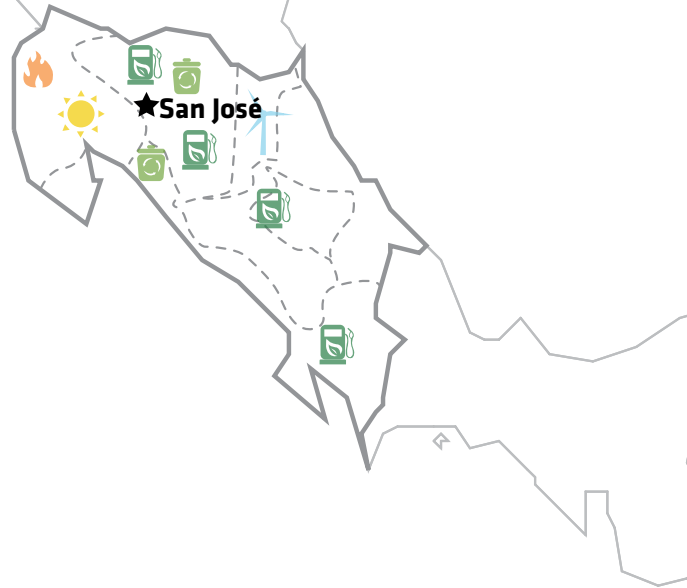




Costa Rica

GDP: **\$49.6bn**Five-year economic growth rate: **11%**Population: **4.9m**Total clean energy investments, 2006-2013: **\$1.7bn**Installed power capacity: **3GW**Renewable share: **31.1%**Total clean energy generation: **3,952GWh**

Top energy authority:

Ministry of Energy, Science & Technologies and Public UtilitiesOVERALL RANKING
2014**12**OVERALL SCORE
2014**1.45**

PARAMETER	RANKING	SCORE
I. Enabling Framework	22	1.25
II. Clean Energy Investment & Climate Financing	08	1.05
III. Low-Carbon Business & Clean Energy Value Chains	26	1.79
IV. Greenhouse Gas Management Activities	10	2.41

SUMMARY

Costa Rica finished 12th among the 55 *Climatescope* countries assessed with a 1.45 score. It fared well among its Latin American regional peers, ranking 6th and topping larger economies Colombia, Argentina and Venezuela.

Home to the largest installed generation capacity in Central America with 2.7GW, Costa Rica has attracted \$1.4bn in new non-large hydro clean energy investment since 2006. The funds have directly translated into new commissioned capacity in the country, with a total of 856MW of renewables plants online as

of year-end 2013. While small hydro is Costa Rica's flagship sector (along with 1.2GW of large hydro capacity), geothermal is poised for the biggest growth in coming years, as 155MW of projects are currently in the country's development pipeline.

Looking ahead, further diversification away from non-hydro renewable sources is expected, as recent droughts and high power prices have forced Costa Rica to move towards more competitive power generation technologies that do not rely on rainfall.

For further information, access www.global-climatescope.org/costarica

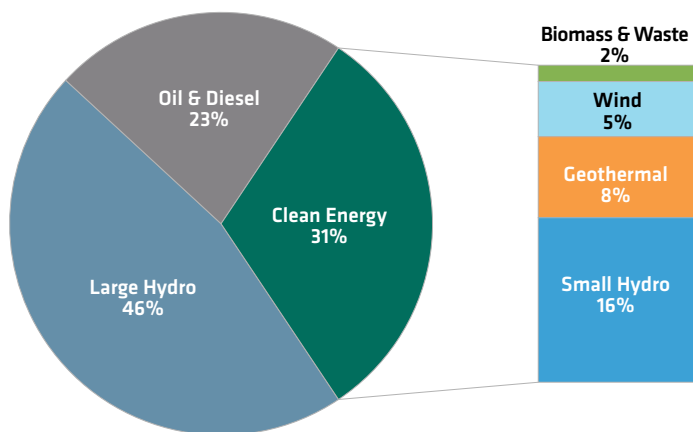
PARAMETERS AT A GLANCE

Costa Rica has one of the greenest power matrices in the world. Non-large hydro renewables represent just under a third of the country's 2.7GW total capacity.

The power sector is controlled by state-owned utility Instituto Costarricense de Electricidad (ICE), with private generators responsible for almost a quarter of the total generation capacity. The country is also part of the Central American Regional Market (MER), which offers power exchange opportunities with its neighbors.

INSTALLED POWER CAPACITY BY SOURCE, 2013 (%)

3GW total installed capacity



Source: Bloomberg New Energy Finance, Instituto Costarricense de Electricidad
Note: Some values cannot be graphically represented due to scale, please see source data for the complete numbers.

In 2013, Costa Rica and other Latin American countries suffered a severe drought that highlighted the perils of over-reliance on hydro sources of generation. Renewables now seem well positioned to fill the gap. Last year, \$250m was invested in renewable energy projects in Costa Rica. Half went to finance a 50MW wind farm expected to be commissioned next year. More geothermal capacity is expected in the years beyond as \$555m was committed in 2014 to build three such projects with a total expected capacity of 165MW.

KEY POLICIES

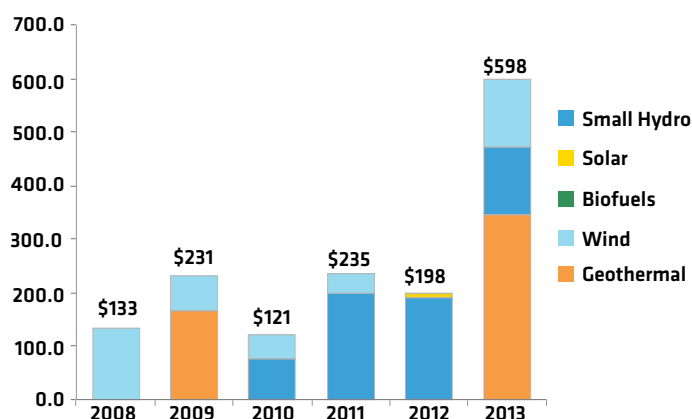
Auction	The Costa Rican Institute of Electricity ran an auction exclusively for renewable sources, contracting 38MW of small hydro and 100MW of wind.
Tax Incentives	There are import, VAT and income tax exemptions for equipment used in the renewable energy industry.
Net Metering	A 5-year pilot net metering program has 117 clients connecting renewable facilities to the grid.

Source: Bloomberg New Energy Finance Policy Library

The investment surge helped Costa Rica score well on Parameter II, ranking 8th, which in part looks at clean energy investment committed since 2006. Most investment in the country has been provided by development or foreign institutions, including Japan International Cooperation Agency, the US Export-Import Bank, and the European Investment Bank. However, local financiers are starting to play a more active role, including the Banco Nacional de Costa Rica and the Banco Internacional de Costa Rica.

ANNUAL INVESTMENT IN CLEAN ENERGY, 2008-2013 (\$m)

\$1.7bn total cumulative investment



Source: Bloomberg New Energy Finance
Notes: Total investment includes: Asset Finance, Corporate Finance and Venture Capital / Private Equity Commitments.

On Clean Energy Value Chains, Parameter III, Costa Rica finished at 26th place. The country has project developers and fuel producers in all six clean energy segments assessed on *Climatescope*: biofuels, biomass, geothermal, small hydro, solar and wind. Still, given the country's market size, there is no manufacturing capacity in Costa Rica.

Costa Rica's relatively strong showing on Climatescope is also due to its performance on the Greenhouse Gas Management Activities, Parameter IV, where it ranked among the top 10. Costa Rica aims to become carbon neutral by 2021 and is part of the Partnership for Market Readiness (PMR). It has one NAMA project in preparation phase, 16 CDM offsets projects registered and a low rate of CDM failures compared to projects approved.