

1. CPS Data

Country: Costa Rica

CPS Year: FY04

CPS Period: FY04 – FY07

CPSCR Review Period: FY04 – mid FY08

Date of this review: August 18, 2008

2. Executive Summary

i. This review covers the FY04 CPS and the FY07 CPS Progress Report. The FY04 CPS was a key step in establishing a framework for a closer partnership between Costa Rica and the Bank following a nearly decade-long period of extremely limited engagement.

ii. The CPS program was relevantly built around four pillars of the Government's plan: macroeconomic stability; trade and competitiveness; social progress, and environment. Progress in implementation was slow due to the transition from the Pacheco to the Arias administration (2006) and gridlock in the Legislative Assembly while consensus was reached. The FY07 CPS Progress Report laid out a slightly revised CPS program based on requests from the new Arias administration and the program was extended until the end of 2007 (mid-FY08).

iii. Under pillar 1, Bank AAA support contributed significantly to advancing the policy agenda in fiscal, debt and monetary reform. However, anticipated improvements in bank supervision, opening up of the insurance sector to competition and enhancing the country's Digital Government did not materialize during the review period. The outcome for this pillar is rated *moderately satisfactory*.

iv. Achievements were disappointing under pillar 2. On the trade front, Costa Rica remains the only signatory to CAFTA-DR which is yet to implement the agreement. A Bank-supported agricultural diversification program did not materialize. Anticipated improvements in the telecommunications and port facilities are delayed and expected in the next CPS. The outcome for this pillar is rated *moderately unsatisfactory*.

v. Results were mixed under pillar 3. Progress was also made on enhancing social security coverage and on implementing a cash transfer program targeting the poor. Enhanced services were delivered in the health sector. Outcomes in education are expected in the next CPS period as there were delays in project implementation. The outcome for this pillar is rated *moderately satisfactory*.

vi. Under pillar 4, the Bank has effectively contributed to enhancing Costa Rica's biodiversity and forest management program. Substantial improvements have been made through the innovative system for Payment for Environmental Services (PSA), and decentralized administration of conservation areas. The outcome for this pillar is rated *satisfactory*.

vii. In this CPSCR Review, IEG rates the overall outcome of the Bank program as *moderately satisfactory*. Bank performance is likewise rated *moderately satisfactory*. Bank interventions were strategically appropriate and yielded decent outcomes in the investment loans that managed to go forward. The Bank's understanding of the political economy of reform in Costa Rica led to significant implementation delays or dropped projects.

viii. IEG concurs with the CPSCR lessons, most of which relate in one way or another to the ways in which the Bank needs to engage in a country with a highly democratic process of achieving broad consensus. This review finds that the Bank should engage in lending when there is widespread support and ESW should be the choice intervention when political support is not wide. This Review also concurs with the CPSCR's findings that there is substantial scope for more collaborative approaches to AAA. Progressively transferring responsibilities to the country's fiduciary systems may help project implementation. The Bank's strategy covered two administrations, with varying priorities and emphasis, suggesting the need to synchronize the Bank's program with Costa Rica's political cycle.

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3. CPSCR Summary

Overview of CPS Relevance:

1. An upper middle income country with a population estimated at 4.5 million, Costa Rica is one of the most stable democracies in Latin America, with uninterrupted democratically elected governments since 1949. The country is also one of the best performers in the region in most economic and social indicators. The pace of reform has been steady but slow and driven by a highly democratic process of achieving consensus.

2. The FY04 CPS was a key step in establishing a framework for a closer partnership between Costa Rica and the Bank following a nearly decade-long period of extremely limited engagement. This re-engagement had clear benefits for both partners. Costa Rica gained access to the Bank's relevant global knowledge and experience in designing strategies and programs to address emerging development issues. On the other hand, the Bank found an opportunity to gain in-depth insights into Costa Rica's successful poverty reduction, economic diversification efforts and pioneering environmental programs, which are relevant for other Bank clients.

3. The FY04 CPS was substantially relevant and aligned with the Government's plan. The strategy was built around four pillars: (i) maintain macroeconomic stability; (ii) strengthen trade and competitiveness; (iii) sustain social progress; and (iv) continue world leadership in environmental management. The CPS, prepared at the request of the Pacheco Administration that took office in mid- 2002, envisaged a program of investment lending (that excluded policy-based lending) and non-lending activities, which focused less on resource transfer and more on knowledge and advisory services.

4. The elections of 2006 resulted in a new administration and Arias won the presidency by a slim margin, limiting his political capital and leverage over the National Assembly. The FY07 CPS-PR was instrumental in engaging the new Government's interest in continuing a partnership with the Bank and ensuring continued consistency of the CPS program with national priorities. Based on requests of the new Arias administration, the FY07 CPS-PR laid out a slightly revised CPS program. For example, the revised lending portfolio added one project (in telecommunications) and reprogrammed two projects (one in port infrastructure and one in government services) that were previously postponed. The FY07 CPS-PR also scaled-back the expected outcomes via the results matrix (for example, expected outcomes in the agricultural sector were dropped). Despite these changes the thrust of the strategy remained unchanged. The CPS timeframe was also extended until the end of 2007 to allow for implementation of the Bank program.

5. The Bank strategy was undermined by a poor appreciation of the political conditions determining ownership of the reform program. Delays and difficulties were encountered in securing legislative support for reforms in certain areas such as the free trade agreement and its related structural reforms agenda. These difficulties were reflected in modifications and delays in Bank program implementation. Costa Rica's government and political norms have long placed a high premium on achievement of wide socio-political consensus on major reforms. However, the plodding pace of securing broad political backing for reforms traditionally translated into longer-term sustainability of reforms.

Overview of CPS Implementation:

6. Lending. The CPS proposed six lending operations totaling US\$218 million over FY04-07, all of which were investment loans. Lending, however, did not proceed according to plan. As shown in Annex Tables 1a and 1b, all projects faced significant delays in approval, effectiveness and implementation, including the revised projects planned in the CPS-PR. The disbursement ratio was low throughout the entire period ranging from 23.5 percent in FY05 to almost 7 percent in FY08. In the end, three out of the six projects were dropped and actual lending was close to US\$132.5 million. Four projects (two environment projects, a project in the water sector and a project in the health sector) which had important impact during the CPS period were carry-overs from the pre-CPS years.

7. Outcome Indicators and Portfolio Risk. Three projects exited during FY04-07. IEG rated two projects *moderately satisfactory* and one was rated *satisfactory*. This one hundred (100) percent satisfactory rating of

Costa Rica's portfolio is higher than the LCR Region and Bank-wide averages of 83 and 79 percent, respectively. Sustainability and institutional development impact of closed operations also were rated relatively high in comparison with the regional and Bank-wide average. Although the number of evaluated projects for Costa Rica during FY04-07 was small, these favorable portfolio comparisons were valid over longer evaluation periods. These results seem to indicate that the slow pace of implementation characteristic of Costa Rica has been key in delivering the good performance of projects in accordance with the country's capacity.

8. Non-lending services. Bank non-lending activities were in line with the strategy plans. Completed AAA included five core diagnostic studies (CFAA, CPAR, CEM, PER, PA) and an investment climate assessment (ICA). The Bank offered relevant technical assistance in areas such as trade and competitiveness, monetary policy and debt management. The Bank's AAA work was largely satisfactory in quality and adequate in scope to underpin lending and as a vehicle for dialogue and advice to the Government. The Bank's program focus on AAA was appropriate given the need to build up knowledge and relations, as the FY04 CPS was the first since 1993. Nevertheless, there were some delays in delivery. For example, the CEM, ICA and PA planned for FY05 were completed in FY06, and the PER scheduled for FY06 was completed as late as FY08 (Annex Table 2).

Overview of Achievement by Objective:

Pillar I: Maintain Macroeconomic Stability

9. The primary objective of the CPS under this pillar was to support Costa Rica in maintaining macroeconomic stability. Lending for the pillar consisted of a single project, E-Government Citizen Services (FY06), which was dropped. Economic and Sector Work included the CEM, CFAA, CPAR and a PER. In addition, there was TA including the Reserves Advisory Management Program (RAMP) and the Public Debt Modernization (PDMM).

10. Achieve Fiscal Sustainability. Bank support through ESW and TA provided assistance to update MOF's methodologies for debt modeling and forecasting. The CPS benchmarks for tax revenue and fiscal deficit were met. Yet, these results cannot be attributed solely to the Bank as other factors (such as higher than expected GDP growth rates) contributed to these outcomes.

11. Improve Government Efficiency. Some progress was made in procurement. Bank ESW (CFAA and CPAR) provided analysis on action plans to improve procurement and financial management. Supervision and regulation of public procurement has been strengthened. Progress was made on harmonizing and standardizing contracting. But on-line service of the e-procurement system was limited, and the e-delivery of other public services has not been accomplished as the Bank's only project in this sector was dropped.

12. Strengthen Public Debt Management and Domestic Debt Market Development. Bank assistance helped to establish a new strategic and institutional framework for debt management and supported the adoption of a new debt projection model. It also helped to establish a credit risk management unit in the Central Bank and developed a consolidated database for reserves management. Despite progress, there is room for improvement. The integrated debt strategy has not been implemented; progress on the development of the secondary debt market was limited; and the new debt law has not been drafted yet. The CPSCR did not provide information on whether public sector debt governance, transparency and accountability have actually improved.

13. Strengthen Monetary Policy. Monetary policy making became more effective through the Central Bank of Costa Rica's (BCCR) adoption of inflation targeting and a more flexible exchange rate regime. These outcomes resulted from IMF programs, and the Bank only played a secondary role. The Bank's CEM did, however, present a set of policy options to reduce macroeconomic vulnerabilities.

14. Reform of the financial and insurance sectors. Bank TA supported the drafting of insurance laws and helped to develop a supervision strategy for the insurance sector. The insurance law is still pending in the legislature and therefore has had no impact yet. The CPSCR did not provide information on whether supervision was strengthened.

15. IEG rates the outcome for pillar I as *moderately satisfactory*. Although the CPSCR does not provide an overall rating for Pillar I, it rates the individual components. Averages based on these ratings show that Pillar I had *High Relevance* and *Moderate to Limited Impact*.

Pillar II: Strengthen Trade and Competitiveness

16. The primary objective of the CPS under this pillar was to help Costa Rica strengthen trade and competitiveness by supporting: trade negotiations; a strengthening of the agricultural sector; a broadening of access to financial services; and an improvement of key infrastructure. Lending support for this pillar included the Limon Area Development Project (FY05, delayed); an Agricultural Sector Project (FY07, dropped); and a Telecom Sector Modernization Project (FY07, pipeline). Important Economic and Sector Work were an Investment Climate Assessment and a regional study on DR-CAFTA: Challenges and Opportunities. TA and grants included the Telecom Sector Reform Study and two PPIAF Grants for Infrastructure and Telecom.

17. *Supporting trade negotiations*. The Bank supported Costa Rica's trade openings negotiations and prepared "DR-CAFTA Challenges and Opportunities for Central America Report (2005)". This report concluded that the agreement would improve growth levels across Central America, due to the expected positive effects on trade and investment levels. The free trade deal was narrowly approved in a referendum in October 2007 but the complementary agenda, which involves some major structural changes, such as opening up the insurance and telecommunications sectors to competition, is still under discussion in the Assembly. Approval of the CAFTA related legislation is now expected before the end of 2008. Progress on improving competitiveness is limited but is expected to pick-up in pace with CAFTA implementation.

18. *Strengthening the agricultural sector*. The Bank had no impact in this sector as the Bank's proposed agriculture sector project, aimed at supporting the diversification of smallholders' production to take advantage of trade opportunities, was cancelled. The Borrower opted to pursue other financing sources (e.g., IDB). The Bank had no other activities in this sector.

19. *Broadening access to financial services*. This sub-objective was targeted in the original CPS but was not mentioned under the revised list of activities in the CPS Progress Report. The Bank had conducted an Investment Climate Assessment but the CPS-CR does not provide details on whether it had any impact on access to financial services.

20. *Improving key infrastructure*. Bank supported studies on the telecom sector have helped to develop new telecom laws and associated regulations. The FY07 Telecom Modernization TA—supporting the implementation of the telecom privatization law—is being held back due to consideration by the Assembly of a new telecom framework law which is part of the DR-CAFTA complementary agenda. Therefore, enhancing competitiveness in the telecom sector has been limited. Similarly, the proposed FY05 Modernization of the City Port of Limon Project has been reprogrammed for FY08 and is expected to produce results in the next CPS period.

21. IEG rates the outcome for pillar II as *moderately unsatisfactory*. Although the CPSCR does not provide an overall rating for Pillar II, it rates the individual components. Averages based on these ratings show that Pillar II had *High Relevance* and almost *No Impact*.

Pillar III: Sustain Social Progress

22. The primary objective of the CPS under this pillar was to help Costa Rica sustain social progress by addressing issues in: education, health and social assistance programs. Lending support for this pillar included Equity and Efficiency of Education (FY05), Health Sector Strengthening and Modernization (FY02), Water and Sanitation Sector Modernization (FY05, dropped) and Water Supply (FY93). Analytical work consisted of a Poverty Assessment and a regional study on Shocks and Social Protection. TA included Poverty Measurement and Targeting.

23. *Education*. Bank assistance contributed to the design of the country's first Conditional Cash Transfer (CCT) which aimed at increasing demand for secondary education among poor households. The program targeted some 90,000 low income secondary school age youth and resulted in increasing net secondary enrollment from 63.8 percent in 2002 to 71.2 percent in 2007. Some CPS targets, such as improving the

quality of education and reducing disparities in the access to education, were not met. These targets are expected to be achieved in the next CPS period (2008-2010) since there were delays in implementing the Education project.

24. Health. Bank assistance supported broad reform of health care administration and service delivery under Costa Rica's Social Security Administration (CCSS). It improved institutional efficiency by supporting the split of CCSS's financing, purchasing and service provision functions. It also boosted funding allocations to regional health areas. Outcomes of these interventions were favorable. Primary coverage care increased from 81 percent in 2001 to the target of 92 percent, the percentage of de-concentrated health providers rose from 10 to 25 percent in 2006. No information was given on patient satisfaction or whether the hospital accreditation program met the target of 20 percent. The CPSCR did not provide any information on whether Bank interventions had led to a 4 percent real annual increase in revenue collection in CCSS as targeted.

25. Poverty and improved targeting and coverage of social assistance programs. The Bank's initial objective was to improve social assistance targeting by widening the application of poverty targeting criteria under Costa Rica's Population Information System (SIPO). SIPO was dropped by the Government in favor of a comprehensive national targeting system based on data collected in the primary health care system and managed by CCSS. The Bank provided crucial assistance in setting up this alternative system through its analytical and advisory work. The FY06 Poverty Assessment (PA) analyzed factors behind recent stagnant poverty trends and provided recommendations to improve targeting. The FY07 TA program disseminated findings from the Poverty Assessment; helped develop a new national poverty targeting system; and strengthened the poverty reduction program under the new Ministry of Social Development. Income poverty levels have dropped from 23.5 percent in 2002 to 19 percent in 2007. Costa Rica is also on its way to eliminate extreme income poverty which was cut from 6.9 percent in 2002 to 3.7 percent in 2007 due to the increase in minimum pension.

26. IEG rates the outcome for pillar III as moderately satisfactory. Although the CPSCR does not provide an overall rating for Pillar III, it rates the individual components. Averages based on these ratings show that Pillar III had *High Relevance* and *Moderate to Limited Impact*.

Pillar IV. Environmental Management

27. The primary objective of the CPS under this pillar was to support Costa Rica's continuing leadership in environmental management. The Bank supported this pillar mainly through loans: Biodiversity Resource Development Project (FY98); Ecomarkets I (FY01) and Mainstreaming Market Based Instruments (Ecomarkets II, FY06). Costa Rica also received grants from the Biodiversity Fund (COOPEAGRI, Carbon Sequestration in Small Farms in the Brunca Region).

28. Increase land incorporated into the Environmental Services Payment (PSA) System. Costa Rica was able to protect forest coverage as a result of the *Environmental Services Payment (PSA) System* supported by the Bank. The authorities effectively incorporated into the PSA program 130,900 hectares of land in the MesoAmerican Biological Corridor and strengthened PSA administration. Despite progress, there were some shortcomings. PSA forest protection contracts may have been made on forested lands that were unlikely to have been cut in the absence of payments. A differentiated payment scheme probably would have raised the efficiency of the PSA allocations and hence the potential for conservation related outcomes. These issues are being addressed under the Bank's on-going lending in this sector. Bank assisted programs also supported contracts to reforest about 500 hectares of degraded land in southeast Costa Rica.

29. Financial Sustainability of PSA model. To enhance the sustainability of the PSA program, which traditionally depends on funding from fuel tax and donors, the Government has introduced service user fees and drew a portion of funding from water tariffs. A Bio-diversity Fund was established to provide additional sustainable income but it is yet to be fully capitalized. Steps have been taken to reengage in carbon trading. Despite these efforts, the long-term financial sustainability of the PSA remains an on-going challenge.

30. Conservation and management of water. This sub-objective was targeted in the original CPS but was not mentioned under the revised list of activities in the CPS Progress Report.

31. IEG rates the outcome for pillar IV as satisfactory. Although the CPSCR does not provide an overall rating for Pillar IV, it rates the individual components. Averages based on these ratings show that Pillar IV had

High Relevance and Moderate Impact.

Achievement of CPS Objectives

Objectives	CPSCR Rating	IEG Rating	Explanation / Comments
Pillar I: Maintain macroeconomic stability	Not Rated	<i>Moderately Satisfactory</i>	Substantial improvement in stabilization and growth was achieved although these outcomes cannot be attributed solely to the Bank. Bank AAA support contributed significantly to advancing the policy agenda in fiscal, debt and monetary reform. However, anticipated improvements in bank supervision, opening up of the insurance sector to competition and enhancing the country's Digital Government did not materialize during the review period.
Pillar II: Strengthen trade and competitiveness	Not Rated	<i>Moderately Unsatisfactory</i>	Progress toward trade opening and infrastructure development has been slow. The Bank-supported agricultural diversification program did not materialize. Telecom laws and regulations have been developed but are yet to be implemented. Anticipated improvements in the port facilities are delayed and expected in the next CPS.
Pillar III: Sustain social progress	Not Rated	<i>Moderately Satisfactory</i>	Enhanced services were delivered in health but education quality fared less well. Progress was also made on enhancing social security coverage and on implementing a cash transfer program targeting the poor. Though social spending is pro-poor, disparities in access among poor and indigenous people need further attention. There is still room for further enhancing the efficiency, targeting, and coverage of social assistance, which accounts for about 16 percent of GDP in Costa Rica, a level that is higher than the LAC average. Despite the high level of social spending, still one third of Costa Rican poor lack health insurance and a substantial number lack pension coverage.
Pillar IV: Environmental management	Not Rated	<i>Satisfactory</i>	The Bank has effectively contributed to enhancing Costa Rica's biodiversity and forest management program. Substantial improvements have been made through the innovative system for Payment for Environmental Services (PSA), and decentralized administration of conservation areas. Yet, a differentiated payment scheme probably would have raised the efficiency of the PSA allocations. The financial sustainability of the PSA system has improved through additional funding, including newly introduced service user fees, but long-term financial sustainability remains a challenge.

Comments on Bank Performance:

32. The Bank's strategy was well integrated with the Government's plan. Taking into account the lessons of the earlier CPS implementation experience, the strategy appropriately included a modest lending program that did not involve policy-based lending. The focus on non-lending services in a few selected sectors was also appropriate, giving the Bank an opportunity to gain country knowledge and facilitating the implementation of the FY04 CPS (first since 1993).

33. The FY04 CPS lending program implementation entailed major modifications; some loans were cancelled, and others faced effectiveness and implementation delays. The Bank had underestimated the political difficulties in securing passage of key reforms and lending, particularly in the DR-CAFTA environment, which required two-third majorities in Congress. The Bank would have been more effective had it designed projects with broad political backing and considered the limitations of the executive branch to expend its limited political capital to advance the Bank's lending program.

34. Non-lending services, on the other hand, were in line with the expectations in the Bank's strategy documents, albeit with some delays in some products. Grounded in the findings of its analytical reports, the Bank helped build government capacity in many areas, including monetary and fiscal policies, public debt management, environment and forest conservation, trade and social expenditure targeting.
35. The Bank collaborated closely with other development partners (e.g., IDB, UNDP and JICA) on activities in education, infrastructure and notably in its environment program.
36. Overall, Bank performance is rated as *moderately satisfactory*.

4. Overall IEG Assessment

Outcome:	<i>Moderately Satisfactory</i>
Bank Performance:	<i>Moderately Satisfactory</i>

37. Outcome. Progress toward attaining the main objectives of the Bank program was uneven. On environment, the Bank has supported a nationally developed program and the Bank's influence has primarily been in conceptual and methodological areas and in the provision of seed money. Similarly, Bank support under the social progress pillar was associated with positive outcomes. In contrast, progress toward trade opening and related agenda which includes some major structural changes such as opening the insurance and telecommunication sectors was less satisfactory. This reflects to a large extent a mismatch between the CPS objective and the political economy in Costa Rica. On average the outcome of Bank country program during FY04- 08 is rated *moderately satisfactory*.

38. Bank Performance. The Bank correctly built the CPS program around the Government's development plan. Bank non-lending services were effective in building government capacity in many areas. Yet, the Bank's lending program did not properly consider the political factor. As a result, the lending portfolio was characterized by delays and dropped projects which subsequently led to a dramatic decrease in lending in the revised CPS program. This shows that the Bank should have only programmed projects in the CPS that had widespread support (see World Bank CDF profile on Costa Rica for more details). Overall, Bank performance is rated as *moderately satisfactory*.

5. Assessment of CPS Completion Report

39. The CPSCR provides a candid assessment of the implementation and outcomes of the Costa Rica country program during FY04-08. However, the CPSCR was somewhat constrained by the fact that the FY04 CPS was not a results-based strategy that aligned the Bank's program with broad objectives, and identified insufficient indicators to link Bank contribution to outcomes. Nevertheless, the CPSCR managed to integrate key objectives and outcomes of the FY04 CPS and FY07 CPS-PR into one coherent framework that facilitated the evaluation of results. The CPSCR provided an assessment of achievements in each pillar, but did not offer an explicit rating for each pillar or the overall outcome rating of the Bank program. On the positive side, the CPSCR presented a strong analysis of the political economy of reform in a country with a complex consensus building structure.

6. Findings and Lessons

40. The CPSCR identified a number of lessons and findings notably that the Bank underestimated Costa Rica's lengthy political process of winning political approval for reforms and approving projects by the National Assembly. This review finds that the Bank should program projects that have widespread support. ESW should be the choice intervention when political support is not wide. This Review also concurs with the CPSCR's findings that there is substantial scope for more collaborative approaches to AAA. Progressively transferring responsibilities to the country's fiduciary systems may help project implementation. The Bank's strategy covered two administrations, with varying priorities and emphasis, suggesting the need to synchronize the Bank's program with Costa Rica's political cycle.

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Annex Table 1a. Costa Rica: Planned and Actual Lending, FY04-08 (US\$ million)*

FY	Project	Planned		Actual
		CPS	CPS-PR	
CPS 2005	Education Reform Project <i>Renamed: CR Equity and Efficiency of Education</i>	30.0		30.0
	Water and Sanitation Sector Modernization	70.0		Dropped
	Limon Area Development Project <i>Renamed: CR City-Port Integrated Infrastructure</i>	70.0		Delayed to 2007
	Subtotal FY05	170.0		30.0
CPS 2006	E-Government Citizen Services LIL	3.0		Delayed to 2008
	Ecomarkets II <i>Renamed: Mainstreaming Market Based Instruments</i>	30.0		30.0
	Subtotal FY06	33.0		30.0
CPS 2007	Agricultural Sector Project	15.0		Dropped**
PR '07	City-Port Integrated Infrastructure		40.0	Delayed to 2008
	Telecom Sector Modernization		13.0	Delayed to 2009
	Subtotal FY07	15.0	53.0	0.0
PR '08	E-Government Citizen Services LIL		3.0	Dropped
	City-Port Integrated Infrastructure			72.5
	Subtotal FY08		3.0	72.5
	Total	218.0	56.0	132.5

Source: Business Warehouse 2a1, 2a4, 2a7, 2a8 as of July 7, 2008; Costa Rica CPS 2004 and CPS Progress Report 2006.

* Proposed IBRD Base-Case Lending Program.

** Taken up by Inter-American Development Bank.

Annex Table 1b. Costa Rica: List of Projects Implemented or Planned during FY04-08

Project ID	Project Name	Proposed FY	Approval Date	Effective Date	Status / Exit FY
P006941	Water Supply	Pre- FY04 CPS	06/17/1993	10/27/1994	Closed, 2004
P039876	Biodiversity	Pre- FY04 CPS	03/03/1998	07/14/1998	Closed, 2006
P061314	Ecomarkets	Pre- FY04 CPS	06/06/2000	04/17/2001	Closed, 2007
P073892	Health Sector Strengthening & Modernization	Pre- FY04 CPS	07/12/2001	01/06/2003	Active
P057857	Education Reform Project <i>Renamed: Equity and Efficiency of Education</i>	2005	03/29/2005	12/21/2006	Active
P093384	Ecomarkets II <i>Renamed: Mainstreaming Market-Based Instruments</i>	2006	06/08/2006	07/31/2008	Active
P082974	Water and Sanitation Sector Modernization	2005	09/01/2006	Dropped	Dropped
P092691	E-Government Services	2006	08/28/2007	Dropped	Dropped
	Agricultural Sector Project	2007	None	Dropped	Dropped
P085539	Limon Area Development Project <i>Renamed: City-Port Integrated Infrastructure</i>	2005	01/08/2008	Proposed effectiveness deadline 11/27/2008	Active
P101718	Telecom Sector Modernization Project	2007	NA	NA	Pipeline

Source: Business Warehouse Table 2a.4 as of July 7, 2008; Costa Rica CPS 2004 and CPS Progress Report 2006.

Annex Table 2a. Costa Rica: Planned and Actual Analytical and Advisory Work, FY04-08*

<i>Project ID</i>	<i>Actual Project Name</i>	<i>Sector Board</i>	<i>Planned Completion FY</i>	<i>Delivered to Client FY</i>	<i>Delivery Status</i>
Planned					
P093953	Country Procurement Assessment Report	Procurement	2005	2005	Delivered
P090039	Country Financial Accountability Assessment	Management	2005	2005	Delivered
P089820	Poverty Assessment	Poverty Reduction	2005	2006	Delivered
P089807	Country Economic Memorandum	Economic Policy	2005	2006	Delivered
P093014	Investment Climate Assessment (FIAS)	Private Sector	2005	2006	Delivered
P101316	Public Expenditure Review	Social Development	2006	2008	Delivered
Non-Planned					
P107568	FSAP Update		2008		Active

Source: Business Warehouse "Operations/AAA/ESW/1.4, 4.2a"; Operations Portal; Costa Rica CPS 2004. As of July 7 2008.

*In addition, three regional studies were conducted: Drivers of Regional Growth (FY05), DR-CAFTA Report (FY06), and Shocks and Social Protection (FY06).

Annex Table 2b. Costa Rica: Technical Assistance, FY04-08*

<i>Project ID</i>	<i>Name of Technical Assistance</i>	<i>Sector Board</i>	<i>Planned Completion FY</i>	<i>Delivered to Client FY</i>	<i>Delivery Status</i>
P083725	AML/CFT Conf. for Banking Supervisors	Financial and Private Sector Development		2004	Active
P085064	FSAP follow up	Financial and Private Sector Development		2004	Active
	1st Phase Public Debt Management		FY04-FY05	NA**	
	Reserves Advisory Program		FY04-FY05	NA**	
	Insurance Modernization		FY05-FY06	NA**	
P098405	Telecom Sector Reform Study	Global Information		2006	Closed
	2nd Phase Public Debt Management		FY06-FY07	NA**	
	PPIAF Grant for Infrastructure and Telecom (two grants)		FY05-FY07	NA**	
P101878	Poverty Measurement and Targeting	Social Protection		2008	Closed
P107521	Poverty Measurement and Targeting 2	Social Protection		2008	Active

Source: Business Warehouse "Operations/AAA/TA/1.4, 3.2a"; Operations Portal; Costa Rica CPS 2004. As of July 7 2008.

*Costa Rica also received US\$2.2 million grant funded by the Biodiversity Fund (COOPEAGRI, Carbon Sequestration in Small Farms in the Brunca Region.

**Not listed in Business Warehouse or Operations Portal although the CPSCR reports that these TAs were delivered as planned.

Annex Table 3a. IEG Project Rating for Costa Rica, Exit FY04-08

<i>Project ID</i>	<i>Project Name</i>	<i>Exit FY</i>	<i>Approval FY</i>	<i>IEG Outcome</i>	<i>IEG Sustainability</i>	<i>IEG ID Impact</i>
P006941	CR Water Supply	2004	1993	Moderately Satisfactory	Likely	Substantial
P039876	GEF CR Biodiversity	2006	1998	Satisfactory	Highly Likely	High
P061314	GEF CR-Ecomarkets	2007	2000	Moderately Satisfactory	#	#

Annex Table 3b. IEG Overall Ratings, Exit FY04-08

<i>Country/Region</i>	<i>Total Evaluated (\$M)</i>	<i>Total Evaluated (No)</i>	<i>Outcome % Sat (\$)</i>	<i>Outcome % Sat (No)</i>	<i>Inst Dev Impact % Subst (\$)</i>	<i>Inst Dev Impact % Subst (No)</i>	<i>Sustainability % Likely (\$)</i>	<i>Sustainability % Likely (No)</i>
Costa Rica	15.1	3	100.0	100.0	100	100.0	100.0	100.0
Dominican Republic	217.3	6	89.8	83.3	2	20.0	52.7	60.0
Ecuador	218.2	10	56.9	57.1	0	0.0	57.4	66.7
Guatemala	346.9	9	83.3	62.5	0	0.0	0.0	0.0
Panama	172.6	7	85.9	71.4	20	33.3	100.0	100.0
Peru	817.4	12	87.7	83.3	84	50.0	99.5	80.0
Paraguay	241.0	8	75.3	57.1	51	40.0	30.0	25.0
LCR	17,530.5	249	91.2	83.1	69	56.4	89.6	82.4
Bank Wide	65,801.5	1,061	85.9	79.3	65	55.9	88.6	81.2

Source: Business Warehouse "Operations/Evaluations/4.a.5, 4.a.6" as of July 7, 2008.

* IEG Sustainability and ID impact are no longer rated separately.

Annex Table 4. Costa Rica - Portfolio Status Indicators, FY04-FY08 (US \$000)

Country		2004	2005	2006	2007	2008
Costa Rica	# Proj	2	3	4	3	4
	Net Comm Amt	49.6	79.6	106.6	74.0	146.5
	# Proj At Risk	0	1	2	2	1
	% At Risk	0.0	33.3	50.0	66.7	25.0
	Comm At Risk	0.0	17.0	44.0	60.0	30.0
	% Commit at Risk	0.0	21.3	41.3	81.1	20.5
Dominican Republic	# Proj	10	9	8	7	9
	Net Comm Amt	265.2	382.5	304.1	291.8	408.2
	# Proj At Risk	2	5	4	1	1
	% At Risk	20.0	55.6	50.0	14.3	11.1
	Comm At Risk	47.0	174.8	212.3	25.0	25.0
	% Commit at Risk	17.7	45.7	69.8	8.6	6.1
Ecuador	# Proj	9	8	7	7	4
	Net Comm Amt	237.6	293.1	285.1	295.9	57.7
	# Proj At Risk	2	5	1	5	2
	% At Risk	22.2	62.5	14.3	71.4	50.0
	Comm At Risk	36.9	212.9	13.9	226.9	21.4
	% Commit at Risk	15.5	72.6	4.9	76.7	37.0
Guatemala	# Proj	13	11	12	9	9
	Net Comm Amt	558.6	502.8	549.8	385.2	403.7
	# Proj At Risk	2	0	0	2	2
	% At Risk	15.4	0.0	0.0	22.2	22.2
	Comm At Risk	79.5	0.0	0.0	76.7	79.0
	% Commit at Risk	14.2	0.0	0.0	19.9	19.6
Panama	# Proj	4	3	3	4	7
	Net Comm Amt	97.7	93.4	93.4	138.8	273.5
	# Proj At Risk	1	1	1	0	0
	% At Risk	25.0	33.3	33.3	0.0	0.0
	Comm At Risk	47.9	47.9	47.9	0.0	0.0
	% Commit at Risk	49.0	51.3	51.3	0.0	0.0
LCR	# Proj	265	268	256	247	263
	Net Comm Amt	18,911.1	18,595.3	16,208.0	16,408.1	18,678.5
	# Proj At Risk	46	59	44	58	44
	% At Risk	17.4	22.0	17.2	23.5	16.7
	Comm At Risk	3,580.1	3,831.7	2,557.7	3,584.2	2,484.3
	% Commit at Risk	18.9	20.6	15.8	21.8	13.3
BankWide	# Proj	1,346	1,332	1,345	1,347	1,387
	Net Comm Amt	92,554.3	93,211.7	92,888.8	97,790.5	105,745.9
	# Proj At Risk	228	224	188	224	229
	% At Risk	16.9	16.8	14.0	16.6	16.5
	Comm At Risk	14,742.1	12,552.7	10,849.8	15,175.6	15,077.8
	% Commit at Risk	15.9	13.5	11.7	15.5	14.3

Source: Business Warehouse "Operations/Supervision/3.a.4" as of July 7, 2008.

Annex Table 5. Costa Rica - IBRD/IDA Net Disbursements and Charges (US\$ million), FY04-FY08

<i>Fiscal Year</i>	<i>Disb. Amt.</i>	<i>Repay Amt.</i>	<i>Net Amt.</i>	<i>Charges</i>	<i>Fees</i>	<i>Net Transfer</i>
2004	7.33	17.36	-10.03	4.83	0.19	-14.96
2005	6.97	16.93	-9.96	2.99	0.09	-13.04
2006	5.89	14.18	-8.28	2.68	0.06	-11.02
2007	2.51	11.35	-8.83	2.93	0.35	-12.12
2008	2.85	7.86	-5.01	2.76	0.13	-0.79
Total	25.57	67.68	-42.11	16.19	0.74	-59.05

Source: WB Loan Kiosk, Net Disbursements and Charges Report as of July 7, 2008.

Annex Table 6a. Costa Rica- Total Net Receipts (ODA, OOF, and Private), 2000-2006 (USD million, current prices)

	2000	2001	2002	2003	2004	2005	2006
Total Net Receipts	337.98	51.45	70.8	148.77	174.09	654.28	1321.06
o/w ODA	11.34	1.7	5.1	28.33	14.82	29.55	23.7
o/w OOF	-49.19	-49.87	-23.1	5.39	-7.45	-128.39	-68.32
o/w Private	375.83	99.62	88.8	115.05	166.72	753.12	1365.68
ODA + OOF, total	-37.85	-48.17	-18	33.72	7.37	-98.84	-44.62
o/w Multilateral	-28.90	-47.86	-22.92	9.41	-2.77	-131.64	-69.98
o/w IBRD	-39.42	-29.08	-19.42	-17.98	-12.97	-15.16	-8.67

Source: OECD DAC online database, and Client Connection, retrieved July 15th, 2008

Note: a. Official Development Assistance: Grants or loans to countries and territories on Part 1 of the DAC list of Aid Recipients (developing countries) that are: 1) Undertaken by the Official Sector; 2) Have promotion of economic development and welfare as their main objective; and 3) Are granted at concessional terms (the loan has a grant element of at least 25 percent).

b. Other Official Flows (OOF): Transactions by the official sector with countries on the List of Aid Recipients that do not meet the conditions of ODA or Official Aid eligibility, either because they are not primarily aimed at development, or because they have a grant element of less than 25 percent.

Annex Table 6b. Total Net Disbursements of Official Development Assistance to Costa Rica, 2000-2006 (in US\$ millions, current prices)

Agency	Year						
	2000	2001	2002	2003	2004	2005	2006
All Agencies, Total	-32.78	-69.47	-49.6	-21.99	-45.05	-25.12	-28.06
DAC Countries, Total	-16.49	-52.7	-33.89	-7.54	-32.54	-17.58	-17.28
Multilateral, Total	-16.29	-16.77	-15.71	-14.45	-12.51	-7.54	-10.78
G7, Total	-32.97	-55.19	-46.62	-17.35	-45.98	-22.43	-16.46
DAC EU Members, Total	32.06	-1.8	9.05	29.81	-7.74	2.16	-2.38
France	-0.54	-0.42	-0.65	-0.4	-0.39	-0.37	-0.37
Germany	-5.03	-4.53	-1.67	-2.26	2.23	-2.43	-0.21
Italy	-0.04	-0.96	-1.09	-0.54	-0.46	-0.4	-0.47
Japan	-10.77	-11.92	-10.25	-10.41	-10.27	-9.67	-2.04
Norway	0	0	0	..	5.69	5.61	0.05
Spain	16.48	2.49	12.73	9.81	7.75	-0.76	-0.87
United Kingdom	21.19	1.62	-0.27	23.2	-16.87	6.12	-0.46
United States	-37.78	-38.98	-32.69	-26.94	-20.22	-15.68	-12.91
IDA	-0.22	-0.23	-0.22	-0.19	-0.18	-0.17	-0.16
IDB Spec. Fund	-16.07	-16.54	-15.49	-14.26	-12.33	-7.37	-10.62

Source: OECD DAC Online database, Table 2a. Destination of Official Development Assistance and Official Aid -Disbursements as of June 2, 2008

Annex Table 7. Costa Rica - Economic and Social Indicators, 2003-2006

Series Name	Costa Rica			Average 2003-2006							
	2003	2004	2005	2006	Costa Rica	Dominican Republic	Guatemala	Jamaica	Panama	Peru	Paraguay
Growth and Inflation											
GDP growth (annual %)	6.4	4.3	5.9	8.2	6.2	5.0	3.1	2.0	6.7	5.8	3.8
GDP per capita growth (annual %)	4.4	2.4	4.1	6.4	4.3	3.4	0.6	1.5	4.8	4.6	1.8
GNI per capita, Atlas method (current US\$)	4160.0	4420.0	4660.0	4980.0	4555.0	2277.5	2272.5	3352.5	4470.0	2585.0	1187.5
GNI per capita, PPP (current international \$)	7400.0	7780.0	8370.0	9220.0	8192.5	4710.0	4800.0	6642.5	7627.5	5885.0	3740.0
Inflation, consumer prices (annual %)	9.4	12.3	13.8	11.5	11.8	22.7	6.9	12.0	1.5	2.4	8.7
Composition of GDP (%)											
Agriculture, value added (% of GDP)	8.7	8.6	8.7	8.8	8.7	11.9	22.6	5.7	8.0	7.3	21.2
Industry, value added (% of GDP)	28.6	29.5	29.3	29.4	29.2	28.1	19.0	32.6	17.3	34.1	20.3
Services, etc., value added (% of GDP)	62.6	61.8	62.1	61.8	62.1	60.0	58.3	61.8	74.7	58.6	58.4
External Accounts											
Exports of goods and services (% of GDP)	46.7	46.3	48.7	49.6	47.8	42.6	16.3	42.4	69.9	23.1	47.4
Imports of goods and services (% of GDP)	48.5	49.5	54.0	55.9	52.0	45.1	30.3	60.4	65.6	18.6	55.3
Current account balance (% of GDP)	-5.0	-4.3	-4.9	-5.0	-4.8	2.0	-4.4	-9.4	2.6	0.7	0.6
Total debt service (% of exports of goods, services and income)	9.8	7.9	5.9	5.0	7.1	7.6	6.1	15.0	16.9	19.0	10.5
External debt, total (% of GNI)	32.3	32.2	32.4	31.9	32.2	36.5	18.5	76.8	68.2	42.2	48.0
Fiscal Accounts (% of GDP)											
Total revenue	22.7	22.1	22.7	22.7	22.6						
of which: tax revenue	13.6	13.4	13.6	14.0	13.7						
of which: non-tax revenue	0.3	0.3	0.3	0.2	0.3						
Total expenditure	22.2	21.3	20.7	19.7	21.0						
Primary balance	0.5	0.8	2.0	3.0	1.6						
Overall balance	-5.1	-4.2	-3.1	-0.5	-3.2						
Social Indicators											
Health											
Life expectancy at birth, total (years)	..	..	78.5	78.7	78.6	71.9	69.8	71.0	75.3	71.0	71.7
Immunization, DPT (% of children ages 12-23 months)	88.0	90.0	91.0	91.0	90.0	74.0	82.0	83.8	92.3	92.0	74.5
Immunization, measles (% of children ages 12-23 months)	89.0	88.0	89.0	89.0	88.8	84.5	94.5	84.0	93.8	90.8	89.5
Improved sanitation facilities (% of population with access)	..	..	..	..	92.0	78.0	86.0	80.0	73.0	63.0	80.0
Improved water source (% of population with access)	..	97.0	..	..	97.0	95.0	95.0	93.0	90.0	83.0	86.0
Mortality rate, infant (per 1,000 live births)	..	..	11.0	10.7	10.9	25.3	31.3	25.9	18.4	22.0	19.7
Population											
Population, total (million)	4.18	4.25	4.33	4.40	4.3	9.4	12.6	2.6	3.2	27.1	5.8
Population growth (annual %)	1.9	1.8	1.7	1.6	1.8	1.6	2.5	0.5	1.8	1.2	1.9
Urban population (% of total)	60.6	61.2	61.7	62.2	61.4	66.3	47.0	53.0	70.3	72.5	58.2
Education											
School enrollment, preprimary (% gross)	60.8	64.2	68.6	69.7	65.8	65.8	28.2	87.4	59.8	62.9	34.3
School enrollment, primary (% gross)	107.6	111.8	109.5	111.3	110.1	110.1	112.3	94.8	111.7	117.0	112.4
School enrollment, secondary (% gross)	69.8	77.4	79.2	85.8	78.1	78.1	49.8	86.2	70.2	91.9	66.0
School enrollment, tertiary (% gross)	19.0	25.3	25.3	..	23.2	23.2	9.1	19.0	45.3	33.3	24.8
Unemployment, total (% of total labor force)	6.7	6.4	6.6	..	6.6	17.7	3.4	11.3	12.1	10.7	7.9

Sources: WB DDP as of July 7, 2008; Costa Rican authorities and IMF staff estimates.

Annex Table 8. Costa Rica: Millennium Development Goals

	1990	1994	1997	2000	2003	2005
Goal 1: Eradicate extreme poverty and hunger						
Income share held by lowest 20%	4	4	4	4	3	..
Malnutrition prevalence, weight for age (% of children under 5)	3	2	5	..	..	..
Poverty gap at \$1 a day (PPP) (%)	1	1	1	1	2	..
Poverty headcount ratio at \$1 a day (PPP) (% of population)	5	4	4	2	3	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..	..	..
Prevalence of undernourishment (% of population)	..	..	5	..	4	5
Goal 2: Achieve universal primary education						
Literacy rate, youth total (% of people ages 15-24)	97	..	..	..	..	..
Persistence to grade 5, total (% of cohort)	..	..	..	94	92	87
Primary completion rate, total (% of relevant age group)	75.3	83.3	82.2	86.6	91.3	92.0
School enrollment, primary (% net)	..	..	..	..	..	..
Goal 3: Promote gender equality and empower women						
Proportion of seats held by women in national parliament (%)	11.0	..	16.0	19.0	35.0	35.1
Ratio of girls to boys in primary and secondary education (%)	..	..	..	102.5	102.7	103.9
Ratio of young literate females to males (% ages 15-24)	100.6	..	..	..	..	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	37	37	38	39	40	39
Goal 4: Reduce child mortality						
Immunization, measles (% of children ages 12-23 months)	90.0	87.0	99.0	82.0	89.0	89.0
Mortality rate, infant (per 1,000 live births)	16	..	..	13	..	11
Mortality rate, under-5 (per 1,000)	18	..	..	14	..	12
Goal 5: Improve maternal health						
Births attended by skilled health staff (% of total)	..	..	..	98.2	97.5	98.5
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	43.0	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases						
Contraceptive prevalence (% of women ages 15-49)	..	75	..	80	..	..
Incidence of tuberculosis (per 100,000 people)	22.1	19.7	18.1	16.6	15.2	14.4
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..	0	0
Tuberculosis cases detected under DOTS (%)	..	..	..	119.2	116.3	118.2
Goal 7: Ensure environmental sustainability						
CO2 emissions (metric tons per capita)	0.9	1.5	1.4	1.4	1.5	..
Forest area (% of land area)	50	..	..	47	..	47
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	10	11	10	10	10	10
Improved sanitation facilities (% of population with access)	..	..	..	..	..	92
Improved water source (% of population with access)	..	..	..	..	..	97
Nationally protected areas (% of total land area)	..	..	..	..	..	23.6
Goal 8: Develop a global partnership for development						
Aid per capita (current US\$)	73.8	22.0	-2.1	2.9	6.8	6.8
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	22	12	9	7	9	5
Fixed line and mobile phone subscribers (per 1,000 people)	91.5	128.9	204.9	282.6	463.9	575.3
Internet users (per 1,000 people)	..	2.8	16.4	58.0	215.5	254.2
Personal computers (per 1,000 people)	..	..	68.4	152.7	217.9	218.7
Total debt service (% of exports of goods, services and income)	24	15	10	8	10	6
Unemployment, youth female (% of female labor force ages 15-24)	10.0	11.0	15.9	14.5	18.0	21.5
Unemployment, youth male (% of male labor force ages 15-24)	7.6	6.6	9.6	9.1	12.9	11.3
Unemployment, youth total (% of total labor force ages 15-24)	8.3	8.0	11.6	11.0	14.7	15.0
Other						
Fertility rate, total (births per woman)	3.2	2.9	2.7	2.4	2.1	2.0
GNI per capita, Atlas method (current US\$)	2,340.0	3,050.0	3,420.0	3,710.0	4,160.0	4,700.0
GNI, Atlas method (current US\$) (billions)	7.2	10.3	12.5	14.6	17.4	20.3
Gross capital formation (% of GDP)	18.5	20.0	18.1	16.9	20.6	25.5
Life expectancy at birth, total (years)	76.8	76.3	76.9	77.7	78.6	78.9
Literacy rate, adult total (% of people ages 15 and above)	93.9	..	..	..	..	..
Population, total (millions)	3.1	3.4	3.7	3.9	4.2	4.3
Trade (% of GDP)	66.5	76.7	85.3	94.4	95.2	102.2

Note: Figures in italics refer to periods other than those specified.

Source: World Development Indicators database, April 2007.

Annex Table 9. Costa Rica - Cost of Doing Business

Ease of...	2008 Rank	2007 Rank	Comparator Countries (2008 Rank)						
			<i>Dominican Republic</i>	<i>Guatemala</i>	<i>Ecuador</i>	<i>Jamaica</i>	<i>Panama</i>	<i>Peru</i>	<i>Paraguay</i>
Doing Business	115	117	99	114	128	63	65	58	103
Starting a Business	113	106	84	128	148	11	31	102	66
Dealing with Licenses	120	115	74	167	53	74	89	109	98
Employing Workers	79	78	106	105	168	33	170	159	173
Registering Property	41	39	106	23	70	108	61	35	55
Getting Credit	48	45	36	68	97	115	13	36	48
Protecting Investors	158	158	122	122	122	64	98	15	51
Paying Taxes	162	160	139	116	57	170	169	77	93
Trading Across Borders	54	105	35	116	131	92	9	71	123
Enforcing Contracts	130	130	82	98	59	103	116	119	105
Closing a Business	104	122	142	86	124	22	74	94	132

Note: Doing Business 2007 rankings have been recalculated to reflect changes to the methodology and the addition of three new countries.

Source: IFC-WB Doing Business in 2007, and 2008 reports.

Annex Table 10. Costa Rica - Governance Indicators for Costa Rica Percentile Rank (0-100)

	1996	1998	2000	2002	2003	2004	2005	2006
Voice and Accountability								
Costa Rica	82.3	86.1	84.6	84.6	82.2	82.2	73.6	74
Latin America Regional Average	54.3	52.8	53.3	53.4	53	53.6	51.7	51.6
Income CategoryAverage								63.1
Political Stability								
Costa Rica	75	72.6	77.4	85.6	76.9	77.4	77.4	79.8
Latin America Regional Average	33.7	35	41	39.5	37.4	38.8	37.6	37.7
Income CategoryAverage								61.9
Government Effectiveness								
Costa Rica	60.2	73.5	67.8	69.7	67.8	68.7	64	65.4
Latin America Regional Average	44.3	50.5	47.9	43.7	45.7	44.9	43.5	43.2
Income CategoryAverage								61.5
Regulatory Quality								
Costa Rica	71.2	80.5	77.6	66.3	67.3	67.8	68.8	63.9
Latin America Regional Average	65.2	63.1	57	51.4	49.9	49.6	47	45.4
Income CategoryAverage								63
Rule of Law								
Costa Rica	69	69	69.5	68.6	69	67.6	65.2	64.8
Latin America Regional Average	42.4	39.5	38.9	37.8	37.7	37.7	36.7	35.4
Income CategoryAverage								60.6
Control of Corruption								
Costa Rica	79.6	77.2	81.1	78.2	77.2	69.9	66.5	67
Latin America Regional Average	41.1	42.1	42.5	41.4	43.9	44.4	42	42
Income CategoryAverage								60.9

Source: World Bank Governance Indicators 1996-2006.

NOTE:

1. Voice and Accountability: Measures the extent to which country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.
2. Political Stability and Absence of Violence: Measures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism.
3. Government Effectiveness: Measures the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
4. Regulatory Quality: Measures the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
5. Rule of Law: Measures the extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence.
6. Control of Corruption: Measures the extent to which public power is exercised for private gain, including petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Annex Table 11. Costa Rica- Summary of Achievement of Revised CPS Objectives

Pillar 1: Maintain Macroeconomic Stability			
Sub-objectives	Revised CPS Benchmark/ Target	Actual Outcomes	Comments
1. Achieve Fiscal Sustainability	Consolidated public sector deficit of 3 percent of GDP.	There was a surplus of 0.6 percent of GDP in 2007.	ACCOMPLISHED. The targets were achieved but cannot be attributed solely to Bank's intervention. The CPSCR reports that through Bank's support, there was an improvement in debt modeling and forecasting.
	Tax revenue as a share of GDP increase from 2004 levels of 13.4 percent in line with fiscal reform.	Tax revenue as a share of GDP was 15.1 percent of GDP in 2007.	
2. Improve Government Efficiency	Provide electronic delivery of public services to citizens and businesses.	National plan has been developed to provide delivery of online public services but the outcomes (improvement in transparency and accountability) are yet to be realized.	PARTIALLY ACCOMPLISHED.
	Analyze and improve public sector procurement.	<ul style="list-style-type: none"> Comprehensive analysis of the procurement system has been undertaken but its outcome is yet to be realized. E-procurement system (COMPRARED) has been enhanced. 	
	Assess and improve public sector financial accountability arrangements.	<ul style="list-style-type: none"> Budget planning is better aligned with policy priorities. Sector operating plans are now linked to national budget planning cycle. Budget control framework is now consistent with international standards. 	
3. Strengthen Public Debt Management and Domestic Debt Market Development	Improve debt structure with reduced vulnerability to external interest rates and exchange rate shocks, and to refinancing risk.	<ul style="list-style-type: none"> Public debt was restructured to reduce reliance on short-term and foreign currency loans. Work on a draft debt law is underway which may improve the regulatory framework resulting in greater transparency and accountability. There has been limited progress on the development of the domestic debt market. Integrated debt management strategy has not been adopted. 	PARTIALLY ACCOMPLISHED.
4. Strengthen Monetary Policy	Maintain single digit inflation rate and move towards international inflation rates.	Inflation fell from 14.1 percent in 2005 to 10.8 percent in 2007.	PARTIALLY ACCOMPLISHED. The role of WB was secondary to IMF's.
	Reduce dollarization levels.	Deposit and credit dollarization ratio fell from about 50 percent at the start of 2004 to about 44 percent in Sept. 2007.	
	Increase capacity of BCCR to formulate and execute monetary policy.	<ul style="list-style-type: none"> Increased capacity of BCCR enabled adoption of the inflation targeting regime in 2007. There is no information on whether the deepening of the domestic money repurchase market was achieved. 	

5. Continuing the reform of the financial and insurance sectors.	Implement the DR-CAFTA commitment to open the insurance sector to competition.	Outcomes are yet to be realized as the law opening up the insurance sector to private sector participation is pending in the legislature.	NOT ACCOMPLISHED.
Instruments for Pillar I:	Actual Results		Comments
New IBRD Lending Support	E-Government Citizen Services LIL		Dropped.
On-going pre-CPS 04 Lending Support			
Planned AAA	Country Economic Memorandum		
	Country Procurement Assessment Report		
	Country Financial Accountability Assessment		
	Public Expenditure Review		
Additional AAA	None.		
TAs / Grants	Public Debt Management Modernization (PDMM)		
Pillar II: Strengthen Trade and Competitiveness			
Sub-objectives	Revised CPS Benchmark/ Target	Actual Outcomes	Comments
1. Support Trade Negotiations	Approve and implement CAFTA.	<ul style="list-style-type: none"> DR-CAFTA was approved in October 2007. The complementary legislation is pending. As CAFTA has not been implemented yet, it is too early to determine its impact on trade outcomes (increase in exports etc.). 	PARTIALLY ACCOMPLISHED.
2. Strengthen Agricultural Sector			DROPPED in the revised CPS objectives.
3. Broaden Access to Financial Services			DROPPED in the revised CPS objectives.
4. Improve Key Infrastructure	Public-private investment partnership in key areas.	<ul style="list-style-type: none"> Public-private investment partnership was limited to a few areas and was hampered by lack of co-ordination and insufficient capacity. 	PARTIALLY ACCOMPLISHED.
	Modernize telecom sector by introducing competition and strengthening regulation.	<ul style="list-style-type: none"> Telecom modernization law prepared and pending in legislation. Actual outcomes on telecom competition and regulation are yet to be seen as the new law has not been implemented. No new cellular operators or internet providers were licensed. 	
Instruments for Pillar II:	Actual Results		Comments
New IBRD Lending Support	Limon Area Development Project		This project was approved in April 2008 and is expected to produce outcomes in the next CPS period. Latest PDO: Satisfactory
	Agricultural Sector Project		Dropped.
	Telecom Sector Modernization		Delayed (carried over to the upcoming CPS period)

On-going pre-CPS 04 Lending Support			
Planned AAA	DR CAFTA: Challenges and Opportunities Investment Climate Assessment (FIAS)		
Additional AAA	None.		
TA's / Grants	PPIAF Grant for Infrastructure and Telecom Telecom Sector Reform Study		
Pillar III: Sustain Social Progress			
Sub-objectives	Revised CPS Benchmark/ Target	Actual Outcomes	Comments
1. Strengthen education sector operations and outcomes	Enhanced access and improved quality of secondary education.	<ul style="list-style-type: none"> Secondary school enrollment increased from 63.8 percent in 2002 to 71.2 percent in 2007. Secondary completion rates increased marginally from 35 percent in 2000 to 37 percent in 2004. 	PARTIALLY ACCOMPLISHED. The revised CPS results framework did not provide quantified targets making it extremely difficult to assess achievement. The CPSCR reports that most outcomes are expected in next CPS period when the education project will be completed.
	Improve quality of rural education.	No impact yet.	
	Reduce disparities in education-outcomes across regions, income groups and ethnic minorities.	No impact yet.	
2. Improve health system's performance and sustainability	92 percent primary health care coverage in 2007.	Primary health care coverage rates increased from 81 percent in 2001 to 91 percent in June 2006.	PARTIALLY ACCOMPLISHED. The revised CPS results framework provided only one quantified target making it extremely difficult to assess achievement.
	Greater penetration of deconcentration reforms	Percent of deconcentrated health providers rose from 10% in 2001 to 25% at end-2006.	
	Increased hospital accreditation	No public or private hospitals were accredited between 2001 and 2006.	
	Sustained CSS healthcare patient satisfaction	No data on patient satisfaction.	
	Financial efficiency and viability of CCSS (social Security System) strengthened.	4 percent real annual increase in revenue collection in CCSS due to a centralized collection system and evasion reduction	
3. Improve effectiveness of social assistance	Social assistance targeting improved by widening the application of poverty targeting criteria under SIPO (Population Information System).	SIPO dropped. The Govt. opted to adopt an alternative system (<i>Ficha familiar</i>) to assist the poor.	PARTIALLY ACCOMPLISHED.
Instruments for Pillar III:	Actual Results		Comments
New IBRD Lending Support	Equity and Efficiency of Education		Latest PDO: Moderately Satisfactory
	Water and Sanitation Sector Modernization		Dropped
On-going pre-CPS 04	Health Sector Strengthening and Modernization		Moderately Satisfactory

Lending Support	Water Supply	Moderately Satisfactory
Planned AAA	Poverty Assessment	
Additional AAA	Shocks and Social Protection	
TA's / Grants	Poverty Measurement and Targeting 1 & 2	
Sub-objectives		
Sub-objectives	Revised CPS Benchmark/ Target	Actual Outcomes
1. Increase land incorporated into the Environmental Services Payment (PSA) System.	Ability of priority lands to provide environmental benefits and services strengthened.	<ul style="list-style-type: none"> Land incorporated into the PSA program increased from about 140,000 hectares in 2000 to about 270,000 in 2006. A new agro-forestry modality has begun.
2. Achieve financial sustainability of the PSA program.	Generate funds from water and fuel tariffs.	Tariffs from water users and certificates of environmental services are generating \$0.5 million annually to support the PSA program.
	Establish an endowed Biodiversity Fund	A trust fund for sustainable biodiversity was created but full capitalization is not yet achieved.
	Generate funds from trading of carbon emissions.	Reforestation project developed to support sale of 0.61 million tons of CO2 equivalents by 2017 to the BioCarbon Fund, and laying foundation for future sales.
3. Improved conservation and management of water resources for integrated usage.		DROPPED in the revised CPS program.
Instruments for Pillar IV:	Actual Results	Comments
New IBRD Lending Support	Mainstreaming Market Based Instruments (EcoMarkets II)	This project is to be effective in July 2008 and is expected to produce outcomes in the next CPS period. Latest PDO: Moderately Unsatisfactory
On-going pre-CPS 04 Lending Support	GEF EcoMarkets I	ICR Rating: Moderately Satisfactory
	GEF Bio-Diversity	ICR Rating: Satisfactory
	CR Water Supply	ICR Rating: Moderately Satisfactory
Planned AAA		
Additional AAA		
TA's / Grants	Carbon Sequestration Project	