COSTA RICA

1. Recent trends

Poverty in Costa Rica increased from 16.5% in 2016 to 19.4% in 2020, partly owing to the impact of the COVID-19 pandemic, remaining below the Latin America and the Caribbean (LAC) average of 26.3%. Extreme poverty slightly decreased over that period from 4.2% to 4.0% and remained below the LAC average (8.7%). The population living in completely informal households remained constant at 26.9% in 2010 and 27.0% in 2019, below the LAC average of 36.3% in 2018. Regarding environmental indicators, in 2019, total greenhouse gas (GHG) emissions per capita were 3.1 tonnes of carbon dioxide equivalent (t CO_2e), lower than the averages for LAC (6.3) and countries belonging to the Organisation for Economic Co-operation and Development (OECD) (9.1). That year, the share of the population exposed to air pollution levels that pose risks to human health (PM2.5 at more than 10 μg/m³) was 99.9%, higher than 95.2% for LAC and 61.0% for the OECD. The marine protected area accounted for 2.7% of its territorial waters at the beginning of 2021, compared to 7.3% for LAC and 18.6% for the OECD. In December 2021, the government signed a decree that expands the protected marine area of the *Area de Conservación Marina Coco* to 161 129 km², thereby increasing the national marine protected area to 30% of territorial waters. On the fiscal side, environmentally related tax revenue was 2.3% of gross domestic product (GDP) in 2019, above both LAC (1.0% in 2020) and the OECD (2.1% in 2020). Total tax revenue as a percentage of GDP (22.9%) remains higher than the average for LAC (21.9%), but lower than the OECD (33.5%).

2. Long-term development policies for a green transition

Costa Rica is the only tropical country in the world that has managed to reverse deforestation, largely due to the Payments for Ecosystem Services programme and a System of Conservation Areas that covers 26.2% of the nation's territory. The National Plan for Decarbonisation 2018-2050 aims to reduce emissions to net zero by 2050. The National Bioeconomy Strategy (2020) provides a framework to integrate the productive and environment sectors. The Implementation Plan for the National REDD+ (Reducing Emissions from Deforestation and forest Degradation) Strategy sets an operational framework for forest conservation for the period 2018 to 2024.

Within its **mitigation** measures, in 2019, Costa Rica amended the Decree 36693-MINAET, which introduces a national moratorium on oil exploitation. The Ministry of Finance and the Ministry of Environment and Energy (MINAE) are designing a Green Fiscal Reform that prioritises lines according to their environmental impacts as well as a reform to the selective consumption tax based on environmental criteria. Together with the Economic Commission for Latin America and the Caribbean (ECLAC), they are also studying a reform to the fuel tax and the creation of a tax on solid wastes. The MINAE, in collaboration with the German Agency for Economic Cooperation (GIZ), designed a plan for the production and consumption of green hydrogen. Regarding its **adaptation** policies, Costa Rica approved the National Adaptation Policy 2018-2030, which establishes a roadmap to strengthen the country's resilience to the impacts of climate change.
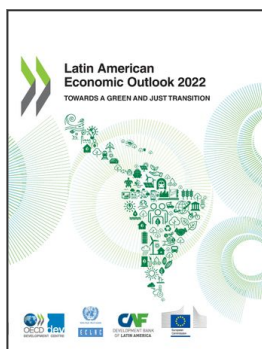
Regarding **international partnerships**, **within** the region, Costa Rica holds the current presidency of the Forum of Ministers of Environment of LAC, which discusses the region's role in the face of environmental planetary crisis. **Beyond** LAC, Costa Rica is part of a consortium that created in 2022 the Global Blue Carbon Coalition to accelerate investments in coastal carbon sinks. The MINAE is leading various environmental projects with funding from the Global Environment Facility and implemented by the United Nations Development Programme.

Regarding **green finance**, the General Securities Superintendency authorized three green bonds. *Acción Clima II* and the *Políticas Climáticas Verticalmente Integradas* project, managed by GIZ, did a diagnosis of the potential financing sources to implement climate actions in Costa Rica's municipalities, which contributed to the development of the Climate Finance Taxonomy. The government is working on the publication of the *Guía Oficial de Acceso a los recursos del Fondo Verde del Clima en Costa Rica*, to orient public or private actors interested on accessing green finance through the Green Climate Fund (GCF). The General Superintendence of Financial Entities developed a methodology to capture climate information on credit operations managed by supervised financial institutions.

	Key indicators – Costa Rica					
Social	**Costa Rica**		**LAC**		**OECD**	
	2016	**2020**	**2016**	**2020**	**2016**	**2020**
Extreme poverty	4.2	4.0	8.1	8.7	N/A	N/A
Poverty	16.5	19.4	25.9	26.3	N/A	N/A
Share of Internet users (% of population)	65.9	80.5	53.7	68.1	81.8	88.0
	2016	**2020**	**2016**	**2020**	**2016**	**2019**
Gini index	48.7	49.3	46.3	45.3	34.9	34.2
	2010	**2019**	**2009**	**2018**	**2009**	**2018**
Share of total population in informal households (%)	26.9	27	43.4	36.3	N/A	N/A
Share of total population in informal households, upper-income quintile (%)	7.7	6.1	24.5	13.6	N/A	N/A
Share of total population in informal households, lower-income quintile (%)	62.9	75.6	70.4	72.0	N/A	N/A
	2016	**2019**	**2016**	**2019**	**2016**	**2019**
Health expenditure (% of GDP)	7.3	7.3	6.5	6.8	8.7	8.8
SIGI index	N/A	27.9	N/A	25.4	N/A	17.5
	2015	**2018**	**2015**	**2018**	**2015**	**2018**
PISA score in science	420	416	411	407	489	487
Productivity and innovation						
	2016	**2021**	**2016**	**2021**	**2016**	**2021**
Labour productivity (% of the United States)	38.8	38.4	29.0	26.6	69.9	67.2
	2016	**2020**	**2016**	**2020**	**2016**	**2020**
High-tech exports (% of manufactured exports)	18.4	15.7	8.4	7.0	16.5	16.2
	2016	**2018**	**2016**	**2019**	**2016**	**2019**
R&D expenditures (% of GDP)	0.4	0.4	0.3	0.4	1.8	2.0
Citizens' perceptions and institutions						
	2016	**2021**	**2016**	**2021**	**2016**	**2021**
Share of population satisfied with efforts to preserve the environment (%)	52.2	59.7	46.2	42.0	55.3	51.2
Share of population with confidence in national government (%)	27.9	30.7	34.2	39.4	40.3	46.3
Share of population that thinks corruption is widespread throughout government (%)	75.5	76.7	74.5	70.0	59.0	54.9
Share of population satisfied with the education system (%)	82.1	70.8	64.9	54.3	67.0	66.8
Share of urban population satisfied with the availability of quality health care (%)	65.2	70.8	49.2	48.9	68.2	69.5
Environment and the green transition						
	2004-19		**2004-19**		**2004-19**	
Loss of natural and semi-natural vegetated land (%)	1.1		1.5		1.3	
	2016	**2019**	**2016**	**2019**	**2016**	**2019**
GHG emissions per capita excluding LUCF (t CO_2e)	3.1	3.1	6.3	6.3	9.6	9.1
Air pollution – exposure to PM2.5 (annual average exposure to more than 10 µg/m³, % of population)	99.9	99.9	95.5	95.2	61.3	61.0
	2016	**2020**	**2016**	**2019**	**2016**	**2020**
Contribution of renewables to total primary energy supply (%)	50.4	50.5	34.2	33.4	19.7	22.9
	2016	**2021**	**2016**	**2021**	**2016**	**2021**
Marine protected areas (% of territorial waters)	0.8	2.7	2.5	7.3	16.5	18.6
Fiscal position						
	2016	**2019**	**2016**	**2020**	**2016**	**2020**
Environmentally related tax revenue (% of GDP)	2.3	2.3	1.1	1.0	2.4	2.1
	2016	2020	2016	2020	2016	2020
Total tax revenues (% of GDP)	23.5	22.9	22.2	21.9	33.6	33.5
Share of VAT (% GDP)	4.4	4.5	5.8	5.6	6.6	6.7
Share of PIT (% GDP)	1.3	1.5	2.1	2.2	7.8	8.3
Share of CIT (% GDP)	2.3	1.9	3.3	3.4	2.9	2.7
Perception of tax evasion (%)	N/A	33.8	N/A	27.3	N/A	N/A
Debt service (% of total tax revenue)	**11.8**	**20.4**	**11.3**	**13.0**	**5.6**	**5.2**
	2016	2020	2016	2020	2016	2019
Social expenditure (% of GDP)	11.9	12.3	11.5	13.6	20.0	19.9

Note: See the Reader's Guide for definitions and sources.

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