



## STRAIGHT TO THE POINT

- » Costa Rica's mitigation ambition is to have a maximum of 9.374 Megatons of carbon dioxide-equivalent (CO<sub>2</sub>e) net emissions by 2030, which implies a greenhouse gas (GHG) emissions reduction of 44 percent compared to a business-as-usual (BAU) scenario.
- » Additionally, the country aims to be carbon neutral by 2021 relative to 2005 emissions, and achieve and maintain a 100 percent renewable energy matrix by 2030.
- » The most emissions-intensive sectors in Costa Rica are energy (53 percent), agriculture (24 percent), waste (11 percent), industrial process (nine percent), and bunker fuel (three percent). Within the energy subsector, transport accounts for 64 percent; manufacturing and construction accounts for 13 percent; electricity and heat accounts for 11 percent; and other fuel combustion accounts for 11 percent. Climate vulnerability is felt most severely in terms of floods, landslides, agriculture, and hydro energy.<sup>1</sup>
- » The Costa Rican Government is facing persisting budgetary problems<sup>2</sup>, which makes external financial assistance for NDC implementation another important area of concern and follow-up as related to public debt.
- » In bringing together different sectors, development partners, and ongoing initiatives for the NDC implementation process, a facilitation and coordination approach of the NDC Partnership could prove valuable.

## BACKGROUND

### SOCIAL AND STABLE, BUT HIGH INEQUALITY

For decades, Costa Rica has experienced political stability and stable economic growth, which has benefited social development in the country. This includes a significant increase in per capita income, and near universal access to health care, education, and pensions.<sup>3</sup> As of 2015, Costa Rica's real GDP growth rate was at 3.75 percent, up from 3.0 percent the previous year<sup>4</sup>; its GDP per capita was at USD 10,647 (2014)<sup>5</sup> with an unemployment rate of 8.99 percent (2016).<sup>6</sup> In addition to political and economic stability, Costa Rica's biodiversity makes it a hotspot for ecotourism.

Based on its 2016 review, the Organization for Economic Cooperation and Development (OECD) reported that Costa Rica's rising living standards are well aligned with sustainable natural resource use. Specifically, Costa Rica produces USD 9.2 per kilogram of carbon dioxide as compared to the average (USD 3.9 per kilogram) among OECD countries.<sup>7</sup> However, the OECD also reports that inequality has been on the rise since the mid-1990s, which is in contrast with other countries in the region that have made significant progress in this area. Part of the country's increasing inequality is related to its tax structure, which makes it difficult to redistribute incomes through government programs.<sup>8</sup> Additionally, key sectors, such as

<sup>1</sup> CAIT Climate Data Explorer. 2015. Washington, DC: World Resources Institute. Available online at: <http://cait.wri.org>.

<sup>2</sup> <http://www.oecd.org/countries/costarica/Costa-Rica-2016-overview.pdf>

<sup>3</sup> <http://www.oecd.org/countries/costarica/Costa-Rica-2016-overview.pdf>

<sup>4</sup> <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

<sup>5</sup> <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?end=2014&locations=CR&start=2011>

<sup>6</sup> <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=CR>

<sup>7</sup> IEA (2016), "CO<sub>2</sub> emissions by product and flow (Edition 2016)," IEA CO<sub>2</sub> Emissions from Fuel Combustion Statistics (database); OECD (2015), "Carbon dioxide embodied in international trade," OECD Structural Analysis Statistics: Input-Output (database). <http://dx.doi.org/10.1787/888933484446>

<sup>8</sup> <http://www.oecd.org/countries/costarica/Costa-Rica-2016-overview.pdf>



tourism and the high-tech industry, have come under pressure; the public sector is struggling to effectively implement its policies and deliver services; and citizens are starting to lose trust in public institutions.<sup>9</sup> Tackling these issues will be a challenge moving forward for the country's growth. Furthermore, economic growth has not benefited informal workers and women as much as other segments of the population.

Costa Rican citizens enjoy the highest standard of living in Central America; the poverty rate is also lower than the regional average, remaining around 20 to 25 percent for the past 20 years. However, budgetary problems have emerged and are persisting.<sup>10</sup> From 2008 to 2015, the public debt-to-GDP ratio almost doubled to 42.4 percent and interest payments on government debt rose from 15 to 19 percent of central government revenues. The budget deficit reached six percent of GDP in 2015.<sup>11</sup> The International Monetary Fund (IMF) advises that a gradual fiscal adjustment of three percent of GDP is needed over the medium term to stabilize the high public debt ratio within prudent levels.<sup>12</sup>

### VOLCANOES, CYCLONES, AND OTHER CLIMATE-RELATED HAZARDS

Due to a combination of geographic variations and economic factors, Costa Rica is highly vulnerable to extreme climate-related events and natural hazards. This is in part due to the presence of populations in areas prone to volcanic eruptions, in unstable lands degraded by widespread cattle ranching, and in poorly planned settlements prone to landslides and flooding. Costa Rica is vulnerable to tropical and subtropical cyclones and their associated storm surges on its Caribbean coast. Evidence of acceleration in sea-level rise (up to two to three millimeters per year) over the past few decades indicates increased vulnerability of low-lying coasts, which are already exposed to increasing storm surges.<sup>13</sup> Costa Rica is ranked the country with the eighth highest economic risk exposure to three or more natural hazard events. Approximately 6.8 percent of its total area is considered high risk. These high-risk zones include 77.9 percent of the country's population and 80.1 percent of Costa Rica's GDP.<sup>14</sup>

Climate vulnerability in Costa Rica is felt severely in terms of floods, landslides, agriculture, and hydro energy. According to the Climate Vulnerability Monitor, additional economic costs due to climate change impacts will more than double from 3.1 percent GDP in annual losses in 2010 to 6.3 percent GDP in annual losses by 2030. Additional human mortality from climate and carbon effects on average are expected to increase from 700 in 2010 to 850 additional mortality in 2030 on an annual basis, and the number of additional persons affected will rise from 100,000 in 2010 to 230,000 in 2030.<sup>15</sup> Data from the Comisión Nacional de Emergencias (CNE) and the Ministry of Planning (MIDEPLAN) reports that between 2005 and 2016, extreme weather events have resulted in economic losses totaling USD 1.62 billion. Seventy-six percent of these damages are estimated to be in public infrastructure, with the remainder in private property. Infrastructure, such as roads and bridges, has experienced the largest impact, followed by damage to power distribution networks, agriculture, and housing.<sup>16</sup>

The highest emission sectors in Costa Rica based on 2013 data were energy (53 percent), agriculture (24 percent), waste (11 percent), industrial process (nine percent), and bunker fuel (three percent). Within the energy subsector, transport accounted for 64 percent, manufacturing and construction accounted for 13 percent, electricity and heat accounted for 11 percent, and other fuel accounted for 11 percent.<sup>17</sup>

<sup>9</sup> <https://www1.oecd.org/gov/bycountry/costarica/costa-rica-highlights.pdf>

<sup>10</sup> OECD, 2016. *Economic Survey 2016: Costa Rica*.

<sup>11</sup> OECD, 2016. *Economic Survey 2016: Costa Rica*.

<sup>12</sup> IMF, 2017. *Mission Concluding Statement: Costa Rica*.

<sup>13</sup> IPCC, 2001. *Coastal systems and low-lying areas. Climate Change 2007. Impacts, Adaptation and Vulnerability*; IPCC, 2007. *Coastal systems and low-lying areas. Climate Change 2007: Impacts, Adaptation and Vulnerability*.

<sup>14</sup> World Bank, 2011. *Vulnerability, Risk Reduction and Adaptation to Climate Change: Costa Rica*. [http://www.gfdr.org/sites/gfdr.org/files/Costa\\_Rica\\_DRM\\_0.pdf](http://www.gfdr.org/sites/gfdr.org/files/Costa_Rica_DRM_0.pdf).

<sup>15</sup> *The Climate Vulnerable Forum, 2012. Climate Vulnerability Monitor*.

<sup>16</sup> Comisión Nacional de Emergencias (CNE); Ministerio de Planificación Nacional y Política Económica (MIDEPLAN).

<sup>17</sup> CAIT Climate Data Explorer, 2015. Washington, DC: World Resources Institute. Available online at: <http://cait.wri.org>.



## COUNTRY AMBITION

### CLIMATE ACTION AS DEVELOPMENT STRATEGY

The National Development Plan (NDP) 2015-2018 includes the National Climate Change Strategy (ENCC) and proposes promoting actions against climate change via citizen participation, innovation, research, technology changes, and knowledge to support security, human security, and competitiveness.<sup>18</sup>

Moreover, the NDP includes the Carbon Neutrality Strategy for 2021. Climate-related development targets set in the current NDP include:

- » Reducing the impact and variability of climate change, increasing capacity in adaptation, disaster risk management, and building resilience in vulnerable sectors;
- » Supporting emissions reduction in key sectors (transport, energy, agriculture, solid waste) to help the country achieve its carbon-neutral goal within the NDC framework under the United Nations Framework Convention on Climate Change (UNFCCC);
- » Increasing renewable energy in the energy matrix to 28.2 percent in 2018 up from 25.3 percent in 2013;
- » Increasing the share of electricity generation from renewable energy sources to 97 percent in 2018 up from 88 percent in 2013; and
- » Developing a national biofuels industry.

The National Development Plan 2019-2021 presents an opportunity to further mainstream the implementation of Costa Rica's NDC, specifically in its national Monitoring, Reporting, and Verification (MRV) system and the National Metrics System for Climate Change (SINAMECC), which is currently being designed and developed. Additionally, the 7th National Energy Plan 2015-2030 sets a clear path toward Low Emission Development Strategies (LEDS) by strengthening policies on energy efficiency, clean transport, and the promotion of renewable energies.

### WORKING TOWARD CARBON NEUTRALITY AND 100 PERCENT RENEWABLES<sup>19</sup>

Priority sectors for mitigation are transportation, energy, agriculture, waste management, and landscape management. Costa Rica's climate mitigation ambition is to have a maximum of 9.374 Megatons of carbon dioxide-equivalent (CO<sub>2</sub>e) net emissions by 2030, with emissions per capita capping out at 1.73 net tons by 2030, and decreasing to 1.19 and -0.27 net tons per capita by 2050 and 2100, respectively. This is part of the country's aim for a GHG emissions reduction of 44 percent, as compared to a business-as-usual (BAU) scenario, and a reduction of 25 percent of emissions compared to 2012 levels. These steps will be key to its goal of achieving and maintaining a 100 percent renewable energy matrix by 2030.

Currently 95 to 98 percent of Costa Rican electricity is already generated through renewable energy; the International Energy Agency (IEA) has noted Costa Rica as one of the countries with the lowest electricity generation emissions factors (grams of CO<sub>2</sub> per kilowatt-hour) in the world.<sup>20</sup> The Payment for Ecosystem Services (PES) mechanism provides sufficient incentives to reverse deforestation. Forest and wetlands currently cover 55 percent of Costa Rica, which maintains compensation options. The goal to increase this coverage to 60 percent has been confirmed.

<sup>18</sup> <http://www4.unfccc.int/ndcregistry/PublishedDocuments/Costa%20Rica%20First/INDC%20Costa%20Rica%20Version%202%200%20final%20ENG.pdf>

<sup>19</sup> <http://www4.unfccc.int/ndcregistry/PublishedDocuments/Costa%20Rica%20First/INDC%20Costa%20Rica%20Version%202%200%20final%20ENG.pdf>

<sup>20</sup> International Energy Agency (2016). Data on CO<sub>2</sub> emissions per kWh for electricity generation (2011-2013).



In terms of adaptation ambitions, priority sectors are water (resources), agriculture, fisheries, coastal zones, infrastructure, tourism, and biodiversity.

Costa Rica will move forward with its Green and Inclusive Development Policy in the form of location actions, such as strengthening conservation and environmental service payment programs to include ecosystem-based adaptation. This also includes promoting agro-forestry and watershed management systems; municipal land use planning tools to enhance food security and infrastructure resilience and lower long-term vulnerabilities; and achieving 90 percent sewer and storm drain coverage, maintenance, and sustainability by 2030. Another key component is the National Disaster Risk Management Policy, which includes capacity building for resilience and technology transfer.

### NATIONAL PACT FOR SUSTAINABLE DEVELOPMENT

Costa Rica was the first country to sign a “national pact” to achieve the Sustainable Development Goals (SDGs) in September 2016.<sup>21</sup> The SDGs were mainstreamed into the 2015-2018 NDP, wherein the executive branch outlined programs and allocated resources for each of the SDGs and their implementing institutions. Within this plan, three priorities were identified:

- » Combating poverty;
- » Achieving sustainable production and consumption; and
- » Building resilient infrastructure and sustainable communities.

Implementation of the 2030 Agenda in Costa Rica is being operationalized through an integrated and multidimensional approach whereby it seeks to address the obstacles to achieving the SDGs through an inter-sectoral perspective. Although Costa Rica is challenged with an increasing fiscal deficit, the greatest proportion of budgetary resources for 2016 was still allocated to SDG-related sectors (human development and social inclusion; transportation and infrastructure; and the environment, energy, oceans, and land use).<sup>22</sup>

### THE URBAN, RURAL, AND BLUE LANDSCAPES

Three overarching priority areas have been identified by the Costa Rican Government in its NDC, which include 43 concrete commitments:

- » **Blue Landscape** (12 commitments) includes adaptation, water security, and the blue economy.
- » **Rural Landscape** (15 commitments) includes forests and REDD+, coffee and livestock Nationally Appropriate Mitigation Actions (NAMAs), and adaptation and reconversion of productive activities.
- » **Urban Landscape** (16 commitments) includes the electrification of public and private transport, planning of climatically intelligent transport and infrastructure, and comprehensive waste management.

<sup>21</sup> <https://sustainabledevelopment.un.org/memberstates/costarica>  
<sup>22</sup> UN, 2017, High Level Political Forum: Costa Rica.



## STATE OF PLAY

The Costa Rican Government and parts of the private sector support the Carbon Neutrality strategy<sup>23</sup>, in addition to some important sector ministries that have developed strategic approaches. The Ministry of Environment and Energy has been working with sectoral ministries to develop concrete plans to support implementation across sectors. Specifically, several NAMAs, as well as sectoral mitigation goals, have already been developed in the agriculture sector.

Since July 2016, the Climate Change Directorate (DCC) of the Ministry of Environment (MINAE) has started a Climate Governance Initiative, which aims to generate institutional changes and allocate new responsibilities, thereby implementing the Costa Rican NDC.<sup>24</sup> The country is currently designing its National Adaptation Plan and is committed to finalizing it before 2018, as one of its first commitments in its NDC.

### ADVANCED TRANSPARENCY AND ACTIVE PARTICIPATION

SINAMECC, a consolidated transparency system, is currently being developed. A Consultative Citizen Council on Climate Change will also be established, creating a permanent citizen participation forum on climate change, including participation from the private sector, civil society, and academia. Additionally, the Climate Change Scientific Council will be created, which will advise the Environmental Sector Council, particularly its lead Ministry (MINAE), and will include international and national experts and academics, and representatives of the National Meteorological Institute (IMN), the National Agricultural Technology Institute, the National Council of Universities, and the National Geo-Environmental Information Center.<sup>25</sup>

Several government entities will be part of NDC implementation including:

- » **Inter-Ministerial Council for Climate Change //** will facilitate coordination between ministries to implement national and sectoral climate change policies.
- » **Ad-Hoc Operational Coordination Mechanism //** includes Joint Commissions (agriculture and forestry, transportation and energy), which will coordinate inter-sectoral implementation agendas under the ENCC.
- » **MINAE's Climate Change Department //** oversees coordinating the implementation of the ENCC and supervising the definition of technical standards, closely coordinated with other sectoral directions and institutions related to MINAE, including the Energy Department, IMN, National Forestry Finance Fund, the National Forestry Administration, and the National Conservation Area System.

<sup>23</sup> Costa Rica NAMA & NDC Country Coordination Paper, October 2016, GIZ.

<sup>24</sup> Costa Rica NAMA & NDC Country Coordination Paper, October 2016, GIZ.

<sup>25</sup> <http://www4.unfccc.int/ndcregistry/PublishedDocuments/Costa%20Rica%20First/INDC%20Costa%20Rica%20Version%202%200%20final%20ENG.pdf>.



## NDC PARTNERSHIP ENGAGEMENT

### COMMON FUTURE, COMMON ACTION

The NDC Partnership kick-off workshop was held in June 2017, facilitated by the Government of Costa Rica and the NDC Partnership Support Unit. Representatives from development partners (GIZ, UNDP, UN Environment, IDB, WBG, CAF, FAO Cooperación Española, Banco Centroamericano de Integración Económico, GCF Costa Rica, and AILAC) and NGOs (CI, IUCN, Fondecoperación para Desarrollo Sostenible, Colegio Federado de Arquitectos e Ingenieros, Costa Rica por Siempre, Costa Rica Limpia, and Fundecor) joined representatives from Ministries of Environment and Energy, Health, Finance, Agriculture and Livestock, Planning and Economic Policy, and Foreign Affairs to discuss current and planned technical assistance and concessional loans to support NDC implementation. During these sessions, all sub-sectoral commitments from the NDC were identified and compiled in a matrix showing each commitment cross-referenced with ongoing support activities.

These discussions indicated that Implementing Partners (IPs) and other organizations are already or planning to carry out significant projects to support activities in the three key prioritized areas: Urban Landscape (IDB, WB, UNDP, GIZ); Rural Landscape (UNDP, GIZ, WB, FAO, IUCN, Adaptation Fund, Fundecor, UNEP); and Blue Landscape (UNDP, IUCN, GIZ, Fundecor).

As an immediate follow-up to this meeting, there was high-level engagement between the President of Costa Rica and the Minister of Environment, Nature Conservation, Building and Nuclear Safety of Germany. Because of the momentum generated, the Minister of Environment and Energy presented a strategy to incorporate climate change into the analysis of strategic investments to the Economic Council. The Council agreed to incorporate climate change analysis when considering strategic investments. The National Council for Public Investment (CONIP) which includes Ministry of Finance, Ministry of Planning, Ministry of Environment and Energy, and Central Bank will review public investments with climate change in mind. The Government of Costa Rica also plans to establish two working groups focused on the immediate priority areas identified. The working groups—led by MINAE together with the Ministry of Agriculture and Ministry of Transport—will determine the division of labor across development partners for a targeted Joint Work Plan (JWP). The JWP will elaborate on intervention areas and how to implement technical and financial support, and will also identify pilot initiatives and large-scale investments. The Government also plans to develop and maintain a comprehensive matrix to identify and track the demand and supply of NDC support.

### TRANSITION TO ELECTRIC PUBLIC TRANSPORTATION<sup>26,27</sup>

As a first arrangement, the World Bank will implement the NDC Partnership Support Facility-funded project, “Towards NDC Implementation through a Progressive Electrification of the Public Transport System in Costa Rica,” which supports a transition to electric public transportation systems, and convenes an ad-hoc steering committee for the design, implementation, and consultative process of an e-mobility initiative. UN Environment will also support the country in establishing public-private partnerships and generating a bankable project for the electrification of public transport and energy efficiency in the transport sector. GIZ will also support the Carbon Neutrality target as a Model for Low Carbon Development by promoting long-term, low-carbon, and resilient development; strengthening institutional management and supervision

<sup>26</sup> NDC Partnership Quarterly Progress Update. Q2 2017.

<sup>27</sup> NDC Support Facility, World Bank. Round 1 Selected Proposals. March 2017.



capacities; implementing a transparent national Monitoring, Reporting, and Verification (MRV) system; developing mechanisms for climate financing and traceability; and creating climate panels and international experience exchanges.

The second phase of the UNDP NDC Support Program will be launched in September 2017, with plans to support the National System of Metrics on Climate Change (SINAMECC); promote efforts associated with the construction of sectoral emission reduction agreements (LEDS) in the agriculture, forestry, and other land use (AFOLU), energy efficiency, and transport sectors; and develop capacities and map resources within the Ministry of Finance; and develop a roadmap to report on climate finance support and use based on Climate Public Expenditure & Institutional Review (CPEIR) UNDP methodology.

## OPPORTUNITIES FOR PARTNERSHIP

### FINANCIAL NEEDS IN THE FACE OF FISCAL SUSTAINABILITY

Access to financing, especially for transport projects (such as for train and bus) are still challenging and much needed, while adaptation efforts will also require a large amount of financial resources. According to the OECD, existing budget-related challenges are the high budget rigidities and lack of fiscal space, weak fiscal constraint, limited budget transparency in terms of readability of available documents, insufficient coordination with the institutionally decentralized sector, and insufficient coordination of capital budgeting across public institutions.<sup>28</sup>

The Government and development partners have discussed innovative solutions such as public-private partnerships and “loans by results.” Concessional loans will be an important element and will be critical to defining investment models, where decentralized institutions such as the energy company ICE or the private sector could access loans outside of a sovereign guarantee. Coordination across development partners and ministries is needed to advance these solutions. It will be critical to developing a closer working relationship with the finance sector.

Increased participation of private (domestic and international) investors and international banks to support the transfer of climate friendly technologies may benefit Costa Rica; thus far, initial steps in transport, eco-efficiency, and waste and biomass sectors have been taken.<sup>29</sup>

### NATIONAL GOVERNANCE AND INTERNATIONAL COORDINATION

The efficiency of development partner coordination was previously improved through the institutionalization of the cooperation committee “Plataforma ClimaTICA”—a nationwide operating network to coordinate national climate change activities and organize related knowledge transfer and training.<sup>30</sup> This platform is not currently active, although a certain level of coordination would still be necessary and helpful.

The country may benefit from a better climate governance structure between government agencies, established following a political and technical assessment. This will help better coordinate support initiatives to avoid duplication amongst stakeholders, fill gaps, and respond to national priorities.<sup>31</sup>

<sup>28</sup> <https://www1.oecd.org/gov/bycountry/costarica/costa-rica-highlights.pdf>.  
<sup>29</sup> Costa Rica NAMA and NDC Country Coordination Paper. October 2016. GIZ.

<sup>30</sup> Implementación de la Contribución Nacionalmente Determinada (NDC) de Costa Rica. Government of Costa Rica, June 2017.  
<sup>31</sup> Costa Rica NAMA & NDC Country Coordination Paper. October 2016. GIZ.



## FURTHERING THE CAPACITY TO MONITOR, MODEL, EVALUATE, AND DELIVER<sup>32</sup>

Although Costa Rica formally established a national monitoring and evaluation (M&E) system about two decades ago, it has not fully made the shift to results-oriented M&E. Challenges include the strategic use of performance information, fine-tuning of the budget and policy cycle, and policy evaluation capacity constraints. Clear sectoral objectives and indicators are still missing, but SINAMECC will be a critical step toward this. Capacity building for Monitoring, Reporting, and Verification (MRV) (for the new SINAMECC system) may be needed to determine which climate actions could be enhanced to achieve the NDC commitments, and which climate actions require additional support.

A recent Project for Market Readiness (PMR) workshop on developing a modeling framework for NDC Pathways presented the objective of taking a systems-of-systems approach. This would include integrating multiple MRV schemes into one consolidated system, and creating information flow interactions between SINAMECC (the core capacities) and mitigation, adaptation, climate finance, and co-benefits (the facilitating framework). Costa Rica's overarching transparency framework has two main objectives: monitoring and accounting of public policies, including NDC goals; and enabling data-driven policymaking.<sup>33</sup> Costa Rica is actively seeking ways to further increase transparency and has expressed new interest in climate finance budget tagging and a transparency framework for the reporting of financial support.<sup>34</sup>

## COORDINATING POLICY AND STRATEGIC APPROACHES

As the government is in the process of convening different sectors and development partners to develop plans, review next steps, and identify gaps, Costa Rica welcomes a facilitation approach by the NDC Partnership, as this will be beneficial to the process of bringing actors and stakeholders together.

The NDC Partnership can play an important role in coordinating ongoing initiatives. Several specific initiatives would greatly benefit Costa Rica's NDC ambitions:

- » Costa Rica's "Open Government" policy and sector-wide dialogues that bring together key stakeholders should be leveraged for the climate implementation phase to enhance interagency cooperation through common objectives.<sup>35</sup>
- » The cooperation of international climate change projects (multilateral, regional, and bilateral), which was previously supported by the currently inactive Plataforma ClimaTICA.<sup>36</sup> The Climate Change Directorate is interested in coordinating these projects, and could potentially reactive this platform.
- » Policy analysis and engagement with the transportation sector to develop plans and mitigation goals would be useful; followed by financing for large scale projects in the transportation sector.
- » Consolidation of carbon pricing policies and alignment of fiscal instruments toward decarbonization goals. The country is developing analysis to establish an Emission Levy on mobile sources which could be an important tool for sustainable mobility investments.
- » Furthermore, the Partnership can further engage with implementation of a National Mitigation Plan and contribute to the Climate Governance Initiative for a political and technical climate structure.

<sup>32</sup> <http://www.oecd.org/countries/costarica/Costa-Rica-2016-overview.pdf>

<sup>33</sup> Project for Market Readiness – Costa Rica Presentation, World Bank, December 2016.

<sup>34</sup> Costa Rica: Developing Modeling Frameworks for NDC Pathways, PMR Workshop, December 2016.

<sup>35</sup> <http://www4.unfccc.int/ndcregistry/PublishedDocuments/Costa%20Rica%20First/INDC%20Costa%20Rica%20Version%202%200%20final%20ENG.pdf>

<sup>36</sup> Costa Rica NAMA and NDC Country Coordination Paper, October 2016, GIZ.



## DESIGNING BUDGETING AND INVESTMENT ARCHITECTURE

Additional financial support is required to undertake a Climate Public Expenditure and Institutional Review (CPEIR), as the UNDP project can only fund a roadmap, resource mapping, and some capacity development of the Ministry of Finance.<sup>37</sup> Current investment-ready opportunities are in the Urban and Rural Landscape area.

In general, financial assistance and investment models will be critical to the success of Costa Rica's NDC, given its current macroeconomic situation and the need to decrease the public debt ratio. Issues of poor infrastructure and high energy costs, inter alia, currently impede greater investment.<sup>38</sup> The NDC Partnership could support the Costa Rican Government in finding answers to these challenges, by collaboratively developing a national climate finance architecture.

In bringing actors together, the Partnership could assist in the important effort of developing a closer relationship with the finance sector, which would help significantly to support technology transfers.

## CROSS-CUTTING ISSUES AND CAPACITY BUILDING

Two overarching areas that present further opportunities to address gaps through partnership are capacity development for the implementation of mitigation actions in the public and private sectors, and promoting public awareness (i.e., creation of culture and change of consumption habits).

## SOUTH-SOUTH EXCHANGE: FACILITATION, TRANSPARENCY, AND EDUCATION

A similar facilitation approach as Colombia's could be a good model for Costa Rica to further enhance its institutionalized stakeholder engagement for inclusivity and effectiveness. Important focus areas to apply a more robust facilitation approach may be financing for large scale projects, especially for the transport sector; policy analysis and engagement with the transport sector to develop sensible plan and mitigation goals; developing a closer relationship with the finance sector; forestry and land use change programs; and integrating climate into the development agenda.

The approach of Costa Rica in using common metrics for transparency efforts through an inter-agency effort is an excellent initiative that can set an example for many to follow. South-south exchange will be carried out with other Latin American countries as a part of CPEIR through UNDP.

Additionally, Costa Rica has a century-old tradition of investment in public education; it's one of the few countries in Latin America to invest eight percent of GDP in public education. This is a unique opportunity to use that installed capacity to educate Costa Rican citizens and strengthen university research to develop science and technology needed to support the mitigation and adaptation goals proposed in the NDC, and can set a great example for other countries at the same time.

<sup>37</sup> NDC Partnership Quarterly Progress Update, Q2 2017.

<sup>38</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/cs.html>.

NDC Country Outlook  
**COSTA RICA**  
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*The NDC Partnership is guided by its partners and assisted by a Support Unit hosted by the World Resources Institute (WRI). The Partnership is co-chaired by the Governments of Germany and Morocco.*

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