

Dominican Republic/Caribbean business: Environmental management pays off

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Protection of the environment can make good business sense, particularly in the tourism industry. Beyond good corporate citizenship and a positive "green" image, it can also generate substantial cost savings and boost the bottom line. Such is the case for the Dominican Republic-based Grupo PUNTACANA, a pioneer in sustainable tourism in the Caribbean.

Tourism has been the fastest-growing industry in the Dominican Republic for more than a decade, and is its primary source of foreign-exchange earnings as well as an important source of employment. In the industry's early stages of development, all-inclusive, relatively low-cost hotels predominated. In recent years large amounts of investment have gone to high-end resorts and the vacation and second home market. Today, the Punta Cana area in the eastern part of the island is the most popular tourist destination in the country.

PUNTACANA Resort & Club, a luxury hotel and residential complex owned by Grupo PUNTACANA, has been a trendsetter since its early days. Since PUNTACANA Resort & Club built its first beach cottages in the area in 1971, it has been committed to ecologically sound practices, and it has progressively expanded its environmental as well as social initiatives since its growth picked up in the 1990s. Its efforts include water treatment, waste management, recycling, energy conservation, and natural-resources and coastal preservation.

According to Jake Kheel, environmental director for Grupo PUNTACANA and head of the PUNTACANA Ecological Foundation, a not-for-profit entity, innovative environmental management forms an integral part of the company's corporate strategies and sets it apart from many competing Caribbean resort complexes. "We derive multiple benefits from our efforts, only some of which are monetary." The group is most interested in a sustainable, environmentally friendly business model, and has shared its know-how with other companies in the industry.

*** Water management.** The Punta Cana region has scarce freshwater resources, so the company early on set up a modern and highly effective water-pumping system designed to minimise pressure on the aquifer. It was also the first tourism development in the region to construct its own waste-water treatment facility, which uses anaerobic digestion and settling ponds to clean the water, from which it is then recycled in irrigation of green areas and golf courses.

*** Energy conservation.** The Dominican Republic suffers from chronic energy shortages and blackouts, requiring that hotel owners provide their own generating facilities. In addition to this, Grupo PUNTACANA tries to use energy-efficient technologies where possible throughout the complex. For instance, its industrial laundry facility (which handles laundry for its own and other properties) is powered with heat energy from steam generated in an adjacent electric power plant to save electricity; the steam is then used in the laundry drying operations. All water used in the facility is recycled in the operation or treated for use in irrigation, reducing contamination in the surrounding area.

*** Garbage recycling and incineration.** The company was previously spending US\$200,000 per year for removal of garbage, most of which went to a landfill. Since it set up its own recycling and incineration centre, its costs are down to US\$90,000 per year, and it expects this to be reduced to US\$15-20,000 by the end of 2009, according to Mr Kheel. The centre serves both

the nearby Punta Cana International Airport and the resort property, and is the largest recycling facility in the Dominican Republic. By handling its own garbage the group saves money, is assured of improved garbage disposal services and minimises the amount of waste that goes to a dump.

* **Organic recycling.** In 2007 the group created a worm composting facility to take organic waste from the kitchens and green areas for conversion into high-value, organic compost for vegetable production. The vegetables are sold to the resort, local residents and other hotels. Also, a feasibility study is under way for a bio-digester (a chamber where waste is eaten by micro-organisms) that will produce gas that can be used for energy as well as produce other by-products that can be used as fertiliser.

* **Natural-resources preservation.** In 1994 the group helped form the PUNTACANA Ecological Foundation, which is dedicated to protection of the environment in the Punta Cana area. The company also donated 1,500 acres of land to the foundation for use as a natural park and forest reserve and for research. In 2001, together with the foundation, it started the PUNTACANA Centre for Sustainability, which hosts research and development programmes supporting sustainable development of the region. Of particular interest is preservation of coastal areas, coastal reef ecosystems and marine life. To this end, the foundation has entered into public-private partnerships with government, non-government, academic and private-sector entities in a variety of projects.

Helping the community

Beyond the environment-related initiatives, Grupo PUNTACANA itself or through its foundation has supported the development of the community. It has set up an elementary school for the children of employees; established an international bilingual school and a technical high school; pioneered education modules for neighbouring schools on coastal ecology and conservation; established community-based water-quality monitoring systems; and supports rural clinics to improve free health services in the area.

Grupo PUNTACANA and the Ecological Foundation have received several awards for corporate social responsibility and excellence in environmental protection and sustainable tourism. Most recently, in January 2009, the group was a finalist for the prestigious World Tourism and Travel Council's "Tourism for Tomorrow" award.

For the company, such awards are less important than its long-term goal of maintaining a sustainable and socially responsible tourism offering in the Dominican Republic, in harmony with the environment and the local community. "We've been here for nearly 40 years, and we want to be here for at least 40 more", says Mr Kheel.

The Economist Intelligence Unit

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