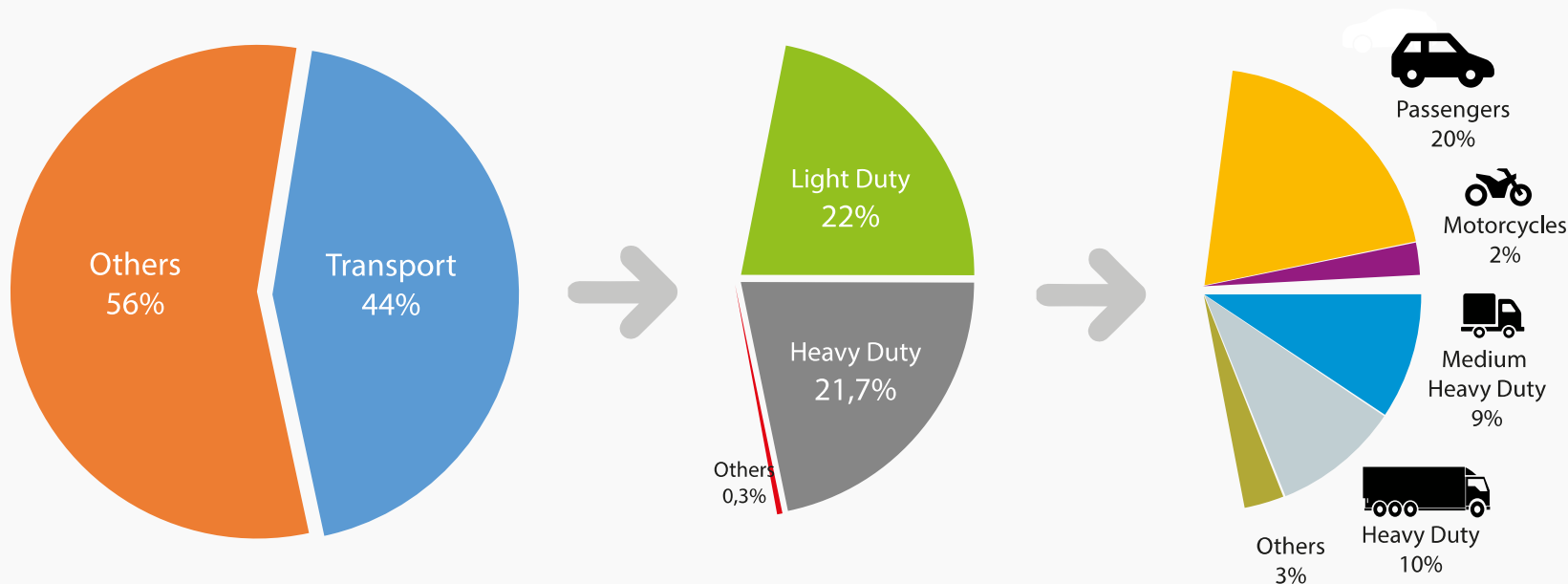




Financing Adaptation and Resilience Through Fossil Fuel Subsidy Reform and Fuel Duty

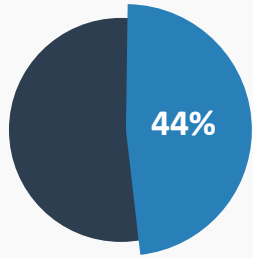
Andrea Meza
Climate Change Director
Ministry of Environment and Energy
May, 2016

Costa Rica CO₂ Emissions in 2012

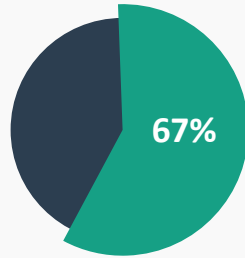


Source: Costa Rica's Greenhouse Gas Inventory 2012

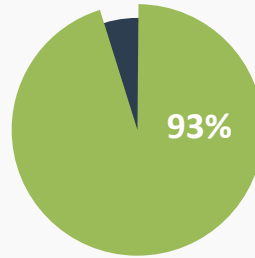
Costa Rica Transport Overview



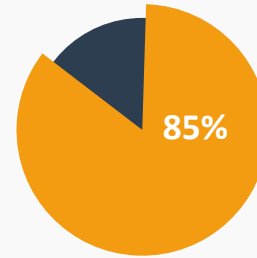
■ Costa Rica
CO₂ emissions



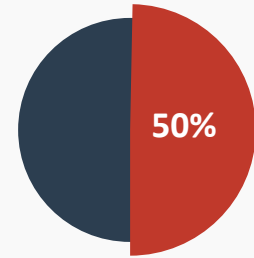
■ National
Energy
Consumption



■ CO
Emissions



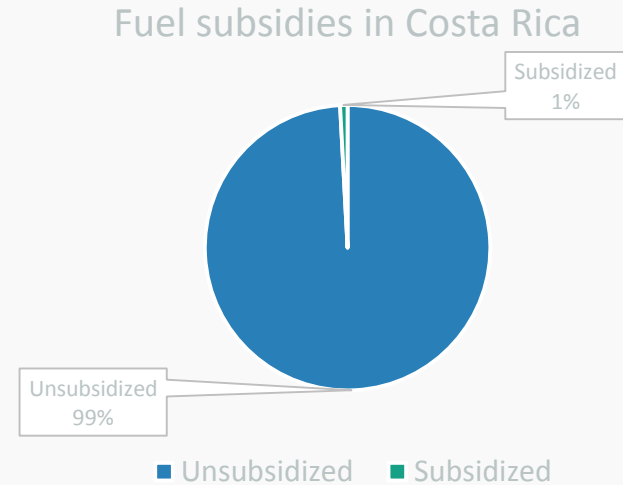
■ Fleet increase
in the last 15
years



■ Vehicles over 15
years old

Subsidies of Fossil Fuels in Costa Rica

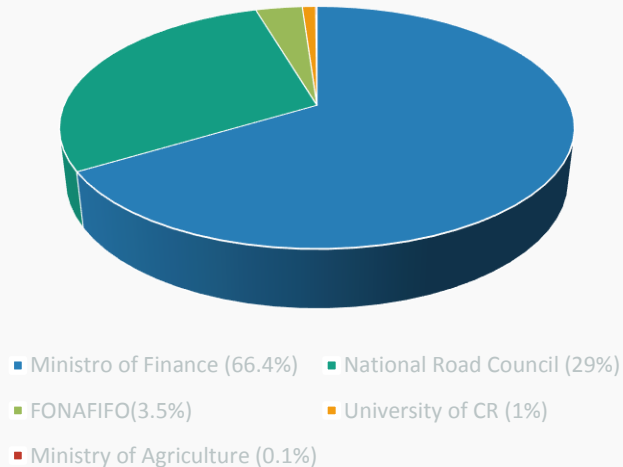
- 2001 Law of Tax Simplification and Efficiency replaced a complicated system with a single tax administered by the Ministry of Finance.
- The tax is a fixed sum per liter per type of fuel adjusted four times a year for inflation, and raised about \$650 million (1.5 % GDP) in 2012.
- The only significant subsidy applies to fuel used for fishing and it adds up to a reduction of about 25% on the price of fuel.



On the contrary

- A portion of our fuel tax, the IUSC, goes towards funding our Payment for Environmental Services scheme operated by the National Fund for Forestry Financing (FONAFIFO)

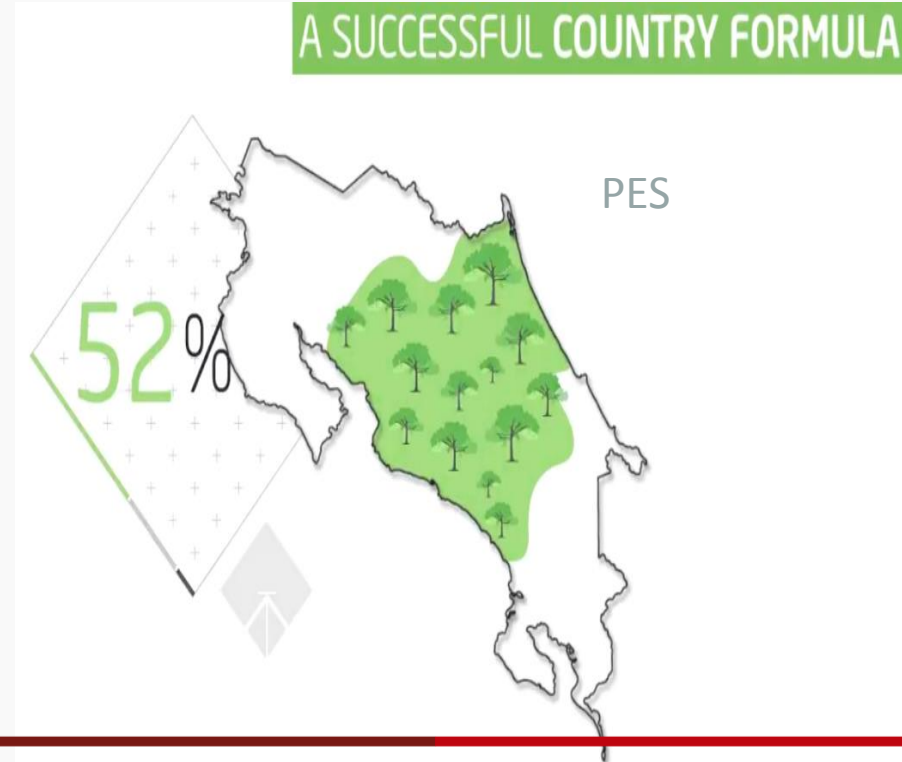
Fuel Tax Revenue Distribution



For FONAFIFO this has meant:

- Over \$22 million transferred directly in 2012.
- Over \$220 million since 1995.
- Over 700,000 hectares under ESP in 2012.
- Over 1100 ESP contracts in 2012.

Investment of Fossil Tax in Adaptation and Resilience Measures



Emissions Fee

VII National Energy Plan 2015-2030 – Objective 5.1.4

- Charge the use of public goods.
- “Polluters Pays” principle.
- Costa Rica’s environmental, health and waste legal framework.
- Previous fee experiences: discharge and water use.

Emissions Fee Purpose



**Monitor and
Report
Air Quality**



**Sustainable
Mobility**



**Public
Transport
BRTs**



**Low
Emissions
Technologies**



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