hotels should not lose points for this, and suggested that it would be more appropriate to allow, for example, a flexible evacuation plan to fit the individual characteristics of each hotel (confidential interview #7). Furthermore, the CST measures water and energy conservation through the existence of mitigation devices rather than absolute consumption, such as litres of water used per guest per night (Bien, 2002). As a result, a hotel with a large water consumption, due to facilities such as swimming pools and golf courses, but which has a mitigation device, will score more highly than a hotel without these facilities but which uses much less water or energy overall. The mitigation equipment is very expensive and, therefore, can prevent smaller businesses from achieving higher levels of certification. As a result, one industry informant indicated that certification benefits larger hotels more than those of a smaller size, as it was perceived that foreign-owned hotels in Costa Rica often have five leaves with the CST certification, whereas local organic tourism businesses often only have three leaves (confidential interview #17). This challenges the implication of our theoretical

model that bargaining mechanisms may not reach the worst offenders of sustainable development, as larger businesses are almost always more resource-intensive than smaller enterprises.

A concern here is that the CST may be legitimising the development of large hotels and resorts, at the expense of smaller hotels which have traditionally practised a fairly high level of sustainability without certification, and therefore, may function ‘as nothing more than [a] marketing gimmick for large-scale enterprises of the growing tourism industry’ (Sasidharan et al, 2002: 172). One industry source stated that she does not believe that big hotels with 500 rooms have the potential to be sustainable due to their environmental impacts, yet they are able to apply to the CST, which to some extent legitimises their large size and disproportionately negative impacts on sustainability (confidential interview #17). Another industry source made the point that the fundamental premise of ecotourism is flawed: it does not matter how small an impact each tourist has; when there are 600,000 tourists per year, as is the case in some of the national parks in Costa Rica, there are going to be negative impacts on the local environment (confidential interview #4). While this may be the case to some extent, in terms of the aim of increasing the overall sustainability of the tourism industry in Costa Rica, the CST’s standards address some of the actors with the potential for the highest levels of unsustainable practices, namely, the larger hotels and resorts, due to their size and, thus, inherently larger environmental footprint. Therefore, the applicability of the CST’s standards to large tourism businesses is a valid expression of sustainable development. Furthermore, it will later be indicated how smaller tourism businesses receive support from the Rainforest Alliance in order to participate in the CST and that, therefore, the risk that the CST is less relevant to them is, to some extent, mitigated.

The CST has, however, recently improved its standards and invites feedback from certified businesses in order to continue developing them. An industry source reported that the CST used to penalise businesses for standards that were not applicable to them, but has since adapted its standards to increase their applicability. In one case, a standard which dictated that hotels should have gardens with native plants, and subsequently penalised hotels without a garden, was adapted to avoid disadvantaging hotels to which this standard did not apply (confidential interview #7). Another industry source said that they are working with the CST to help them understand the impact of their standards on smaller businesses, and that as a result, the standards are becoming more flexible and sensitive to these variations (confidential interview

#7). Thus, overall, these issues likely reflect to some extent the challenge of representing and quantifying the diverse characteristics of sustainable development, and making them universally relevant to an industry with a very varied range of stakeholders. Given these challenges, it is unsurprising that the CST's standards are not universally endorsed.

A final concern with the standards of all three of these certification schemes is that they are not relevant to the international branding, airline or tour package actors in the tourism industry. The theoretical model indicated that non-state actors are more likely to address sustainable development at the global level, but the findings here suggest that neither state nor non-state bargaining mechanisms are addressing international stakeholders. This is problematic as, for example, significant proportions of tourists purchase their holidays through tour package agencies: a study in the mass tourism region of Nicoya found that 55 per cent of respondents had bought a tour package (Almeyda et al, 2010). Raventos (2006) reports that in 2000, Travelocity alone accounted for 35 per cent of online gross bookings. The exact reasons for this are unclear; interviewees rarely mentioned the significance of international actors in the tourism industry. With regard to the CST and Blue Flag programmes, the discouragement of regulation of transnational corporations, inherent in ideology and policy, potentially prevents an international scope for the state. Costa Rica's small size, and thus, potentially restricted international influence and dependency on foreign investment and tourists, may also contribute to this lack of international scope. The extent to which these certification systems have effective application processes will now be explored.

### **Application of actors for certification**

The application process of a certification system must be accessible and attractive in order to encourage a significant number of compliant actors and to accurately measure the sustainability of individual actors. The findings indicate that a relatively significant proportion of tourism businesses comply with the CST in Costa Rica. An industry source indicated that the number of CST certified businesses has increased significantly recently: from only 50 in 2009 to 265 in the summer of 2012 (confidential interview #19). The ICT used to certify nine extra businesses per year from 2002-2009, but from 2009 they were certifying an extra nine businesses per month (confidential interview #19). Data suggests that 8.7 per cent of hotels

(219 out of 2,515 hotels) and 20 per cent of travel agencies (70 out of 358 travel agencies) in Costa Rica are certified by the CST (figures drawn from Costa Rica Tourism Board, 2013 and CST website, 2014). This is higher than the figures of five per cent of the market and 50 businesses that critics argue is the average or highest compliance rate (Bendell and Font, 2004; Font, 2007), and therefore, suggests that the CST's application process is fairly effective at encouraging compliance. These findings suggest that, despite its moderately choice-constraining capacity, the CST addresses a larger proportion of tourism businesses than the theoretical model would suggest. Furthermore, as with the standards above, the state-run nature of the CST has not impeded its ability to attract compliance.

A lower proportion of tourism actors comply with the standards of the Rainforest Alliance Verification and Blue Flag programme. An industry source indicated that between 60 and 70 tourism businesses in Costa Rica are certified by the Rainforest Alliance Verification (confidential interview #14). This accounts for around two and a half per cent of hotel and travel agency businesses in Costa Rica (figures drawn from Costa Rica Tourism Department, 2013). There is no data on the range of applicants to the Rainforest Alliance Verification scheme. On the other hand, the Blue Flag programme has 112 certified beaches, around a third of overall beaches in Costa Rica (confidential interview #14; AnywhereCostaRica website, 2014). A local industry source indicated, furthermore, that every year more beaches are being certified (confidential interview #23).

There is some evidence that the focus of the Blue Flag programme on actors such as communities and education institutions is very effective. One industry informant suggested that the Blue Flag programme was strong because it encouraged communities to take responsibility for sustainability, and communities are powerful as they often know who is causing the damage. They, therefore, often have the knowledge and power to increase sustainability (confidential interview #23). The same informant indicated that the Blue Flag award for educative centres is important because, if a child goes to a school that is certified by the Blue Flag, then they already have sustainability in their minds, and that this is key (confidential interview #23). Another industry source suggested that the Blue Flag programme is creating a shift in consciousness, such as through children in education centres, who are going to be the businessmen and women of the future (confidential interview #8). An additional source indicated that the Blue Flag programme has a significant impact with the local population, particularly with reaching school children and also adults who had previously missed out on

sustainability education, for example, if a child criticises an adult for wasting water (confidential interview #10). Therefore, the Blue Flag programme is reaching a set of niche actors in the tourism industry, particularly the communities around beaches and children in schools, but this has the potential to have significance. The limited remit of the Blue Flag programme to environmental factors indicated above, however, significantly restricts its overall impact, despite the relatively significant proportion of beaches certified and impacts on potential future business and political leaders.

Findings suggest that the CST's relatively high compliance rate is facilitated by three factors: two of which are intrinsic to this model of governance, and one is derived from potentially more contextual factors. Firstly, that the CST is state-run has made it difficult for some tourism businesses to avoid certification, and has increased resources in order to make CST certification a cheaper option. An industry source indicated how, for tourism businesses to operate legally in Costa Rica, they have to have one of two papers; either a declaration from the ICT that they can operate or the CST (confidential interview #17). Another informant indicated that they knew some businesses which had tried to avoid applying for the CST but in the end they realised that it was impossible (confidential interview #17). Therefore, the CST is more effective than the Rainforest Alliance Verification and Blue Flag schemes, as the state's authority provides it with powerful 'levers' through which to encourage businesses to apply for the programme.

Furthermore, an industry source indicated that the ICT refused to allow the Rainforest Alliance to label its scheme 'certification'. It had to be called 'verification' instead, in order to avoid competition with the CST (confidential interview #17). Thus, the competition between bargaining mechanisms identified in the theoretical model as a potential problem has reduced the significance of the Rainforest Alliance Verification programme. It does not, however, reduce the impact of the CST, as the state's authority has established it as the dominant certification system for tourism in Costa Rica. Furthermore, as indicated by an industry source, CST certification is cheaper than that from the Rainforest Alliance because the application process is free; the only cost for businesses is in the implementation of the sustainable practices, whereas the Rainforest Alliance requires payment for the application process (confidential interview #7). The Rainforest Alliance Verification used to be free of charge for businesses to apply as they had World Bank funding. Now, however, this has been cut, leading Verification

to cost around \$1,300, considered quite an expense by some businesses (confidential interview #17).

The second factor behind the relatively high compliance rate with the CST is the support for the programme from the Rainforest Alliance and other consultants through the provision of technical assistance to businesses in order to improve their sustainability. A local industry informant indicated that the support provided by these agencies for smaller businesses wanting to apply for certification is absolutely vital; a certification system without this support might not be successful, as few businesses would apply (confidential interview #14). The Rainforest Alliance, for example, works with around 24 per cent of CST certified hotels and 40 per cent of CST certified tour operators (confidential internal document #2). Figures suggest that, from 2005-2010, only one per cent of CST certified hotels that worked with the Rainforest Alliance saw a reduction in their certification level, compared with five per cent that had not worked with the Rainforest Alliance, and only one per cent of CST certified hotels that worked with the Rainforest Alliance lost their certification completely, compared with seven per cent of those that had not worked with the Rainforest Alliance (confidential internal document #2). That these factors are significant levers for the CST is surprising, given that it is assumed in much of the certification literature that pressure from consumers is the key driving force for compliance (see, for example, Poncibò, 2007). Again, the theoretical model does not anticipate that state-run mechanisms might be enhanced by the expertise of non-state actors.

Thirdly, the findings suggest that the relatively high compliance rate of the CST is in part a result of a heightened receptiveness towards sustainable development, which a number of local industry sources suggested exists in Costa Rica (confidential interviews #13, #19 and #25). A local informant suggested that there are small businesses in Costa Rica both within and outside the tourism industry that have practiced sustainability as part of their 'core' business from their beginning, and not because the market demanded it of them; it is part of their 'nucleus' (confidential interview #13). Two separate industry sources indicated that Costa Rica is a very 'fertile ground' in which to try out new ideas around sustainability, as it is believed that there is an understanding of sustainability and a heightened receptiveness towards it (confidential interviews #14 and #19).

This heightened receptiveness is also indicated by the growing requirement within the tourism industry for certification. A local industry informant was that it is almost a requisite for tourism

businesses to have the CST certification as while it is not a legal requirement, it is an informal requirement in order to compete in the industry as clients who are environmentally conscious will look for an agency with the certification (confidential interview #18). Another source indicated that there are some tourism companies that will only work with certified businesses, and that he expected that this would become more common as more and more industry representatives are starting to require certification from their industry partners (confidential interview #24). Another informant from a hotel indicated that they had only applied for the CST certification in order to work with a management company that required it (confidential interview #3).

While the intangible nature of this heightened awareness around sustainability makes it difficult to observe or measure, other data sources also indicate an enhanced interest in the environment in Costa Rica compared with other developing states in the region. Data from the *Latinobarómetro* (2011), for example, found that 83 per cent of Costa Ricans interviewed believe that priority should be given to the environment rather than economic development, as opposed to 75 per cent of Nicaraguans and 63 per cent of Panama citizens. Similarly, when comparing levels of awareness around the environment in Costa Rica with more developed states, a heightened awareness is still visible in Costa Rica. Vignola et al (2013), for example, found that over 85 per cent of respondents in Costa Rica were concerned or very concerned about climate change, compared with 65 per cent of US citizens that were fairly concerned or very concerned about climate change by Nisbet and Myers (2007), albeit in a study conducted four years earlier. In Costa Rica, this awareness takes various forms, including long-standing debates around issues such as forest reserves and frequent discussion of environmental education on the television and radio and in the newspapers (Blum, 2008).

While there is evidence that this heightened awareness has increased across Costa Rica's population as a whole, action as a result of this heightened awareness is only seen significantly from tourism professionals and businesses. There is only limited evidence that the public uses more sustainable practices, with one interviewee explaining that while some sections of the public make the effort to recycle, there are still others that throw rubbish into the rivers (confidential interview #3). The lack of action by the public will be discussed in more detail in Chapter Seven. On the other hand, one interviewee indicated that tourist businesses and organisations do a lot of work for sustainable development, while the rest of the country does not (confidential interview #19).

This heightened receptiveness is likely derived from Costa Rica's significant variation in biodiversity, which has facilitated an affinity between people and nature. Costa Rica comprises only 0.03 per cent of the world's land mass and yet, four per cent of the world's biodiversity and a wealth of rainforests, mountains, volcanoes, beaches and waterfalls exist within its borders (INBio, 2001: 21). This unique range of biodiversity is a result of Costa Rica's varied microclimates and its status as a biological corridor between North and South America, which has caused a significant variety of flora and fauna to flourish. The existence of this range of biodiversity has, in turn, facilitated a significant amount of interest and research in Costa Rica, which has generated substantial knowledge about its various species. One local source indicated that the extent of research that has taken place in Costa Rica hasn't been mirrored elsewhere and that as a result, people come to Costa Rica to buy a book to find out the types of butterflies that might exist in Panama (confidential interview #20).

Findings from local sources indicate, furthermore, that this heightened receptiveness is not generated solely in order to preserve the potential for future income and benefits from Costa Rica's biodiversity, but from its intrinsic value in itself. It was indicated how it is seen as a 'personal honour' in Costa Rica to run a sustainable business, and how some businesses see sustainability as a core requirement, rather than a market demand (confidential interview #25 and #13). A representative from a hotel with five leaves said that they saw sustainability to be their responsibility, and one that would be increasingly important into the future (confidential interview #24).

On the other hand, as less than ten per cent of tourism hotels are certified by the CST, the percentage of the target market reached is still limited. Examining the range of CST certified businesses provides some insight into the reasons behind this. 219 hotels comply with the CST, 71 travel agencies, five adventure parks and six vehicle hire companies (CST website, 2014). As indicated above in the discussion around standards, figures suggest that larger hotels are more likely to apply for the CST than smaller hotels. While the average number of rooms in a hotel in Costa Rica is 19, the average number of rooms in a CST certified hotel in June 2014 is 54 (figures adapted from Costa Rica Tourism Board, 2013; and CST website, 2014). Furthermore, while around 75 per cent of hotels overall in Costa Rica have less than 20 rooms, only 39 per cent of CST certified hotels have under 20 rooms (Rivera, 2002; figures adapted

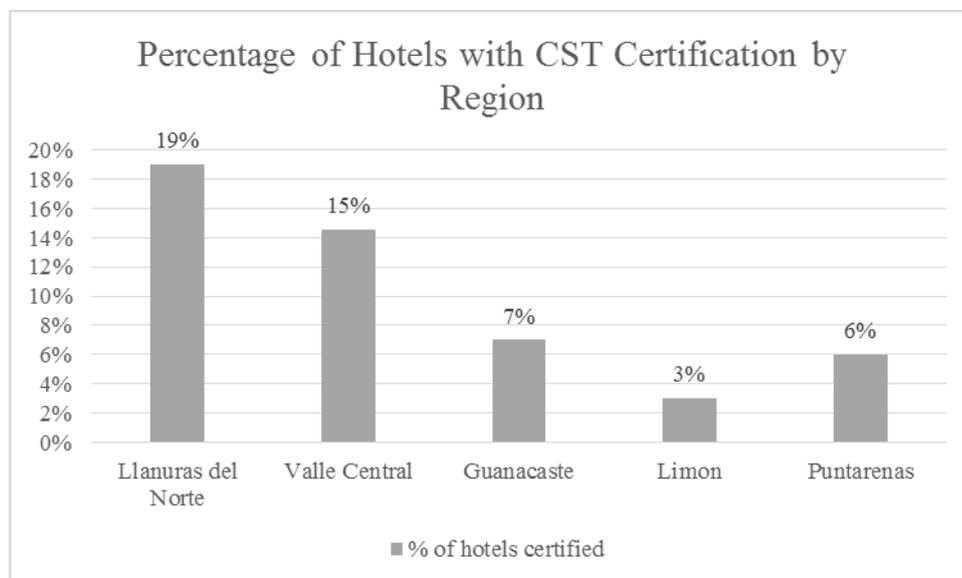
from CST website, 2014). Therefore, the evidence suggests that many smaller businesses are not applying for the CST.

The causes of this are largely attributable to the fact that, despite the lower cost of the CST compared to Rainforest Alliance Verification, the perceived and real costs of certification deter smaller businesses from applying. Some businesses believe that the CST charges a lot for businesses to apply, despite the fact that the CST application process is free of charge (confidential interview #19). While CST application is free, the process of preparing a business for certification is costly, as it requires a considerable amount of evidence gathering, and many businesses need to employ a person working full-time on this or hire a consultant to guide them through the process (confidential interview #17). An industry informant indicated that businesses have to change everything they are doing, including bed sheets, manuals, their impact on the community, and the creation of an operations or emergency manual, which many small businesses would not normally already have (confidential interview #17). The same informant indicated that a small business with only 15 or so members of staff would not be able to afford this. Vivanco (2013) estimates that it would cost between several thousand and tens of thousands of dollars for a medium-sized eco-lodge to prepare for the formal audit. Indeed, a representative from the ICT said that there are many tourism businesses in Costa Rica that use sustainable practices but do not seek certification because the process of gathering evidence is too time-consuming (confidential interview #19). Thus, smaller businesses can be deterred from applying for these cost-related reasons. Again, this finding challenges the assumptions of the theoretical model, which suggests that more prolific offenders against sustainable development, in this case larger businesses, are less likely to comply with collaborative bargaining mechanisms. Here, the increased resources of larger businesses better equip them to apply for certification.

There is mixed evidence as to whether the CST is attracting compliance from foreign-run tourism businesses. These are potentially less sustainable than local-run businesses as, as indicated in Chapter Four, foreign-run businesses are often integrated into all-inclusive 'enclave' tourism value chains, where profits are concentrated at the international level, while environmental impacts are felt most strongly at the local level, as foreign-run businesses are typically larger in size and hence more resource-intensive. On the one hand, a significant proportion of hotels in the regions most penetrated by mass tourism have been certified. Guanacaste and the Central Valley have the second and third highest proportion of CST

certified hotels, seven per cent and 14.6 per cent, compared with 19 per cent for Llanuras del Norte (including Alajuela and Heredia), six per cent in Puntarenas and three per cent in Limon (figures adapted from Costa Rica Tourism Department, 2013 and CST website, 2014). This is shown in Figure 15. This suggests that foreign tourism businesses are applying for certification and indicates that the CST is at least to some extent addressing foreign tourism businesses in the franchise and enclave tourism value chains. On the other hand, data suggests that overall more local businesses apply for certification than foreign, as a local industry source indicated that 80 per cent of CST certified businesses are local-run, as opposed to 37 per cent of tourism businesses overall in Costa Rica (confidential interview #19; UNEP, 2014).

Figure 15 (figures adapted from CST website, 2014)



Industry sources suggested that the perceived lack of benefits from the CST is another key factor preventing more businesses from applying to the CST. While incentives are offered, including discounts for stands at trade fairs (through which an industry representative indicated that a certified business can save approximately \$10,000-\$12,000 per year) and promotion through the ICT and Rainforest Alliance’s websites and promotional materials, these are often not known about or recognised (confidential interview #24 and #17). One industry informant indicated, for example, that they saw few benefits from applying for CST certification (confidential interview #3). Another industry source suggested that some hotels complain about the lack of benefits from the CST, arguing that it is a waste of time and money (confidential interview #24). The CST does not adequately promote these benefits, in particular, it has not produced a document to outline the benefits of certification; and to inform tourism businesses

that certification is free (confidential interview #19). The CST here, therefore, again appears to be reaching only the ‘low hanging fruit’, a result of its limited levers to persuade less interested businesses to comply, a potential problem identified in the theoretical model.

### **Assessment of sustainability**

The processes for assessing the fulfilment of business practices of the above standards can also affect the success of a certification system. Businesses must be assessed fairly in order to give consumers, and other stakeholders, accurate information about each individual business’s adherence to the standards. The evidence suggests that the rigour of the CST’s assessment process is mixed, although its state-run nature does not appear to have caused the problems suggested in the theoretical model. The CST uses a combination of first and second party assessment, with businesses providing evidence for every question on a survey, such as dated photographs of environmental practices in action, or signed letters from communities to confirm their relationship with the business, followed by a visit from an ICT inspector to check that everything has been carried out correctly (confidential interview #19). This two-fold process is positive, as second-party inspection reduces the risk of fraudulent claims by businesses. The CST then submits its assessment to its accreditation agency, which has representatives from a range of public and private bodies to ensure the quality of the CST’s assessment processes (confidential interview #19).

One industry source indicated that the CST assessment process is positive because the evidence requires businesses to be honest, although there are still some businesses that have been awarded certification when they did not meet the criteria; somehow they faked the evidence or the inspectors missed it (confidential interview #7). Another industry source suggested that the CST is one of the best programmes in terms of rigour; the decision for certification is made not just by a public or private body, but by a number of parties (confidential interview #14). The assessment process also engages with individuals businesses very closely, and over a fairly protracted length of time, which, indicative of a collaborative bargaining mechanism, enables the CST to effect fairly in-depth change. An informant (confidential interview #19) indicated how, as part of the assessment process, an inspector from the CST visits each applicant and provides advice on how to increase their level of sustainability. Applicants are then given six

months in which to improve their sustainability, before they are visited again for the formal assessment. As indicated above, one informant indicated how businesses seeking CST certification often have to change the nature of their activities quite significantly, from the types of bed sheets that they use to the creation of a full operations manual (confidential interview #17). Thus, as indicated in the theoretical model, the CST's collaborative nature leads it to enhance the sustainability of certified actors in relatively significant depth. This level of impact indicates that the CST is moderately more effective than the legal mechanisms discussed in the previous chapter.

The assumptions of the theoretical model might lead to expectations that efficiency and resourcing problems would significantly limit the effectiveness of the assessment process of the CST. While there is evidence of inefficiencies, the state has managed, at least in part, to avoid these. Industry sources indicated that the CST has become quicker at assessing businesses; it used to take a year and a half, and now it takes a year (confidential interviews #7 and #19). Other industry sources, however, indicated that the process still takes time and is inefficient and bureaucratic (confidential interviews #18 and #25). The resource shortages are evidenced in the fact that, as of August 2012, the CST department had only seven members of staff to certify over 200 businesses (confidential interview #19). Another industry source indicated that the assessment process is very drawn out, and that a few years previously, many businesses were very sceptical about the amount of paperwork that the CST required and many tried to avoid it, as it takes a long time, with four chapters and 300 pieces of evidence (confidential interview #17). The industry source indicated, however, that the assessment process becomes easier once a business has been certified for the first time, as the documents are all digital and the existing evidence just needs to be updated each time an assessment is conducted (confidential interview #17). Therefore, one success factor in the case of Costa Rica appears to be the bureaucratic competence of the state, which was not evident in the previous chapter's discussion of legal mechanisms, but can be seen as an important factor here. The cause of this relative competence with the CST compared to legal mechanisms is pointed to by the very fragmented nature of policy making for sustainable development in Costa Rica, both across departments and within the ICT, which appears to lead to different outcomes across divisions (confidential interviews #10 and #16).

A number of other concerns about the assessment process were raised, however, which affect the level of impact of the CST. Firstly, one informant suggested that the number of leaves

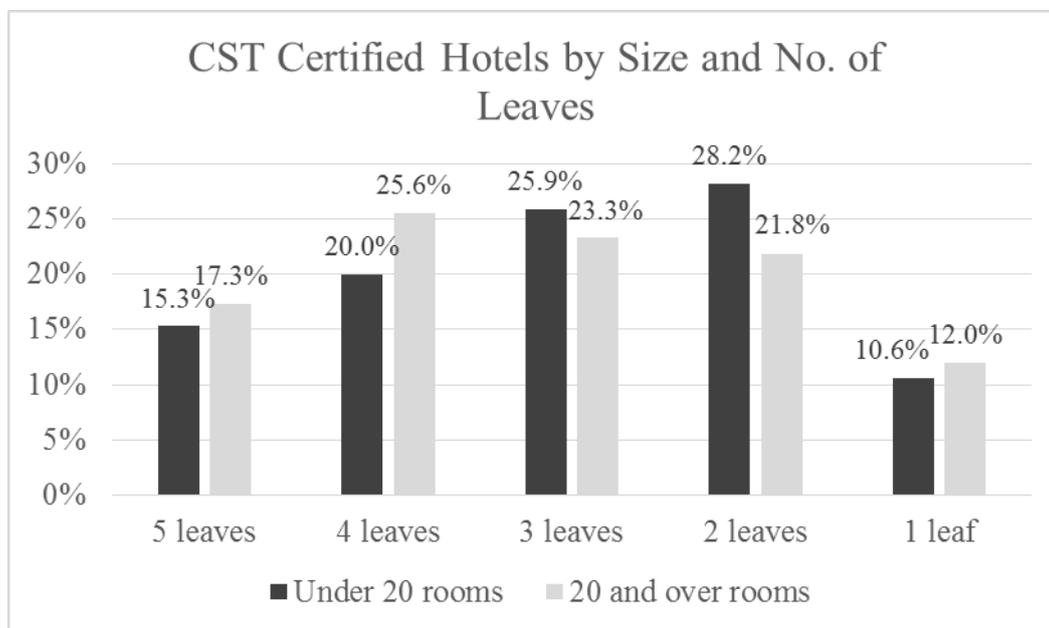
awarded to each business depends in part upon the individual inspector allocated to their case, as some inspectors require everything to be labelled in a certain way, whereas newer inspectors are less particular about how evidence is documented (confidential interview #7). Furthermore, there appear to be some cases where evidence is faked in order to meet CST standards. One local informant stated that they know a hotel where the rubbish is separated into different recycling piles in order to fulfil the CST standards and then all piled back together afterwards; it was indicated that this was not large scale but it does take place (confidential interview #26). A second concern is that assessment only takes place once per year, and thus, standards may be met only for the period of time when the evaluation is carried out. One local industry source said that whilst high sustainability standards may be in place when an auditor visits, three months later they could be completely different (confidential interview #10). A representative from a sustainable tourism management company said that their hotels are five leaves all year, not just for the evaluation. They made reference to how some hotels do this, for example, by making a one off contribution to sports, arts or health, rather than an established project that gives all year round (confidential interview #7).

Once the assessment process has taken place, the CST has a five leaf system where businesses that comply with 20 per cent or more of criteria achieve one leaf, 40 per cent or more achieve two leaves, 60 per cent or more achieve three leaves, 80 per cent or more achieve four leaves and ninety five per cent or more achieve five leaves. There is a fairly even distribution of businesses across the two, three and four leaf 'levels' of sustainability (23-24 per cent at each), with slightly fewer with one leaf (16 per cent) and five leaves (12 per cent). Industry perspectives on the effectiveness of the CST's grading system are again mixed. It is suggested that it is difficult to achieve the higher levels of certification. One hotel with five leaves said that it takes most businesses several attempts before they are able to achieve five leaves, as it requires a lot of commitment and alterations to practices (confidential interview #24). That the difference between one leaf and two leaves is over 20 aspects of sustainability on the survey also indicates a significant difference between stages. This suggests that the CST identifies relatively effectively the different levels of commitment to sustainability by businesses.

The data suggests that larger hotels are, overall, more likely to achieve a higher level of certification from the CST than smaller businesses. Figure 16 shows the percentages of CST certified hotels with under 20 rooms and below, and 20 rooms and above, across the levels of leaves. It indicates that hotels with 20 and over rooms are more likely to have four or five

leaves on the CST than hotels with under 20 rooms (17 per cent of hotels with over 20 rooms have five leaves, compared with 15 per cent of hotels with under 20 rooms; 25 per cent of hotels over 20 rooms have four leaves, compared with 20 per cent of hotels with under 20 rooms). While a higher proportion of hotels with under 20 rooms have two or three leaves than those with over 20 rooms, a higher number of hotels with over 20 rooms have one leaf than hotels with under 20 rooms. This reflects the finding earlier in the chapter that larger businesses are better able to afford and navigate the CST application and assessment processes, but suggests that there is also a proportion of larger businesses with certification that are not strongly committed to sustainability, instead satisfied with a lower level of certification.

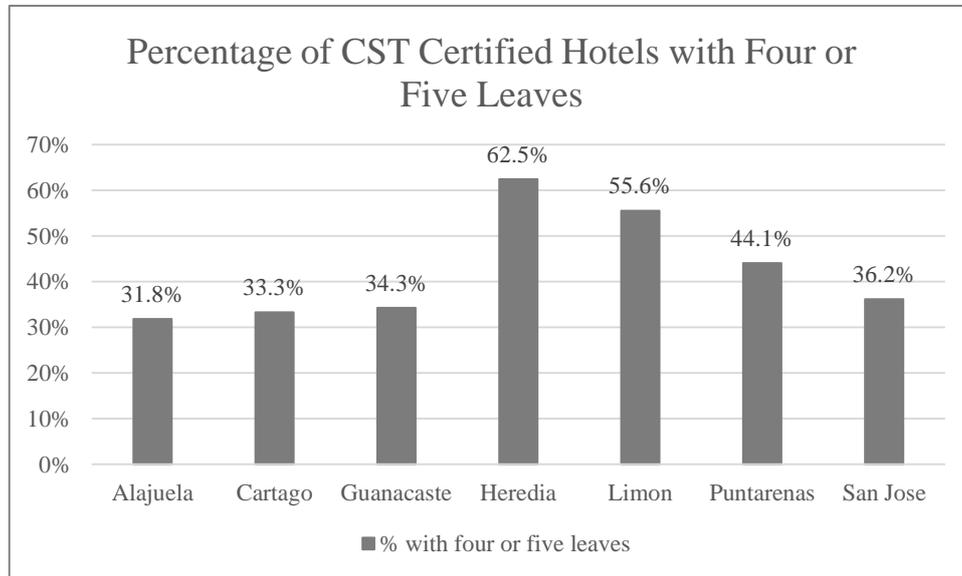
Figure 16 (figures adapted from CST website, 2014)



That a proportion of large businesses are only interested in achieving a low level of certification is also supported by the fact that, despite being the regions with the second and third highest percentage of hotels certified, certified hotels in the mass tourism regions of Guanacaste and the Central Valley are the least likely to have four or five leaves. Around 34 per cent and 36 per cent respectively of certified hotels in these regions have four or five leaves, compared to the average of 40 per cent of all certified hotels across Costa Rica (see Figure 17). In other words, larger hotels with four and five leaves are largely located in regions other than the typical mass or ‘enclave’ tourism zones, and thus, the CST may not be significantly increasing the sustainability of mass tourism hotels. Despite suggestions above that the CST is reaching the more resource-intensive tourism businesses, this suggests that in terms of the depth with

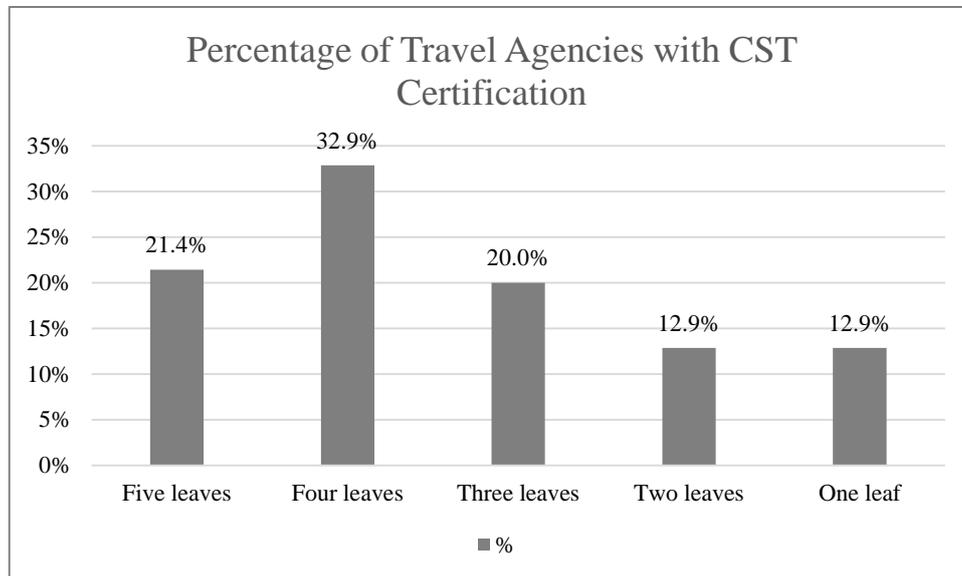
which it influences actors, the most resource-intensive businesses are less likely to achieve higher levels of certification. This finding therefore reflects to some extent the indications of the theoretical model.

Figure 17 (figures adapted from CST website, 2014)



The picture is different with regard to travel agencies, as the data from the CST’s certified businesses, shown in Figure 18, indicates that over 50 per cent of the travel agencies certified (20 per cent of the total travel agencies in Costa Rica) have four or five leaves, suggesting that travel agencies have a high level of commitment to sustainability. A local industry source confirmed this finding, stating that most of the large travel agencies have three, four or five leaves on the CST; they are all committed to sustainability (confidential interview #18). Thus, the concern with the CST is primarily with the lower levels of certification achieved by larger, mass tourism, hotels.

Figure 18 (figures adapted from CST website, 2014)



With regard to the other two certification programmes, an industry source stated that the Rainforest Alliance Verification programme requires the same level of commitment as the CST, but that it is more flexible in how it allows businesses to fulfil the criteria: for example, they do not require a full time member of staff to work on sustainability, whereas the CST does (confidential interview #14). The Rainforest Alliance programme relies less on documentation and more on onsite visits from inspectors (confidential interview #7). The Blue Flag application process, meanwhile, is also perceived to be quite straightforward (confidential interview #7). Again, however, this evidence on the application process of these two programmes is rather superfluous, given the limited focus of the Blue Flag programme on environmental standards only, as highlighted above, and the Rainforest Alliance’s very limited compliance rate.

### **Awarding and Publication of Results**

The final role of a certification system is to inform the public and industry about the level of commitment of certified actors to sustainable development. This takes place, firstly, through the granting of permission for the certified actor to display a ‘mark’ or ‘ecolabel’, often in the

form of a word, name, symbol or device, which signifies an actor's compliance with the standards (Poncibò, 2007). Secondly, this information is often released on the website of the certification system, in order to enable consumers to differentiate between the levels of sustainability of different products. This theoretically leads them to put pressure on businesses to use sustainable practices if consumers preferentially buy sustainable products.

The findings suggest that there is mixed evidence as to the level of recognition of certification by tourists in Costa Rica. With regard to the CST, several industry sources suggested that tourists are willing to pay more to stay in hotels with sustainable practices, and that the CST certification is used as a marketing strategy to increase prices (confidential interviews #7 and #25). Another informant, however, suggested that tourists do not choose hotels as a result of their sustainable practices; they had not seen a significant increase in visitors since their CST certification (confidential interview #3). Several local industry sources indicated that businesses get more recognition internationally for their Rainforest Alliance Verification on their website than the CST certification; people know about the Rainforest Alliance; the little seal is on everything; in the US market in particular it is very well known (confidential interviews #7 and #10). Newton et al (2004) argue that this lack of recognition of the CST from international tourists is a primary limitation of the scheme.

The evidence is also mixed with regard to the effectiveness of the awards stages of the Blue Flag programme. One industry source indicated that, when announcements are made each year as to which beaches have lost their certification, the demand from tourists for these beaches drops significantly (confidential interview #10). Another industry source indicated, however, that they did not know of one case where a tourist had changed their mind over their choice of beach as a result of whether it had achieved a Blue Flag award, and only once had he heard a tourist ask about the Blue Flag programme (confidential interview #26). One other industry informant confirmed that although they like to bring their tourists to clean beaches, tourists do not ask for the Blue Flag (confidential interview #18).

The cause of this limited interest from tourists in certification and sustainability is likely multiple. Firstly, there is the challenge of educating tourists about certification in their origin countries before they make purchasing choices for their holiday - a result of the common use of tour package companies and recognised international brands. An industry source suggested that tourists are less likely to recognise certification in the tourism industry than in other

industries, such as food, as they make their decision before they arrive at the product (confidential interview #13). Certification systems appear to lack the resources and mechanisms to promote themselves internationally. The CST presents the surveys completed by each certified business on its website, but although a brief outline of the businesses' performance across the four categories of standards is available in English, French, Spanish and German, the full surveys are only available in Spanish. Furthermore, very few people, including tourists and businesses, know that these questionnaires are available online (confidential interview #10). CST certified businesses also do not exploit their certification as much as they could do, for example, they do not always make their commitments to sustainability clear on their websites (confidential interview #10). As a result, an industry informant indicated that the CST is well known nationally in the tourism industry, but it is not so recognised internationally (confidential interview #7). Therefore, the indication of the model again that bargaining mechanisms are likely to address sustainable development at the global level, is not reflected in the case of the CST.

Other sources said that the problem with the Blue Flag programme is that from the beginning it left out the most important stakeholder: the tourist. Tourists have not been educated about the meaning of the Blue Flag awards (confidential interview #26). A representative from a sustainable tourism management business said that the way in which the Blue Flags are presented is very positive, for example, one year the Vice President gave out the awards, which motivated people to engage with the programme. In this sense, the Blue Flag programme is better promoted than the CST (confidential interview #7). The ICT promotes the Blue Flag scheme quite strongly, although there could be more resources to better communicate the programme (confidential interview #10). Another industry informant indicated that the Blue Flag programme is taught to all children in schools (confidential interview #23). An industry source indicated that the Blue Flag programme should give more recognition to certified entities both at the national and international level, for example, they should be given priority in official recommendations of places to visit (confidential interview #20).

The second factor behind the lack of interest from tourists in certification is that, although the Rainforest Alliance and Blue Flag programmes are better recognised internationally than the CST, but not so well recognised within Costa Rica, there is little evidence that these influence tourists' choices (confidential interview #7). One potential reason for this is that cost is often a very significant deciding factor for tourists, a result in part of the way in which the brochures

of tour package operators emphasise very similar features across multiple destinations, including sun, sea, beaches and entertainment, leaving tourists to make decisions based on cost and convenience, rather than a destination's particular attributes (Curtin and Busby, 1999). An industry informant stated that sustainability is the second, third or fourth deciding factor for tourists as to which hotel they choose to stay at (confidential interview #7). Another industry informant indicated that some tourists prefer uncertified hotels, as they conflate sustainability certification with seriousness, and therefore, limitations on perceived 'fun' activities, such as shouting and smoking (confidential interview #26). Indeed, the industry source said that it is recommended that hotels do not advertise their sustainable practices on the front page of their website as tourists think that a certified hotel is very serious and that they will have to pay more (confidential interview #26). Even if this is the case, CST certification has still been relatively successful in Costa Rica without significant tourist awareness, through factors discussed above, including a heightened receptiveness towards sustainability and industry pressure. As indicated above, therefore, the levers making the CST successful are not those traditionally linked to certification.

### **Implications for Theoretical Debates on Governance**

As in the previous chapter, the findings here have a number of implications for ongoing debates in the governance literature identified in Chapter Three around the significance of the state, and hierarchical versus voluntary mechanisms, in governance. The approach taken by the theoretical model in separating bargaining mechanisms from less choice-constraining persuasive mechanisms, and also legal mechanisms, enables an in-depth understanding of moderately choice-constraining mechanisms, and their different impacts when they are run by state or non-state actors. The moderate effectiveness identified in this chapter of a state-run certification system indicates, firstly, the significance of voluntary mechanisms of governance, and the shift away from reliance on traditional command and control mechanisms. This reinforces the arguments in the literature of scholars such as Pierre and Peters (2005) and Jordan et al (2003) that new, and less choice-constraining forms of governance can be more cost effective and less politically contentious. The findings also indicate the shifting role of the state from command and control to more voluntary mechanisms of governance, as the state here facilitates the CST certification system. This supports the arguments of scholars such as

Pierre and Peters (2005) that states are using more voluntary forms of governance and stresses the continuing significance of states in governance. Indeed, the way in which the state in this case has deterred a non-state actor (the Rainforest Alliance) from establishing a competing certification system reinforces the power and authority of the state.

A significant finding in this chapter is the way in which the state draws upon its authority to encourage higher levels of compliance with a voluntary mechanism of governance, as non-state actors do not have this authority with which to reinforce less choice-constraining governance mechanisms. This finding runs contrary to the assumption of the neoliberal and civil society literatures, which point to the strengths of decentralised state institutions and non-state actors. Similarly, the empirical governance literature also does not widely recognise the strength of state-run voluntary mechanisms, instead often associating voluntary mechanisms with non-state actors. Thus, the approach taken by the theoretical model has here enabled a more in-depth and detail understanding of the impact of bargaining mechanisms run by state and non-state actors.

On the other hand, the challenges identified here for bargaining mechanisms are reflected in the theoretical literature, including the limited impact on those actors less interested in compliance. The way in which bargaining mechanisms are not addressing international actors in the tourism industry is not widely recognised in the literature, which points to the potential for voluntary mechanisms to have international influence due to their lesser need for authority, which is sourced from national sovereignty. These findings, therefore, provide a contribution to the existing governance literature by pointing to the need to recognise the significant challenges for both more and less choice-constraining mechanisms in addressing actors at the international level of the global value chain. They also suggest that there is a gap in the capacity of governance mechanisms as a whole to address these international facets of an industry.

A final observation here is the usefulness of the degree of granularity provided by the theoretical model in distinguishing between state and non-state and more and less choice-constraining mechanisms. The focus often taken in the existing literature is on the impact of the state versus non-state mechanisms, as opposed to command and control versus voluntary mechanisms. Where the latter are recognised, they are often equated to state versus non-state mechanisms. The findings here suggest the need for analytical models to recognise the complexity of governance, and how states may be increasingly using more voluntary

mechanisms of governance. Similarly, where the literature does recognise voluntary mechanisms, it does not often distinguish between moderately and low choice-constraining instruments, as this theoretical model does. This distinction enables a greater understanding of the different types of voluntary mechanisms and the ability to compare and contrast their levels of impact. This is particularly useful, as the existing certification literature is fairly insular, and is not recognised or referred to by much of the wider governance literature.

## **Conclusion**

This chapter has explored the impact of bargaining mechanisms on sustainable tourism in Costa Rica. Three main bargaining mechanisms for sustainable tourism were identified: the CST, Blue Flag and Rainforest Alliance Verification schemes. The theoretical model indicated that the moderately choice-constraining nature of bargaining mechanisms potentially enables them to address a certain number of actors, but may also limit the overall number of actors that comply, as they have fewer levers with which to encourage compliance. The collaborative nature of certification systems was indicated to potentially enable them to have an in-depth impact. It was indicated that state-run bargaining mechanisms may suffer from obstacles such as corruption and inefficiency, while non-state bargaining mechanisms may have superior expertise. The chapter explored the effectiveness of the three certification systems through the four stages of certification in turn: design of standards, application, assessment, and awarding of certification.

The chapter argued that the CST is moderately effective at promoting sustainable tourism, while the Blue Flag programme and Rainforest Alliance Verification have a limited effectiveness. Despite the moderate effectiveness of legal mechanisms argued in the previous chapter, this chapter has argued that the CST is slightly more effective than these legal mechanisms, although still has an overall ‘moderate’ level of effectiveness. Four key factors were identified to explain the primacy of the CST over the other two certification systems. Firstly, the moderately choice-constraining and collaborative nature of these certification systems enabled them to attract compliance from a low to moderate number of actors, and to work with these actors in some depth. Secondly, the heightened receptiveness towards sustainable development evidenced in Costa Rica, as a result of its unique biodiversity and

thus, historic concern for the environment, increases compliance with these schemes for moral and market competition purposes. Thirdly, the state has promoted the CST within Costa Rica very effectively, while its promotion of the Blue Flag programme has been less significant. The non-state Rainforest Alliance Verification, as a result, also does not have the high profile of the CST. The CST has managed to avoid internal state obstacles, such as corruption and inefficiencies. The Costa Rican state also has shown significant bureaucratic competence in its implementation of the CST, which has reduced the impact of obstacles such as inefficiency. The final factor explaining the relative effectiveness of the CST was the technical expertise provided to the CST by non-state actors, which supported the design of the CST and provides technical assistance to businesses seeking to apply. The fact that none of these certification systems govern international stakeholders in the tourism industry was indicated to be problematic, and to reduce their effectiveness.

The chapter argued that the theoretical model partly identified these factors determining the impacts of these three schemes. The model indicated the effect of moderate choice-constraint and the collaborative nature of certification systems, and the potential for a state-run scheme to have increased authority. It did not, however, identify the significance of a heightened receptiveness towards sustainable development in increasing compliance rates, the bureaucratic competence of the state, the impact of technical expertise provided to state schemes by non-state actors, or the failure of these schemes to address international stakeholders. Thus, the model was partly useful in identifying the impact of bargaining mechanisms in this case. This chapter, finally, reflected on the theoretical implications of these findings for broader governance debates. The following chapter will explore the effectiveness of persuasive mechanisms at promoting sustainable tourism in Costa Rica. Like bargaining mechanisms, the theoretical model suggests that non-state persuasive mechanisms may be able to avoid the limitations of internal state obstacles and to address sustainable development at the global level. Chapter Eight of this thesis will then draw on examples of tourism governance in other developing states in order to understand how far Costa Rica's case is unique.

# Chapter Seven

## Persuasive Mechanisms for Sustainable Tourism in Costa Rica

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This thesis is exploring the effectiveness of different mechanisms of governance in the promotion of sustainable tourism. Chapters Five and Six argued that legal mechanisms and the CST certification system have a moderate impact on sustainable tourism, while other bargaining mechanisms have only a limited impact. Following the theoretical model of governance developed in Chapter Three, this chapter will explore the effectiveness of the third governance mechanism outlined in the theoretical model in Chapter Three: low choice-constraining persuasive mechanisms. Persuasive mechanisms use information and persuasion to encourage an actor to change their behaviour, often through provision of data, facts, knowledge, arguments or moral appeals ‘about what is good or bad, right or wrong’ (Vedung and van der Doelen, 1998: 104). Recipients of this information are under no obligation to change their behaviour, as these mechanisms are low choice-constraining. Like bargaining mechanisms, they can be run by either state or non-state actors, and are either confrontational, such as through protests and demonstrations, or collaborative, where they work more closely with individual actors to provide technical support or education.

Persuasive mechanisms are by nature more diverse than legal or bargaining mechanisms, due to the way in which they can target a diverse range of different actors, through either collaborative or confrontational methods, and do not exchange resources with actors, or have enforcement power, and therefore, can be employed by a diverse range and number of governance actors. Persuasive mechanisms, therefore, can take very different forms and potentially compete with each other, due to their lack of formal authority. This chapter will assess the effectiveness of persuasive mechanisms at promoting sustainable tourism in Costa Rica. The chapter will, firstly, outline the key persuasive mechanisms for sustainable tourism in Costa Rica, and their potential strengths and weaknesses identified in the theoretical model.

It will then explore the impact of each of these mechanisms in turn, before exploring the theoretical implications of these findings for broader debates around governance.

### **Persuasive Mechanisms for Sustainable Tourism in Costa Rica**

In Costa Rica, lobbying and activism were, until recently, the most common persuasive mechanisms, using confrontational methods in attempts to facilitate behaviour change. Persuasive mechanisms, typified by organisations such as the Costa Rican Association for National Parks and Zoos and the Organisation for Tropical Studies, first emerged in Costa Rica with some force in the early 1970s, housing environmental activists and spearheading political struggles throughout the decade (Steinberg, 2001). Members of these organisations criticised the actions of the government, writing letters to express their concern at the country's deteriorating natural environment. They won a number of environmental struggles, including the opposition of the construction of an intercontinental oil pipeline from the Caribbean to the Pacific. Through mobilising their networks of domestic political contacts, pipeline protesters forced the president to annul the agreement (Steinberg, 2001). More recently, collaborative forms of persuasive governance have become common, a result of both increasing concerns around unsustainable behaviours, and recognition by businesses and governor actors that more can be achieved through cooperation.

Three main types of persuasive mechanism are identifiable in Costa Rica. The first is the provision of technical assistance by non-state actors to businesses and communities that seek to practice more sustainable tourism. This mechanism uses information in order to encourage these actors to use more sustainable practices. Persuasion is first used in order to encourage actors to sign up to receive technical assistance, whether through paying fees for individualised support or attending workshops, and then persuasion is required throughout the provision of technical assistance in order to convince businesses to adopt suitable sustainable practices. Continual persuasion is necessary due to the extent of the lack of knowledge that tourism businesses have around sustainability, and a tendency to select cost-effective options that may not be the most sustainable. One informant indicated how sustainable practices such as the installation of solar panels can be costly for businesses, and there is not always money available; it is a challenge to balance cost-effectiveness and sustainability (confidential

interview #8). Thus, tourism businesses need persuasion and support in order to adopt new practices. Another informant stated that smaller tourism businesses have a particular void of knowledge around the need to retain staff jobs throughout the year, rather than just in the high season, and to use local produce and services, although they may be more expensive (confidential interview #12). The same source also indicated that changing behaviour of tourism businesses is a challenge, as it involves shifting resources and changing the way they do business; getting business owners and managers to participate in training and then internalise this learning is always a challenge. Thus, persuasion is required in order to convince businesses of the merits of these practices for sustainability.

Furthermore, as another local source indicated, some businesses seek fast and easy solutions to sustainability, rather than the most effective (confidential interview #13). Thus, the role of persuasive mechanisms here is to convince actors throughout the programmes not to implement 'quick fixes', but rather practices that will promote sustainability effectively. Another interviewee from a certification system indicated the need to convince businesses of the merits of sustainability, as those businesses most interested in sustainability are already complying; the challenge now is to convince those which are less interested (confidential interview #19). Potential arguments to attract compliance from businesses and communities include persuasion that an action is in the self-interest of an actor, for the moral good, or an accepted practice used by many other similar actors (Cashore, 2002). In addition, not all individuals within a business are as easy to convince as others; one representative from a tour operator said that it is difficult to convince staff to adopt sustainable practices such as turning off the lights when they leave a room (confidential interview #18). Technical assistance programmes are collaborative forms of governance as they engage in-depth with individual businesses in a cooperative manner in order to promote sustainability.

The second persuasive mechanism is the education of the public and tourists about sustainable tourism, provided by both state and non-state actors. Education uses persuasive arguments to encourage the public and tourists to use more sustainable practices, for example, teaching them about the cultural and historical value of Costa Rica's biodiversity, and the importance of biodiversity for industries such as tourism. This is again a collaborative persuasive mechanism as it works in-depth with individual actors. The third, confrontational, persuasive mechanism is the lobbying of governments and businesses for increased commitment to sustainable development, carried out by local populations and communities. Lobbying uses the persuasive

arguments identified above to convince governments and businesses to adopt more sustainable practices or policies. While these three types of persuasive mechanisms are quite different in nature, they all have in common a limited number of levers through which to enforce compliance and as such, the theoretical model suggests that they potentially face a similar set of strengths and weaknesses, which is the reason for which they are all explored in this chapter. Figure 19 sets out these three types of persuasive mechanisms, along with the type of governor actor, the governed actor/s that they target and whether they are confrontational or collaborative in nature.

**Figure 19: Types of Persuasive Mechanisms for Tourism in Costa Rica**

<b>Type of Persuasive Mechanism</b>	<b>Governor actor – state or non-state</b>	<b>Governed actor/s</b>	<b>Confrontational/ collaborative governance</b>
Technical assistance	Non-state	Businesses Communities	Collaborative
Education	Both	Tourists Public	Collaborative
Lobbying	Non-state	Government/ businesses	Confrontational

The theoretical model identifies a series of strengths and weaknesses intrinsic to persuasive mechanisms, which vary according to whether they are employed by state or non-state actors, and if they are collaborative or confrontational. Persuasive mechanisms have fewer levers than legal and bargaining mechanisms with which to encourage compliance. Where they are confrontational, persuasive mechanisms are suggested to have the capacity to reach the worst perpetrators of unsustainable practices, although at a more limited depth, as the length of engagement is shorter than in collaborative relationships. Where persuasive mechanisms are collaborative, the model suggests that they may be less likely to reach the worst perpetrators, but potentially have a more sustained impact, as a result of their closer, and often long-term, relationships with governed actors. The model indicates that competition between persuasive mechanisms, and indeed with bargaining mechanisms, may confuse governed actors as to which to comply with, and lead to low levels of compliance. Persuasive mechanisms run by states may face obstacles of corruption, inefficiencies, short-term policy making and rigid institutional structures. The model suggests that non-state persuasive mechanisms may avoid

these obstacles and have added expertise, although they may also have less authority than state mechanisms.

This section will explore how far these main forms of persuasive governance contribute to sustainable tourism in Costa Rica, examining, firstly, technical assistance for businesses, followed by technical assistance for communities, education for tourists, education for the public, and lobbying of government and businesses. It will argue that, while technical assistance programmes for businesses have a moderate impact on sustainable tourism in Costa Rica, the evidence suggests that the other persuasive mechanisms have only a limited or sporadic impact. It will be indicated, however, how technical assistance programmes, despite having a moderate impact, do not have quite the same level of impact as the CST, discussed in the previous chapter. The chapter will show how the strengths and weaknesses of persuasive mechanisms identified in the theoretical model partly reflect these impacts.

The moderate effectiveness of technical assistance for businesses will be argued to be caused, firstly, by the collaborative nature of this persuasive mechanism, which enables a close relationship with individual businesses, and thus, a significant depth of impact. The second success factor identified is the expertise and experience of the Rainforest Alliance, which has enabled it to become a market leader in technical assistance, avoiding the potential problem of competition between providers, identified in the theoretical model. The other determining factor for technical assistance for businesses is the heightened receptiveness towards sustainable development, identified in Chapter Six, which appears to increase compliance. On the other hand, further impact of technical assistance programmes for businesses is limited by their low level of choice-constraint, which limits the overall number of compliant businesses, and also the range of businesses addressed, often excluding the very smallest or largest tourism businesses. Furthermore, technical assistance programmes are limited in their reach to international branding, airline and tour package agencies.

The chapter will also identify a series of factors to explain the limited effectiveness of the other persuasive mechanisms identified. The effectiveness of technical assistance for communities will be indicated to be limited, in particular, by the difficulty for non-state organisations in reaching some of the most isolated communities, and the state's lack of interest in cooperating with organisations that work with communities. These factors are partially recognised in the theoretical model. Provision of education around sustainable development to tourists will be

indicated to be restricted by a lack of reach to the international level, a factor not expected by the theoretical model. The limited effectiveness of state provision of environmental education to the public will be attributed to inefficiencies and a failure to adequately address the complexities of environmentalism, both factors identified in the theoretical model. Finally, this chapter will demonstrate a few examples of how lobbying has addressed some of the most prolific offenders against sustainable tourism, but argue that overall, its level and depth of impact is limited by its confrontational nature, a factor identified in the theoretical model. These arguments will now be explored in more depth throughout each of these five persuasive mechanisms in turn.

### **Technical Assistance for Businesses**

Technical assistance is offered by non-state organisations to service-provider businesses that seek to increase the sustainability of their practices. The Rainforest Alliance is the most prominent provider in Costa Rica, offering both general training and workshops, and individualised technical support for each business. A local industry source stated that this programme originated from the recognition that there were many definitions and commitments to sustainable tourism, but little practical information to support businesses to turn this philosophy into practice (confidential interview #14). There are other smaller organisations that also provide similar technical assistance support to tourism businesses, such as Susterra, and the National Biodiversity Institute (INBio), which offers environmental training to tourism businesses and employees to develop their understanding of biodiversity in their local area and how they might work with it and protect it through tourism (confidential interview #20). There are also many independent sustainable tourism consultants in Costa Rica, which provide technical assistance to businesses wanting to improve their sustainable practices and support their applications for certification.

The findings suggest that, overall, technical assistance for businesses is moderately effective at promoting sustainable tourism. Figures suggest that a small, but significant, proportion of tourism businesses in Costa Rica have engaged with persuasive mechanisms. The Rainforest Alliance has worked with over 7,000 businesses in Latin America, and with hundreds of tourism businesses in Costa Rica (confidential interview #14). From 2005 to 2010, the

Rainforest Alliance worked with 125 hotels to improve their sustainability, five per cent of the total hotels in Costa Rica (confidential internal document #2; Costa Rica Tourism Board, 2013). While figures on the extent of impact of sustainable tourism consultants in Costa Rica are not available, it is likely that this five per cent under-represents the overall impact of technical assistance for businesses in Costa Rica, as one industry source indicated that there are many sustainable tourism consultants that also provide technical assistance to businesses (confidential interview #13). Overall, however, the impact of technical assistance programmes for businesses here is slightly less than that of the CST, which reaches nearly nine per cent of hotels and 20 per cent of travel agencies, a result of its more choice-constraining nature.

The number and range of businesses that engage with technical assistance is limited, however, to those actors that wish to engage, or have the capacity to. Small to medium-sized businesses are more likely to receive technical assistance than micro and large businesses. An industry source indicated that 80 per cent of businesses that the Rainforest Alliance works with across Latin America (except in Mexico) have 30 rooms or less (confidential interview #14). The same source, however, also indicated that the very smallest and remotely located businesses often cannot afford the \$3,000 fee to participate in the Rainforest Alliance programme. As a result, technical assistance is often subsidised where possible, but the Rainforest Alliance struggles to find funds to pay for this (confidential interview #14). International branding, airline, and tour package agencies are also not reached by technical assistance programmes, again limiting the overall scope of these persuasive mechanisms.

The findings point to a number of factors that account for this moderate reach and range of technical assistance programmes for businesses. As persuasive mechanisms, these programmes are low choice-constraining, which limits the number and type of businesses addressed. An industry source indicated, for example, that it can be fairly challenging to get businesses interested in training and technical assistance; persuading managers and business owners to participate in training and then internalising these practices is always difficult (confidential interview #16). Furthermore, the reach of technical assistance to international stakeholders is also limited. The reasons for this are unclear, but are potentially a result of the structural obstacles indicated in the global value chain earlier in this thesis. The potential concern identified in the theoretical model that the most prolific offenders against sustainable development may not comply with persuasive mechanisms, therefore, is seen here, as larger businesses tend to be more resource-intensive and, thus, inherently less sustainable. On the

other hand, the theoretical model did not recognise how micro businesses may not have the capacity to engage with persuasive mechanisms.

In Costa Rica, however, the evidence points to a heightened receptiveness towards biodiversity and sustainability, indicated in Chapter Six, which appears to counteract to some extent the weak choice-constraining capacity of technical assistance programme for businesses, encouraging businesses to comply. An informant stated that the Rainforest Alliance tests out its programmes in Costa Rica first before other states, due to the way in which people there 'get' the theme of sustainability, creating a very fertile ground in which to run projects (confidential interview #14). As indicated in Chapter Six, interviewees also suggested that businesses see sustainability as an important part of their 'core business' (confidential interviews #13 and #19). The findings suggest that this heightened receptiveness increases compliance with technical assistance programmes as businesses perceive the need to achieve certification in order to operate within the tourism industry (as indicated in Chapter Six through confidential interviews #3, #18 and #24), and the Rainforest Alliance technical assistance programme works with around 24 per cent of CST certified hotels and 40 per cent of CST certified tour operators (confidential internal document #2).

There is also evidence that this technical assistance has significantly improved the level of sustainability of some service-providers in Costa Rica. In one case, for example, INBio supported a hotel to document the different types of butterflies in their region and set up a butterfly biological station for its visitors to observe them (confidential interview #20). Thus, the individualised and collaborative nature of the support leads to significant impacts on individual businesses. Furthermore, an evaluation of one of the Rainforest Alliance's technical assistance programmes in 2008 found that, on a scale of one to ten, one being non-compliance and ten being full-compliance, the level of sustainability of five businesses surveyed in Sarapiquí, northern Costa Rica, increased from an average of 4.5 to 7.8 after training and technical assistance (Newsom and Sierra, 2008). Improved sustainable practices included the provision of training and employment to local youths in hotel management, the creation of a recycling scheme, and the transition from non-biodegradable to biodegradable soaps and detergents (Newsom and Sierra, 2008).

Evidence also suggests that the 24 per cent of CST certified businesses that have worked with the Rainforest Alliance have improved their sustainability significantly (confidential internal

document #2). From 2005-2010, only one per cent of these saw a reduction in their level of certification and a further one per cent lost their certification, compared with five per cent of CST certified hotels that had not worked with the Rainforest Alliance seeing a reduction in their certification level and seven per cent losing their certification (confidential internal document #2). Thus, the indication of the theoretical model around the in-depth impact of collaborative persuasive mechanisms is reflected here.

These impacts are at least partly facilitated by the expertise and experience of non-state actors identified in the theoretical model. One industry source suggested that the Rainforest Alliance does a good job of preparing businesses for the CST certification, while the Vice President of Sustainable Tourism at Rainforest Alliance, Ronald Sanabria, is widely respected in the region for his work on sustainable tourism (confidential interview #19). Similarly, sustainable consultancy businesses, such as Susterra, argue that the rigorous methodologies used in their work with businesses lead to significant impacts on sustainability (confidential interview #13). The reputation of these agencies counteracts the potential problem identified in the theoretical model that persuasive actors can compete for compliance from businesses. One industry source indicated, for example, how the work of the Rainforest Alliance has been fundamental in gaining credibility for sustainable tourism, and that businesses trust them (confidential interview #10). As indicated in Chapter Six, the expertise of non-state actors, despite being identified in the theoretical model, may be a contextual success factor rather than one inherent to non-state governance mechanisms, due to its likely origin in Costa Rica's unique range of biodiversity, which one informant indicated had promoted considerable research and knowledge and does not exist to the same extent elsewhere in Central America (confidential interview #20).

The quality of technical assistance provided to businesses can vary, however, depending on the level of expertise of the actor delivering it. While the work of the Rainforest Alliance is well-renowned to be of a high quality, the quality of work of some other non-state providers of technical assistance is more questionable, as a result of a lack of adequate training and experience. One industry informant was that it is really easy to be a consultant; individuals can study a related topic at university and declare themselves consultants, leading some consultants to allegedly lack the technical knowledge, experience or resources to be effective (confidential interview #13). As a result, the informant indicated that these low quality consultants can take a very simplistic approach to sustainability, for example, giving a standard check list of things

to do to each business, rather than tailoring a sustainability strategy to each individual business' needs (confidential interview #13). Therefore, some persuasive mechanisms here do not have significant expertise and, as a result, do not have the same quality of impact on the sustainability of businesses. The theoretical model does not identify how not all non-state organisations have this expertise, leading to potentially negligible impacts on the sustainability of businesses in some cases.

### **Technical Assistance for Communities**

Although less widespread in Costa Rica than the above technical assistance programmes for businesses, similar programmes also exist to support communities to integrate into the tourism industry and become service-providers themselves, for example, through running small hotels or lodgings, community tours or handicrafts businesses. There are a number of organisations in Costa Rica that provide this support, including the Association for the Promotion of New Development Alternatives (APRONAD) and Asociación ANAI. APRONAD is a non-state, not-for-profit organisation which supports communities to prepare themselves to receive tourists, for example, through identifying cultural traits in a community and supporting the community to develop programmes where tourists can visit the community and learn about their ways of life, such as the type of food that the community eats or how they fish (confidential interview #15). This support is valuable for communities, as they often lack the capacity to identify how their community might appeal to tourists and to develop and promote commercial opportunities in tourism.

This technical assistance can promote sustainable development very directly, as community tourism is often inherently more sustainable than other forms of mass tourism, providing a direct income to local people, with often a limited impact on the environment due to its small scale. An industry source suggested, furthermore, that communities are absolutely key to sustainability as they know who caused any contamination and who is doing the damage (confidential interview #23). Linking a community into a tourism project can make the tourism experience more authentic and can, therefore, be very attractive to tourists. The provision of technical assistance to communities has a slightly different focus to that of businesses, as while it is still collaborative, it supports communities to integrate into the industry and, therefore,

facilitate their own development, as opposed to encouraging businesses to behave in ways that benefit local sustainable development.

The theoretical model would suggest that, as technical assistance programmes for communities share the same collaborative and non-state characteristics as technical assistance for businesses, they are likely to have the same low compliance rate, relatively extensive in-depth impact, and significant expertise. There is less evidence of the impact of technical assistance for communities, however, than that for businesses, pointing to a limited effectiveness. The evidence is mixed as to the effects of these programmes. The communities that Asociación ANAI work with, for example, appear to have earned extra income from their tourism activities as a result of technical assistance. One of their guesthouses was highly rated in 2000 by the international conservation organisation, The Nature Conservancy, and as a result, has been incentivised to conserve the rainforest on their land, and to use sustainable agricultural practices in cacao production (Drumm and Moore, 2005). On the other hand, an industry source suggested that integrating a community into the tourism industry can encourage people to leave more stable and better paid jobs outside of tourism in order to participate, which is a negative impact of technical assistance (confidential interview #15).

The range and number of communities engaged is fairly limited. A local informant indicated that the types of communities that engage with these persuasive mechanisms are also usually those where people have jobs or are students, as opposed to the unemployed (confidential interview #15). Therefore, they are not necessarily the communities most in need of sustainable development. Furthermore, an industry source indicated that some communities are not prepared to change their way of life in order to embrace tourism; there is not much interest in some communities in developing sustainable tourism and development projects (confidential interview #15). It can also be challenging to identify projects with which to engage, as often they are very informally organised, for example, just a 'group of friends', and furthermore, the cost and difficulty of travelling to some of the most remote and isolated communities can impede the impact of technical assistance programmes (confidential interview #15). The implications of this is that those most in need or most unsustainable may not be being reached, as is indicated to potentially be the case by the theoretical model, due to the low choice-constraining nature of persuasive mechanisms.

Another limiting factor is that the inefficient and closed nature of the state and municipalities makes technical assistance provision for communities problematic. A local industry informant indicated that a large amount of paperwork is required for the community projects; their relationship with the municipalities is not what they would hope (confidential interview #15). Another informant stated that some organisations in Costa Rica say that they cannot operate without more support from the government, especially funding. In other words, it would be a lot easier to develop many more projects if there could be more collaboration with the government (confidential interview #15). As indicated in the previous chapter, the potential value of collaboration between state and non-state actors is not currently identified in the theoretical model as a determining factor for the impact of governance mechanisms.

### **Tourist Education for Sustainable Development**

Another role of persuasive mechanisms for tourism identified in Costa Rica is the education of tourists about sustainable tourism and sustainable development. This has two aims. The first is to encourage tourists to select tourism businesses that use sustainable practices. Drumm and Moore (2005) make the obvious point that the choices that tourists make - which destination, tour, travel agent or type of tour - can have a big impact on whether or not a sustainable tourism project succeeds. The second aim is for tourists to act sustainably themselves, for example, disposing of their litter sustainably and re-using plastic water bottles. Education is again a collaborative form of persuasive governance and has the potential to be an important catalyst for sustainable tourism. Industry sources indicated, for example, how change for sustainability needs to come from the education of tourists, so that they start demanding sustainable products and behaving in sustainable ways; there will then be more impulse for sustainable tourism (confidential interviews #10 and #17). Other local industry sources indicated that educating people about biodiversity encourages them to form a relationship with the environment, which is key to change (confidential interviews #20 and #23). This education is particularly important because some tourists have a misconception of the meaning of sustainability. A sustainable tourism consultant indicated how tourists have a certain idea about what sustainability should look like, and if they do not see these particular aspects of sustainability in the tourist products that they use in Costa Rica, then they assume that sustainability is not taking place (confidential interview #10). Education can address this problem.

Education for tourists about sustainability is provided by both state and non-state actors, but comes mainly from businesses, a requirement of their participation in the CST. This education takes place, for example, through the provision of information booklets on a hotel's commitment to sustainability, or the running of tours around the hotel for guests to see all the aspects of sustainability in practice. The Rainforest Alliance also plays a role in educating tourists about sustainability before they leave their country of origin. For example, their website [sustainabletrip.org](http://sustainabletrip.org) raises awareness about the economic, social and environmental benefits of sustainable tourism. The CST also promotes its certified businesses on its website. The state provides informal learning about sustainability for tourists through state-run national conservation areas (Blum, 2008). An informant indicated how tourists are educated by nature guides, who are often the first face that tourists see, and explain to them how actions such as smoking, removing plants and feeding animals are prohibited (confidential interview #18). A representative from one sustainable tourism business, for example, claimed that their mission was to get tourists to take away something from their experience at their hotels and to change one or two of their own habits as a result (confidential interview #7). Another representative from a hotel with three leaves on the CST said that they educate tourists, for example, not to remove any of the flora or fauna from national parks (confidential interview #6). The NGO INBio also runs INBioparque, a park to educate tourists and Costa Rican visitors about the different species that exist in Costa Rica (confidential interview #20).

The theoretical model indicates that, as a collaborative mechanism, education has the potential for an in-depth impact on sustainable development, but on the other hand, as it is only low choice-constraining, may not attract compliance from a significant number of tourists. The evidence suggests that these indications are largely accurate and, thus, how education around sustainable development for tourists is only limited in effectiveness. Firstly, there is only anecdotal evidence that tourists have become more informed about sustainability. One local industry informant (confidential interview #14) suggested that Costa Rica is an educative place for tourists and sustainability. They argued that Costa Rica places a seed of initial knowledge about sustainability in the minds of tourists, as if they are informed of the level of sustainability of their hotel then their environmental consciousness is developed. A representative from a hotel with three leaves on the CST said that their tourists were interested in sustainability, although some were more interested than others, but that all of them separate their recycling (confidential interview #6). A sustainable tourism consultant said that they knew of some

young families that came as tourists to Costa Rica in order to show their children sustainable hotels, indicating that they valued the education about sustainability (confidential interview #26). A representative from a sustainable tourism management company said that their tourists are blown away when they find out about all the practices that the hotels employ in order to be sustainable, in particular when they learn that it is not just about environmental practices but also supporting local communities as well (confidential interview #7).

Another industry source held the belief that Costa Rican tourists are better informed about sustainability than tourists in other states (confidential interview #8), although it is not clear whether this is a result of education in Costa Rica, or just that tourists that are interested in sustainability are more likely to visit Costa Rica. One interviewee indicated that there are a lot of ecotourism projects in Costa Rica, and a lot of passionate people that work on them, suggesting both that tourists that are interested in sustainability are more likely to visit Costa Rica, and that they are educated at least to some degree about sustainability whilst they are there (confidential interview #4). There is no evidence to quantify the impact of this tourist education. Furthermore, some local sources indicated that more emphasis should be placed on tourist education. One interviewee, for example, said that the ICT should play a stronger role in educating tourists through its promotion programmes, and that sustainability should also be incorporated more significantly into tourist experiences at the destinations (confidential interview #10).

There is also little evidence that this education affects the purchasing decisions of tourists, as is also indicated in the previous chapter on bargaining mechanisms. Industry sources indicated that sustainability is not the first, but the second, third or fourth deciding factor for tourists on which hotel to stay in (confidential interview #7). In a survey of guest opinions at the well-renowned Punta Isleta eco-lodge in the Nicoya Peninsula, which has five leaves on the CST, Almeyda et al (2010) found that sustainability and responsibility, local arts and crafts and local music, dance and culture were less important to guests than many other factors, including scenic landscapes, personal safety, cost and good food and dining. One interviewee stated that only ten per cent of tourists make a decision on their holiday that is based on sustainability (confidential interview #11).

Furthermore, there is evidence that some tourists are not at all interested in sustainability. One sustainable tourism consultant indicated that some tourists that they have met actually prefer

hotels without the commitment to sustainability, as they assume that these are very serious and limit activities perceived to be ‘fun’, such as smoking (confidential interview #26). The consultant indicated that in an online survey with tourism professionals as to whether tourism businesses should advertise their sustainable practices on the front page of their website, nearly everyone agreed that they should not, as tourists think that they will have to pay more for a sustainable hotel. Therefore, the overall impact of this persuasive mechanisms is only limited.

As indicated in the previous chapter, a major challenge for governance mechanisms in educating tourists about sustainable development is that in order to influence their purchasing habits, it is necessary to reach them in their origin country, as tourists often book holidays without seeing or sampling the product beforehand. One industry informant (confidential interview #13) indicated that, when purchasing juice, for example, a consumer is provided with information about the sustainability of the product before they select which brand to buy. With tourism, on the other hand, consumers choose which hotel before they leave their house, not when they arrive in Costa Rica, yet much of the information around sustainability in tourism is only given to tourists once they arrive. One local industry source (confidential interview #10) said that tourism professionals in Costa Rica have not perceived the need to go and sell Costa Rica’s vision of sustainability at the international level to tourists. Reaching tourists before they leave their origin country is particularly challenging given that international tour package agencies often handle interactions with tourists before they arrive in the destination. The theoretical model does not identify this structural challenge, instead suggesting that non-state persuasive mechanisms should have capacity to reach the international level. It does, however, identify the structural challenges presented by the global value chain, which indicates the concentration of economic influence at the international stages of the industry, and thus, in the hands of these tour package agencies.

Education also appears to be targeted at European tourists, as they are most likely to visit sustainable hotels. Several local industry sources indicated that European tourists are primarily the most interested in sustainability, as they get more holiday and plan their holidays eight or nine months in advance; whereas US tourists often only have two weeks a year in holiday and they come to Costa Rica seeking a more conventional package holiday (confidential interviews #14, #22 and #26). One representative from a tour operator said that European tourists will use a reusable water bottle, for example, throughout the whole of their holiday, whereas a US tourist might only use it a couple of times (confidential interview #22). Informants also

indicated that Latin American tourists are even less interested in sustainability than US tourists (confidential interviews #18 and #22). The fact that US and Latin American tourists made up 38 and 37 per cent respectively of Costa Rica's total tourists in 2013 suggests that, if this sentiment is accurate, education programmes are missing a large proportion of visitors (Costa Rica Tourism Board, 2013). Thus, their overall impact is again indicated here to be limited.

## **Public Education for Sustainable Development**

The potential significance of public education around sustainable development was indicated by one informant, who stressed how members of the public, and particularly children, will potentially run the country or be the business owners of the future, and therefore educating them about sustainable development can potentially make them more likely to practise sustainable development themselves in the future (confidential interview #10). Furthermore, as tourists often spend time in the local communities around their resorts, sustainability in the local communities can also be an important part of a sustainable tourism industry. The state is the main provider of education about sustainable development to the public. It has made a significant investment in environmental education, as a result of perceived economic benefits from ecotourism and the belief of liberal nation-builders that education is the most important means for development, leading the national curriculum to require sustainability education to be included in both primary and secondary education (Blum, 2008). As a result, resources have been invested in order to educate teachers about requirements for environmental education.

The insights into the potential impact of environmental education for the public from the theoretical model suggest that, as low choice-constraining collaborative mechanisms, they likely have low compliance, but potential for in-depth impact where actors are compliant. When run by state actors, they may face inefficiency, and when run by non-state organisations, they may have more expertise, and thus, more impact. The evidence around the impact of public education for sustainable tourism is slightly more positive than that for tourists, although still limited, as a proportion of the population still uses very unsustainable practices.

Education around sustainable development is found largely in schools, but also to some extent in broader public education programmes. Environmental education is taught in schools, for

example, not just as a topic in its own right, but through integration with other education topics, such as encouraging music students to listen to natural music (such as the sea, or birds) and discuss what would happen if these animals became extinct, or teaching statistics using examples of population growth or changes in forest cover (Blum, 2008). University courses, however, do not cover much on sustainability, despite the country's focus on tourism, although there is more coverage of sustainability topics in the environmental sciences than in the social sciences (confidential interview #20).

The state provides some informal learning opportunities for the general public through state-run national conservation areas (Blum, 2008). Sustainability topics are also discussed frequently in the national media in newspaper, television and radio broadcasts (Blum, 2008). Furthermore, NGOs also facilitate environmental education and action at the local level, organising public meetings, workshops and seminars, particularly in isolated rural areas where the state has historically had less influence, encouraging residents to organise themselves to solve local problems (Blum, 2008). An industry source indicated that the existence of tourism in Costa Rica also helps to make the public act more sustainably, particularly the younger generations, as misbehaving is more notorious and people feel embarrassed if tourists see, for example, dirty rivers (confidential interview #12). Alongside state conservation areas, an additional one per cent of national territory is protected by private conservation organisations, which provide similar informal learning opportunities for the public (SINAC-MINAE, 2003 in Blum, 2008). An industry source said that there had been more government campaigns discouraging litter-dropping in the last year (confidential interview #24). Another industry informant indicated that the media has also positively reinforced environmentally-friendly behaviour (confidential interview #12).

Tourism businesses also provide a certain degree of education for the public around sustainability. A representative from a hotel with four leaves (confidential interview #3) on the CST indicated that they provide training to staff on sustainability most months, covering topics such as how much electricity and water the hotel has saved and what can be recycled. The interviewee said that staff then take this knowledge back to their families and communities and that, as a result, children often know, for example, that they should bring re-usable bags to transport their shopping.

There was, however, only limited evidence as to the impact of these programmes. On the one hand, there was a general feeling among interviewees that the Costa Rican public's knowledge about sustainability issues is increasing overall, and that Costa Ricans are beginning to care more about the environment. A local industry source indicated that the education campaigns had made a difference. The Costa Rican population, they claimed, is very supportive of sustainable development, it is part of the national psyche; a lot of households report separating their recycling in the census, although municipalities do not always keep it separate (confidential interview #12). Similarly, as indicated in the previous chapter on certification, data suggests that over 85 per cent of respondents of a survey in Costa Rica were concerned or very concerned about climate change, compared with 65 per cent of US citizens (Vignola et al, 2013; Nisbet and Myers, 2007). Blum (2008) argues that there is a high public awareness of sustainability issues in Costa Rica, at least partly as a result of media coverage of these issues. In a survey of employees at the five leaf CST certified Punta Isleta eco-lodge in the Nicoya Peninsula, Almeyda et al (2010) found an increased knowledge around the concept of biodiversity among employees compared with their neighbours, including an increasing value of wildlife, conservation and conservation of resources.

The Ecological Blue Flag Programme discussed in the previous chapter, furthermore, added a category to recognise the actions of communities for environmental protection in 2002 as a result of requests from communities for recognition of their commitment (confidential interview #23). As of August 2012, 45 communities had achieved the Blue Flag (confidential interview #23). One local industry source indicated that she was amazed at how many communities have applied for the Blue Flag, and that generally she has found that communities are supportive of sustainable development (confidential interview #7). The Ecological Blue Flag Programme also recognises educational institutions that teach their students about environmental issues, indicating that the founders of this programme recognise the importance of educating children about the environment. As of August 2012, 859 educational institutions had achieved the Blue Flag (confidential interview #23). A local industry source said that a child that is in a school that is recognised by the Blue Flag will as a result have sustainability in their heads (confidential interview #23).

On the other hand, there are still many significant sustainability problems, one of the most common is the dumping of waste, such as fridges and dead animals, in rivers, indicated to be a result of poor education (confidential interviews #18 and #25). One informant indicated that

public education, furthermore, has not adequately targeted the middle generations, which often have little knowledge of, and therefore, are less sensitive to, sustainability issues (confidential interview #10). Another interviewee indicated that while tourist businesses and organisations do a lot of work for sustainable development, the rest of the country does not (confidential interview #19). Another local source indicated that while much of the public supports sustainability to a greater extent than it used to, for example, by taking their recyclables to a recycling centre, more action needs to be taken against those people who just throw their rubbish into the rivers or onto the streets (confidential interview #3). It was indicated, furthermore, that there is a consciousness among the public around sustainability, but not at a significant enough level for many to start initiatives or campaigns for conservation (confidential interview #20). This suggests that while there is a greater degree of awareness around sustainable development in Costa Rica than in the past, and when compared with other developing states, this has not translated into concrete actions for sustainability by the public. This is in comparison to tourism professionals and businesses, which this research previously indicated have become increasingly interested in applying for certification and working with technical assistance programmes. One sustainability consultant stated that while the country has a reputation for sustainability, this image did not concur with the practices going on within the country (confidential interview #13).

Two particular problems with these public education programmes were identified. Firstly, education programmes have been poorly designed, a result potentially of the state's lack of expertise in sustainable development, as indicated in the theoretical model. An industry source indicated that, while children do learn about sustainability issues at school, such as photosynthesis, there is little actual interaction with nature or linking this back to sustainable living in practice (confidential interview #20). Furthermore, often education around sustainability focuses solely on environmental issues: some educators advocate more science-oriented environmental education, which focuses more on environmental than social issues (Blum, 2008). Thus, as with the Blue Flag programme discussed in Chapter Six, this mechanism leads to an unstable 'stool' for sustainable development, as the environmental leg is longer than the other two. This education also does not appear to equip people with the skills in order to implement sustainable development themselves. One industry source indicated how proposals from university students for funding for sustainable development projects received by the micro-funding organisation Fundecooperación are not always well thought out, for

example, students do not always know details such as how many salaries they are going to pay (confidential interview #16).

Secondly, a lack of resources limits the impact of education programmes, as documented by Blum (2008), who argues that schools often lack basic funding and resources, such as paper and textbooks. As a result, with heavy demands on the national curriculum and assessment system, schools are less likely to devote time and resources to 'special' topics such as environmental education, leading to some cases where students receive little or no environmental education. Blum (2008) indicates furthermore how the Office of Environmental Education found it challenging to train teachers in remote rural areas, due to limited time and financial resources. Yet, despite attempts to develop self-training guides for teachers, many still feel that they are not prepared for environmental education. In addition, as conservation areas can vary so significantly in terms of ecology, geography and relationships to local communities, there has been a diverse range of local management schemes for environmental education. This has led in a few cases to very little environmental education at the local level at all, despite national commitments, due to a lack of funding and staff. Thus, the inefficiency of the state, identified in the theoretical model, is also pointed to here.

## **Lobbying**

The final main persuasive mechanism for tourism identified in Costa Rica is lobbying. This is a confrontational mechanism facilitated by non-state actors against either the government, in an effort to encourage an increased focus on sustainable development within policy-making, or tourism businesses, in an attempt to encourage more sustainable practices. The theoretical model indicates that as activism is facilitated by non-state actors, it is founded on considerable expertise, but that its confrontational nature restricts the potential depth of its impact on sustainable development. This section will argue that, while there are some cases of successful activism, there is only limited evidence to suggest that, overall, this has had a significant impact in facilitating sustainable tourism.

There have been a number of sporadic cases where lobbying has had a significant impact on business practices. In one case of activism against the unsustainable practices of a tourism

business, citizens of El Gallo in Guanacaste documented how many trucks of sewage a day were arriving in their town from the local Occidental Allegro Papagayo hotel and blockaded the road to the dump site to stop the hotel offloading its waste, which was creating an unbearable smell in the town (Ross and Wood, 2010). This eventually led to the government closing the hotel temporarily until sewage disposal systems were improved. There are also a number of cases where activism has challenged and changed government policy. In the 1970s, a small elite group of Costa Rican environmentalists, with ties to US and European universities and environmental NGOs, had a strong influence over state policy in the creation of the Corcovado National Park (Horton, 2009). In the 1990s, Costa Rican activists opposed the building of a wood chip plant in the Osa Peninsula, arguing that it would threaten the natural environment that was supporting local ecotourism (Horton, 2009). A few years later, activists denounced illegal logging in the peninsula through media and political lobbying campaigns and direct action such as demonstrations and highway blockages in order to influence policy makers (Horton, 2009). In another case, in the Osa Peninsula, hotels are reluctant to build, likely due to the well-organised social action against them (Horton, 2009).

Another significant activism movement in Costa Rica has been that of communities against legislation to legitimise their removal from coastal areas, as discussed in Chapter Five on legal mechanisms. Local communities in coastal areas felt that they were under intense pressure by the government and large tourism businesses to sell their land for tourism development. In response, representatives from 54 coastal communities, along with social organisations, staged protests against large scale tourism development and land expropriation, fighting for the right to develop their own tourism model (Noorloos, 2011). In one example of a result, the government proposed the Recognition of the Rights of Inhabitants of the South Caribbean Law, which protects the rights of Afro-Caribbean communities on the South Caribbean coast to the territories where they have historically lived. While this law was passed in 2014, the property rights of these communities are still uncertain because the president does not necessarily have to give them legal property title to this land (Clark, 2014).

On the other hand, there is significant evidence that the state still fails in a number of ways to adequately address sustainable tourism, indicating that lobbying has had limited or, at best, sporadic impact. As indicated in Chapter Five, state legal mechanisms are poorly designed and inefficient, while the state has not fully internalised sustainable development into its economic planning (De Camino et al, 2000). This lack of evidence of impact suggests that, in the wider

scheme of things, activism has not had any significant effect on sustainable tourism in Costa Rica. Furthermore, another concern with this activism against both businesses and government policy is that it often focuses on environmental issues at the expense of economic and social aspects of development. In cases this has led to complex land struggles and protests occurring between environmentalists, on the one hand, and the state and tourism development companies, on the other. Local communities are often divided as to whether they want these development projects or not (Noorloos, 2011). Thus, lobbying has become entangled in tensions between economic development and environmental protection factors of sustainable development, limiting its overall impact. This shows again, as indicated in previous chapters, how the various actors involved in sustainable development prioritise different factors over others, leading to uncoordinated action and, often, development that does not fully address all three aspects of sustainability.

### **Implications for Theoretical Debates on Governance**

These findings, as with those in the previous two chapters, provide insight into the broader theoretical questions of governance discussed earlier in this thesis, around the degree of continuing influence of the state and hierarchical methods of governance. This chapter has pointed, firstly, to the fact that here, voluntary mechanisms clearly have as significant a role in governance as command and control mechanisms. This supports changing conceptions of governance pointed to by scholars such as Yüksel et al (2005) and Rosenau (1994), with the shift from government to governance. The findings in this chapter point, furthermore, to the different role of voluntary mechanisms compared to command and control mechanisms, as they reach the actors most interested in compliance, and can substantially increase their compliance levels. On the other hand, command and control mechanisms were found to address those actors less interested in compliance, but to a less significant depth. Thus, despite the low choice-constraining nature of persuasive mechanisms, they here have as much significance as high choice-constraining forms of governance.

In terms of the significance of the state in governance, in contrast with bargaining mechanisms, the only state-run persuasive mechanism in this case was the public education programme, which was not found to be particularly effective. The state, therefore, appears to here have a

less significant role in the least choice-constraining forms of governance than in legal and bargaining mechanisms. The approach taken by the theoretical model has enabled this insight, due to its distinction between moderate and low choice-constraining governance mechanisms, which are often combined into ‘voluntary mechanisms’ in the existing analytical literature. There were in this case examples of much more effective non-state persuasive mechanisms, which suggests that state and non-state actors have different strengths and weaknesses. This supports assumptions in the civil society literature by scholars such as Banks and Hulme (2012) around the empowerment and participatory functions of non-state governance mechanisms. The state was indicated to lack the expertise in sustainability in order to develop appropriate education programmes, focusing on environmental sustainability, for example, at the expense of economic and social factors. The distinction in the theoretical model between state and non-state mechanisms, therefore, enabled this finding, in contrast with the existing analytical literature on governance, which often associates less choice-constraining mechanisms with non-state actors.

A further theoretical contribution was the indication of the inter-relationship between bargaining and persuasive mechanisms, with the CST relying on the Rainforest Alliance to provide technical support for businesses applying for certification. This interdependence is not stressed in the literature and indeed, is enabled through the distinction in the theoretical model between bargaining and persuasive mechanisms. This points to the complex nature of governance, and the importance of recognising how the different types of mechanisms can rely upon each other in order to enhance their overall impact. The final theoretical contribution here, as indicated in the previous chapter, is the way that non-state actors are here not addressing actors at the international level in the global value chain. This is not well-recognised in the literature, which implies the potential for non-state mechanisms to operate at the international level as their authority is not limited by national sovereignty. This points to the challenge for governance as a whole to address actors at the international level, as neither state nor non-state actors have been found here to adequately influence all of the global value chain.

## **Conclusion**

This chapter has explored the impact of low choice-constraining persuasive mechanisms on sustainable tourism in Costa Rica, how far this reflects factors identified by the theoretical model. The model suggested that the low choice-constraining nature of persuasive mechanisms may enable them to avoid many of the restrictions on legal mechanisms, and that they are also better equipped to address sustainable development at the international level. Persuasive mechanisms were indicated to be challenged, however, by their low capacity to enforce compliance, which provides them with little influence over the number or type of actors that comply. The model indicated that non-state persuasive mechanisms are potentially able to facilitate sustainable development due to their expertise, while state-run persuasive mechanisms face many obstacles, such as corruption, inefficiency or competing policy priorities.

The chapter identified three main types of persuasive mechanisms for tourism in Costa Rica: technical assistance for tourism businesses and communities, education aimed at tourists and the public, and lobbying against government policy and the unsustainable practices of tourism businesses. The effectiveness of each of these at promoting sustainable tourism was then explored. It was argued that technical assistance for businesses has a moderate impact on sustainable tourism, although not as significant as that of the CST, while the other persuasive mechanisms have only a limited impact. Success factors in technical assistance programmes for businesses were argued to include their collaborative nature, which enabled an in-depth impact, the expertise of non-state actors such as the Rainforest Alliance, and a heightened receptiveness towards sustainable development, which enhanced compliance rates. These factors were indicated to be partly inherent to the characteristics of governance mechanisms, while the non-state expertise and heightened receptiveness were argued to originate at least in part from significant knowledge of, and research into, Costa Rica's unique and varied biodiversity, which does not necessarily exist to the same extent in other states.

The impact of technical assistance for communities was argued to be limited by the closed and bureaucratic nature of the state. This is not a factor identified in the theoretical model. Education of tourists was indicated to be limited as a result of its failure to address tourists at

the international level, before they arrive in Costa Rica. Education for the public, meanwhile, was limited as a result of poor planning and inefficiencies in resource allocation, factors identified as internal state obstacles in the theoretical model. Lobbying was argued to have had an impact in a number of cases, but there was little evidence to suggest that overall it has had any significant or long lasting impact on sustainable tourism in Costa Rica. This is in part a result of its focus on environmental aspects of sustainability at the expense of economic and social aspects, identified as a challenge in the theoretical model. The final section of this chapter explored theoretical insights for governance from the findings into persuasive mechanisms. This chapter, therefore, concludes the study of the contribution of each of the three types of governance mechanisms to the success of sustainable tourism in Costa Rica. Chapter Eight will now draw together conclusions from the thesis, indicate insights for the utility of the theoretical model of governance and sustainable development, and suggest potential future avenues for research as a result of the findings from this thesis.

# Chapter Eight

## Conclusions

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This thesis has explored the effectiveness of different mechanisms of governance at promoting sustainable tourism, and sought to identify success factors behind the most effective governance mechanisms. In order to address these questions, the thesis developed a theoretical model through which to conceptualise sustainable development and identify three types of governance mechanisms - and their associated strengths and weaknesses. The thesis applied this framework to the specific case of Costa Rica. This concluding chapter will outline the key findings of the research. It will, firstly, summarise the key features of the theoretical model, followed by the key research findings derived from the case study of Costa Rica. The chapter will then reflect on the theoretical contributions to broader governance debates that can be garnered from these findings. It will, finally, explore the general analytical utility of the theoretical model of the thesis, before identifying a number of potential future research avenues provoked by the findings of this thesis.

### **The Theoretical Model of Governance for Sustainable Development**

The theoretical model aimed to inform and structure the research around the specific case of Costa Rica and, in doing so, develop a framework for understanding the potential impact of governance for sustainable tourism and sustainable development as a whole. Chapter Two of this thesis conceptualised sustainable development, while Chapter Three identified the different types of governance and their associated hypothetical strengths and weaknesses. Chapter Two identified how orthodox conceptions of development are problematic, with too much emphasis on macroeconomic growth and not enough on the actual development impacts on local communities. The chapter, therefore, identified and critiqued orthodox theories of sustainable development in order to build an alternative framework through which to measure its promotion. This framework included economic development, social equity and

environmental protection. This chapter also drew on global value chain theories in order to recognise the structural challenges facing developing states in pursuing these three aspects of sustainable development, as a result of the concentration of economic power and influence at the international branding, marketing and retailing stages of the global value chain, which are often dominated by foreign interests.

Chapter Three then developed the second part of this theoretical model, exploring different typologies of governance mechanisms that might be used to promote sustainable development. The chapter indicated how the IPE approach of this thesis required that the governance typology, firstly, recognise the different state and non-state actors involved in governance and the range of mechanisms that they employ, and secondly, focus primarily on governance at the national level. The chapter then explored existing models of governance in the public policy, environmental governance, tourism and sustainable development literatures. It examined in turn three types of governance typologies, which distinguished between mechanisms by either the overall system structure of governance, the different actors involved or the nature of the enforcement instrument employed. The chapter argued that the most useful division here is the type of enforcement instrument employed, followed by the different actors involved. Insights were drawn, in particular, from models by Bemelmans-Videc et al (1998), which provided a three-fold typology distinguished by the degree to which each type of governance mechanism is choice-constraining, and Börzel and Risse (2002), which provided useful labels for these categories of ‘bargaining’ and ‘persuasive’ mechanisms.

Accordingly, a theoretical model of governance for the thesis was developed, based on highly choice-constraining ‘legal’ mechanisms, moderately choice-constraining ‘bargaining’ mechanisms and low choice-constraining ‘persuasive’ mechanisms. The model also identified whether or not these mechanisms were run by state or non-state actors, with legal mechanisms being run primarily by state actors, and bargaining and persuasive mechanisms run by either state or non-state actors. These mechanisms were further subdivided according to whether they are confrontational or collaborative. Legal mechanisms were argued to be inherently confrontational, while bargaining and persuasive mechanisms could, again, be either. Whether or not a governance mechanism is legal/bargaining/persuasive, state or non-state run and, collaborative or confrontational, was argued to affect its potential level and depth of impact on sustainable development.

The model then considered the potential strengths and weaknesses of these three types of governance mechanisms at addressing the core challenges inherent in sustainable development. It indicated that the high degree of choice-constraint of legal mechanisms gives them capacity to force actors to conform and means that they are technically able to attract compliance from a large proportion of the target market, and the most prolific perpetrators. Legal mechanisms were indicated, however, to face the challenge of a national jurisdiction, which may prevent them from addressing the increasingly non-territorial aspects of sustainable development. Furthermore, they are also potentially restricted in use by international law and new public management requirements, such as the 'most-favoured nation' or 'national treatment' clauses associated with international trade agreements overseen by the GATT/WTO, meaning that such regulations might fall foul of new legal protections afforded to private market actors. As legal mechanisms are predominantly run by the state, they have significant authority and legitimacy, but are potentially restricted in effectiveness by implementation problems associated with corruption, inefficiency and the disruptive effects of short-term electoral cycles, which are not always conducive to the longer-term outlook needed to support the environmental aspects (in particular) of sustainable development. There might also be additional problems caused by bureaucratic infighting, linked to different timeframes and competing policy objectives.

The moderate to low choice-constraining nature of bargaining and persuasive mechanisms was indicated to provide them with more limited capacity to enforce compliance from a large number of actors and the worst perpetrators. Because of their 'voluntary' nature, however, these mechanisms were found to be less restricted in use by international law and new public management ideology. Where run by states, they may face the same obstacles as legal mechanisms. When run by non-state actors, however, they may avoid these problems and, potentially, use their technical expertise as a form of 'epistemic power' (Adler and Haas, 1992). Conflictual bargaining and persuasive mechanisms were indicated to have more potential to address the worst perpetrators of unsustainable development, while collaborative bargaining and persuasive mechanisms were argued to, typically, have a more sustained impact on sustainable development, due to the higher intensity of their relationship with actors. These mechanisms can be limited, however, by their potential competition with each other, due to coordination problems.

The notions of 'effectiveness' and 'success factors' that are employed in the thesis were then identified. The effectiveness of governance mechanisms was indicated to be either low,

moderate or high, depending on both the number of actors reached and the depth of this impact. The potential success factors causing more enhanced effectiveness were identified to be either inherent to the characteristics of individual governance mechanisms, such as those factors identified in the theoretical model, or contextual to the social and political environment of the case study in question.

This theoretical model, then, had two main purposes in the following exploration of the case study of sustainable tourism governance in this thesis. Firstly, the model defined the sustainable development that tourism governance is seeking to promote. Secondly, it identified three types of governance mechanisms for sustainable development, in order to provide a starting point for the evaluation of the effectiveness of governance, and a structure for the thesis. It also identified the potential strengths and weaknesses of these three different types of governance mechanisms, in order to support the later findings from the empirical case study. The findings in the assessment of the case study of Costa Rica will now be outlined.

### **The Case Study: The Impact of Tourism Governance in Costa Rica**

Costa Rica was selected as the case study in this thesis due to its reputation for ‘eco’ tourism, its diverse natural environment and relatively significant governance mechanisms for sustainable tourism, including extensive environmental legislation and a tourism certification scheme. Furthermore, that it is one of the countries with the highest levels of development in Central America suggested that both its governance mechanisms and tourism industry are fairly effective at promoting sustainable development. It therefore had the potential to offer insights into the two empirical research questions of this thesis: the most effective governance mechanisms for sustainable tourism and factors causing this success, whether they are inherent characteristics of individual mechanisms, or more contextual. This section will explore the overall findings of this case study of tourism governance in Costa Rica in order to answer these questions. It will also identify the contributions from the findings in this case study to the literature on sustainable development governance. As indicated in the Introduction chapter, the existing literature focuses largely on the challenges and obstacles to sustainable development governance, including the inefficiencies facing state mechanisms and the low levels of compliance with certification and other voluntary mechanisms. The case study of this thesis,

therefore, has aimed to generate insight into the success factors where sustainable tourism governance is more effective.

In order to set the context in which sustainable tourism governance takes place in Costa Rica, Chapter Four explored how the country came to adopt tourism as a cornerstone of its post-structural adjustment development strategy. This was a result, in particular, of limited development options, due to factors such as a shortage of natural resources suitable for extraction and its small market size. Chapter Four used global value chain analysis to discuss how the tourism industry presents a number of development challenges. It highlighted two potential types of tourism value ‘chains’: enclave and franchise/local chains, which have different implications for the distribution of costs and benefits from the industry between local and international actors. In enclave chains, the industry is largely foreign-owned, with few local jobs or linkages. While local businesses have more opportunity to operate in franchise or local chains, they often shoulder a disproportionate amount of cost and risk, due to the economic influence of foreign business interests at the marketing, branding and retailing stages of the industry. The dependency of tourists on international brands, resulting from the way in which tourists are not able to sample their holiday product before purchasing it and, therefore, rely on recognised brands to guide them, was argued to be one causal factor for this concentration of economic power in the hands of foreign businesses, which are often the developers of international brands. Economic and social benefits from tourism, furthermore, were also indicated to be volatile due to the seasonal nature of the industry and market sensitivities associated with economic shocks such as terrorist incidents, extreme weather events, financial crises or health scares. Tourism can also have adverse social and environmental impacts on local communities and environments, such as erosion of local culture, coral reefs and beaches. These factors were identified as key challenges in the tourism industry that governance mechanisms for tourism often seek to remedy, or control.

Chapters Five, Six and Seven then explored how far legal, bargaining and persuasive mechanisms promote sustainable tourism in Costa Rica. Chapter Five identified four legal mechanisms with the potential to facilitate sustainable tourism in Costa Rica, including the national park system, the Maritime Zone Law (ZMT), legislation recognising the rights to land for communities, and state investment in the Gulf of Papagayo Tourism Pole and Liberia International Airport. Chapter Six identified three key bargaining mechanisms for tourism in Costa Rica, all certification systems: the CST, Ecological Blue Flag programme and the

Rainforest Alliance Verification scheme. Chapter Seven identified three types of persuasive mechanisms for tourism in Costa Rica: technical assistance for businesses and communities; education for the public and tourists; and activism targeted at tourism businesses and the government.

Overall, these governance mechanisms were found to have a limited to moderate effectiveness at promoting sustainable tourism in Costa Rica. In the discussions on all three types of mechanisms, legal, bargaining and persuasive, cases of moderately effective mechanisms were identified, indicating the significant role of all three different levels of choice-constraint. From these three chapters, the evidence points to the CST having the most significant impact, followed by technical assistance programmes for businesses and the national park system and ZMT. Chapter Six found that the CST certification was moderately effective at promoting sustainable tourism, having certified 8.7 per cent of hotels and 20 per cent of tour agencies (figures adapted from CST website, 2014 and Costa Rican Tourism Board, 2013). The Rainforest Alliance Verification and Ecological Blue Flag Programme were found to have only a limited impact on sustainable tourism. Chapter Seven argued that, of the three types of persuasive mechanisms identified, technical assistance for businesses was moderately effective. From 2005 to 2010, the Rainforest Alliance provided technical assistance to 125 hotels, five per cent of the hotels in Costa Rica (confidential internal document, 2010; Costa Rica Tourism Board, 2013). The other persuasive mechanisms (technical assistance for communities, education for tourists and the public and lobbying of government and businesses) were found to have only a limited impact on sustainable tourism. Chapter Five identified how the national park system protects 25 per cent of Costa Rica's territory and the Maritime Zone Law (ZMT) has led to the challenge of unsustainable practices by a number of large hotels. On the other hand, there was less evidence of the impact of legal mechanisms promoting the rights of communities to land and the Papagayo Tourism Pole.

These findings pointed not only to the significance of governance mechanisms across all three degrees of choice-constraint, but also found that each of the types of mechanisms addressed particular target groups, and at a different level of depth. The ZMT had the high level of choice-constraint to tackle unsustainable practices in the larger tourism actors, preventing them from building illegally in coastal areas. The CST was found to certify a range of types and sizes of tourism business, but the larger businesses that were certified at the highest level were those outside of the mass tourism regions, indicating that it is not reaching some of those actors with

potentially the most significant impacts on the environment and local communities. The depth with which the CST addresses sustainability was found to be significant, with fairly extensive evidence of sustainable practices required and inspectors providing advice to businesses on how to improve their sustainability. The Rainforest Alliance technical assistance programme reached a lower proportion of businesses than the CST (approximately five per cent), but at a significant depth, increasing the sustainability of tourism businesses in Sarapiquí from an average of 4.5 to 7.8, where one is non-compliance and ten is full-compliance (Newsom and Sierra, 2008). In answering the research question around the effectiveness of different types of governance mechanisms, therefore, it can be seen here that all three types of mechanisms have a significant impact, but rather different functions.

These findings contrast with many assumptions in the existing literature on sustainable development governance. In particular, the findings of the moderate impact of the CST are not reflected in much of the certification literature, which points to low numbers of certified actors, often five per cent or less; the focus of certification systems on ecotourism businesses which already have relatively sustainable practices, as opposed to mass market businesses; and a general lack of empirical evidence that certification has any environmental or socioeconomic benefits (Bendell and Font, 2004; Font, 2003 and Blackman and Rivera, 2010). Indeed, the findings above indicate that Costa Rica's CST has a higher proportion of certified tourism businesses than many certification schemes in other developing states. For example, the Smart Voyager Agua scheme in the Galápagos Islands had, in 2005, certified 10 per cent of tour boats, while the Green Globe 21 certifies six per cent of tourism businesses in the Caribbean and the Fair Trade Tourism certification in South Africa has certified six per cent of tourism businesses (Smart Voyager website, 2014; Green Globe website, 2014; Singh and Mee, 2008; FTT website, 2014 and Rogerson, 2010). This suggests that the CST is a particularly effective tourism certification system, the reasons for which will be explored below. Furthermore, while the CST attracted to some extent the 'lowest hanging fruit', indicated by Haufler (2003) as the common target group for voluntary mechanisms, it also attracted compliance from some of the larger tourism businesses, albeit not as many in the regions of mass tourism. This case study thus points to the significance of certification as a more effective mechanism for tourism governance than the existing literature indicates.

Similarly, the impact of the Rainforest Alliance's technical assistance programme for businesses, a persuasive mechanism, was found to be more extensive than is implied for

voluntary mechanisms by the existing sustainable development governance literature. On the one hand, the technical assistance programme does not reach the 20 per cent compliance rate indicated by scholars such as Vedung and van der Doelen (1998) as the highest compliance rate for voluntary mechanisms, and it attracts the businesses most interested in sustainability, rather than those using the most unsustainable practices. Furthermore, this programme did not appear to address structural inequalities in the international system, pointed to as a common weakness of voluntary mechanisms by scholars such as Edwards and Hulme (2000). On the other hand, the depth of impact of the programme on individual businesses is significant, a factor not adequately recognised in the existing literature. Furthermore, obstacles pointed to in the literature, such as the reduced impact as a result of competition between voluntary mechanisms (Kirton and Trebilcock, 2004), were not identified in this case, indeed the CST and Rainforest Alliance technical assistance programmes complemented each other.

The impact of legal mechanisms in this case study was also found to be more positive than often pointed to in the sustainable development governance literature. Indeed, the argument by some scholars in the existing literature that sustainable development is largely addressed through ‘new’ mechanisms as opposed to ‘old’, due to their ability to address multiple targets across long periods of time, was indicated to not be the case in Costa Rica (Jordan, 2008). In particular, the high level of choice-constraint of legal mechanisms was found to be invaluable in addressing some of the most unsustainable practices in the tourism industry. On the other hand, some of the obstacles for legal mechanisms pointed to in the literature were found to restrict their further impact. The inefficiencies and low-level corruption pointed to as common challenges to state mechanisms by scholars such as Mauro (1997) and Jordan (2008) were identified in Costa Rica. These were not found to restrict the impact of legal mechanisms as significantly as is often indicated in the literature, however.

While the literature often explores voluntary and compulsory governance independently, this case study pointed to the value of understanding the interdependencies between the different types of mechanisms. In particular, it shows the complementary, rather than competing, relationship between these governance mechanisms, with each having a slightly different target group and depth of impact. While the CST and Rainforest Alliance technical assistance programme addressed some of those actors who were more interested in sustainability, encouraging them to increase their sustainability further, the ZMT challenged some of the most unsustainable practices. This complementary relationship was also pointed to by the way in

which the different mechanisms relied upon each other to enhance their impact. The CST, for example, relied upon the high level of choice-constraint of the state in order to encourage compliance, as the state was able to set the CST as one piece of paperwork that would enable tourism businesses to operate in Costa Rica. Similarly, technical assistance provided to businesses looking to apply for the CST by the Rainforest Alliance’s programme, a persuasive mechanism. This therefore suggests that future studies of sustainable development governance might attempt to bridge the gap between these different types of mechanisms, and consider their interlinked impact within a single context.

The factors causing the more positive findings in Costa Rica’s case of tourism governance compared to the existing literature are pointed to through the findings addressing the second research question of this thesis: the success factors for tourism governance in Costa Rica. It was indicated earlier in the thesis how success factors can be either intrinsic of the characteristics of particular types of governance mechanism, as identified in the theoretical model, or more contextual to the broader environment. In this case, it was found that there were both intrinsic and contextual success factors in Costa Rica, identified in Figure 20.

Figure 20: Success Factors in Sustainable Tourism Governance in Costa Rica

<i>Inherent Characteristics of Governance Mechanisms</i>	<i>Contextual Success Factors</i>
High level of choice-constraint of legal mechanisms	State authority for bargaining mechanisms and bureaucratic competence of the state
Collaborative nature of bargaining and persuasive mechanisms	Heightened receptiveness towards sustainable development
	Expertise of non-state organisations and, in some cases, their support for state mechanisms

The inherent characteristics of governance mechanisms that acted as success factors in Costa Rica’s case included the high level of choice-constraint of legal mechanisms, which enabled them to target the most unsustainable businesses. The other inherent characteristic success factor is the collaborative nature of bargaining and persuasive mechanisms, which enables them to have an in-depth impact on the sustainability of individual actors. For the CST, its

collaborative bargaining nature enabled it to attract compliance from a fairly significant number of actors, due to its ability to provide a symbol, and yet, to work with individual actors closely enough to enhance their sustainability fairly considerably in some cases. The Rainforest Alliance's technical assistance programme was also found to be effective due to its collaborative nature, which enabled it to have a fairly significant in-depth impact on individual businesses.

The broader contextual factors found to contribute to the success of these governance mechanisms were three-fold. Firstly, the Costa Rican state's bureaucratic capacity enabled it to largely avoid the potential obstacles of corruption and inefficiency. The authority of the state also enabled it to promote the CST scheme above the other two certification systems. This was identified as a contextual factor, as not every state has the potential for this level of capacity, and therefore, it is not a factor intrinsic to governance itself. The second contextual factor was a heightened awareness around sustainable development, indicated to be facilitated at least in part by Costa Rica's natural environment and biodiversity, in influencing the receptiveness of different stakeholders to sustainable development initiatives (confidential interviews #3 and #24). The final success factor was the expertise of certain non-state actors. The support provided in the design and implementation processes of the CST by non-state organisations such as the Rainforest Alliance, which was indicated to be at least partially a result of expertise garnered specifically in Costa Rica, due to its unique biodiversity. The Rainforest Alliance, along with a number of other consultancy organisations, have substantial expertise with which to support tourism businesses to practise sustainable development. This was pointed to be a result potentially of a heightened awareness around sustainable development in Costa Rica.

Thus, these findings suggest that Costa Rica's success is partly due to the level of affinity between stakeholders and the natural environment, as much as the independent effects of different governance mechanisms. These three contextual factors point to an explanation of the more significant impact of the CST compared to other case studies in the literature. Firstly, the heightened awareness seen in Costa Rica around sustainable development was indicated in Chapter Six, for example, to not be present to the same extent in neighbouring countries. Data presented in Chapter Six suggested that 83 percent of Costa Ricans prioritise the environment over economic development, compared to 75 per cent of Nicaraguans and 63 per cent of Panama citizens (Latinobarómetro, 2011). Furthermore, a local industry source suggested that people would come to Costa Rica to buy a book about the different species of butterflies that

might exist in Panama (confidential interview #10). Costa Rica also hosts the headquarters of the regional Rainforest Alliance sustainable tourism programme. As indicated at the beginning of the thesis, Costa Rica has a significant variety of biodiversity, which appears to have facilitated this heightened awareness around sustainable development, and it is not seen to the same extent in other developing states.

Secondly, the fact that many other tourism certification systems are run by non-state actors, including Green Globe 21, Kenya's Eco-rating Certification Programme, South Africa's Fair Trade Tourism and Ecuador's Smart Voyager, points to the significant role of the state in certification. A combination of the heightened awareness around sustainable development and the state's interest in producing governance mechanisms for sustainable development have also likely facilitated the creation of so many legal mechanisms for environmental sustainability. As indicated previously, Costa Rica is one of the developing states with the highest quantity of environmental legal mechanisms. It is one of the top 20 developing states with the highest proportion of protected land territory, and one of the top 25 developing states with the highest proportion of protected territorial seas (World Bank, 2014; National Geographic, 2014). Costa Rica has also been recognised for its pioneering legal mechanisms for the environment, which won it, for example, the international 2010 Future Policy Award (The Guardian, 2010). On the other hand, there is no evidence that Costa Rica's state has more bureaucratic competence than its neighbours, Panama and Nicaragua, suggesting that state bureaucratic competence is not necessarily a factor distinguishing Costa Rica's experience in sustainable tourism governance from that of other countries. The Latinobarómetro survey in 2013, for example, found that only 31 per cent of Costa Rica's had some or a lot of confidence in the state, compared with 41 per cent in Nicaragua and 36 per cent in Panama.

While these success factors of strong state-led governance, combined with a conducive environment in which sustainable development is naturally high on everyone's agenda, have caused effective governance in Costa Rica, however, it is not necessarily the case that they might be effective in other countries. As Kemp et al (2005: 15) argue, there are likely many different ways of developing foundations and practices of governance for sustainable development; there are different 'good answers' for different circumstances. The case of Namibia's sustainable development governance, for example, points to the existence of more grass-roots facilitated success factors. In Namibia, community based natural resource management (CBNRM) has enabled communities to form common property institutions called

‘conservancies’, which gives them rights over wildlife and tourism development within a defined area (Hoole, 2010). There is some evidence that this is effective, for example, it has facilitated a dramatic recovery of wildlife species such as elephants, mountain zebra and oryx, successfully re-introduced more than 2,500 game animals into conservancies since 1999 and increased the income and expenditures of some households and individuals (Boudreaux and Nelson, 2011; Jones and Weaver, 2008; Bandyopadhyay et al, 2009). Thus, while the success factors identified above have been key factors in Costa Rica’s case, it should be recognised how these might not necessarily be effective drivers elsewhere.

A final insight from this case study points to the need to also continually reflect on the role of governance for sustainable development, and the way in which it can promote certain aspects or actors of sustainable development over others. There were two key examples in this case study where governance with every intention of promoting sustainable development actually may have had an adverse impact. Firstly, in the case of technical assistance for communities looking to develop local tourism products, governance was actually in some cases steering communities towards the less stable income source of tourism as opposed to fishing, or other activities that they engaged in beforehand. This reflects points in the ecotourism literature around whether sustainable tourism is actually a preferable path for many developing countries. Secondly, micro businesses were often unable to participate in the CST and Rainforest Alliance technical assistance programme due to limited resources and thus, the larger, and potentially inherently less sustainable actors benefited from these mechanisms at the expense of some of the most sustainable actors in tourism, which are often run by local people and thus provide a valuable local source of income, with a small footprint and thus, little environmental impact. The varied impacts of these mechanisms on different actors, therefore, should be recognised, as there is no ‘one size fits all’ approach. Overall, there is sufficient evidence in this case study that governance is a moderately effective driver for sustainable tourism, with state-led governance having a particular prominence here.

## **The Broader Theoretical Implications of the Findings for Governance Debates**

Chapter Three indicated a number of key debates in the broader governance literature, for which these findings have implications. Current debates are polarised between arguments for the continuing dominance of the state (see for example, Bramwell, 2011; Kemp et al, 2005; Klick, 2011; Newman and Clarke, 2009 and Öniş and Güven, 2011) and those that point to the decline of the central state and the rising influence of devolved authorities alongside a diverse range of non-state actors, from grassroots community groups to large international organisations (indicated by scholar such as Rhodes, 1996; Rosenau, 1992; Strange, 1996 and Tosun, 2001). Chapter Three outlined how the existing governance literature sees a polarisation of opinions around the impact and significance of low choice-constraining mechanisms of governance, with scholars on the one hand arguing for benefits such as local participation (see, for example, Glasbergen, 2011; Gemill and Bamidele-Izu, 2002; Jepson, 2005 and Keck and Sikkink, 2002), and on the other hand, others pointing to the lack of ‘levers’ of less choice-constraining mechanisms, consequent low level of compliance, and failure to address structural equalities in the international system (see, for example, Bendell and Font, 2004; Commins, 2000 and Edwards and Hulme, 2000). Each of the three empirical chapters in this thesis offered a reflection on the implications of the findings for broader debates around governance and the role of the state. This section will draw these together and outline the theoretical contributions that this research can make to the existing normative and empirical governance literature. It will also point to how the theoretical model employed has enabled many of these insights, due to the way in which it conceptualises different types of governance mechanisms.

The first theoretical contribution is that the state’s role in governance in this case appears to have changed, rather than declined, and indeed, non-state actors also have significance in governance. The effectiveness of state-run legal and bargaining mechanisms pointed to the continuing significance of the state in governance, and supports the arguments of scholars such as Bramwell (2011), who point to the state’s potential ability to offer incentives, or impose requirements, on actors to behave in a certain way. These new state mechanisms, furthermore, were found to run in parallel with command and control mechanisms, rather than replacing them, with their operation still depending to some extent on the hierarchical power of the state. This is a finding also echoed by Bell and Hindmoor (2009), but not widely recognised in the

literature, which instead often points to the state's role in one or the other of these types of mechanisms, rather than both concurrently. This indicates the need for a more sophisticated understanding of the state's role in governance. This finding also reflects Lawrence's (2005: 155) argument that the increasing use of less choice-constraining mechanisms by the state does not represent its demise, but rather, 'an attempt to resolve some of the contradictions inherent in capitalist expansion and its consequent impacts on the ecosystem'. Thus, this again points to the continuing, but changing, significance of the state in governance.

In keeping with the indications of neoliberalism, the state was found to have devolved responsibility for legal mechanisms to some extent to the local municipalities. This was not particularly effective, however, due to the lack of expertise and resources at the municipality level in order to enforce these mechanisms. The state-run bargaining mechanism was, furthermore, central-run, indicating the continuing significance of central state institutions. Thus, the assumptions of neoliberal scholars such as Bauer (1972), Lal (1983) and Krueger (1980) were only found to partly reflect the findings in this case study. This partial dispersal of authority, however, does point to a shift in the make-up of the state and the way in which it operates.

This case study also pointed to the significance of non-state actors in voluntary mechanisms of governance, particularly with persuasive mechanisms. Non-state actors were found to have substantial expertise, which enabled them in this case to run effective technical assistance programmes. Thus, state and non-state actors experience different benefits and challenges, which lends them to be effective at promoting different types of mechanisms. This points to the diverse nature of governance, with many different actors involved, using different types of mechanisms. It also provides a theoretical contribution to the literature, reinforcing the above indication that the state's role in governance has changed, rather than declined. The approach of the theoretical model has supported these findings through its identification of the state's potential role in high, moderate and low choice-constraining mechanisms, and the subsequent ability to identify which of these the state is most effective at promoting.

The second theoretical contribution of this thesis is the insight that all three of the mechanisms across the different levels of choice-constraint had a moderately significant impact on sustainable development. While the existing literature often points to either the dominance of hierarchical or voluntary mechanisms, it was indicated here that both are significant due to

their different strengths and weaknesses. The theoretical model, furthermore, enabled an understanding of the causes and levels of impact of the different mechanisms, testing assumptions from the existing literature. In particular, it indicated how more highly choice-constraining mechanisms target the most prolific offences to a more limited depth, while less choice-constraining mechanisms target actors that are inherently more interested in sustainability, and at an increased depth. Similarly, it confirmed the low number of levers for voluntary mechanisms identified by scholars such as Bendell and Font (2004), and the state's poorly resourced and uncoordinated institutions (see, for example, Grindle, 2004). In addition, the theoretical model explained how the level of choice-constraint of bargaining mechanisms can be enhanced through the authority of the state. Thus, here, this study provides a theoretical contribution in the sense that it confirms existing findings in the literature, but also provides a more in-depth and complex picture to show the impact of different governance mechanisms.

The third theoretical contribution that this thesis can make reflects the interlinked nature of different governance mechanisms, which is not widely recognised in the existing literature. While the literatures on certification and other voluntary mechanisms are currently fairly isolated and insular, the findings indicated how bargaining mechanisms actually rely upon persuasive mechanisms in order to provide expertise and support to enable actors to comply. This points to the need for more flexible conceptualisations of governance mechanisms, and indeed, reflects again the point above for the usefulness of a more sophisticated understanding of governance. The distinction in the theoretical model between bargaining and persuasive mechanisms, where much of the existing literature combines these as both voluntary mechanisms, enables this insight. This finding challenges the fragmented approach to governance currently taken in much of the literature, and points to the need to adopt theoretical frameworks that recognise the inter-relationships between different types of governance.

The final theoretical contribution is that these findings also highlighted questions for the effectiveness of governance as a whole. As legal mechanisms were found to address actors least interested in compliance, but to a lower level, while less choice-constraining mechanisms were more likely to address actors more interested in compliance, albeit in greater depth, governance mechanisms overall appear to have limited scope to significantly increase the compliance levels of the most challenging actors. The scope of governance to have an overall significant impact on sustainable development is, therefore, reduced. Similarly, the case study indicated the focus of these three types of governance mechanisms on actors in the national

domain, rather than those at the international level. Yet, as indicated by scholars such as Streck (2002), it is questionable how far challenges such as sustainable development can be addressed at the domestic level, when they concern global factors such as trade, economic and political liberalisation and technological change. The theoretical model's ability to lay out systematically the strengths and weaknesses of the three different levels of choice constraint, therefore, has enabled a broader understanding of the effectiveness of governance as a whole. To conclude, this section has indicated four theoretical contributions to the governance literature from this research, with some insights supporting existing assumptions and conclusions, and others providing challenge. The next, and penultimate, section of this chapter will reflect on how the theoretical model of governance and sustainable development framework employed in this research may be further developed in order to integrate insights identified in this case study.

### **A Reflection on the Utility of the Theoretical Model of Governance and Framework for Sustainable Development**

The theoretical model and framework developed and employed here provided the basis for the focus of the research and the chapter structure of the thesis. Throughout the research, a number of insights into the usefulness of the model and framework were garnered, a reflection of which will enable a further development of the model and framework for potential use in other similar studies. This section will reflect firstly, on the theoretical model of governance, before evaluating the framework for sustainable development. It will also reflect on how the model of governance, in particular, is a contribution to the analytical governance literature in itself.

#### *The Theoretical Model of Governance*

The initial section in this chapter outlined how the theoretical model of governance distinguished between mechanisms employing three different levels of choice-constraint, collaborative and confrontational voluntary mechanisms, and state and non-state actors. These distinctions were key in guiding the focus of the research, the structure of the thesis and indeed, providing the insights into broader debates around governance discussed in the previous section. The model had a number of strengths. Firstly, and as indicated above, it was able to distinguish between governance mechanisms systematically across a range of levels of choice-constraint and actors involved, in order to build an overall picture of governance. The

employment in this model of a ‘middle’ category of moderately choice-constraining mechanisms, which is in many other models combined with other voluntary mechanisms into one large category, was useful in highlighting the increased leverage of bargaining mechanisms compared to persuasive mechanisms. The labels used also supported explanations of the factors behind the varied effectiveness of these mechanisms. They indicated, for example, how collaborative forms of persuasive mechanisms can have a more in-depth impact on actors. The three levels of choice-constraint also enabled a clear structure for three empirical chapters that focused on the most significant divisions between governance mechanisms.

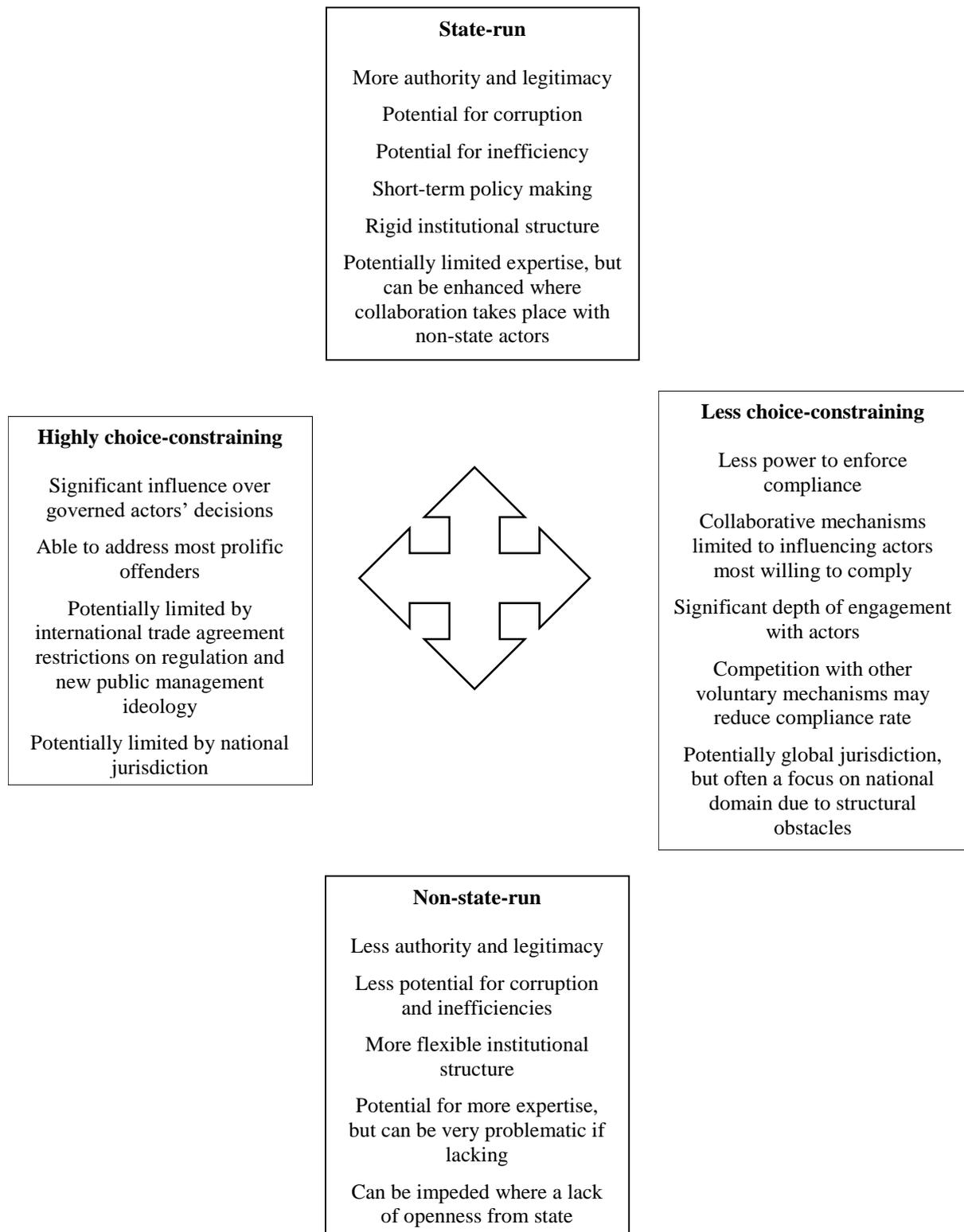
The research also, however, pointed to a number of ways in which the theoretical model might be further developed. Firstly, governance mechanisms do not always fit neatly into these categories. While the legal mechanisms category appears at first glance to be fairly clearcut, as it is always state-facilitated and confrontational in nature, in reality the category is more diverse. While the enforcement of the national park system, the coastal zoning regulation and recognition of the rights to land for communities were clearly legal mechanisms, as there were obvious ‘rules’ that were enforced, the development of the Papagayo project fitted less clearly into the legal mechanisms category. This project has no specific enforcement power, but the fact that the government was exerting significant influence over the shape of the tourism industry, in this case building a new airport and zone that was prone to mass tourism, led it to be discussed here as a legal mechanism. The ‘stick’ in this case, therefore, was the way in which the government’s authority enabled it to develop significant infrastructure despite opposition. Similarly, the findings in Chapter Five also demonstrated how the enforcement power of legal mechanisms can vary as a result of factors such as resource limitations, decentralisation of power and corruption. Thus, the first insight here is that conceptualisations of governance should therefore take into account the potential for a varying level of choice-constraint among legal mechanisms.

Secondly, and similarly, the recognition in the model of the state or non-state involvement in the schemes also helped to explain their effectiveness. The division in the theoretical model, however, between state and non-state actors was not seen quite as starkly in reality. In particular, the state-run CST relied upon the expertise of non-state actors, indicating that some recognition in the theoretical model of the potential links between state and non-state actors within one single mechanism would be useful. Similarly, the way in which non-state community technical assistance programmes rely upon the state in order to provide permits,

for example, also points to the interlinked nature of state and non-state mechanisms of governance. This conclusion is reflected in the literature, for example, by Karkkainen (2003), who points to the ‘complex web’ of hybrid institutions of governance, which include collaborative input from both state and non-state actors. One prime broader example of these joint initiatives in the existing literature is that of global environmental standards, such as ISO14001, where state and non-state actors are brought together in the design and implementation processes (Clapp, 2008). Furthermore, in a similar vein, the theoretical model also draws a fairly stark distinction between legal, bargaining and persuasive mechanisms. Yet, the findings suggested that the CST relies to some extent on the authority of the state in order to attract compliance. It points to the interlinked nature of mechanisms of a different level of choice-constraint. This therefore suggests that it is useful when employing the model to recognise the potential for links not only between state and non-state actors but also between mechanisms with a different level of choice-constraint.

Finally, the empirical analysis in this thesis also identified a number of ways in which the predictive ability of the theoretical model might be improved. Firstly, while the theoretical model suggested that non-state actors can have considerable expertise, the findings in this research pointed to a need to recognise that some non-state actors do not have this expertise, and the potential negative implications of this upon a governance mechanism. Secondly, and related to the above points around the state/non-state distinctions, the findings suggested that the work of non-state actors can be impeded where the state is not open to collaboration. Finally, while the model indicated that less choice-constraining mechanisms of governance might be better placed to address the behaviour of international actors in the global value chain, the case study of this thesis found that structural obstacles prevented any of the mechanisms from having any significant impact here. Figure 21 integrates these insights into the theoretical model of this thesis developed in Chapter Three. The theoretical contribution of this thesis around broader questions of governance, therefore, includes a tried and tested predictive model that can be employed in other case studies to enable the study of the impact of governance on sustainable development.

Figure 21: A Revised Theoretical Model of Governance and Sustainable Development



### *Theoretical Insights for Sustainable Development*

The findings in this case study have also provided a number of theoretical insights into the nature of sustainable development. Most significantly, the challenge of addressing all the different aspects of sustainable development has been identified. Chapter Two identified the diversity of understandings of and approaches to sustainable development. It was noticeable in this case study that in some cases of tourism governance, such as the CST, all three aspects of sustainable development were adequately addressed, leading to a fairly significant impact on actors' practices. In many other cases, however, the prioritisation of one aspect of sustainable development over the others was identified. Legal mechanisms, for example, were found to focus predominantly on either environmental protection or economic development, while the Blue Flag programme and public education programmes promoted solely environmental protection aspects of sustainable development. This reflects Dodds and Butler's (2010) assertion in the literature that the most frequent barrier to effective sustainable tourism policy is the prioritisation of economic goals over social and environmental aspects of sustainability.

This inconsistent approach to sustainable development was indicated to be a result of the various interests involved in the promotion of sustainable tourism, with no single agency taking responsibility for a coherent sustainable development strategy as a whole. Instead, isolated and uncoordinated agencies often promoted single aspects of sustainable development. The tourism department focused on promoting legal mechanisms that encouraged economic development at the expense of other aspects of sustainable development, for example, while government departments, with more of an environmental focus, prioritised environmental protection, leading to conflicting legal mechanisms, and a very unclear message as to the type of tourism promoted by the government as a whole. In another example, Chapter Seven showed how environmentalists opposed the intentions of the state and tourism development companies to build tourism resorts. Even different sections of the ICT were found to promote different aspects of sustainable development. As indicated by Robinson (2004: 373), sustainable development 'means so many different things to so many different people', which leads to differing, and at times conflicting, priorities with regards to the promotion of each of the three aspects of sustainable development. The result was that sustainable development was not addressed in its entirety and thus, governance mechanisms were not as effective at promoting sustainable tourism as is potentially the case. As Bramwell (2011) indicates, the diverse policy domains of sustainable tourism make it very difficult to address as a coherent whole. Loorbach (2007: 3) indicates how 'since the destination (what is a sustainable society) is unclear and the

roads towards it highly uncertain, the only way forward is to take small steps and regularly evaluate whether we are coming closer to or drifting away from our ideal destination’.

Recognition of this fragmented institutional approach to sustainable development, and subsequent competing agendas between agencies purportedly promoting a similar concept, would be useful in a conceptual framework for sustainable development. The exploration of the impact of governance for sustainable development in this study has enabled a clearer picture of how, in practice, different agencies are often responsible for implementing different aspects of sustainable development. A conceptual framework for sustainable development could take into account these competing agendas of agencies, from the government that has interests in facilitating growth for businesses, addressing social equity issues such as cultural retention, and protecting the environment; to environmentalists and organisations in favour of protecting the environment; to industry that wishes to increase economic development; and the local communities, which can have differing priorities depending on their level of development.

The research also pointed to a number of other ways in which the framework for sustainable development might be further developed in order to improve its utility. Firstly, clarification of the different values behind each of the three aspects of sustainable development would enhance the usefulness of the framework. In particular, a re-conceptualisation of the dichotomy between the positive indicators of economic development and social equity, and the negative indicator of prevention of impact to the environment would help to clarify the model. Parris and Kates (2003) frame this juxtaposition in terms of ‘what is to be sustained’ (eg. biodiversity, ecosystems, cultures and places) and ‘what is to be developed’ (eg. life expectancy, education, wealth and social capital). This might be a useful distinction, as it also distinguishes between positive and negative needs within the social equity indicator, for example, the need for improved education alongside retention of existing culture.

A second way in which this framework might be improved is through further development of the social equity indicator. Although commonly used in definitions and frameworks of sustainable development, it is not clear exactly how social equity is linked to economic development, although clearly there is a relationship between the two. Further exploration into what the specific aspects of social equity are would be useful, including factors such as the retention of local culture, and gender, race and class equality, in order to clarify the purpose of

this indicator, and to show exactly how tourism might be expected to contribute to social aspects of sustainable development.

Overall, therefore, the research in this thesis can make two key further theoretical contributions to broader questions of governance and sustainable development. Firstly, it provides a tried and tested model of governance and framework for sustainable development that can be used for the exploration of other case studies. These are detailed, providing a clear breakdown of different types of governance mechanisms, and a definition of sustainable development that ensures that the actions of all actors in the global value chain are recognised. Furthermore the governance model is predictive, providing potential explanations for the degree of effectiveness of individual governance mechanisms and thereby supporting empirical analysis. The second key theoretical contribution of this thesis is insight into the nature of the concepts of both governance and sustainable development and particularly, their complexities and contradictions. The challenge has been made clear, for example, of addressing economic goals alongside social and environmental aims, along with the diverse nature of different mechanisms of governance that do not fit neatly into categories. The theoretical model and framework have aimed to recognise these challenges, in order to better understand these concepts and enable a more detailed and valid empirical analysis.

### **Future Research Avenues**

The findings of this thesis suggest a number of potential further research avenues that might be pursued in order to better understand the impact of governance for sustainable tourism, and sustainable development more generally. Firstly, more research into other governance mechanisms for tourism would be useful in understanding more fully the impact of tourism governance, given the current lack of research. Possible case studies might include the Galápagos Islands, which has a national park system that protects nearly 97 per cent of the land, one of the largest Marine Reserves and the Smart Voyager Agua scheme, which certifies tour boats according to their level of sustainability. Other case studies with significant governance mechanisms include Barbados, which has similar coastal zoning legislation to Costa Rica; Namibia, which has a fairly extensive community based conservation programme, and Venezuela, which has one of the highest proportions of protected land and sea territory. As

this thesis has indicated that effective governance mechanisms for sustainable tourism vary, at least to some degree, between states, it would be useful to identify the models that exist in other developing states, and the determining factors behind these different models. Exploration of cases from across the policy spectrum, from strong state leadership to devolution and community empowerment, in particular, would be useful, in order to understand more fully the implications of these different types of policy environments for effective tourism governance mechanisms. Furthermore, it would be useful to explore the significance of global certification systems, such as the Green Globe, and whether these are more or less influential for sustainable tourism than national schemes, and why. Studies of certification focus largely on national certification systems, yet these global schemes have the potential to receive wider recognition, including from international stakeholders, and thus, may attract significant levels of compliance.

A second potential research avenue would be to explore further the nature of the heightened receptiveness towards sustainable development that exists in Costa Rica. This research suggested that this heightened receptiveness is derived from the country's unique and varied biodiversity. It would be useful, therefore, to explore how far other developing states with a fairly comparable degree of biodiversity, such as Dominica, Belize or Cuba, also see a heightened receptiveness towards sustainable development, compared to developing states with less significant biodiversity. This would determine how far the heightened receptiveness originates from this biodiversity.

The final potential research avenue related to governance for sustainable development, and the theoretical model more broadly, is that it would be useful to explore the relevance of the insights from this model to other development industries besides tourism. This could potentially generate further insights into the success factors behind governance for sustainable development that might be generalisable between industries. A suitable industry to examine might be that of forestry or food, where sustainable practices, and accompanying governance mechanisms such as certification, are common. In particular, it would be useful to explore, given the lack of effective governance in the case study examined in this thesis of international stakeholders, whether there are any cases in other industries, of relatively effective governance of these international actors. Here, insights might be drawn into how governance of international stakeholders, in particular, can be made more effective.

## **Conclusion**

This final chapter has drawn together the findings of the thesis around the impact of sustainable tourism governance and the identification of success factors for effective tourism governance. It outlined the theoretical model utilised by the thesis and the findings from the case study of Costa Rica. It then reflected on the theoretical contributions of these findings to the broader governance literature, before considering the utility of the theoretical model, and identifying a number of potential future avenues for research. This research has sought to address the gap in the literature identified in the Introduction around potential drivers for sustainable tourism and sustainable development in developing states and, particularly, the link between governance and sustainable tourism. This research has also sought to bridge the gap in the existing literature where the effectiveness of single governance mechanisms has been examined in isolation, by comparing the impact of various governance mechanisms in a single country setting. In this sense, this research has intended to draw, in particular, on the context in which these mechanisms operate, in order to assess the impact and importance of context in determining the effectiveness of governance. Finally, this thesis has originality in the way in which it has developed and tested a theoretical model with which to explore the impact of governance on sustainable development. This model has broadened the applicability of the findings in the research from tourism governance within Costa Rica, to other developing states, and also potentially for other development industries more generally. A number of theoretical contributions to the literature on governance have also been developed through the findings.

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# Appendices

## Interviews

<u>Interview description</u>	<u>Role of individual/ organisation</u>	<u>Place of interview</u>	<u>Date of interview</u>
Confidential Interview #1	International NGO	London, United Kingdom	16/04/2013
Confidential Interview #2	NGO, organiser of large tourism trade fair	San José, Costa Rica	06/09/2012
Confidential Interview #3	Medium sized hotel with CST 4 leaves, located in San José	San José, Costa Rica	05/09/2012
Confidential Interview #4	NGO, organiser of eco tours	San José, Costa Rica	04/09/2012
Confidential Interview #5	Environmental government department	San José, Costa Rica	04/09/2012
Confidential Interview #6	Small hotel with 3 CST leaves in San José	San José, Costa Rica	31/08/2012
Confidential Interview #7	Sustainable hotel management company	San José, Costa Rica	30/08/2012
Confidential Interview #8	Tourism chamber	San José, Costa Rica	29/08/2012
Confidential Interview #9	Environmental government department	San José, Costa Rica	29/08/2012
Confidential Interview #10	Sustainable tourism consultant	San José, Costa Rica	28/08/2012
Confidential Interview #11	Domestic airline	San José, Costa Rica	28/08/2012
Confidential Interview #12	International financial NGO	San José, Costa Rica	27/08/2012
Confidential Interview #13	Sustainable business consultancy	San José, Costa Rica	27/08/2012

Confidential Interview #14	International NGO which runs its own certification programme	San José, Costa Rica	24/08/2012
Confidential Interview #15	NGO provider of technical assistance to communities	San José, Costa Rica	23/08/2012
Confidential Interview #16	NGO provider of funds to small and micro projects with a sustainability element	San José, Costa Rica	23/08/2012
Confidential Interview #17	Sustainable tourism consultant	San José, Costa Rica	22/08/2012
Confidential Interview #18	Tour provider with 4 CST leaves	San José, Costa Rica	22/08/2012
Confidential Interview #19	Government tourism department	San José, Costa Rica	21/08/2012
Confidential Interview #20	Research NGO with focus on biodiversity	San José, Costa Rica	21/08/2012
Confidential Interview #21	Travel agent with 5 CST leaves, supports small community tourism	San José, Costa Rica	20/08/2012
Confidential Interview #22	Tour operator with 5 CST leaves and Rainforest Alliance Verification	San José, Costa Rica	20/08/2012
Confidential Interview #23	Government department responsible for a certification programme	San José, Costa Rica	17/08/2012
Confidential Interview #24	International chain hotel with 5 CST leaves	San José, Costa Rica	17/08/2012

Confidential Interview #25	Social enterprise promoting action against climate change	San José, Costa Rica	16/08/2012
Confidential Interview #26	Sustainable tourism consultant	San José, Costa Rica	16/08/2012

### Documents

Document #1	Instituto Costarricense de Turismo (2011) <i>Impacto del CST en Empresas Hoteleras y Tour Operadoras</i> (The Impact of the CST on Hotels and Tour Operators), San Jose, Noviembre de 2011
Confidential Internal Document #2	Document provided by an interviewee