



REPUBLICA DE COSTA RICA

*Ministerio del Ambiente y Energía*

*Despacho del Viceministro*

San José, January 31, 2011

**DVMGAE-007-2011**

Ms. Martina Bosi,  
Senior Carbon Finance Specialist  
Carbon Finance Unit  
World Bank  
Email: [mbosi@worldbank.org](mailto:mbosi@worldbank.org)

Dear Ms. Bosi

On behalf of the Costa Rican Government, we formally request to be included in the Partnership for Market Readiness to access market instruments as a potential mechanism to achieve climate mitigation actions within the country's national political context.

Costa Rica has been a leader in environmental conservation and has announced its voluntary decision to achieve Carbon Neutrality by 2021. The carbon neutrality target is part of a far more ambitious project: to set the foundations of Costa Rica's long-term development model of a sustainable economy with low emissions and resiliency to climate change. The country has adopted innovative policies and instruments to promote sustainable development including a decades-long commitment to renewable energy and leadership in reforestation. In an effort to reverse its deforestation rate Costa Rica used many innovative mechanisms such as the adoption of public policies including the establishment of protected areas, the consolidation of the National Conservation Areas System, the use of direct incentives, subsidized credits, fuel taxes, and fees for the use of water resources, the Payments for Environmental Services (PSA) program, among others.

Climate change is a political priority for Costa Rica. The National Strategy on Climate Change comprises six strategic areas (mitigation, adaptation, measuring, capacity building, awareness raising and public education, funding), with the common objective of aligning policies with climate change as part of a long-term strategy for sustainable development. The main objectives of the strategy are to achieve a climate neutral economy by 2021, reduce sectoral and geographical vulnerability in the face of climate change, and develop an information system that is precise, reliable and verifiable. It also seeks to build capacities, educate and raise awareness among the population, as well as create the financing mechanisms required to promote its national agenda.



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Costa Rica's 2005 GHG inventory, which was part of the Second National Communication to the UNFCCC, indicates that the energy and agricultural sectors are the country's main GHGs producers. This is the result of fossil fuels used in the transport sector, methane emissions from cattle, and the intensive use of agrochemicals in agricultural activities. In agriculture, emissions seem to have stabilized, while in other sectors they have been increasing. In the case of land use change sector, this has consolidated as an important source of carbon capture (in the forestry sector).

The Partnership for Market Readiness, provides an ideal opportunity for Costa Rica to share its experience in the forestry sector, as well as to receive support to develop new and innovative market instruments, harnessing financial flows, and building market readiness capacity to scale up domestic climate change mitigation efforts.

Please find attached to this letter two annexes including:

- Annex A: Expression of Interest; and
- Annex B: Questionnaire on Market Readiness Capacity.

We greatly appreciate the World Bank's initiative in this important area, and look forward to the opportunity of participating in it.

Sincerely,

Andréi Bourrouet  
Vice-minister of Energy and  
Environmental Management

