Summary of Costa Rica’s OECD Post-Accession Progress
Background


Overview of post-accession reporting

2. The Council Decision to invite Costa Rica to become an OECD Member provided that, after accession, Costa Rica should report as follows:

- **Chemicals Committee**: a progress report in 2024 and thereafter if required, on the further implementation of the eight legal instruments for which Costa Rica requested a timeframe;
- **Competition Committee**: an annual progress report on the priority recommendations identified by the Committee;
- **Corporate Governance Committee**: a progress report to the Working Party on State Ownership and Privatisation Practices by the end of 2021 and thereafter if required, on the implementation of the priority recommendations identified by the Committee;
- **Fisheries Committee**: a progress report within two years after accession and thereafter if required, on the further implementation of the key recommendations identified by the Committee;
- **Environment Policy Committee**: progress reports on the further implementation of the nine legal instruments for which Costa Rica requested a timeframe;
- **Public Governance Committee**: a progress report two years after accession and thereafter if required, on the further implementation of the two legal instruments for which Costa Rica requested a timeframe.

3. In addition to the formal post-accession reporting in these areas, Costa Rica requested a timeframe for the further implementation of twelve OECD legal instruments in the fields of financial markets, investment and science and technology. These timeframes are subject to follow-up by the Committee on Financial Markets, the Investment Committee and the Committee for Scientific and Technological Policy, respectively.

4. The post-accession progress reporting of Costa Rica began in the second half of 2021. On 23 June 2021, the Council discussed the first annual post-accession progress report of the progress made by Costa Rica, on:

- Recommendation of the Council on Good Practices on Financial Education and Awareness Relating to Credit [OECD/LEGAL/0370],
- Recommendation of the Council on Consumer Protection in the Field of Consumer Credit [OECD/LEGAL/0453],
- Recommendation of the Council on Private Sector Participation in Infrastructure [OECD/LEGAL/0349],
- Recommendation of the Council on Human Biobanks and Genetic Research Databases [OECD/LEGAL/0375],
- Recommendation of the Council on the Governance of Clinical Trials [OECD/LEGAL/0397],
- Recommendation of the Council on Quality Assurance in Molecular Genetic Testing [OECD/LEGAL/0350],
- Recommendation of the Council on Assessing the Sustainability of Bio-based Products [OECD/LEGAL/0395],
- Recommendation of the Council on the Licensing of Genetic Inventions [OECD/LEGAL/0342], and
- Recommendation of the Council concerning Access to Research Data from Public Funding [OECD/LEGAL/0347].
Rica in the implementation of its accession commitments. The second annual post-accession progress report was discussed by Council on 6 July 2022, and the third annual post-accession progress report was discussed by Council on 1 June 2023.

5. A summary of Costa Rica’s post-accession progress in each area, as reported on in 2023, is set out below.

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2 The summary of Costa Rica’s post accession progress for 2022 is available [here](#).
Summary of post-accession reporting

1. Chemicals and Biotechnology

OECD Post-Accession Recommendations

6. In the course of its review of Costa Rica for purposes of accession to the OECD, the Chemicals and Biotechnology Committee requested Costa Rica to report on actions taken to further implement the eight OECD legal instruments for which a timeframe was requested in 2024.3

Costa Rica’s Progress

7. Costa Rica provided an interim report on progress made in implementing the Recommendation of the Council concerning the Exchange of Confidential Data on Chemicals [OECD/LEGAL/0204]; Recommendation of the Council concerning the OECD List of Non-Confidential Data on Chemicals [OECD/LEGAL/0205] and Recommendation of the Council Concerning Access and the Protection of Proprietary Rights to Non-Clinical Health, Safety and Environmental Data and Information on Chemicals [OECD/LEGAL/0203] in 2022. The Committee acknowledged the progress made by Costa Rica in the implementation of these instruments, including the planned changes to its legal framework in relation to access to data and protection of proprietary rights.

Remaining Actions

8. Costa Rica is expected to report formally to the Committee on progress made in implementing eight OECD legal instruments for which timeframes were requested in 2024.

2. Competition

OECD Post-Accession Recommendations

9. In the course of its review of Costa Rica for purposes of accession to the OECD, the Competition Committee requested Costa Rica to report annually following its accession to the Organisation on progress in implementing key recommendations falling under the below categories:

i. Implement the institutional reforms set out in the 2019 Competition Reform Act, with a view to ensuring that the competition agency enjoys formal, budgetary, operational, administrative and technical autonomy, and independence (within 12 months from accession);

ii. Provide sufficient resourcing to the competition agencies, including the appointment of full-time independent and expert commissioners, the hiring of a sufficient number of staff with adequate expertise, and the allocation of adequate budget and means to allow the competition agency to pursue effective competition enforcement (within 12 months from accession);

iii. Increase international cooperation – including creating the formal and material conditions for it to occur, and actively engaging in international cooperation in the context of competition enforcement and merger control (within 24 months from accession);

iv. Further consider the scope of Costa Rica’s competition law, in particular by ensuring that it extends to markets and sectors where the introduction of competition could result in a more efficient functioning of the economy and, consequently, in substantial gains for consumers. Costa Rica should furthermore adopt mechanisms to conduct systematic and effective reviews of outstanding exemptions from competition law (within 36 months from accession);

v. Adopt improved mechanisms and criteria for competition assessment (within 36 months from accession); and

vi. Develop a sufficient track record of competition enforcement and merger control cases to ensure the deterrence and effectiveness of competition law and policy in line OECD standards – both in terms of procedural mechanisms, substantive analysis and outcomes, and due process (within 36 months from accession).

10. Costa Rica was requested to provide an update on its Implementation Roadmap for the 2019 Competition Reform Act to enable the assessment with respect to the priority recommendations above. Costa Rica also requested timeframes for the further implementation of legal instruments in the area of competition.4

Costa Rica’s Progress

11. In June 2022, Costa Rica reported for the first time on progress made in implementing the Committee’s recommendations. The Committee considered that:

- Costa Rica advanced well on the implementation of the 2019 Competition Reform Act (Law N° 9736 of 2019) from an institutional reform perspective, making important progress to improve domestic and international co-operation – including by creating the formal and material conditions

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for it to occur, and actively engaging in international co-operation in the context of competition enforcement and merger control.

- The competition authority, COPROCOM, completed the review of the Maritime Transport and of Professional Associations sectors and issued recommendations to the government on reforms that would help promote competition in those areas. The important enforcement activity of both COPROCOM and SUTEL, the telecoms regulator and sectoral competition authority respectively, were appreciated by the Committee.
- The Committee remained extremely concerned by the budget situation of COPROCOM which, although sought to be rectified by the 2019 Competition Reform Act, had not yet been allocated.

Remaining Actions

12. Costa Rica was invited to report on further progress made in implementing the Committee’s recommendations at the Committee’s meeting in June 2023. The outcome of this reporting will be summarised in the next Summary of Costa Rica’s OECD Post-Accession Progress.

13. Costa Rica is expected to present a further progress report to the Committee in June 2024.

3. Corporate Governance

OECD Post-Accession Recommendations

14. In the course of its review of Costa Rica for purposes of accession to the OECD, the Corporate Governance Committee and its Working Party on State Ownership and Privatisation Practices (WPSOPP) requested that Costa Rica report back after accession on specific actions taken to implement the following seven priority recommendations:

- priority recommendation 1 to fully implement International Financial Reporting Standards (IFRS);
- priority recommendation 2 to develop and implement a system for establishing and monitoring the achievement of financial and non-financial performance objectives;
- priority recommendation 3 to develop a consistently applied policy regarding information confidentiality;
- priority recommendation 4 to enact legislation to remove the Minister of Agriculture from the board overseeing the Fábrica nacional de Licores (the National Liquor Factory, FANAL);
- priority recommendation 5 to pursue public procurement reforms to monitor and limit the use of exceptions for direct public procurement between public entities including state-owned enterprises (SOEs);
- priority recommendation 6 to make further progress on implementing initiatives to strengthen the functioning of boards, including the implementation of board evaluations, and effective risk management and control systems;
- priority recommendation 7 to review SOE board remuneration and develop recommendations to support competitive remuneration and incentives that are aligned with good board practices.

Costa Rica’s Progress

15. Costa Rica reported to the Working Party and the Committee on 31 March 2022 on progress made in implementing the Committee’s recommendations. The main conclusions were:

- Reforms including the implementation of IFRS had led to increased transparency of information supporting a reduction in electricity tariffs charged by the state-owned electricity company,
Instituto Costarricense de Electricidad (ICE), and an improvement in the quality of public discourse leading to a change in perceptions. In this regard, Costa Rica reported a greater confidence in SOEs and the country from investors and multilaterals.

- There remains considerable potential for the state to continue to strengthen its role as an informed shareholder in helping SOEs to become more effective in achieving their social and financial performance goals and becoming even more accountable to the government and the public.

16. While continuing progress would also be desirable on priority recommendation 3 to support consistent implementation of information confidentiality policies and on priority recommendation 5 regarding the implementation of recently enacted public procurement reforms, the formal post-accession reporting requirement with respect to these recommendations was concluded.

**Remaining Actions**

17. In this context, Costa Rica was invited to give priority to making further progress on priority recommendation 1 to ensure that SOEs are broadly able to implement IFRS; priority recommendation 2 on developing better practices for setting and monitoring objectives, in particular through the development of key financial performance indicators; priority recommendation 4 to address the governance concerns related to FANAL; priority recommendation 6 to strengthen its SOE board composition and board practices, in particular through transparent and skills-based nomination processes and ongoing training; and priority recommendation 7 to develop recommendations to support competitive remuneration and incentives that are aligned with good board practices.

18. Furthermore, to ensure successful implementation of the above recommendations as well as to address any new challenges that may emerge, it was noted that it will be important to maintain the capacity of the Presidential Advisory Unit and its sustainability over the longer-term to ensure successful implementation of the above recommendations, as well as to address any new challenges that may emerge.

19. Costa Rica is expected to report again to the Working Party once sufficient further progress has been made in addressing the outstanding points for implementation of the priority recommendations.

4. **Fisheries**

**OECD Post-Accession Recommendations**

20. Costa Rica undertook important reforms during the accession process to increase government-oversight over the sector and apply a more science-based approach to the management of national resources. At the same time, the Fisheries Committee requested Costa Rica to report within two years after accession on the further implementation of its key recommendations, namely:

- The implementation of integrated and concerted policy-making processes across the government to ensure that marine ecosystems are used to benefit the Costa Rican people today and in the future (with clear steering from all relevant authorities of the Executive branch, and increased accountability of the Costa Rican Institute for Fisheries and Aquaculture, INCOPESCA);
- The adoption and implementation of a legal obligation to define clear and sustainable management targets and to take scientific evidence into account in the policy decision-making process;
- The development of management or rebuilding plans for all main fisheries that are built around biological targets and incorporate social and economic principles in a way that does not compromise stock recovery, making use of all regulatory options as needed for success, in particular TAC limits when appropriate, as well as indicators that monitor the effectiveness of the measures taken;
- Investment in monitoring the environmental and socio-economic impact of regulations;
• The build-up of a comprehensive information system that allows the regular collection and processing of information on landings, on the biological status of resources, and on the socio-economic characteristics of fisheries;
• Increased controls in landing and delivery sites;
• Adoption of modern monitoring systems for the industrial fleet, using standard methods such as VMS and on-board observer programmes.

Remaining Actions

21. Costa Rica reported on progress made in implementing the Committee’s recommendations and planned next steps in May 2023. The discussion in the Committee concerned how Costa Rica intends to ensure the balance between environmental protection and the interests of the fishing community, and the tangible impact and implementation of the reforms undertaken during the accession process, including the extent of progress in terms of science-based sustainable resource management.

22. Costa Rica is expected to report formally to the Committee on progress made in November 2023 and the outcome of this reporting will be summarised in the next Summary of Costa Rica’s OECD Post-Accession Progress to be issued in 2024.

5. Environment

OECD Post-Accession Recommendations

23. In the course of its review of Costa Rica for purposes of accession to the OECD, the Environment Policy Committee (EPOC) and Working Party on Resource Productivity and Waste requested Costa Rica to report on actions taken to implement nine OECD legal instruments on environment and waste management for which timeframes were requested.5

Costa Rica’s Progress

24. Costa Rica reported on progress made in implementing the OECD legal instruments in the field of environment in April 2022 and post-accession reporting for three Recommendations6 was consequently

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completed. Concerning the remainder, implementation of the Recommendation of the Council on the Implementation of the Polluter-Pays Principle [OECD/LEGAL/0132] depended specifically on the adoption of a bill to eliminate subsidies for wastewater treatment for private operators, on the basis that this contradicts the Polluter-Pays Principle, and the implementation of other instruments depended on progress with actions in relation to water management and introduction of a system for integrated pollution prevention and control.

**Remaining Actions**

25. In the field of waste, Costa Rica was invited to report on further progress made in implementing the Working Party’s recommendations in June 2023 and in the field of the environment, in October 2023. This reporting will be summarised in the next Summary of Costa Rica’s OECD Post-Accession Progress to be issued in 2024.

6. Public Governance

**OECD Post-Accession Recommendations**

26. In the course of its review of Costa Rica for purposes of accession to the OECD, the Public Governance Committee requested Costa Rica to report back two years after accession, and thereafter if required, on the implementation of the legal instruments accepted with a timeframe for implementation until the end of 2022 in the areas of budget governance and public service leadership.¹

**Remaining Actions**

27. Costa Rica was invited to report on further progress made in implementing the Committee’s recommendations in October 2023 and the outcome of this reporting will be summarised in the next Summary of Costa Rica’s OECD Post-Accession Progress to be issued in 2024.

7. Financial Markets

**Timeframe for the further implementation of legal instruments in the area of financial markets**

28. At the time of accession, Costa Rica requested various timeframes for the further implementation of five legal instruments in the area of financial markets, focused on the areas of financial education and financial consumer protection.²

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¹ Recommendation of the Council on Water [OECD/LEGAL/0434], the Recommendation of the Council on the Implementation of the Polluter-Pays Principle [OECD/LEGAL/0132] and the Recommendation of the Council on Integrated Pollution Prevention and Control [OECD/LEGAL/0256]. Costa Rica originally also requested a timeframe for implementation for the Recommendation of the Council on Environmental Information [OECD/LEGAL/0296] until the end of 2022, but this legal instrument was abrogated on 10 June 2022. It was replaced on the same date by the Recommendation of the Council on Environmental Information and Reporting [OECD/LEGAL/0471], to which Costa Rica adhered and in relation to which it will be monitored, alongside other OECD Members.


Remaining Actions

29. Costa Rica is expected to report back to the Committee on Financial Markets: the timing of the report will depend on progress made by Costa Rica in implementing the relevant legal instruments.

8. Investment

*Timeframe for the further implementation of the Recommendation of the Council on Principles for Private Sector Participation in Infrastructure [OECD/LEGAL/0349]*

30. At the time of accession, Costa Rica requested a timeframe until end of 2020 for the further implementation of the Recommendation of the Council on Principles for Private Sector Participation in Infrastructure [OECD/LEGAL/0349].

Costa Rica’s Progress

31. Following the submission of a report on the implementation of the above Recommendation to the Investment Committee in April 2023, the Investment Committee considered that Costa Rica took the necessary measures to align with each principle of the Recommendation by approving laws, decrees and administrative guidelines related to the governance of the public sector and providing an adequate legal framework for the participation of the private sector in infrastructure. It therefore concluded that Costa Rica achieved a satisfactory level of implementation of the Recommendation and that reporting was completed.

9. Science and Technology

*Timeframe for the further implementation of legal instruments in the area of science and technology*

32. At the time of accession, Costa Rica requested various timeframes for the further implementation of six legal instruments in the area of science and technology.


Costa Rica’s Progress

33. Costa Rica reported on progress made in implementing the OECD legal instrument in this area in October 2021 and in March 2023. The Committee acknowledged the progress made by Costa Rica, and expressed support in particular in relation to the regulatory reform on biomedical research. It therefore concluded that Costa Rica achieved a satisfactory level of implementation of the Recommendations concerned and that reporting was completed.

34. At the same time, the Committee considered that statistics on research and development were not being provided to the standard required, and that the quality of other statistics needed to be further verified.

Remaining Actions

35. Costa Rica was invited to report further on progress with science and technology indicators to the Working Party on National Experts on Science and Technology Indicators, in the context of regular reporting by all OECD members.