



Country Brief: Costa Rica

Region: Latin America and the Caribbean

Natural capital: Costa Rica occupies only 0.25 per cent of the world's landmass but contains 5 per cent of the world's biodiversity. The country's natural capital is worth more than US\$9,000 per person,¹ a similar figure to GDP per head. Costa Rica pegs its future development on ecotourism, greening leading industries, forest conservation (26 per cent of land is currently protected), investment in renewable energy, and the consolidation of a low-carbon growth path.

Critical decision: Costa Rica is at a critical juncture as increasing urbanization, demand for energy and agricultural growth place pressure on natural resources. Policymakers need more and better information about alternative, more productive land uses, the economic implications of water resource degradation, the value of services provided by ecosystems for the economy and the effectiveness of

History of accounting for natural capital

Costa Rica created the basis for natural capital accounts as early as 1991. A study by the World Resource Institute with local counterparts compiled accounts for forestry, soil and fisheries. Recognizing its natural wealth, in 1997 Costa Rica became the first country to initiate a country-wide payments for ecosystem services program.

This and other ground breaking policies over the past 20 years, have transformed Costa Rica from one of the world's most rapidly deforested countries to a country where more than 52 per cent of the land area is covered by forest.

The WAVES partnership will provide Costa Rican policymakers with the tools to continue along a sustainable development path. The country has invested a great deal in protecting its forests, especially given the scenic beauty and watershed services they provide. But there is limited knowledge about the return on those investments and their impact on the economy. How much tourism revenue is generated by forests

and protected areas, for instance, and to what extent do local communities benefit from forest protection? What is the impact of strict protection policies on the value of the local timber industry? How much water do different sectors of the economy use, and how does that affect their productivity? In return, what is the impact of these sectors on waste water?

WAVES in Costa Rica

By mid 2016, the Central Bank will have finished constructing forest and water accounts, using the 2012 UN System of Environmental-Economic Accounting (SEEA). Forest accounts include both timber and non-timber products, as well as the economic value of ecosystem services and a carbon balance. Data is being collected and processed from the National Forestry Financing Fund (FONAFIFO) and the National System of Conservation Areas (SINAC), including payment for ecosystem services (PES) contracts, economic valuation of alternative land uses and biophysical data from the 2013 national forests map and inventory.

different policy instruments for sustainable development.

How will WAVES help?

WAVES is supporting Costa Rica to build capacity within government institutions to construct accurate, internationally compatible and comparable accounts showing the current use of natural resources. These can be used in national development planning. WAVES will also increase the information and indicators available to monitor the progress of specific policy actions and improve analytical and decision-making tools for green growth.

Accounts being developed:

Forests and Water

WAVES lead government

agency: Ministry of

Environment and Energy

Country steering committee:

Edgar Gutiérrez-Espeleta, minister of environment and energy (Chair); Henry Vargas-Campos, director of macroeconomic statistics at the Central Bank of Costa Rica; Fernando Rodríguez, vice minister of finance; Luis Fallas, vice minister of national planning and economic policy; Floribel Méndez-Fonseca, manager at the National Institute of Statistics and Census.

Country coordinator:

Luis Rivera

riveravl@bccr.fi.cr

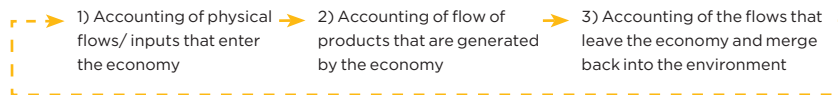
World Bank contact:

Juan Pablo Castaneda

More information:

www.wavespartnership.org/costa-rica

What is an NCA process?



Preliminary water accounts have been compiled based on existing data and Central Bank estimates. Information includes water statistics from national accounts, hydrological balances, water use and pollution databases and financial statements from water utility companies.

Technical meetings and in-house workshops with leading agencies have contributed to capacity building and coordination for data collection and systematization.

The story so far

The national steering committee has reviewed and begun implementing a technical work plan for 2014–16. The Central Bank is leading on the technical work, compiling accounts through developing databases, validating statistics, and collaborating with other agencies. The Ministry of Environment and Energy is devising a strategy for mainstreaming natural capital accounting into the government's policy priorities for 2016–18 and with the Central Bank is reviewing the possibility of compiling energy accounts. Meanwhile the Ministry of Finance has started prospective work on public environmental expenditures accounting, aiming

to improve estimation and monitoring of government expenditure.

Collaboration and future plans

WAVES contributed to institutionalizing the National Environmental Indicators System (SINIA) in May 2013. It will develop the environmental information that the Central Bank will include when it constructs the national accounts, which will also be particularly relevant to build the physical accounts for water and forests. WAVES collaborated on the chapter about Costa Rica in the second edition of the GLOBE Natural Capital Legislation Study, published in June 2014, and made a presentation at the 2014 GLOBE 2nd World Summit of Legislators in Mexico.

It has participated in local and international meetings and workshops relating to capacity building around construction and use of natural capital accounts. WAVES plans to collaborate on natural capital accounting with other development partners including local universities and NGOs, as well as with central banks and statistics offices throughout Latin America.

Notes

1. World Bank (2011) The Changing Wealth of Nations. Measuring Sustainable Development in the New Millennium. Washington DC

Download more publications at www.wavespartnership.org

Wealth Accounting and the Valuation of Ecosystem Services (WAVES) is a global partnership led by the World Bank that aims to promote sustainable development by ensuring that natural resources are mainstreamed in development planning and national economic accounts.