



COSTA RICA

June 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION AND REVIEW UNDER THE FLEXIBLE CREDIT LINE ARRANGEMENT—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR COSTA RICA

In the context of the 2026 Article IV Consultation and Review Under the Flexible Credit Line Arrangement, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board and summarizing the views of the Executive Board as expressed during its May 29, 2026, consideration of the staff report on issues related to the Article IV Consultation and the IMF arrangement.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on May 29, 2026, following discussions that ended on March 9, 2026, with the officials of Costa Rica on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on May 13, 2026.
- An **Informational Annex** prepared by the IMF staff.
- A **Statement by the Executive Director** for Costa Rica.

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IMF Executive Board Concludes 2026 Article IV Consultation and Mid-Term Review Under the Flexible Credit Line Arrangement with Costa Rica

FOR IMMEDIATE RELEASE

- The IMF Executive Board concluded the 2026 Article IV consultation and approved the review of Costa Rica's qualification under the Flexible Credit Line arrangement with an access level of about US\$1.5 billion (equivalent to 300 percent of quota).
- GDP growth reached 4.6 percent in 2025, driven by robust goods exports. Inflation has been persistently low and below the Banco Central de Costa Rica's (BCCR) 3 percent target.
- Growth is projected to moderate to 3.6 percent in 2026, reflecting the effects of global shocks. Inflation is expected to return to the BCCR's 2–4 percent tolerance band within the next eight quarters, but the speed of convergence will depend on the evolution of global commodity prices.
- Risks to the outlook are tilted to the downside and stem mainly from heightened global uncertainty.

Washington, DC – May 29, 2026: On May 29, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation¹ and the mid-term review under the Flexible Credit Line (FCL) arrangement with Costa Rica, which was approved on June 2, 2025 (see [PR25/173](#)). The authorities have consented to the publication of the Staff Report prepared for this consultation.²

Costa Rica continues to withstand well the effects of external shocks as it now faces new uncertainties linked to the Middle East war. Real GDP growth reached 4.6 percent in 2025, supported by robust goods exports, notably from the free trade zones. International reserves have risen to record levels, bolstered by a narrowing of the current account deficit and solid FDI inflows. However, inflation has been persistently low, with eleven consecutive months of deflation and nearly three years being below the central bank's

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

² Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the www.imf.org/costarica page.

3 percent target. The primary surplus fell to 0.9 percent of GDP in 2025, and central government debt rose to 60.4 percent of GDP by end-2025, but this was partly due to an accumulation of cash buffers to meet debt repayments.

The medium-term outlook for Costa Rica remains favorable, but risks are tilted to the downside. Growth is projected to moderate to 3.6 percent in 2026, as headwinds from higher oil prices and tariffs more-than-offset rising investment and strong export performance. Inflation is expected to return to the BCCR's 2–4 percent tolerance band within the next eight quarters but would fall again after the oil shock dissipates. Inflation risks are tilted to the upside in the near term, but the downward trend in inflation expectations risks lower-than-target inflation becoming entrenched. Downside risks to growth stem mainly from an escalation in geopolitical tensions, greater protectionism and trade disruptions, a disorderly AI-led market correction, tighter global financial conditions, and worsening domestic crime. On the upside, new trade agreements could boost investment, exports and growth. Nonetheless, the global shock from the Middle East war represents the latest wave of external uncertainty, but with ample buffers and some policy space, Costa Rica looks well placed to contend with its economic impact.

Following the Executive Board's discussion, Mr. Bo Li, Deputy Managing Director and Acting Chair, issued the following statement:

"Costa Rica continues to weather well the effects of external shocks, with growth remaining strong in 2025, underpinned by a robust export performance. Growth is expected to moderate in 2026, due to headwinds stemming from the war in the Middle East, notwithstanding still-strong export growth and rising investment. While inflation is projected to pick up in the near term and converge toward the tolerance range, it could fall again after the oil shock dissipates. In this context, Costa Rica's policy priorities include creating fiscal space for higher productive spending while keeping debt on a downward trajectory, bringing inflation and inflation expectations back to target in a sustained way, and advancing reforms to unlock untapped potential, increase competitiveness, boost medium-term growth, and ensure climate resilience.

"Costa Rica continues to meet the qualification criteria for the Flexible Credit Line arrangement, supported by its very strong economic fundamentals and institutional policy frameworks, and the authorities are firmly committed to maintaining their track record of implementing very strong macroeconomic policies. The authorities intend to continue to treat the arrangement as precautionary and, in line with their state-contingent exit strategy, consider the current access level to remain appropriate in light of elevated external risks and heightened global uncertainty."

Executive Board Assessment³

Executive Directors commended Costa Rica's very strong economic fundamentals and institutional policy frameworks, which have allowed the economy to withstand external shocks, and welcomed the progress on enhancing climate resilience. Directors noted that ample buffers, including access to the Flexible Credit Line (FCL), position Costa Rica well to manage spillovers from the war in the Middle East. They underscored the importance of continued prudent macroeconomic policies and structural reforms to ensure inclusive and resilient growth.

Directors commended the authorities' fiscal discipline and encouraged continued commitment to the fiscal rule and rebuilding buffers. They underscored the importance of revenue-enhancing reforms, including tax expenditure rationalization, to create space for priority expenditure on capital investment, education, security, healthcare, and targeted social transfers. Directors also recommended reforms to ensure the financial sustainability of the pension and healthcare systems. They welcomed efforts to improve debt management and reduce borrowing costs.

Directors agreed on the need for cautious and data-dependent monetary policy and considered that a pause in monetary easing is warranted to assess the impact of the war in the Middle East on global commodity prices. They emphasized that the authorities should stand ready to lower the policy rate to ensure that inflation and inflation expectations remain anchored at the BCCR's target. Directors encouraged efforts to strengthen monetary policy transmission and underscored the importance of enhancing central bank autonomy and governance to reinforce policy credibility and effectiveness. They also highlighted the need for exchange rate flexibility and to limit foreign exchange intervention to addressing disorderly market conditions, given adequate reserves.

Directors welcomed that systemic financial stability risks remain contained. They stressed the need to fully implement risk-based and consolidated supervision to strengthen financial oversight and to approve the new bank resolution and deposit insurance framework to enhance crisis management. Adopting a clear regulatory framework for fintech firms and digital assets would support financial inclusion and increase competition.

Directors called for supply-side reforms to boost medium-term growth. They underscored the need for policies to increase labor force participation, particularly for women, address

³ At the conclusion of the discussion, the Managing Director, as Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here:

<http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.

skills mismatches, and reduce informality. Measures to close infrastructure gaps, remove regulatory bottlenecks, leverage AI, and tackle rising crime are also important.

Directors agreed that Costa Rica continues to meet the qualification criteria for the FCL, given its very strong economic fundamentals and institutional policy frameworks and its sustained track record of implementing very strong policies. They noted the authorities' intention to continue treating the arrangement as precautionary. Directors considered that maintaining the current level of access is appropriate and acknowledged the authorities' state-contingent exit strategy.

Costa Rica: Selected Economic and Financial Indicators

	2022	2023	2024	2025	Projections					
					2026	2027	2028	2029	2030	2031
National Income and Prices										
	(Annual percentage change)									
Real GDP	5.5	4.8	4.1	4.6	3.6	3.6	3.6	3.5	3.5	3.5
GDP deflator	7.0	-1.1	0.5	-0.5	1.1	1.8	2.1	2.4	2.7	3.0
Consumer prices (period average)	8.3	0.5	-0.4	-0.1	-0.4	2.0	2.3	2.5	3.0	3.0
Savings and Investment										
	(In percent of GDP, unless otherwise indicated)									
Domestic savings	15.8	14.4	15.3	15.1	17.1	16.3	15.8	15.1	14.8	14.4
Gross domestic investment	18.4	15.8	16.2	15.8	18.6	17.9	17.2	16.4	16.2	15.6
External Sector										
Current account balance	-2.6	-1.4	-0.9	-0.7	-1.5	-1.6	-1.4	-1.3	-1.3	-1.3
Trade balance	-6.9	-3.6	-2.6	-0.9	-1.2	-1.0	-1.0	-0.9	-0.8	-0.6
Financial account balance	-2.2	-1.3	-1.5	-0.2	-1.5	-1.6	-1.4	-1.3	-1.3	-1.2
Foreign direct investment, net	-5.9	-4.9	-5.2	-5.0	-5.2	-5.1	-5.0	-5.0	-5.0	-5.1
Gross international reserves (millions of U.S. dollars)	8,554	13,225	14,177	17,086	19,086	19,586	20,086	20,231	20,397	20,580
Public Finances										
Central government primary balance	2.0	1.5	1.0	0.9	0.9	0.9	1.1	1.3	1.4	1.5
Central government overall balance	-2.7	-3.2	-3.7	-3.4	-3.6	-3.5	-3.1	-2.8	-2.5	-2.2
Central government debt	61.4	60.4	58.9	60.4	61.1	61.4	61.3	60.7	59.7	58.4
Money and Credit										
Credit to the private sector (percent change)	3.3	1.9	6.2	3.6	5.6	5.7	5.8	6.0	6.1	6.2
Broad money	46.3	46.9	49.8	50.6	50.5	49.7	50.3	50.4	50.3	50.0
Memorandum Items										
Nominal GDP (billions of colones)	45,947	47,611	49,819	51,812	54,230	57,195	60,493	64,134	68,156	72,633

Sources: Central Bank of Costa Rica and IMF staff estimates.



COSTA RICA

May 13, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION AND REVIEW UNDER THE FLEXIBLE CREDIT LINE ARRANGEMENT

KEY ISSUES

Context. Costa Rica continues to weather well the effects of external shocks as it now faces new uncertainties linked to the Middle East war. The authorities have been proactive in accumulating buffers which will provide important insurance in the event of a more adverse-than-expected external environment. The medium-term outlook for the country remains favorable.

Fiscal Policy. The fiscal stance is expected to be broadly neutral in the coming years. Revenue-enhancing tax policy changes have the potential, though, to increase progressivity and provide additional resources to fund a growth-supporting increase in spending (notably on capital investment, education, security, healthcare, and targeted social transfers). The disputed claims of the social security system should be resolved. Parametric changes are also needed to ensure the financial sustainability of the pension and healthcare systems.

Monetary and Financial Sector Policy. There is some scope for a pause in monetary easing to assess the impact of the war and its likely duration, and the implications for domestic price dynamics. Once the nature and effects of the commodity price shock become clearer, the *Banco Central de Costa Rica* (BCCR) should be prepared to resume cuts in the policy rate to prevent inflation reverting to its deflationary trend and ensure inflation and inflation expectations remain anchored at the 3 percent target. Addressing market frictions, modernizing central bank communications, and reducing the degree of dollarization would strengthen monetary policy transmission. Reserves are adequate and future foreign exchange (FX) intervention should be limited to addressing disorderly market conditions. Systemic financial stability risks are contained and work is ongoing to fully embed risk-based supervision. Approving the new bank resolution and deposit insurance framework would strengthen preparedness for downside risks and should be a priority.

Supply-Side Policies. Boosting medium-term growth will require policies to increase labor force participation, address skills mismatches, upgrade the quality of trade and transport infrastructure, remove regulatory bottlenecks, and tackle rising violent crime. Costa Rica continues to make progress in pursuit of its climate resilience and decarbonization goals.

Approved By
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Discussions were held in San José during February 25–March 9, 2026. The team comprised Varapat Chensavasdijai (head), Agnese Carella, Shane Lowe, and Hector Perez-Saiz (all WHD), Moustapha Mbohou (SPR), and Eurydice Fotopoulou (STA), with support from Alfredo Alvarado and Millena Damasio (both WHD). The team met BCCR President Róger Madrigal, Minister of Finance Rudolf Lücke, Minister of Planning Marlon Navarro, and other senior government and financial sector officials, members of the Legislative Assembly, think tanks, civil society organizations, private sector representatives, and other development partners. Xiana Méndez Bertolo and Miguel Ramos Lobo (both OED) participated in the meetings.

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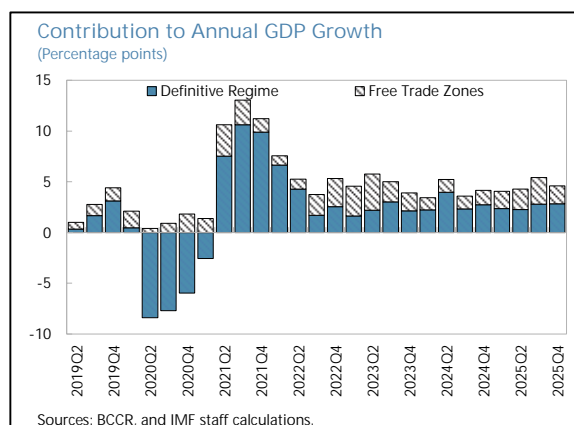
CONTEXT

1. Over the past year, Costa Rica has withstood well the increase in global uncertainty. The country's very strong economic fundamentals and institutional policy frameworks— complemented by a track record of very strong policies that are largely aligned with staff's advice (Annex II) and access to the IMF's Flexible Credit Line (FCL) since June 2025—have allowed the country to shrug off the impact of external shocks. Strong growth, combined with strict adherence to the fiscal rule, lowered sovereign spreads and cuts in the policy rate have supported activity. Exports have been growing strongly despite the imposition of tariffs by the U.S. which, when combined with solid FDI inflows, have facilitated an increase in international reserves. The global shock from the Middle East war represents the latest wave of external uncertainty but Costa Rica looks well placed to contend with its economic impact.

2. On February 1, 2026, Laura Fernández of the Sovereign People's Party (PPSO) won the presidential election and her government took office on May 8. The PPSO secured 31 of 57 seats in the Legislative Assembly. President-elect Fernández's policy agenda is largely aligned with the current policy landscape and the PPSO's majority in the Legislative Assembly should help advance key legislative reforms of the new government.

RECENT DEVELOPMENTS

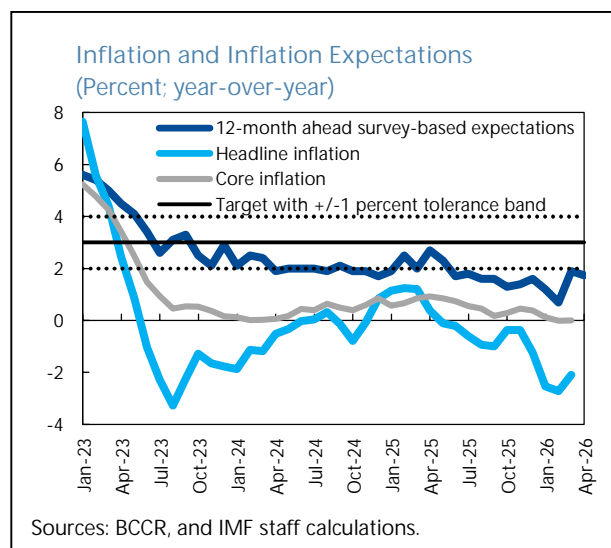
3. Growth increased by 4.6 percent y/y in 2025, reflecting robust demand for goods exports, notably from the free trade zones (FTZs), even after the imposition of tariffs by the U.S.¹ Growth outside of the FTZs has been more restrained (3 percent y/y in 2025 compared with 12.7 percent y/y for the FTZs), in part due to a reduction in fiscal outlays on goods, services, and transfers.² In this context, growth is less employment-intensive and has limited spillovers to the domestic economy. Recent data point to some emerging signs of headwinds to the outlook: employment growth has slowed—particularly in activities such as trade, tourism, and professional services—and labor force participation has weakened. Unemployment stood at 6.7 percent in February 2026, a modest decline from 7.4 percent a year earlier.



¹ The authorities published rebased national accounts in November 2025, updating the base year from 2017 to 2022. In the process, Costa Rica became the first country in the world to implement the System of National Accounts 2025 (2025 SNA) manual.

² Production outside of the free trade zones (definitive regime) accounts for around 80 percent of GDP.

4. Inflation has been persistently below the BCCR's 3 percent target. Headline inflation fell to -2.1 percent y/y in March 2026, marking the eleventh consecutive month of deflation and almost three years being well below the central bank's 3 percent target. Lower prices of food, fuel, and most services and a stronger exchange rate all created deflationary forces. These pressures were not offset by increases in nontradable inflation (despite sustained strong growth in aggregate demand). Core inflation dropped to 0 percent y/y in March 2026. Surveys indicate that one-year-ahead inflation expectations have remained below the BCCR's tolerance range (2–4 percent) since June 2025, creating a further deflationary force. The BCCR reduced its policy rate by 25 basis points in July, September, and December 2025 but the ex-ante real policy rate (i.e., deflated by one-year ahead inflation expectations) remains above neutral. While headline inflation will be boosted in the coming months by higher fuel prices, this seems unlikely to dislodge the pattern of entrenched, low or negative inflation.

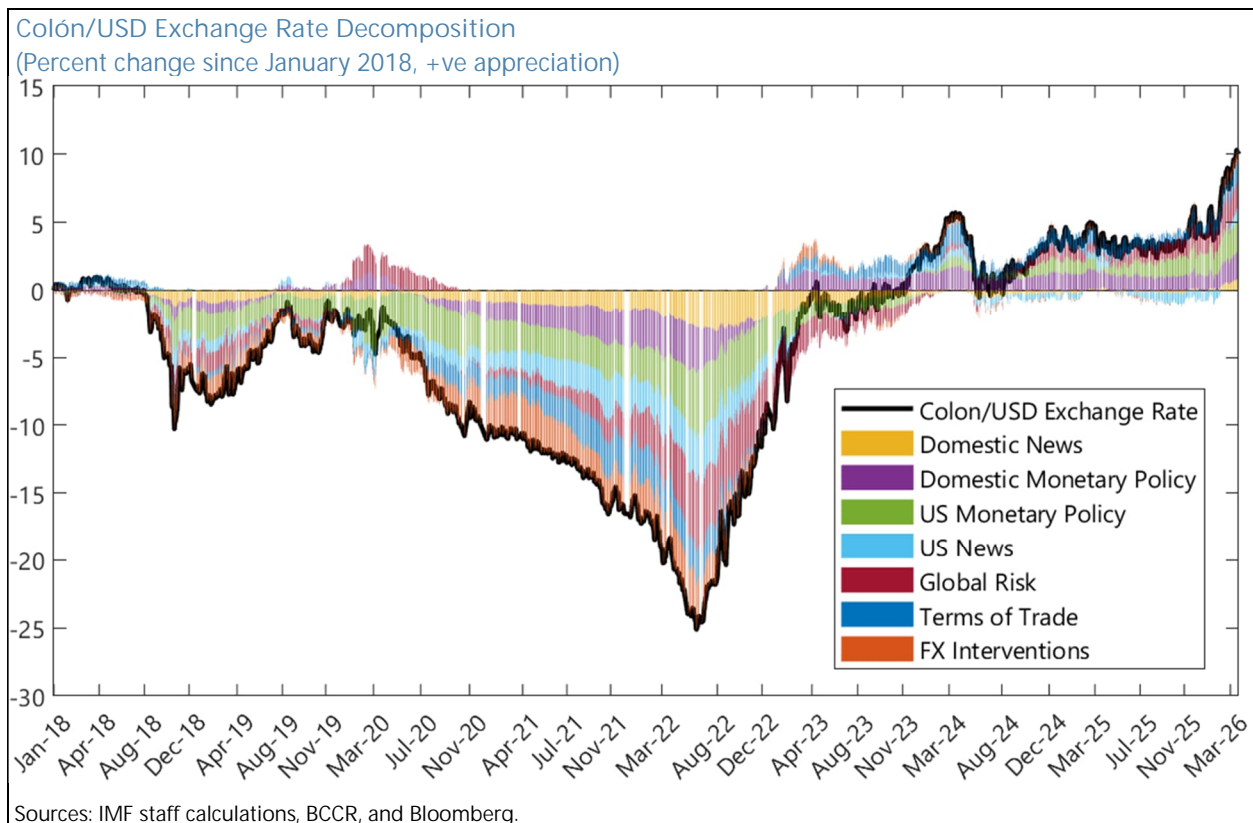


5. Credit growth decelerated to 3.6 percent y/y in 2025. Credit to the private sector remains below recent peaks and the credit gap is close to zero. Lending to construction and tourism was strong but credit decelerated for consumption, commerce, and services. Banks' aggregate nonperforming loans (NPL) ratio remains low (2.1 percent as of December 2025), and capital adequacy and liquidity buffers are comfortable. There are some signs of declining profitability for banks and, particularly, cooperatives but this has been largely attributable to more stringent requirements on loan loss provisioning.

6. Costa Rica's external position in 2025 was stronger than the level implied by medium-term fundamentals and desirable policies (Annex III). The current account deficit narrowed by 0.2 percentage point to 0.7 percent of GDP in 2025, as stronger-than-expected net goods trade (partly due to frontloading ahead of the tariff increase) more-than-offset a sharp slowdown in tourist arrivals. FDI inflows, especially investments in FTZs, remain strong. Sovereign spreads declined to around 130 basis points in April 2026 and both Moody's and S&P upgraded the sovereign. The colón appreciated by 2.2 percent in 2025 supported by strong domestic growth, a favorable terms-of-trade (TOT) shock, and accommodative global financial conditions (Box 1). The BCCR has increased its purchases of foreign exchange since the beginning of the year, adding to its international reserves (which were already adequate at end-2025 at US\$17 billion, 5.8 months of prospective imports, and 104 percent of the IMF reserve adequacy (ARA) metric), while the colón has appreciated further by 9 percent as of end-April 2026.

Box 1. Drivers of Costa Rica's Exchange Rate Fluctuations

To assess the drivers of the recent exchange rate appreciation, a Bayesian structural vector autoregression (SVAR) is estimated with sign restrictions using daily data over January 2015–March 2026, following a similar approach to Brandt et al. (2021).¹ The results indicate that the appreciation since July 2022 has been driven by domestic monetary tightening, favorable TOT shocks, and strong domestic growth, alongside external factors.



Tighter domestic monetary policy supported the colón appreciation during 2022–23, which was reinforced by favorable TOT developments, reflecting higher agricultural export prices and lower oil import prices. Strong and resilient domestic growth, reflected in robust goods exports, FDI, and sustained tourism flows, have also contributed to the colón appreciation.

External factors further reinforced the colón appreciation since 2024. The pause in the U.S. Fed's tightening cycle in late 2023 and the easing of U.S. monetary policy in late 2024 led to U.S. dollar depreciation, contributing to colón strength. The results also suggest that adverse U.S. growth shocks, including those following the April 2025 tariff announcements, further weakened the U.S. dollar and supported additional colón appreciation. The BCCR's net FX purchases have only marginally mitigated appreciation pressures, including in early 2026, which continued to be driven by Costa Rica's very strong economic fundamentals and institutional policy frameworks.

¹ Brandt, L., Saint Guilhem, A., Schröder, M., and Van Robays, I. 2021. "What drives euro area financial market developments? The role of U.S. spillovers and global risk", ECB Working Paper Series, No. 2560.

7. The primary surplus narrowed to 0.9 percent of GDP in 2025. Lower taxes on fuel, reductions in the consumption tax rate on selected goods, modest growth outside of the FTZs, and the effects of persistent deflation weighed on revenues. However, control over noninterest expenditures and lower interest costs (due to currency appreciation, a market friendly swap of domestic debt, and lower interest rates) reduced the overall deficit to 3.4 percent of GDP. Central government debt stood at 60.4 percent of GDP by end-2025, but this was partly due to an accumulation of cash buffers to meet upcoming debt repayments.

OUTLOOK AND RISKS

8. Growth is projected to moderate to 3.6 percent in 2026 and converge to potential growth (of 3.5 percent) over the medium term. Higher oil prices and tariffs will likely create headwinds to growth, but rising investment, robust export performance—partly reflecting a structural tariff advantage (Box 5)—and a broadly neutral fiscal position will be offsetting factors. Under a scenario where oil prices evolve in line with the reference forecast in the April 2026 World Economic Outlook (WEO),³ staff projects headline inflation to remain relatively low and return to the lower end of the BCCR's tolerance band only by 2027. Under the April 2026 WEO adverse scenario⁴ with higher oil prices in 2026 relative to the reference forecast, inflation would reach the 3 percent target in 2027. In both scenarios, inflation would fall again after the oil shock dissipates. While inflation risks are tilted to the upside in the near term, downside risk dominates over the longer term from inflation returning to a deflationary dynamic following the oil price pass-through effect. The current account deficit is projected to widen to 1½ percent of GDP in 2026, as the effects of higher oil prices and U.S. tariffs fully materialize and remittances inflows slow.

9. Risks to the outlook are tilted to the downside. Downside risks include an escalation in geopolitical tensions, greater protectionism and trade disruptions, a disorderly artificial intelligence (AI)-led market correction, and tighter global financial conditions which could slow export growth and FDI flows, raise external borrowing costs, and ultimately dampen growth prospects (Annex IV). Domestically, worsening crime could weigh heavily on tourism and investment, while higher oil prices could reduce real incomes and undermine consumption demand. On the upside, new trade agreements could boost investment, exports, and growth.

10. The authorities possess adequate buffers to pursue countercyclical policies in the event that downside risks materialize. Under a downside scenario (i.e., consistent with the severe scenario outlined in the April 2026 WEO⁵ that reduces real global growth by about 1.3 and 1.0 percentage points in 2026 and 2027, respectively, relative to the pre-conflict WEO forecast), Costa Rica's real GDP growth would slow by around 0.7 percentage point in 2026 and 2027. Higher oil prices would allow headline inflation to return to the BCCR's 3 percent target by end-2026 but

³ Average petroleum spot prices are assumed at US\$82 and US\$76 per barrel for 2026 and 2027, respectively.

⁴ Average petroleum spot prices are assumed at US\$100 and US\$75 per barrel for 2026 and 2027, respectively.

⁵ Average petroleum spot prices are assumed at US\$110 and US\$125 per barrel for 2026 and 2027, respectively, before dissipating in 2028.

inflation would eventually fall again. The current account deficit would widen and tighter global financial conditions would weigh on FDI and increase the cost of budget financing, while weaker GDP growth would reduce tax revenues and the primary fiscal surplus. Under this scenario, the authorities should provide near-term, temporary and targeted fiscal support within the expenditure limits afforded by the fiscal rule and recalibrate monetary policy to ensure inflation and inflation expectations remain close to target beyond the initial spike in global commodity prices. Once the shock subsides, fiscal policy should be focused on ensuring that debt returns to its original downward path and falls below 60 percent of GDP by 2030. The authorities should also not lose sight of the importance of implementing supply-side reforms even in these more difficult external conditions to ensure gains can be made in productivity and competitiveness. Precautionary and contingent credit lines—including the FCL—stand ready to be mobilized, if needed, to maintain confidence and ensure stable financing of the balance of payments.

Authorities' Views

11. The authorities mostly agreed with staff's assessment of the economic outlook, risks, and policy response to a plausible downside scenario, but emphasized that the outlook is now subject to heightened uncertainty from the Middle East war. The BCCR assessed potential growth at around 4 percent over the medium term, compared to the staff's estimate of 3.5 percent, citing strong private consumption, FDI, high-tech exports (notably medical devices), and tourism. Headline inflation is expected to return gradually to the tolerance range by the last quarter of 2026 under the authorities' baseline scenario, subject to significant upside risks stemming from higher commodity prices fueled by rising geopolitical tensions. The authorities agreed with staff's assessment of the external position but noted that elevated oil prices could increase import costs, which, combined with weaker external demand, could widen the current account deficit further. Should a downside scenario consistent with that outlined in the April 2026 WEO materialize, the authorities stand ready to react accordingly with monetary easing, if necessary, and temporary fiscal stimulus within the limits of the fiscal rule, supported by contingent financial instruments from various multilateral organizations. Finally, they highlighted that structural reforms, including planned investments in infrastructure, would help to build resilience to external shocks going forward.

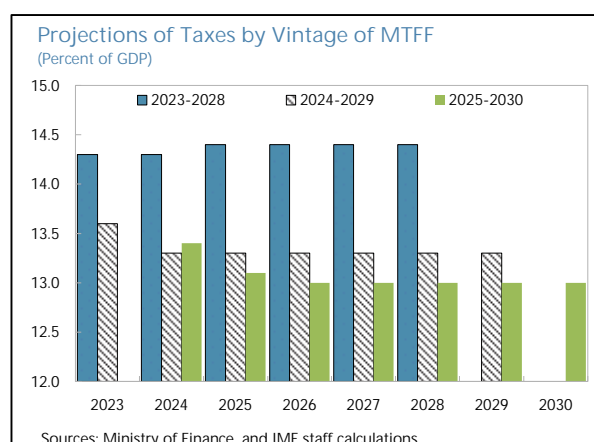
POLICY DISCUSSIONS

Costa Rica's policy priorities should be to keep debt on a downward trajectory while creating fiscal space for spending priorities; bring inflation and inflation expectations back to the BCCR's target in a sustained way; and support stronger and more inclusive growth. Achieving these goals will require (i) a revenue-enhancing tax package that allows for additional spending in capital investment, education, security, healthcare, and targeted social transfers; (ii) reforms to both public pensions and healthcare to ensure the sustainability of the social security system; (iii) resumption of policy rate cuts when there is greater clarity on the commodity price shock; (iv) measures to strengthen monetary policy transmission; and (v) supply-side reforms to remove structural bottlenecks to growth.

A. Fiscal Policy

12. The fiscal stance is expected to be broadly neutral in 2026–27. In 2026, staff projects a primary balance of around 0.9 percent of GDP, unchanged relative to 2025 even after extracting the effects of the business cycle. Tax buoyancy—supported by the pass-through of imported fuel prices to domestic market prices—is expected to offset a reduction in selective consumption taxes and there is scope to increase capital investment (security, housing, roads) and social spending (notably for pensions, healthcare, and education).⁶ However, in 2027, spending is expected to be constrained by the fiscal rule which will keep the primary balance broadly unchanged.

13. A revenue-raising tax reform would improve progressivity and provide resources for higher growth-enhancing spending. Under staff's baseline, central government debt is expected to reach 54 percent of GDP by 2035, a path assessed as sustainable with a low risk of sovereign distress (Annex V). Costa Rica has some fiscal space which is reflected in low sovereign spreads, moderate financing needs, and a steady downward path for debt-to-GDP expected over the medium term. However, recent policy changes⁷ have eroded the tax base which will limit future ability to fund spending. This could be reversed by:



- *Introducing a single rate for corporate income tax with a simplified regime for small taxpayers (0.1 percent of GDP).*
- *Reviewing and removing tax expenditures (Box 2).* This includes removing value added tax (VAT) exemptions on airline tickets, medical equipment, lottery winnings, wood/forestry products, and the rental of vehicles (collectively 0.2 percent of GDP). The basic goods basket should be taxed at the standard 13 percent rate (1.0 percent of GDP), and bonuses and the 14th salary paid to public sector employees should be taxable (0.3 percent of GDP). Higher social transfers should be designed to offset the increased tax burden for the poorest households. A periodic cost-benefit analysis of new and existing tax expenditures would help increase transparency and accountability in the annual budget prioritization process (see Annex I on ongoing technical assistance (TA) to review Costa Rica's suite of tax exemptions).

⁶ The 2026 budget targets a primary balance of 1 percent of GDP. Higher spending in 2026 partly reflects greater spending capacity after debt fell below 60 percent of GDP in 2024, but the authorities have so far avoided the introduction of measures to subsidize the rise in imported fuel prices.

⁷ These include the gradual reduction in the selective consumption tax and an increase in the income tax thresholds for the self-employed.

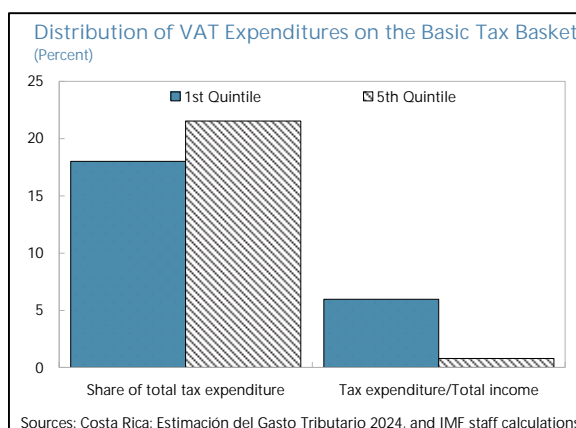
- *Approving the feebate scheme based on vehicle emissions to encourage the transition to electric vehicles, which, while intended to be revenue neutral, could reduce fuel tax receipts.*
- *Reducing the personal income tax thresholds for salaried workers and raising the marginal rate on the highest income earners (0.1 percent of GDP). This could be designed to increase progressivity and raise revenues.*

Box 2. Tax Expenditures in Costa Rica

Over several decades, Costa Rica has introduced a wide range of tax expenditures aimed at providing support and tax relief to various sectors. Costa Rica maintains over 400 tax expenditures, more than double the number of expenditures on average in the OECD or in Latin America and the Caribbean in 2023.¹ These expenditures are broadly split between tax relief on income and value added taxes, and the authorities note that they have played an essential role in supporting development, driving social equity, and promoting strategic economic sectors.²

Tax expenditures have reduced an already small tax base. While tax expenditures in Costa Rica—estimated at 4 percent of GDP in 2024—are comparable to the Central American and OECD averages, they erode a larger share of its total tax revenues (31 percent in 2023) compared with OECD or Latin America and the Caribbean peers (22 and 24 percent, respectively).³ This stems largely from Costa Rica’s comparatively low tax-to-GDP ratio, driven in part by relatively low VAT rates and still-high levels of informality.

Tax expenditures are broad-based and may not be well targeted. For example, while reduced VAT rates on the basic basket of goods are intended to mitigate the regressive impact of VAT on vulnerable households, this relief also benefits higher-income households who are better positioned to pay. Just 18 percent of the 1 percent of GDP in tax expenditures related to the basic basket of goods benefit the lowest 20 percent of income earners, compared to 21½ percent for the top earning quintile, corresponding to 6 and 1 percent respectively, of those households’ gross incomes. Moreover, tax expenditures related to reduced or zero tax charged on airline tickets, lottery winnings, and vehicle rentals, are likely to disproportionately benefit the higher income segments of the economy. In this regard, conducting a cost-benefit analysis of the existing (and any future) suite of tax expenditures would be necessary to ensure that they are delivering their stated objectives.



¹ See [Comunicados Departamento de Gestión de Exenciones](#).

² See [Informe Costa Rica: Estimación del Gasto Tributario](#).

³ Cross-country comparison is based on information from the Global Tax Expenditures Database (GTED) database. Caution is needed in country comparisons of revenue forgone in tax expenditures since estimates reflect country-specific benchmarks and methodology.

14. Ongoing efforts at strengthening revenue administration would complement the proposed changes in tax policy. Improvements to tax administration—including through increased digitization, tax cooperation with bilateral partners, an intensive information campaign, and the

consolidation of arrears collection within a unified office in the Ministry of Finance—have started to bear fruit and are estimated to have yielded an additional 0.3 percent of GDP in tax collections during 2025. Fully rolling out *Hacienda Digital*—the Ministry of Finance’s digital platform for tax revenue management—will strengthen tax compliance by sharing information more effectively across agencies, while increasing compliance and reducing tax collection costs.

15. Structurally higher revenues would provide resources for needed spending on capital investment, education, security, healthcare, and targeted social transfers.⁸ Prudent expenditure management, including through the full implementation of the Public Employment Law and adherence to the fiscal rule, is expected to contain growth in noninterest expenditure over the medium term. However, there are unmet spending needs to:

- *Upgrade road, rail and port infrastructure* to improve connectivity and facilitate trade.
- *Expand child and elder care services* to support higher female labor force participation.
- *Improve education* with a focus on reducing inequality in quality of education, increasing access to early education for vulnerable households, and strengthening vocational and technical training.
- *Increase targeted social transfers to the most vulnerable* by leveraging the Single Registry of State Beneficiaries (SINIRUBE).⁹
- *Extend the coverage of the non-contributory pension* to all elderly individuals living below the poverty line.¹⁰
- *Strengthen law enforcement* by increasing staffing, training, and operational resources, particularly in the provinces identified as facing higher crime and insecurity.
- *Improve primary and preventative care*, including by increasing the efficiency of the provision of existing healthcare services and investing in new medical technologies to reduce the excess cost of healthcare.

⁸ Spending related to the Social Development and Family Allowances Fund (FODESAF) which manages social programs including those related to the non-contributory pension, school scholarships, and resources allocated to police forces are excluded from the fiscal rule and would not be constrained by aggregate expenditure limits.

⁹ IMF TA Report [Universal Basic Pension: Objectives and Constraints \(2023\)](#) noted SINIRUBE’s effectiveness at selecting and targeting poor households under the *Bono Proteger* cash transfer program.

¹⁰ See IMF TA Report [Universal Basic Pension: Objectives and Constraints \(2023\)](#).

Costa Rica: Recommended Fiscal Measures (In percent of GDP, deviations from the baseline scenario)				
	Annual yields		Cumulative yields 1/	
	2026	2027	2026	2027
Expenditure measures	-0.5	-0.8	-0.5	-1.3
Infrastructure investment	-0.5	0.0	-0.5	-0.5
Elderly care and childcare services	0.0	-0.1	0.0	-0.1
Education	0.0	-0.2	0.0	-0.2
Targeted social programs	0.0	-0.2	0.0	-0.2
Non-contributory pensions	0.0	-0.1	0.0	-0.1
Security	0.0	-0.1	0.0	-0.1
Primary and preventative care	0.0	-0.1	0.0	-0.1
Revenue measures	0.5	1.3	0.5	1.8
Corporate income tax 2/	0.0	0.1	0.0	0.1
Removing tax expenditures	0.5	1.1	0.5	1.6
Feebate scheme 3/	0.0	0.0	0.0	0.0
Personal income tax 4/	0.0	0.1	0.0	0.1
Total fiscal consolidation	0.0	0.5	0.0	0.5
<i>Memorandum items</i>				
Primary balance (baseline)			0.9	0.9
Primary balance (reform scenario)			0.9	1.4
Fiscal impulse (baseline)			0.0	-0.1
Fiscal impulse (reform scenario)			0.0	-0.6
Government debt (baseline)			61.1	61.4
Government debt (reform scenario)			61.1	60.9
Source: IMF staff estimates.				
1/ Represents gains in percent of GDP by 2027 relative to baseline.				
2/ Single CIT rate and revised regime for small taxpayers.				
3/ Feebate scheme based on vehicle emissions; assumed to be revenue neutral.				
4/ Reduce PIT threshold for salaried workers and raise marginal rate on highest earners.				

16. The Ministry of Finance and the *Caja Costarricense de Seguro Social* (CCSS) continue to work toward a resolution of the disputed claims on the central government. Annual transfers to the CCSS from the central government have averaged about 1 percent of GDP since 2017 but have fallen short of the amounts that the CCSS claims are necessary to meet the government's pension and healthcare obligations. Consequently, the CCSS has recorded claims on the government estimated at 8½ percent of GDP, the majority related to disputed healthcare obligations. The authorities have recorded this claim as a contingent liability for the central government and are making substantial efforts to increase transfers to the CCSS for the state's contribution to the social security pension system and to cover self-employed workers' pension insurance. The authorities have agreed in principle to settle certain past claims to the CCSS and are working to resolve the remaining claims. Improving the registry of beneficiaries, increasing the transparency of CCSS activities, fully applying international public sector accounting standards to

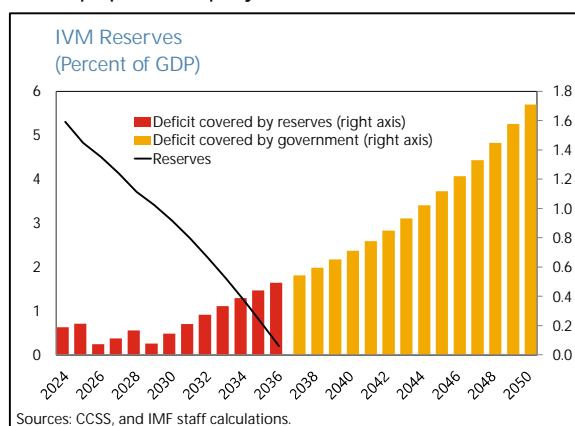
the CCSS, and clarifying the scope and nature of benefits and services that are required to be financed by the central government (along with a clear legal framework to govern these improvements) would help avoid such disputed obligations in the future.

17. Broader reforms are necessary to ensure the long-term sustainability of the social security system. Costa Rica's declining fertility rate and rising life expectancy have put increased demographic pressure on the financial position of the pension and healthcare systems (Box 3). Absent additional reforms, the *Régimen de Invalidez, Vejez y Muerte* (IVM) pension system's reserves could be exhausted by the mid-2030s and healthcare reserves are expected to end before 2030. A combination of parametric reforms on the spending side is needed (there is little scope to increase the already-high social contribution and payroll tax rates). Consideration should be given to expanding investment in primary care, improving preventive services, and adopting measures to reduce healthcare costs through new medical technologies, better procurement, and re-examining coverage of expensive treatments. Regular public reporting on the viability of the pension and healthcare system would also be valuable.

Box 3. Sustainability of the Pension and Healthcare Systems

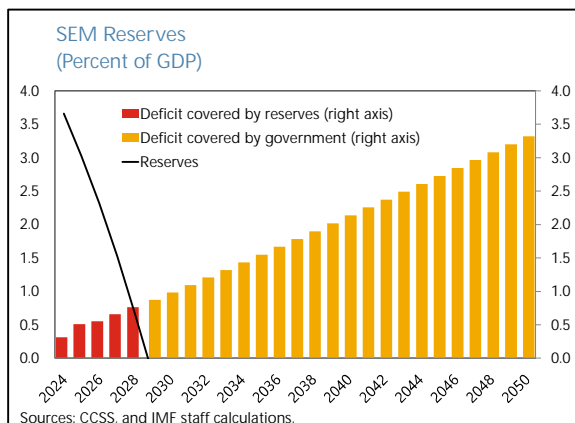
Costa Rica exhibits higher life expectancy and a lower fertility rate than other CAPDR countries, comparable to the average of high-income countries. The fertility rate has declined from 2.4 children per woman in 2000 to 1.3 in 2023 and is projected to stabilize around that level in the long term. Meanwhile, life expectancy has risen from 77 years in 2000 to 81 years in 2023 and is projected to reach 85 years in 2050. Consequently, the old-age dependency ratio is expected to increase rapidly from 18 percent in 2025 to 41 percent in 2050. These trends directly affect the financial sustainability of pension and healthcare systems by shrinking the size of the workforce and increasing the share of the elderly population.

Without additional reforms, the main pension scheme (IVM) is expected to run out of reserves by the mid-2030s. Leveraging staff's cash flow analysis based on UN population projections and IMF macroeconomic projections, and calibrated to capture the Costa Rica-specific context, staff estimates that the present discounted value of net IVM cash flows would amount to –10 percent of GDP.¹ Annual IVM deficits covered by existing reserves would widen from around 0.2 percent of GDP in 2024 to 0.5 percent of GDP in 2036, driven largely by rising pension expenditures associated with mounting demographic pressures. With reserves then exhausted, IVM cash flow deficits would need to be covered entirely by the central government, rising steadily to around 1.7 percent of GDP by 2050.



Box 3. Sustainability of the Pension and Healthcare Systems (Concluded)

Under staff’s baseline, the existing reserves of compulsory health insurance (*Seguro de Enfermedad y Maternidad, SEM*) are projected to run out by 2029. Costa Ricans finance almost ¾ of healthcare via the SEM—which is managed by the CCSS—compared to just 38 percent for the average OECD country. Absent additional reforms, the annual cash flow deficit would increase from 0.3 percent of GDP in 2024 to 0.8 percent of GDP in 2028, driven largely by rising excess costs associated with technological advancements and rising labor costs.² Beyond this point and with reserves exhausted, the accelerated effects of population aging will widen the deficit further to 3.3 percent of GDP in 2050, fully covered by the central government.

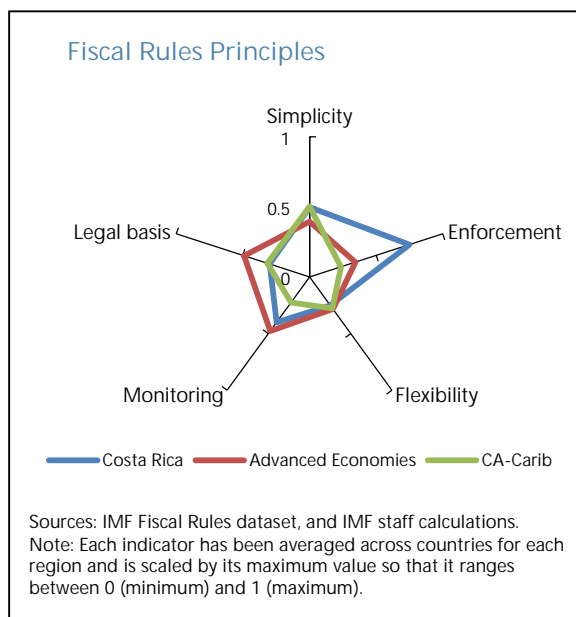


¹ The projection uses the toolkit developed by [Acosta-Ormaechea, Espinosa-Vega, and Wachs \(2017\)](#). While not a substitute for detailed actuarial projections, the toolkit enables consistent, transparent, and regularly replicable simulations of public expenditure trajectories.

² Excess cost growth refers to the share of healthcare expenditure growth not explained by demographic factors.

18. Approval of the constitutional reform to permit external debt issuance by the executive branch within the overall borrowing limit approved by the Legislative Assembly alongside the budget would help diversify financing sources, increase the agility of the debt management agency, and reduce borrowing costs. In the interim, the authorities have tapped cheaper sources of financing by successfully issuing three €1 billion domestic bonds in November 2025, and January and April 2026. At a minimum, having the legislature vote to permit the issuance of up to US\$1.5 billion each year would help provide predictability and deepen the domestic debt market (to complement reforms already made to improve market making in sovereign bonds and provide a clear medium-term debt strategy).

19. The fiscal rule has been effective at incentivizing fiscal discipline and reducing public debt. Since the enactment of the fiscal rule in 2020, the overall fiscal balance has improved by 5 percentage points of GDP and central government debt has fallen by 6.1 percentage points of GDP. The fiscal rule is transparent, relatively simple, and allows flexibility in crises through an escape clause. The rule compares favorably to international best practice and has clear and strong enforcement provisions. Consistent with IMF advice, the authorities have introduced an explicit debt anchor—50 percent of GDP by 2035—and have incorporated this goal



into the medium-term fiscal framework (MTFF).¹¹ There is scope to expand the coverage of the rule, prohibit ad-hoc exclusions of entities or expenditure items, and operationalize the Fiscal Council (that would verify compliance with the rule and provide an independent assessment of the overall MTFF). Fully staffing a macro-fiscal unit within the Ministry of Finance would also be a positive step in strengthening the institutional framework for fiscal policy.

20. There is an ongoing transition to GFSM 2014. Statistical reporting at the general government level is advanced, and work is underway to expand institutional coverage, improve flows and stocks classification by late 2027, and validate the estimation of accrual interest methods (Annex VII). The process is being complicated by limited institutional capacity and source data, and manual statistical compilation systems.¹² Despite progress in the methodological components, operationalization of the transition hinges on the successful implementation of *Hacienda Digital*. As a result, the authorities have committed to preparing the 2028 budget and MTFF consistent with GFSM 2014, complete with an explanation of the transition and classification changes.

Authorities' Views

21. The authorities remain firmly committed to fiscal sustainability. They agreed that recent policy changes have eroded the tax base and share staff's views that more targeted support, rather than broad-based tax exemptions, would more efficiently achieve their fiscal and social objectives. In an unchanged policies scenario, they expect revenues to fall as a share of GDP over the medium term, also reflecting slower economic growth outside of the free trade zones. They recognized that a broad-based tax reform, notably the removal of certain tax exemptions, and ongoing improvements in tax administration are necessary to expand fiscal space to fund priority spending in security and infrastructure. The authorities reaffirmed their commitment to the fiscal rule and plan to strengthen the macro-fiscal unit, in line with staff's advice. They will continue to advance debt management reforms, including passing key legislation to enhance flexibility in external bond issuance, to ensure adequate liquidity buffers and reduce borrowing costs. The authorities and the CCSS are working toward a timely resolution of the claims on the central government. In this respect, the authorities welcome the long-postponed implementation of International Public Sector Accounting Standards (IPSAS) within the CCSS as an important step in this process.

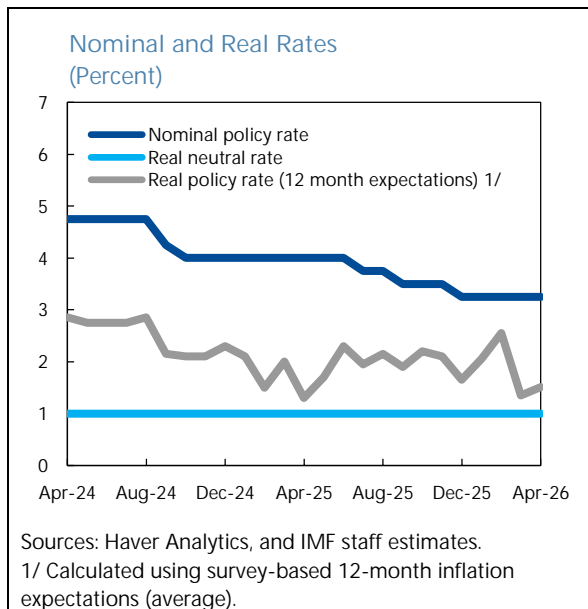
B. Monetary and Exchange Rate Policy

22. Monetary policy should stand ready to bring inflation and inflation expectations back to target in a sustained way. The real policy rate is above staff estimates of neutral and inflation would remain below the central bank's target until at least 2029, assuming oil prices evolve in line with the reference forecast in the April 2026 WEO. This appears to be clear evidence for a reduction in the policy rate. However, the expected pass-through of higher global commodity prices (e.g., oil,

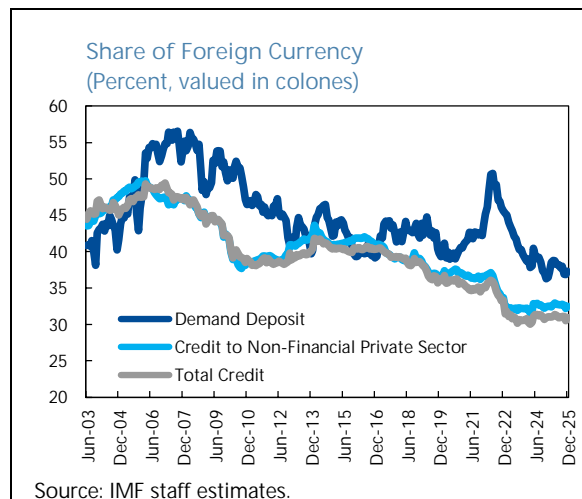
¹¹ See IMF TA Report (2023) on [Upgrading the Rule-Based Fiscal Framework](#).

¹² See Annex VI of [IMF Country Report No. 25/108](#).

grains, and fertilizers) to headline inflation provides some room for a pause in monetary easing to evaluate the scope and duration of the Middle East conflict, the path for global energy prices, and their impact on both headline and core inflation in Costa Rica. Once the nature and effects of the supply shock become clearer, the BCCR should be prepared to resume cuts in the policy rate to avoid inflation from reverting to a deflationary dynamic and ensure inflation and inflation expectations remain anchored at the 3 percent target. The BCCR's ongoing review of the inflation targeting framework should provide a valuable opportunity to re-examine the analytical foundations of policy decisions, communication practices, and how Costa Rica compares with other inflation targeters. It will be important to consult broadly with civil society, financial market participants, academics, and the business community.



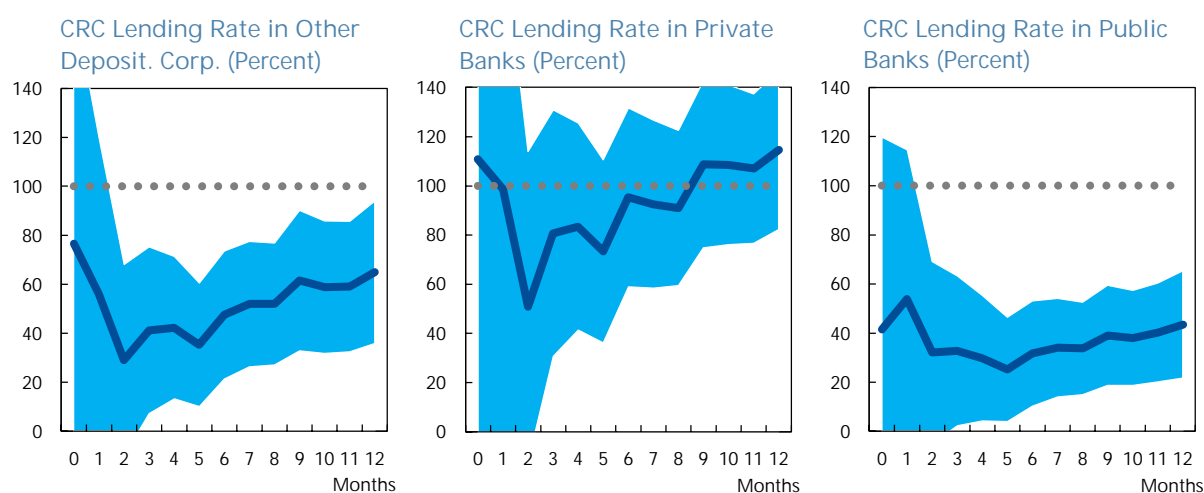
23. Strengthening monetary transmission mechanisms would enhance the effectiveness of monetary policy. Incomplete pass-through from the policy rate to lending and deposit rates—with substantial heterogeneity between private and public banks—appears to hinder the full transmission of changes in monetary policy (Box 4). In a low-inflation environment, this raises real borrowing costs and slows the re-anchoring of inflation expectations, thereby prolonging deflationary dynamics. As such, the authorities should accelerate reforms to reduce dollarization and market frictions (e.g., through stricter prudential requirements on open FX positions and dollar lending or by fostering the development of capital markets in local currency)—coupled with the modernization of central bank communications. These would help strengthen monetary policy transmission and broaden the central bank’s toolkit to ensure inflation converges to target and expectations remain firmly anchored at 3 percent. Additionally, passing legislation to strengthen the BCCR's governance, transparency, and accountability, and to institutionalize its de facto autonomy, would be an important step toward reinforcing the credibility and effectiveness of monetary policy.



Box 4. Monetary Policy Transmission in Costa Rica

Costa Rica's inflation targeting regime has served the country well since the process began in 2005. The country successfully transitioned to a full-fledged inflation targeting regime in January 2018, after gradually achieving exchange rate flexibility. In addition to the exchange rate channel of monetary policy, the interest rate channel remains incomplete due to market frictions and dollarization in the banking sector.

Empirical analysis using local projection and instrumental variables methods suggests that there is incomplete pass-through from the policy rate to average lending and deposit rates offered by other depository corporations. Estimates show that there is substantial heterogeneity between colón (CRC) and USD rates and between private and public banks. At a 12-month horizon, the pass-through to the lending (deposit) rate is around 65 (85) percent in CRC and 35 (25) percent in USD. The pass-through to the CRC lending rate is estimated to be complete for private banks, but less than half for public banks. Additionally, banks may have kept lending rates high to compensate for tighter financial regulations—including the January 2024 introduction of a new regulation governing the calculation of credit risks requiring higher loan loss provisions and the reactivation of the regulations around countercyclical provisions—partially offsetting the effects of recent reductions in the policy rate on lending rates.



Sources: BCCR, Consensus Forecast, and IMF staff calculations.

Notes: Introduced by Jordà (2005), local projection methods are robust and flexible methods for estimating impulse response functions (IRFs) by running separate regressions for each future horizon. Other depository corporations include banks, cooperatives, mutuals, and finance companies. The interest rates are negotiated rates for new transactions weighted by the amount. Shaded areas are 90 percent confidence intervals. The pass-through is calculated as the “cumulative multiplier” specified in Leigh and Xu (2025), Jordà and Taylor (2024), and Ramey and Zubairy (2018) using 2018M1–2025M10 lending rate data and 2016M1–2025M10 deposit rate data. The instrumental variable is constructed following the approach in Romer and Romer (2004) and Holm et al (2021) using 2006M11–2025M10 data.

24. Foreign exchange interventions should be limited to ensuring orderly market conditions in the event of large shocks. Central bank intervention—including for reserve accumulation, operations on behalf of the non-financial public sector (NFPS), and more recently to address excessive exchange rate volatility—has continued in 2026 which weakens monetary transmission and hinders the development of the FX and FX derivatives market (contrary to ongoing efforts to develop the market and provide a clear framework for derivatives contracts). Given adequate reserve coverage, further reserve accumulation is unnecessary, and FX intervention should

be limited to episodes of disorderly market conditions. To increase the clarity and transparency of the central bank's FX operations and to increase FX market liquidity, public sector institutions should be required to manage their FX needs independently, without relying on the central bank.

Authorities' Views

25. The authorities view current monetary policy as finely balanced amid rising global uncertainty. The BCCR noted that the recent low inflation is largely driven by external factors and thus saw limited scope for monetary policy to influence near term outcomes. Going forward, sustained uncertainty surrounding oil prices could drive up inflation. The BCCR also cautioned, given the ongoing uncertainty stemming from the Middle East war, that additional rate cuts could have implications for financial stability and could risk increasing both inflation and inflation expectations above the target. In this context, the BCCR will continue to closely monitor global developments and inflation risk balance, and will adjust monetary policy as needed. Regarding the ongoing review of the inflation targeting framework, the BCCR will continue supporting the process with robust analytical work, while ensuring clear communication of progress and decisions, and conducting public consultations with key stakeholders. On international reserves, the BCCR agreed that coverage remains in line with adequacy metrics and noted that recent FX interventions are aimed at addressing excessive exchange rate volatility. The authorities also reiterated their strong commitment to strengthening de jure central bank independence through constitutional reforms.

C. Financial Oversight

26. In the more complex global environment, it will be important to continue monitoring financial risks closely and to expedite the implementation of key improvements in financial institutions and oversight. Systemic risks are contained. However, approving the new bank resolution and deposit insurance framework would provide a stronger basis for crisis management and strengthen the protection of depositors. With a well-designed deposit insurance in place, the blanket deposit guarantee for the state-owned banks should be eliminated to ensure a level playing field with private banks. Strengthening the macroprudential toolkit (e.g., by reinforcing borrower-based tools) would help mitigate pockets of potential financial vulnerability (e.g., in foreign currency and consumer lending), including any arising from further monetary easing and exchange rate volatility.

27. The authorities are making progress to fully implement risk-based and consolidated supervision, in line with the 2022 World Bank FSAP recommendations. Risk-based supervision is largely in place, reflecting important progress in strengthening financial sector oversight and fostering a more risk-focused supervisory culture. Further embedding the focus on risks in supervisory practice would help further strengthen the effectiveness of financial oversight.

28. Reforms to the mandatory defined-contribution pension funds should be carefully managed. The planned reform to shift the *Régimen Obligatorio de Pensiones* to generational funds based on workers' ages has been postponed until 2029. There is, though, scope to gradually relax the current regulatory limits on pension funds' foreign investments to help incentivize

diversification. Increasing allocations to foreign assets would be supported by ongoing efforts to deepen the FX and FX derivatives market. However, allowing early withdrawals from these defined contribution accounts would have negative macroeconomic and financial impacts and should be avoided.

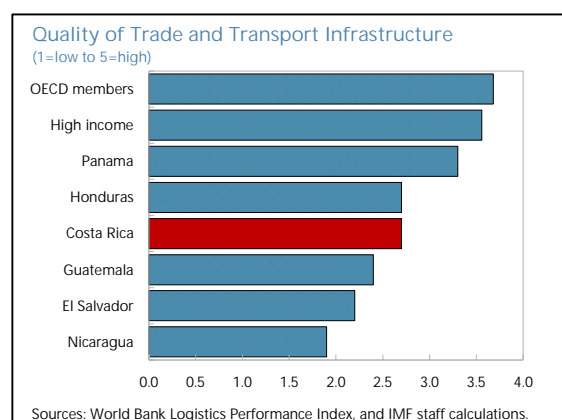
29. There is scope to strengthen the regulatory framework for financial innovation. Financial inclusion in Costa Rica is high relative to regional peers. Indicators of access to household credit, deposits, and payment services generally outperform those of comparator countries, and firms do not generally face significant constraints in obtaining credit (Figure 5). Usage of the national electronic payment system continues to expand. Nonetheless, high-cost informal lending (“*gota-a-gota*”) is still common among vulnerable households. Legislative approval of a clear regulatory framework for fintech firms and digital assets would create greater competition for these informal lenders, promote financial innovation, expand the reach of financial services, increase consumer protection, and reduce financial stability risks. This regulatory framework should be in line with international best practices whereby fintech firms are subject to the same prudential and AML/CFT framework as other financial institutions (to avoid regulatory arbitrage).

Authorities’ Views

30. The authorities agreed on the need to further strengthen financial regulation and supervision. They plan to deepen the implementation of risk-based supervision, particularly in operational resilience and cybersecurity, alongside more data-driven engagement with financial institutions. Passage of the new bank resolution and deposit insurance law—supported by an adequate funding mechanism—is a priority for the new legislature. The authorities also underscored the need to reinforce the macroprudential framework to address emerging vulnerabilities and recognized fintech’s potential to foster financial development and bank competition, while adopting an appropriate regulatory framework for fintech.

D. Supply-Side Policies

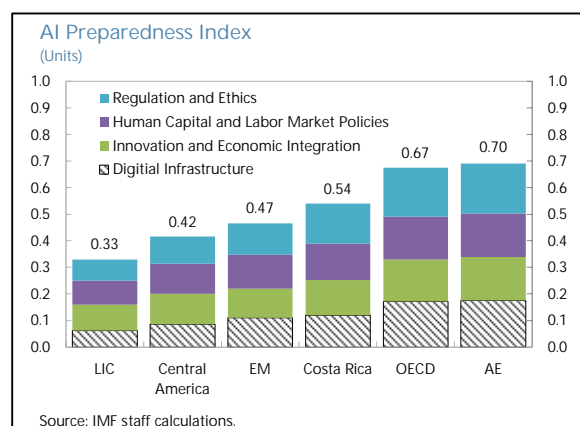
31. Long-term growth is constrained by various bottlenecks and addressing these will require actions on multiple fronts. The level of informal employment remains high at 38 percent and female labor force participation is low at 42 percent. There is insufficient access to early childhood and elder care for the poorest households. Firms face a growing skills gap and a large share of the young are not engaged in employment, education or training. There is increasing evidence that growth is being held back by rising crime and inadequate road and port capacity.



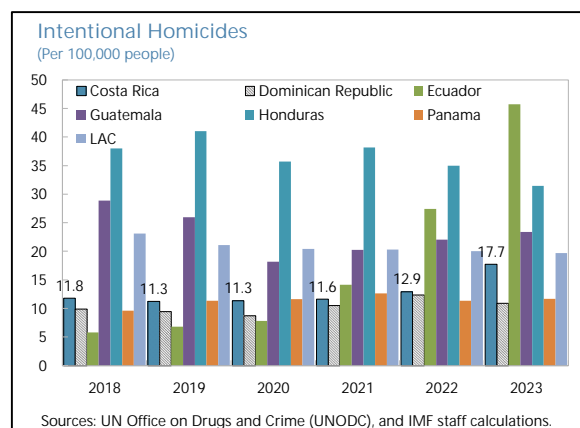
32. There is broad scope to:

- *Alleviate the child and elder care burden to encourage greater labor force participation.* This would complement ongoing and proposed efforts to increase formal employment and advance economic autonomy for women.
- *Align employee skills with market needs.* Despite increases in college graduation rates, there has been a relatively high level of unemployment for those with a university education (18.6 percent) which suggests important skills mismatches. The dual vocational education and training program (*Educación y Formación Técnica Profesional Dual*) could more closely target training to business needs. There is also scope to simplify the administrative procedures for businesses to join the program and to expand the scope to the whole country (rather than just the FTZs).

- *Leverage Costa Rica's readiness for AI.* According to the IMF's AI Preparedness Index, Costa Rica ranks first among Central American peers in AI preparedness, supported by its relative strengths in regulation and ethics, human capital and labor market policies, and digital infrastructure. The Ministry of Finance has already successfully leveraged AI to enhance tax administration but there is scope to expand AI use across the public and private sector. This will require accelerating training in digital skills, developing a robust regulatory framework for data protection, and ensuring equitable access to digital technologies across all segments of society to minimize the displacement of workers.¹³



- *Tackle security concerns.* The Observatory of Violence of the Ministry of Justice and Peace recorded relatively high homicide rates over the past three years linked to disputes among organized crime groups and drug trafficking. This has had an impact on tourism and domestic demand. Reducing the homicide rate to the median of other high-income countries in Latin America and the Caribbean—by investing in law enforcement, improving inter-agency cooperation, and providing programs to divert young people from criminal activities—could boost annual real GDP growth by 0.2 percentage point over the medium term.¹⁴



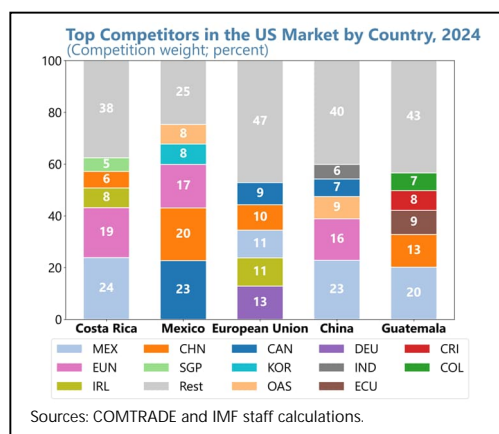
¹³ See [National Artificial Intelligence Strategy of Costa Rica 2024–2027](#).

¹⁴ See [Annex 4 of the October 2023 Regional Economic Outlook: Western Hemisphere](#).

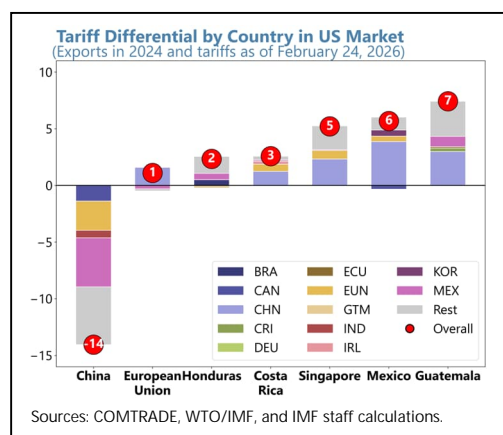
- Utilize public-private partnerships (PPPs) to address key infrastructure gaps, including in transportation and logistics capacity. A well-developed regulatory and institutional environment is in place to support PPPs but there is scope to improve the current framework. The proposed PPP law would support the creation of a dedicated PPP agency, allow for better prioritization, selection, structuring, and monitoring of proposed projects, and set upper limits on the size of contingent liabilities to the government associated with these projects. This would also accelerate export growth and diversification beyond the FTZs. In advance of this legislation, the authorities are already working on a structured approach to improve PPP prioritization and selection.
- Accelerate product innovation by increasing R&D linkages between domestic firms and multinational corporations, promoting trade, and expanding export diversification efforts to new, high-value added products¹⁵ and beyond the FTZs (Box 5).

Box 5. Export Competitiveness and Opportunities for Costa Rica

The EU, Mexico, China, and Singapore are Costa Rica’s main competitors in products where Costa Rica holds significant U.S. market presence. To assess this, staff evaluates each country’s degree of competitiveness in the U.S. market, by considering both the products it exports and the competitors’ corresponding market share. The competition weight is constructed as a weighted sum across products. A higher weight for each competitor suggests that the competitor has large market shares in the U.S. for the specific products that Costa Rica also exports heavily to the U.S. Costa Rica’s main competitor is Mexico, while Costa Rica is not a major competitor among other peers except for Guatemala.



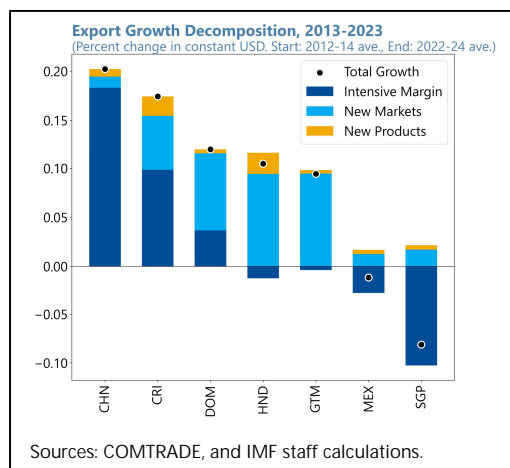
Costa Rica holds a tariff advantage, albeit modest, in the U.S. market compared to key competitors. To assess this, a tariff-weighted competition differential (a measure of a country's net competitive position) is calculated by summing tariff differentials across competitors, scaled by their competition weights.¹ The analysis suggests that Costa Rica benefits from higher U.S. tariffs on China and the EU, but this advantage is limited because its other major competitors (Mexico and Singapore) face comparable or lower tariffs. In addition, these competitive advantages may be tempered by income effects if higher U.S. tariffs reduce overall U.S. import demand, potentially shrinking the market for all exporters regardless of their relative tariff positions.



¹⁵ See [The Harvard Atlas of Economic Complexity](#).

Box 5. Export Competitiveness and Opportunities for Costa Rica (Concluded)

Costa Rica's export performance over the past decade reflects a balanced diversification strategy, with total export growth of 17 percent. Of this growth, exports of existing products to existing destinations contributed 10 percentage points, indicating that existing trade relationships remained robust, while expansions into new markets accounted for 6 percentage points, with the residual associated with the introduction of new products to new or existing markets. Costa Rica's export diversification is favorable relative to its competitors, though the relatively modest contribution from new products (2 percentage points) suggests room for further innovation-driven growth.



¹ Weights are calculated using 2024 (pre-tariff) trade flows. Moreover, the aggregate measure may mask heterogeneity at the product level, where tariff advantages against specific competitors could generate diversion effects.

33. Climate-related reforms are moving ahead and should help enhance resilience. These include:

- *An assessment of the environmental impact of tax incentives* published in the government's annual tax expenditure report for 2024 which identified measures in agriculture, livestock, forestry, fisheries (0.1 percent of GDP), and transport and storage (0.2 percent of GDP) that had a negative environmental impact. Some of these tax incentives should be reconsidered.
- *The development of a Sustainable Financing Framework*, which will complement ongoing efforts to increase disaster risk insurance.
- *New access to climate-related contingent credit lines*. These include a US\$500 million green credit line with CAF and the World Bank's US\$200 million Development Policy Loan that contains a Deferred Drawdown Option.
- *Close to 100 percent electricity generation from renewable sources and efforts to increase the penetration of electric-powered transportation*. This improves energy security and provides greater insulation from global energy shocks, considering Costa Rica's dependence on imported fossil fuels for at least half of its energy supply.¹⁶

Authorities' Views

34. The authorities continue advancing supply-side reforms to support inclusive growth. These include ongoing and planned investments in road and transport infrastructure, including the development of an electric train to connect San José, Alajuela, Heredia, and Cartago, as well as the

¹⁶ See [International Energy Agency](#).

extension of the road to San Ramón to ease traffic congestion and facilitate trade. In this respect, they consider the pending passage of the proposed PPP law as key to addressing infrastructure gaps, given the constraints imposed by the fiscal rule and the need to maintain fiscal discipline. They are tackling elevated crime rates through a multidimensional approach which combines efforts to strengthen law enforcement while leveraging sports and education to expand recreational and employment opportunities for at-risk youth. Moreover, they see the expansion of child and elder care services and training opportunities as key to promoting greater female participation in the labor market. As part of the “We Let You Work” initiative, the authorities have eliminated 186 regulatory bottlenecks to improve the ease of business and have already started to support firms to better leverage AI through the provision of targeted courses. Finally, the authorities continue to sign new trade agreements to diversify exports into new products and to new markets. These and other initiatives will be underpinned by the new National Development Plan, which they expect to launch by August 2026.

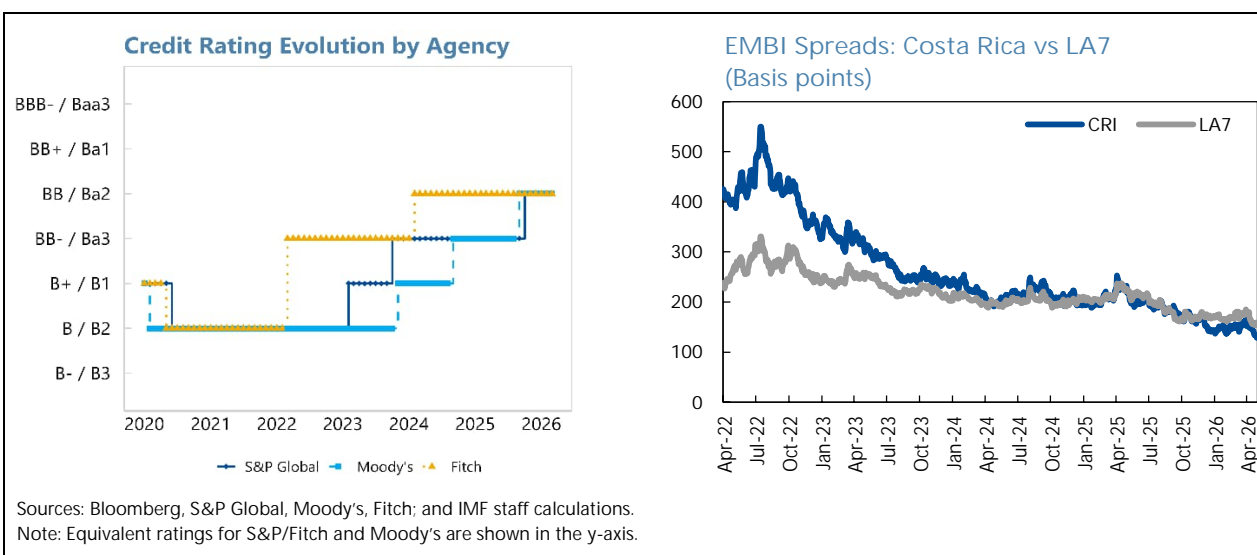
FCL REVIEW

35. Costa Rica continues to meet the qualification criteria for the FCL arrangement. Costa Rica has a sustained track record of implementing very strong policies and continues to have very strong economic fundamentals and institutional policy frameworks. Staff does not see substantive changes in qualification since the approval of the 2025 FCL arrangement (text table).

- *Sustainable external position.* The external position in 2025 was stronger than the level implied by medium-term fundamentals and desirable policies (Annex III). Efforts are underway to improve the functioning and liquidity of the FX market, and macroprudential measures are being actively used to mitigate potential FX vulnerabilities. Gross external debt has slightly increased to 42.0 percent of GDP in 2025 from 40.6 percent in 2024 (Annex VI) while the noninterest current account surplus was 0.9 percent of GDP. The net international investment position (NIIP) improved to -45.9 percent of GDP at end-2025.
- *Capital account position dominated by private flows.* For 2023–2025, private flows accounted for 55.1 percent of gross inflows and outflows (67.3 percent excluding reserve accumulation). After falling below 40 percent in 2023 because of significant reserve accumulation (which accounted for 27.6 percent of total flows), the share of private flows rose to 59.6 percent in 2024 and further increased to 66.2 percent in 2025, reflecting strong portfolio inflows despite substantial reserve accumulation. The private sector’s share of IIP liabilities remained over 80 percent at end-2025 and the private share of IIP assets was around 47 percent.
- *A track record of steady sovereign access to international capital markets at favorable terms.* Costa Rica’s public sector has issued sovereign debt in four out of the past five calendar years. Issuances are equivalent to 11.7 times Costa Rica’s quota, well above the FCL threshold of 50 percent. EMBI spreads declined to about 130 basis points in April 2026, the lowest on record. Costa Rica’s sovereign credit rating is currently two notches below investment grade.

Costa Rica: USD-denominated External Bond Issuances, 2019-2025 (USD million)							
	2019	2020	2021	2022	2023	2024	2025
Central government eurobonds	1467				2921		
Central government GDNs 1/	719		1600	800			
Banco Nacional (blue bond)						50	
ICE (SLB)			300				
Total	2187		1900	800	2921	50	

Sources: Bloomberg, Citibank, Green Finance LAC; and IMF staff calculations.
1/ Global Depository Notes. Only includes USD-denominated notes with underlying security denominated in USD. GDNs settled/denominated in USD based on underlying CRC securities not included. Data based on outstanding amounts at the time data was accessed. Actual holdings by foreigners are not available.



- *A comfortable international reserve position.* There has been a strengthening across several indicators since the FCL request, including an ARA metric above 100 percent in 2025. Other important factors contributing to the assessment are the access to the Latin American Reserve Fund (about 9.2 percent of end-2025 reserves), contingent credit lines with CAF and the World Bank, macroprudential measures that significantly reduce FX risks, and a high weight of FDI in external financing.

Costa Rica: Reserve Coverage Indicators, 2022–2026 (Percent of metric)					
	2022	2023	2024	2025 (FCL)	2026 (est.)
ARA (float)	107	144	147	162	167
ARA (not float)	70	94	94	104	107
3 months of next year's imports	118	171	171	192	202
Broad money (M4) (metric is 20% of coverage)	120	155	146	163	172
External financing needs ^{1/}	107	157	186	227	222
Short-term debt	140	185	209	250	274
Memorandum:					
Exchange rate classification	Float	Crawl-like	Crawl-like	Stabilized	Stabilized
Source: IMF staff estimates.					
1/ External financing needs include external short-term debt on residual maturity and current account deficit.					

- *Sound public finances, including a sustainable public debt position.* Public finances continue to perform strongly, supported by very robust fiscal institutions and frameworks, underpinning primary surpluses averaging 1.4 percent of GDP in 2022–25. For 2026, the fiscal stance is expected to be broadly neutral with a primary balance projected at 0.9 percent of GDP. Debt is assessed to be sustainable with high probability, and the overall risk of debt distress is low.
- *Low and stable inflation in the context of a sound monetary and exchange rate policy framework.* The BCCR continues to maintain a very strong monetary policy framework that has preserved low and stable inflation in the face of large shocks in recent years. Between 2021 and 2025, average annual inflation has remained in single digits. The BCCR reduced the policy rate three times during 2025 in the context of solid economic growth but there is likely scope to be more proactive in tackling sustained low or negative inflation. Fund TA is helping to reinforce the central bank communication framework (Annex I).
- *Sound financial system and absence of solvency problems that may threaten systemic stability.* The banking system is well capitalized and liquid with capital and liquidity ratios averaging 18.6 and 75.2 percent, respectively, as of December 2025, well above the regulatory minimum. Nonperforming loans remain low with adequate loan loss provisions. Recent changes to provisioning rules are strengthening buffers against financial vulnerabilities. Given strong buffers, a relatively small non-bank financial sector, limited sovereign-bank linkages, and bank credit below historical high levels, systemic risks are assessed to be contained.
- *Effective financial sector supervision.* With the support of Fund TA, the authorities continue to reinforce the financial supervisory framework and to implement the 2022 World Bank FSAP recommendations by completing the implementation of the risk-based and consolidated supervision frameworks, and enhancing the governance of regulators, among other reforms.
- *Data transparency and integrity.* Costa Rica has complied with the Special Data Dissemination Standard (SDDS) since 2019. Data is timely and of high quality to conduct effective surveillance, with strong institutional protection to data integrity (Annex VII).
- *Complementing the nine criteria, the quality of Costa Rica's institutions relevant to FCL qualification is very strong.* Costa Rica scores well on governance indicators and has low corruption levels. It is also a mature democracy, with an independent judiciary, strong institutions and a history of smooth political transitions and policy continuity. Costa Rica's ability to respond to shocks is not hampered by governance and corruption vulnerabilities.

Qualification Criteria	2025 FCL Request	2026 FCL Mid-Term Review
1. Sustainable external position (EBA assessment at least “moderately weaker”).	“Stronger” in 2021, 2023, and 2025 Article IV Consultations.	“Stronger” in 2026 Article IV Consultation.
2. Capital account position dominated by private flows (share of private flows in capital flows >50 percent on average over last 3 years).	Average (2022–24): 55.1 percent.	Average (2023–25): 55.1 percent.
3. Track record of steady sovereign access to international capital markets at favorable terms (public sector bonds issued or loans disbursed in international markets in at least 3 of the last 5 years; cumulative amount during the last 5 years >50 percent of the country’s quota at the Fund).	4 issuance years in 2020–2024 amounting to 1,170 percent of quota.	4 issuance years in 2021–2025 amounting to 1,170 percent of quota.
4. Comfortable reserve position (reserves >100 percent of ARA metric or other indicators on average over 3 years and not below 80 percent in any year).	ARA average (2022–24): 98 percent and always above 80 percent. Gross external financing needs average: 150 percent.	ARA average (2023–25): 97 percent and always above 80 percent. Gross external financing needs average: 190 percent.
5. Sound public finances (debt sustainable with high probability).	Debt is sustainable with high probability in 2022, 2023, 2024, 2025. Borderline in 2021 using previous framework.	Debt is sustainable with high probability.
6. Low and stable inflation (inflation in single digits in the last 5 years).	Minimum -0.4 percent (2024). Maximum 8.3 percent (2022).	Minimum -0.4 percent (2024). Maximum 8.3 percent (2022).
7. Sound financial system (capital adequacy ratio for the banking sector above regulatory thresholds; no significant solvency risks or recapitalization needs).	Banks’ risk-adjusted capital ratio: minimum 16.5 percent (end-2021) and maximum 19.1 percent (end-2024) – above regulatory minimum (10 percent). No significant solvency risks or recapitalization needs.	Banks’ risk-adjusted capital ratio: 18.6 percent (end-2025) – above regulatory minimum (10 percent). No significant solvency risks or recapitalization needs.
8. Effective financial sector supervision (no substantial concerns regarding the supervisory framework).	No substantial concern in supervisory framework.	No substantial concern in supervisory framework.
9. Data transparency and integrity (an SDDS subscriber or has made satisfactory progress toward meeting SDDS requirements).	SDDS subscriber.	SDDS subscriber.

36. Staff completed the safeguards procedures for Costa Rica’s 2025 FCL arrangement. The external auditor issued an unmodified audit opinion on the BCCR’s 2024 financial statements, which were published on the BCCR’s website on a timely basis. No significant safeguards issues emerged from a review of these audit results.

37. Costa Rica’s capacity to repay remains adequate (Table 8). Costa Rica has an excellent track record of meeting all its financial obligations, including to the Fund. In the event of a FCL disbursement of all available access, total outstanding Fund credit would peak at 3.6 percent of GDP or 9.0 percent of exports of goods and services in 2026. Total obligations to the Fund under the FCL drawdown scenario would peak at 46.8 percent of external public debt service in 2030.

38. The authorities intend to continue to treat the FCL arrangement as precautionary. The FCL has served as an important precautionary buffer, helping the authorities to stay the course with very strong macroeconomic policies and sustain structural reforms amid new adverse shocks. Updated estimates show that the external economic stress index weakened in the baseline and remains significant in the downside scenario relative to the time of the 2025 FCL approval (Box 6). The elevated external risks and heightened uncertainty since the approval of the FCL arrangement justify the authorities’ intention to maintain the current level of access (300 percent of quota), consistent with their state-contingent exit strategy.

Box 6. External Economic Stress Index

Background. The External Economic Stress Index (EESI) is a composite indicator of changes in the external environment facing a country. The index is based on: (i) a consideration of the main external risks facing Costa Rica; (ii) the selection of proxy variables capturing these risks; and (iii) the choice of weights to apply to each of these variables. The index is calculated as a weighted sum of the standardized deviations of the external proxies from their means (based on data from 2001–2025). Lower index values indicate higher stress.

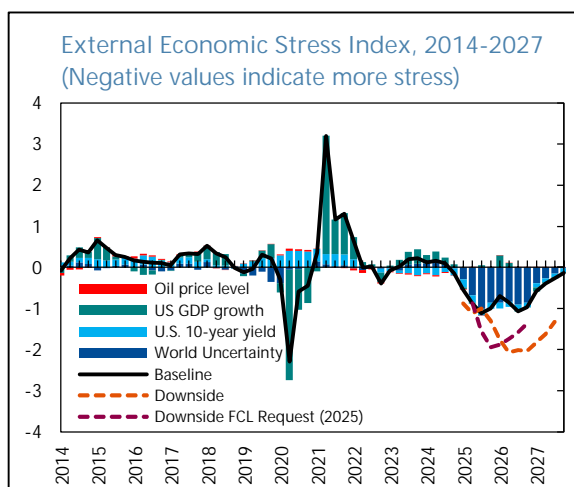
Risks. The main external risks for Costa Rica are typically (i) an economic downturn in trading partners (especially the U.S.) leading to a decline in exports and FDI inflows; (ii) rising commodity prices, particularly those raising the energy import bill; and (iii) a tightening of global financial conditions and higher uncertainty, which would negatively affect the volume and cost of net external financing such as direct investment by foreigners, foreign purchases of public debt, and capital flight to safe havens by domestic pension funds.

Proxy variables and weights. For this index, weights are calculated based on the relevant BOP flow as a share of GDP from 2022 to 2025. (i) U.S. GDP growth is used to proxy external demand as it accounts for one-half of Costa Rica’s exports and affects growth in Costa Rica’s other trading partners. The weight of +0.60 is based on the size of goods and services exports, though the U.S. is also a big source of FDI. (ii) The oil price level proxies energy import costs. The weight is -0.04 (higher oil prices increase stress) based on the size of oil imports. Global financial conditions and sentiment are proxied, respectively, by the U.S. 10-year Treasury yield and the World Uncertainty Index (WUI). Both are in levels and each has a weight of -0.18 based on the size of gross financial flows (direct, portfolio, and other investment).

Box 6. External Economic Stress Index (Concluded)

Baseline scenario. This scenario corresponds to the April 2026 WEO projections for U.S. growth and the U.S. 10-year bond yield. The EESI suggests that external stress has increased in the past year compared to the time of the 2025 FCL request, driven mainly by the increase in WUI, which remained high throughout 2025. The WUI is assumed to only gradually return to its end-2024 level. Similar to the assessment at the time of the 2025 FCL request, the EESI is expected to remain elevated and only gradually return to historic average levels over the projection period.

Downside scenario. This scenario builds on the April 2026 WEO severe scenario of a more prolonged war in the Middle East and assumes a decline in U.S. real GDP growth of around 0.9 percentage point on average below the baseline in 2026 and 2027. The scenario also assumes that U.S. interest rates would increase from current levels due to higher inflation expectations mainly related to the spillovers from the war in the Middle East, tightening of the Fed's policy rate, and concerns about central bank independence, broadly consistent with the severe scenario in the April 2026 WEO. Specifically, rates increase by 50 basis points in 2026 and 100 basis points in 2027, both relative to the baseline. The WUI stays constant at high December 2025 levels, reaching five standard deviations above those under the baseline. Oil prices are assumed to be around 35 and 65 percent higher than the baseline in 2026 and 2027, respectively. In this downside scenario, external stress would be severe through early 2027 but would gradually return toward average stress in late 2027.



STAFF APPRAISAL

39. Growth momentum continues to be strong but, despite this, inflation has been persistently low. Real GDP growth reached 4.6 percent in 2025, supported by robust goods exports, notably from the free trade zones. Growth is projected to moderate to 3.6 percent in 2026, as headwinds from higher oil prices and tariffs more-than-offset rising investment and strong export performance. Inflation is expected to return to the BCCR's 2–4 percent tolerance band within the next eight quarters, but the speed of convergence will depend on the evolution of global commodity prices. However, inflation would decline again should the oil shock dissipate, in line with the various scenarios outlined in the April 2026 WEO. Near-term inflation risks are tilted to the upside, but the drift down of inflation expectations suggests a risk of lower-than-target inflation becoming entrenched. Risks to the outlook are tilted to the downside and stem mainly from heightened global uncertainty and the war in the Middle East, but Costa Rica maintains ample buffers, access to contingent credit lines, some fiscal space, and very strong macroeconomic and institutional policy frameworks to smooth the impact of the commodity price shock.

40. The external position in 2025 was stronger than the level implied by medium-term fundamentals and desirable policies. The current account deficit narrowed to 0.7 percent of GDP

in 2025 but is projected to widen in the near term, as the effects of higher oil prices and U.S. tariffs fully materialize. Solid FDI inflows have helped bring international reserves to record highs and the central bank should now avoid further FX intervention unless needed to address disorderly market conditions.

41. There is a need for revenue-enhancing tax policy changes and debt management reforms. With central government debt above 60 percent of GDP in 2025, the parameters under the fiscal rule are expected to constrain fiscal policy in 2027. Moreover, policy changes have eroded the tax base, which will further tighten the space to spend in priority areas, but the authorities have so far resisted introducing measures to subsidize the rise in imported fuel prices and allowed domestic market prices to adjust, which should help to mitigate the impact of the terms of trade shock. A tax reform that widens the tax base and improves its progressivity would raise revenue-to-GDP and allow for higher productive spending on capital investment, education, security, healthcare, and targeted social transfers. Reforms to improve the flexibility of external issuance would improve debt management and help to reduce borrowing costs.

42. Comprehensive reforms to the social security system are necessary to ensure its financial sustainability and to lessen fiscal risks. The reserves of the pension and health insurance schemes are insufficient to meet the long-term demands from demographic pressures and high operational costs. Parametric reforms on the spending side would help address this actuarial imbalance. Investments in primary care, preventive services, and mechanisms to reduce healthcare costs would strengthen sustainability. Efforts are needed to resolve the social security system's claims on the central government, clarify the scope and nature of benefits and services financed by the central government, and improve the legal framework that governs these arrangements.

43. Monetary policy should stand ready to support a return of inflation and inflation expectations to target in a sustained manner. A pause in monetary easing is warranted at the current juncture to allow for greater clarity on the magnitude, persistence and impact of the commodity price shock. Once the oil price pass-through effects diminish, a resumption of policy rate cuts would stimulate domestic demand and prevent below-target inflation and inflation expectations becoming entrenched. Reducing dollarization and modernizing central bank communications would strengthen monetary policy transmission. The BCCR's review of the inflation targeting framework will provide a valuable opportunity to engage in public consultations on potential changes to the framework, informed by international experience. Approving reforms to strengthen the BCCR's autonomy and governance will also help reinforce monetary policy credibility and effectiveness.

44. Systemic financial stability risks are contained and financial institutions maintain comfortable capital and liquidity buffers. Full implementation of risk-based and consolidated supervision would strengthen financial sector oversight. Swift approval of the new bank resolution and deposit insurance framework would enhance crisis management and depositor protection. Reinforcing macroprudential tools would help address pockets of potential financial vulnerability, including any arising from further monetary easing and exchange rate volatility. Adopting a clear regulatory framework for fintech firms and digital assets in line with international best practices

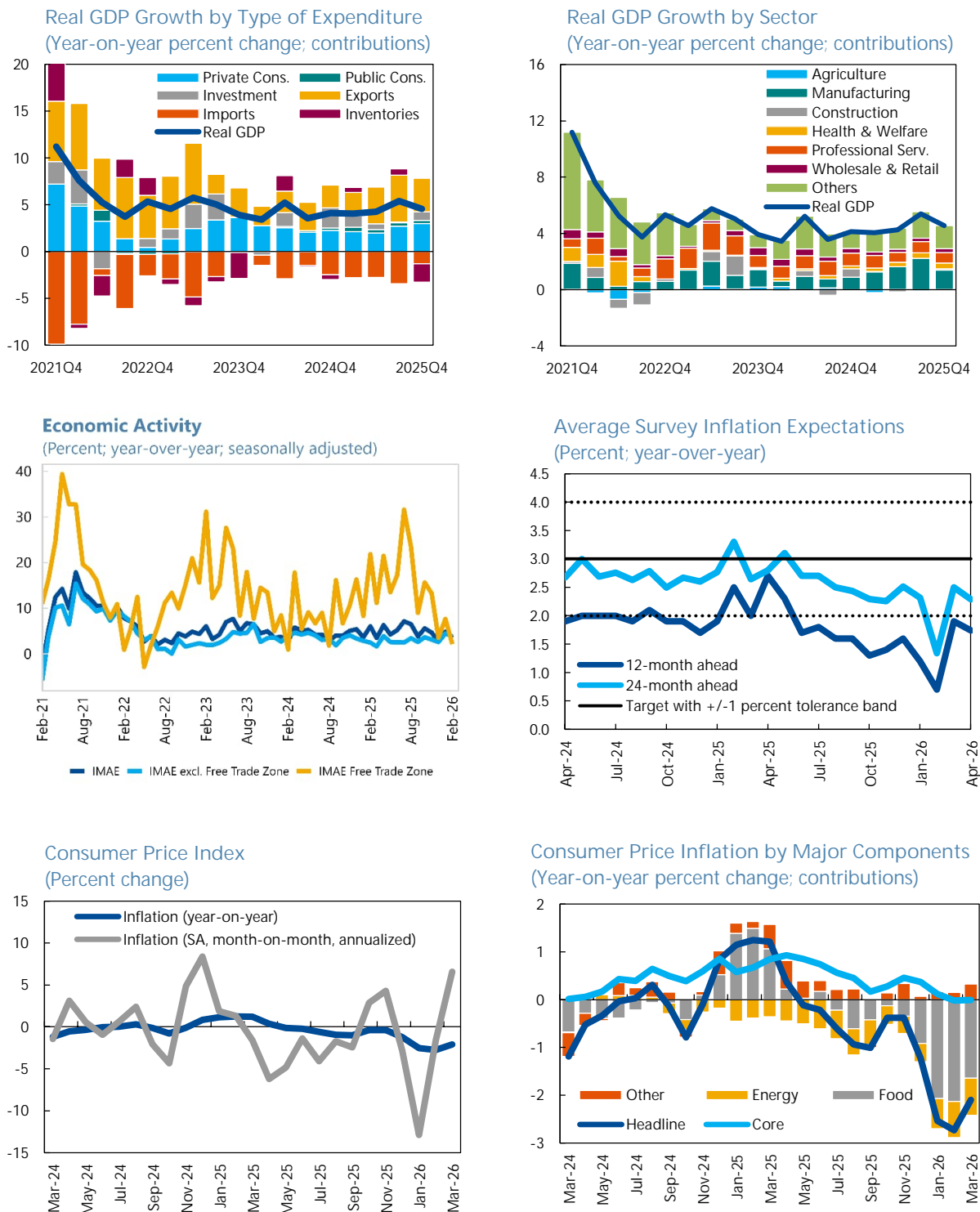
would build on recent gains in financial inclusion and innovation, and increase competition. It will also be important to enhance consumer protections and ensure these innovations do not create new financial stability risks.

45. Reforms to the defined-contribution pension funds would improve their rates of return. Gradually relaxing the regulatory limits on pension funds' foreign investments would help to diversify pension funds' assets. Legislative proposals that permit early withdrawals from the pension system should be avoided, given their potential adverse macroeconomic and financial effects.

46. Supply-side reforms could unlock untapped potential, increase competitiveness, and lift medium-term growth. Increasing labor force participation will require efforts to alleviate the child and elder care burden. Better targeting the dual vocational education and training program to market needs will help reduce skills gaps. Investments in law enforcement, improvements in inter-agency cooperation, and the expansion of programs to divert young people from criminal activities could reduce the homicide rate and mitigate the impacts on tourism and domestic demand. Approval of the proposed public-private partnership law would support higher private investment to close infrastructure gaps. Finding opportunities to create closer R&D linkages between domestic firms and multinational corporations and continuing to remove regulatory bottlenecks would raise productivity. Finally, there is scope to build on Costa Rica's relative strength in AI preparedness to expand AI use across the public and private sector.

47. Staff recommends that the next Article IV consultation take place on the standard 12-month cycle.

Figure 1. Costa Rica: Real Sector Developments

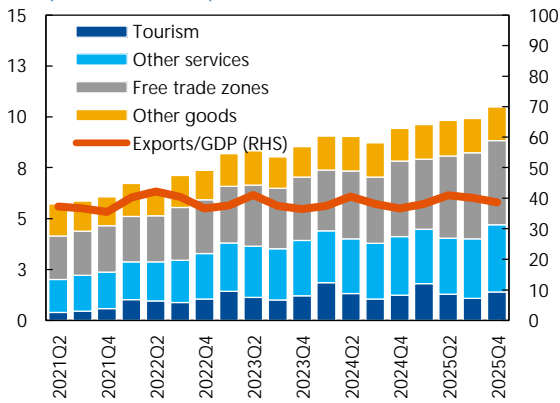


Sources: National authorities and IMF staff estimates.

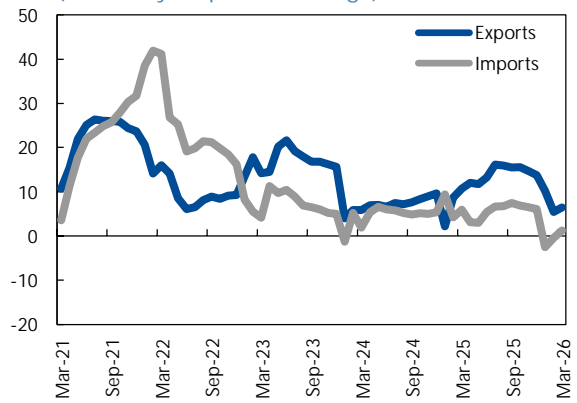
Note: Core inflation is an average of the five indicators calculated by the authorities to eliminate the effects of temporary or extreme variations, usually associated with weather or seasonal factors.

Figure 2. Costa Rica: External Sector Developments

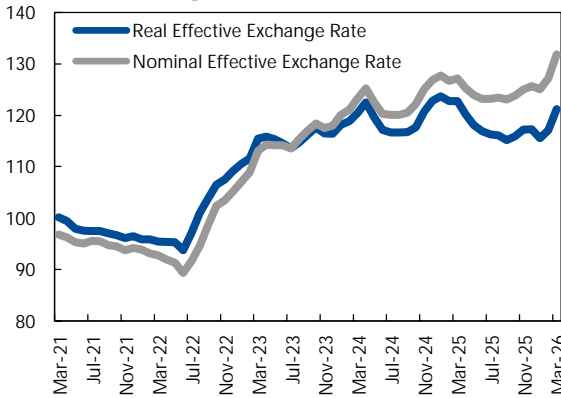
Exports by Component (Billions of USD)



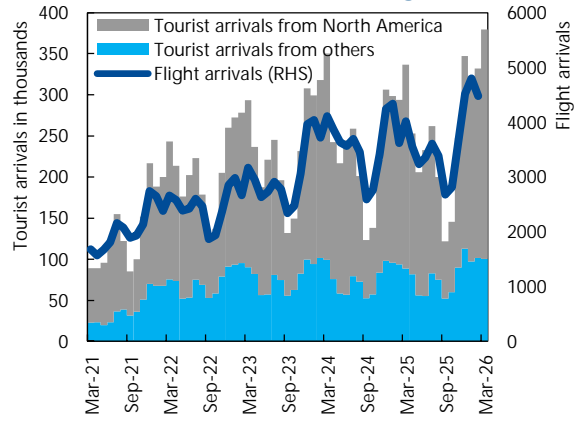
Goods Exports and Imports Growth (Year-on-year percent change)



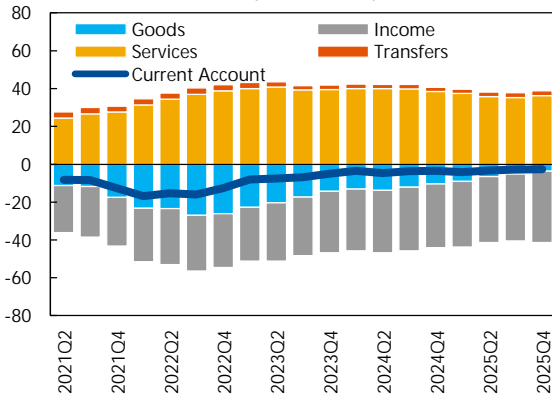
Exchange Rates (Index; average of 2010=100)



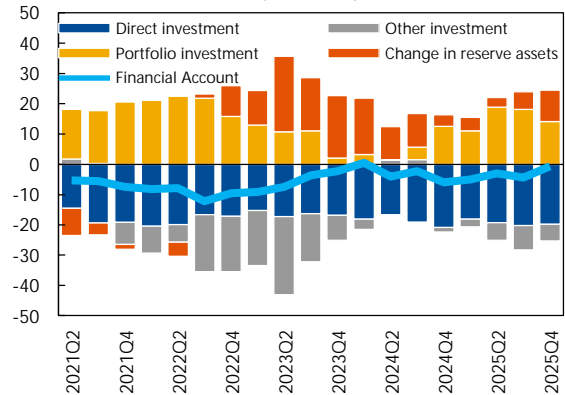
International Tourist and Flight Arrivals



Current Account Balance (Cumulative last 4 quarters, in percent of GDP)

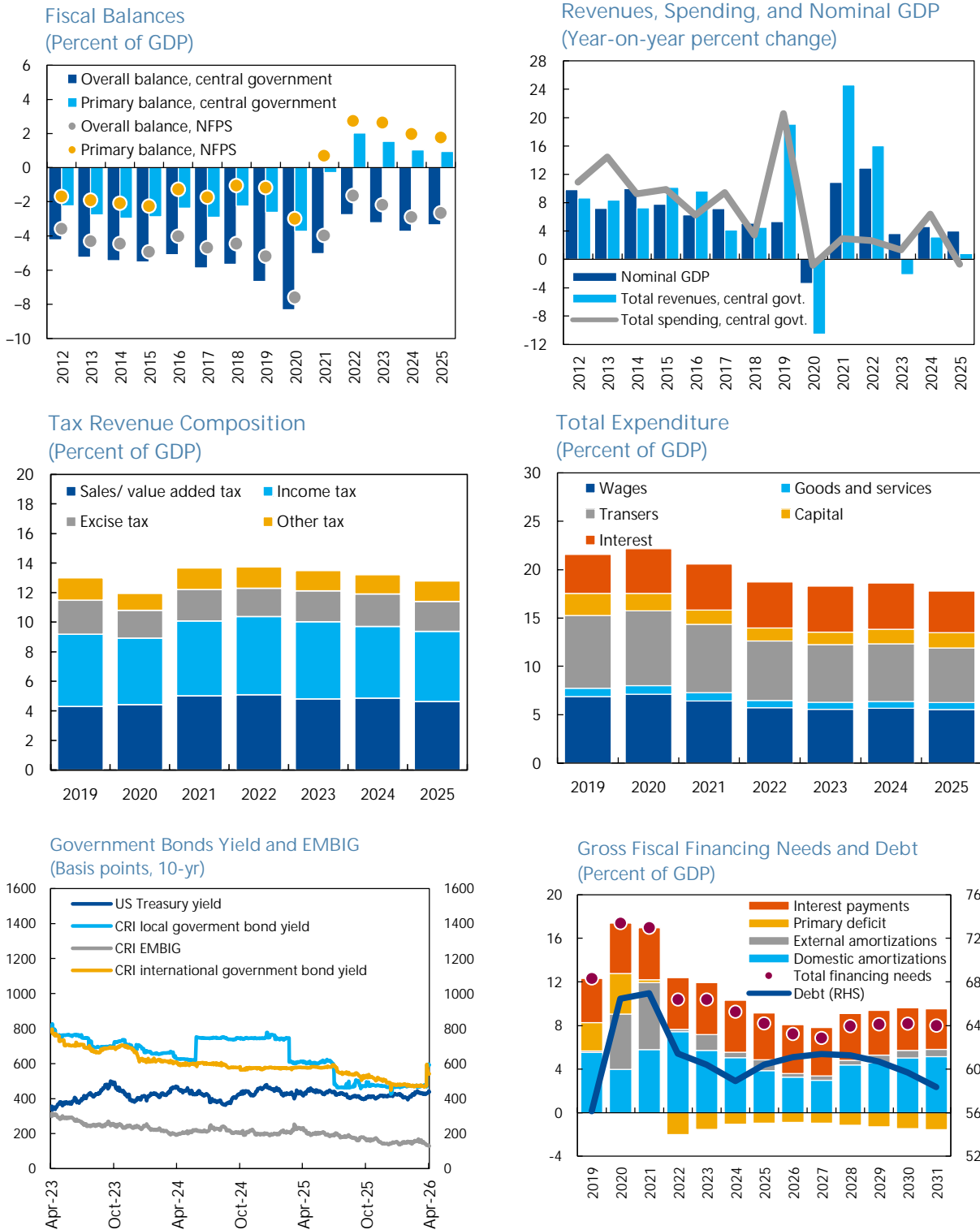


Financial Account Balance (Cumulative last 4 quarters, percent of GDP)



Sources: National authorities, Flight Radar, and IMF staff calculations.

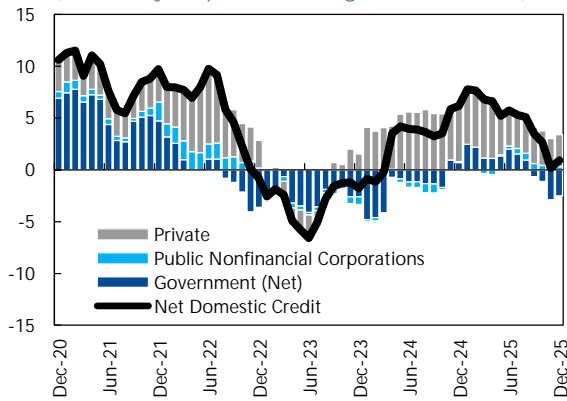
Figure 3. Costa Rica: Fiscal Sector Developments



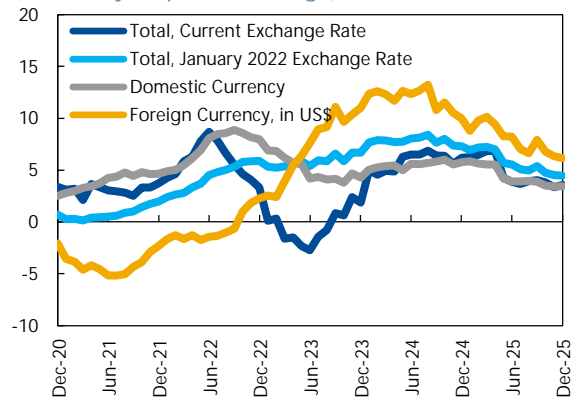
Sources: National authorities, Bloomberg, and IMF staff calculations.

Figure 4. Costa Rica: Monetary and Financial Sector Developments

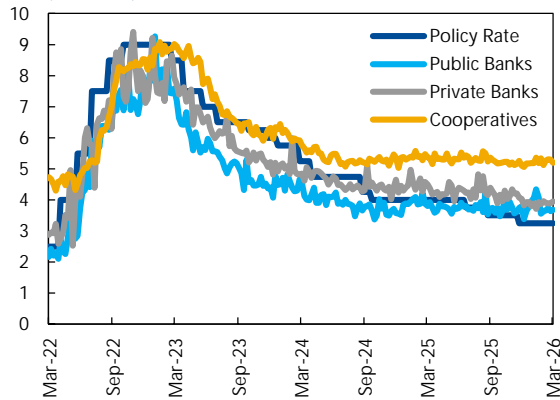
Net Domestic Credit Growth by Sectors
(Year-on-year percent change; contributions)



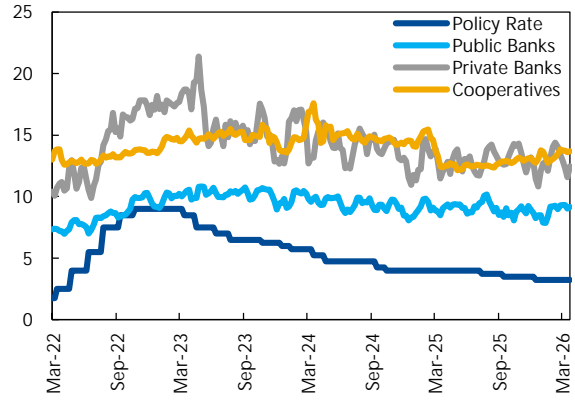
Domestic Credit to Private Sector by Currency
(Year-on-year percent change)



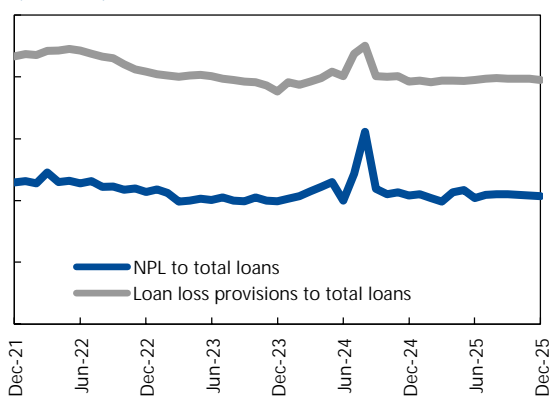
Interest Rates: Colon Deposit
(Percent)



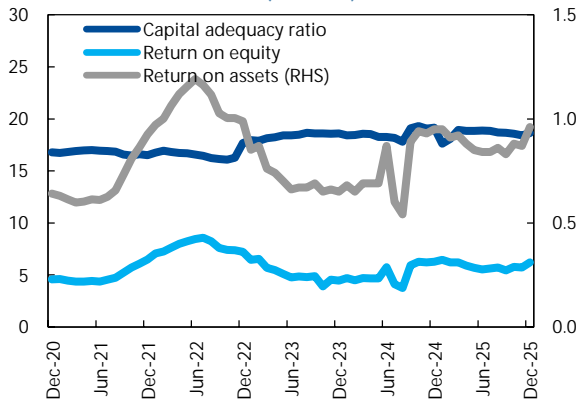
Interest Rates: Colon Lending
(Percent)



Asset Quality of the Financial Sector 1/
(Percent)



Capital Adequacy and Profitability of the
Financial Sector 1/ (Percent)



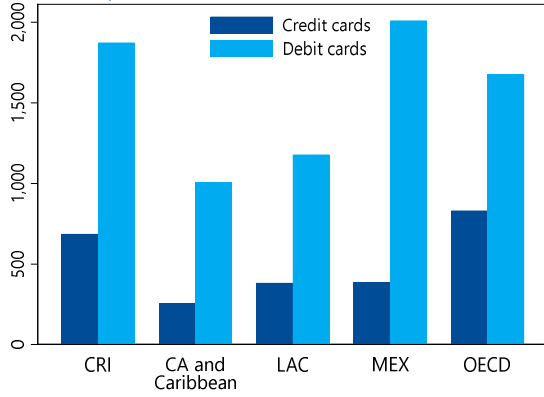
Sources: National authorities and IMF staff calculations.

1/ Financial sector includes banks, cooperatives, and other non-bank and financial entities. Data for Coopeservidores was discontinued after September 2024 due to the resolution of this cooperative.

Figure 5. Costa Rica: Financial Inclusion Indicators (2023)

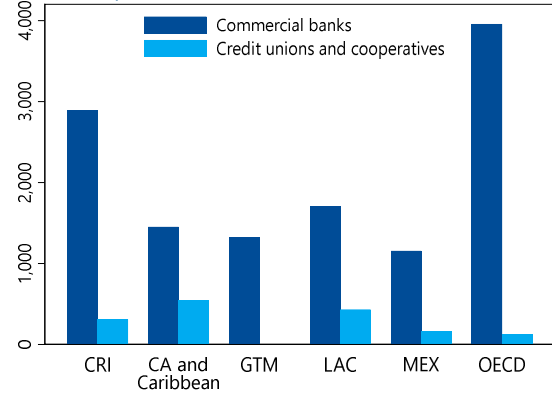
Credit and Debit Cards

(Number per 1,000 adults)



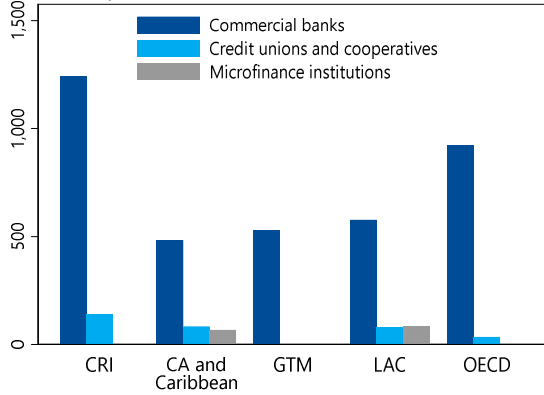
Deposit Accounts

(Number per 1,000 adults)



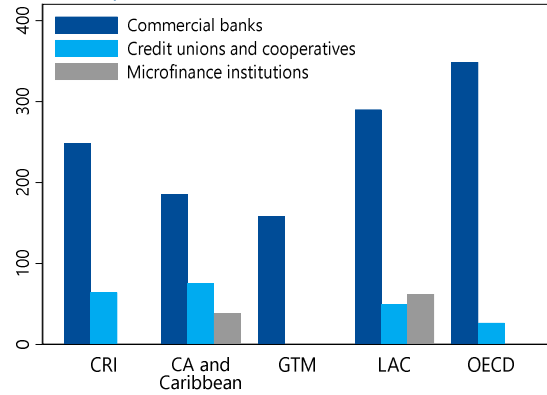
Loan Accounts

(Number per 1,000 adults)



Borrowers

(Number per 1,000 adults)



Source: IMF Financial Access Survey.

Table 2. Costa Rica: Selected Economic and Financial Indicators

	2022	2023	2024	2025	Projections					
					2026	2027	2028	2029	2030	2031
National Income										
	(Annual percentage change)									
Real GDP	5.5	4.8	4.1	4.6	3.6	3.6	3.6	3.5	3.5	3.5
Domestic demand	3.7	3.1	3.8	3.5	4.1	3.8	3.8	3.7	3.6	3.6
Consumption	3.2	3.3	3.2	3.7	3.3	3.2	3.1	3.0	3.0	3.0
Private	3.7	4.2	3.7	3.8	3.7	3.7	3.6	3.5	3.4	3.4
Public	1.3	-0.5	0.9	2.8	1.4	0.8	0.7	0.5	0.5	0.4
Gross fixed capital formation	3.8	9.2	4.5	3.9	3.6	6.4	6.4	6.3	6.2	6.2
Exports of goods and nonfactor services	16.1	10.6	5.7	8.6	3.6	4.2	4.2	4.2	4.2	4.2
Imports of goods and nonfactor services	11.3	6.5	5.1	6.5	5.0	4.7	4.7	4.6	4.6	4.6
	(Contributions to real GDP growth)									
Domestic demand	3.6	3.0	3.6	3.4	3.9	3.6	3.6	3.5	3.5	3.5
Consumption	2.6	2.6	2.5	2.8	2.6	2.4	2.4	2.3	2.3	2.2
Gross domestic investment	1.1	0.3	1.1	0.5	1.4	1.1	1.2	1.2	1.2	1.2
of which: Inventory changes	0.4	-1.2	0.3	-0.2	0.7	0.0	0.0	0.0	0.0	0.0
Net exports	1.8	1.8	0.5	1.2	-0.4	0.0	0.0	0.0	0.0	0.0
Prices										
	(Annual percentage change)									
GDP deflator	7.0	-1.1	0.5	-0.5	1.1	1.8	2.1	2.4	2.7	3.0
Consumer prices (period average)	8.3	0.5	-0.4	-0.1	-0.4	2.0	2.3	2.5	3.0	3.0
Consumer prices (end of period)	7.9	-1.8	0.8	-1.2	1.0	2.4	2.6	2.8	3.0	3.0
Savings and Investment										
	(In percent of GDP, unless otherwise indicated)									
Savings	18.4	15.8	16.2	15.8	18.6	17.9	17.2	16.4	16.2	15.6
Domestic savings	15.8	14.4	15.3	15.1	17.1	16.3	15.8	15.1	14.8	14.4
Private sector	15.6	14.9	16.4	15.8	18.1	17.2	16.4	15.6	15.1	14.4
Public sector	0.2	-0.4	-1.0	-0.7	-1.0	-0.9	-0.6	-0.5	-0.2	-0.1
External savings	2.6	1.4	0.9	0.7	1.5	1.6	1.4	1.3	1.3	1.3
Gross domestic investment	18.4	15.8	16.2	15.8	18.6	17.9	17.2	16.4	16.2	15.6
Private sector	16.5	14.1	14.3	13.8	16.6	15.9	15.2	14.5	14.3	13.8
Public sector	1.8	1.7	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.9
External Sector										
Current account balance	-2.6	-1.4	-0.9	-0.7	-1.5	-1.6	-1.4	-1.3	-1.3	-1.3
Trade balance	-6.9	-3.6	-2.6	-0.9	-1.2	-1.0	-1.0	-0.9	-0.8	-0.6
Services	10.9	9.9	9.7	9.2	8.4	8.2	8.2	8.4	8.4	8.4
Capital account balance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account balance	-2.2	-1.3	-1.5	-0.2	-1.5	-1.6	-1.4	-1.3	-1.3	-1.2
Foreign direct investment, net	-5.9	-4.9	-5.2	-5.0	-5.2	-5.1	-5.0	-5.0	-5.0	-5.1
Gross international reserves (millions of U.S. dollars)	8,554	13,225	14,177	17,086	19,086	19,586	20,086	20,231	20,397	20,580
-in months of next year's imports	3.5	5.1	5.1	5.8	6.1	5.7	5.5	5.1	4.8	4.9
-as percent of gross external financing requirements	107.2	157.4	186.2	227.0	221.9	210.6	204.8	196.0	196.1	224.9
External debt	47.5	43.0	40.6	42.0	43.3	44.2	45.0	45.5	45.8	46.0
Real effective exchange rate, avg. (percent change)	1.9	15.1	3.6	-0.4	...	...	...	...	...	...
Public Finances										
Central government primary balance	2.0	1.5	1.0	0.9	0.9	0.9	1.1	1.3	1.4	1.5
Central government overall balance	-2.7	-3.2	-3.7	-3.4	-3.6	-3.5	-3.1	-2.8	-2.5	-2.2
Central government debt	61.4	60.4	58.9	60.4	61.1	61.4	61.3	60.7	59.7	58.4
Money and Credit										
Credit to the private sector (percent change)	3.3	1.9	6.2	3.6	5.6	5.7	5.8	6.0	6.1	6.2
Credit to the private sector (adjusted by exchange rate changes)	6.2	6.3	7.1	4.3	6.0	5.7	5.7	5.8	5.8	5.9
Monetary base ^{1/}	7.8	7.8	8.1	8.2	8.2	8.1	8.1	8.1	8.1	8.1
Broad money	46.3	46.9	49.8	50.6	50.5	49.7	50.3	50.4	50.3	50.0
Memorandum Items										
Nominal GDP (billions of colones)	45,947	47,611	49,819	51,812	54,230	57,195	60,493	64,134	68,156	72,633
Output gap (as percent of potential GDP)	-0.3	1.0	0.6	0.5	0.2	0.1	0.0	0.0	0.0	0.0
Unemployment rate (percent)	11.7	7.3	6.9	6.3	7.0	7.2	7.5	8.0	8.0	8.0
REER (% change)	1.9	15.1	3.6	-0.4	...	...	...	...	...	...

Sources: Central Bank of Costa Rica and IMF staff estimates.

^{1/} Includes currency issued and required domestic reserves.

Table 3. Costa Rica: Central Government Balance

	2022	2023	2024	2025	Projections					
					2026	2027	2028	2029	2030	2031
(In billions of colones)										
Revenue	7,341	7,182	7,410	7,471	7,716	8,082	8,454	8,862	9,311	9,779
Tax revenue	6,312	6,423	6,577	6,623	6,829	7,159	7,491	7,855	8,256	8,687
Nontax revenue ^{1/}	1,029	759	833	847	887	923	963	1,006	1,055	1,091
Expenditure	8,598	8,712	9,268	9,206	9,690	10,076	10,355	10,660	10,998	11,364
Current noninterest	5,803	5,844	6,145	6,166	6,388	6,644	6,826	7,095	7,352	7,641
Wages	2,627	2,653	2,825	2,872	2,929	2,929	2,977	3,047	3,139	3,234
Goods and services	356	335	348	371	401	486	454	460	459	457
Transfers	2,820	2,855	2,972	2,923	3,058	3,228	3,395	3,588	3,753	3,949
Interest ^{2/}	2,184	2,260	2,379	2,224	2,444	2,529	2,592	2,631	2,672	2,704
Capital	611	609	744	816	858	903	938	933	974	1,020
Primary balance	927	730	521	488	470	535	690	833	985	1,118
Overall Balance	-1,257	-1,530	-1,858	-1,736	-1,974	-1,994	-1,901	-1,798	-1,687	-1,586
Total Financing	1,207	1,469	2,018	1,736	1,974	1,994	1,901	1,798	1,687	1,586
External (net)	1,051	1,180	513	530	1,676	959	788	607	473	476
of which RSF disbursement	0	0	379	0	0	0	0	0	0	0
Domestic (net)	156	350	1,116	1,206	297	1,035	1,113	1,191	1,215	1,110
Central government debt	28,224	28,762	29,348	31,301	33,134	35,112	37,063	38,922	40,700	42,400
External	7,210	7,539	7,818	7,750	9,328	10,275	11,101	11,772	12,335	12,905
Domestic	21,014	21,224	21,302	23,551	23,806	24,837	25,961	27,150	28,365	29,495
(In percent of GDP)										
Revenue	16.0	15.1	14.9	14.4	14.2	14.1	14.0	13.8	13.7	13.5
Tax revenue	13.7	13.5	13.2	12.8	12.6	12.5	12.4	12.2	12.1	12.0
Nontax revenue ^{1/}	2.2	1.6	1.7	1.6	1.6	1.6	1.6	1.6	1.5	1.5
Expenditure	18.7	18.3	18.6	17.8	17.9	17.6	17.1	16.6	16.1	15.6
Current noninterest	12.6	12.3	12.3	11.9	11.8	11.6	11.3	11.1	10.8	10.5
Wages	5.7	5.6	5.7	5.5	5.4	5.1	4.9	4.8	4.6	4.5
Goods and services	0.8	0.7	0.7	0.7	0.7	0.9	0.8	0.7	0.7	0.6
Transfers	6.1	6.0	6.0	5.6	5.6	5.6	5.6	5.6	5.5	5.4
Interest ^{2/}	4.8	4.7	4.8	4.3	4.5	4.4	4.3	4.1	3.9	3.7
Capital	1.3	1.3	1.5	1.6	1.6	1.6	1.5	1.5	1.4	1.4
Primary balance	2.0	1.5	1.0	0.9	0.9	0.9	1.1	1.3	1.4	1.5
Overall Balance	-2.7	-3.2	-3.7	-3.4	-3.6	-3.5	-3.1	-2.8	-2.5	-2.2
Total Financing	2.6	3.1	4.1	3.4	3.6	3.5	3.1	2.8	2.5	2.2
External (net)	2.3	2.5	1.0	1.0	3.1	1.7	1.3	0.9	0.7	0.7
of which RSF disbursement	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic (net)	0.3	0.7	2.2	2.3	0.5	1.8	1.8	1.9	1.8	1.5
Central government debt	61.4	60.4	58.9	60.4	61.1	61.4	61.3	60.7	59.7	58.4
External	15.7	15.8	15.7	15.0	17.2	18.0	18.4	18.4	18.1	17.8
Domestic	45.7	44.6	42.8	45.5	43.9	43.4	42.9	42.3	41.6	40.6
Memorandum items:										
Non-interest expenditure growth (percent)										
in nominal terms	-0.4	0.6	6.8	1.4	3.8	4.1	2.9	3.4	3.7	4.0
in real terms	-8.0	0.1	7.2	1.4	4.2	2.1	0.6	0.9	0.7	1.0
Nominal GDP (billions of colones)	45,947	47,611	49,819	51,812	54,230	57,195	60,493	64,134	68,156	72,633

Sources: Ministry of Finance and IMF staff estimates.

1/ In 2022, includes a one-off transfer of surpluses from public entities accumulated before their CG consolidation and not used in 2021 and revenues that could not be identified due to the cyberattack.

2/ The inflation adjustment of the principal of TUDES (inflation indexed bonds) was recorded as interest expenditure.

Table 4. Costa Rica: Balance of Payments

	2022	2023	2024	2025	Projections					
					2026	2027	2028	2029	2030	2031
(In millions of U.S. dollars)										
Current Account	-1,851	-1,245	-839	-687	-1,631	-1,868	-1,736	-1,704	-1,790	-1,847
Goods and services balance	2,848	5,515	6,860	8,522	7,907	8,324	8,827	9,713	10,338	11,284
Trade balance	-4,901	-3,163	-2,505	-925	-1,324	-1,151	-1,268	-1,110	-1,086	-869
Export of goods (f.o.b.)	16,262	18,886	20,635	23,513	24,710	26,508	29,033	31,660	34,437	37,613
Import of goods (f.o.b.)	21,163	22,049	23,140	24,438	26,034	27,659	30,301	32,771	35,523	38,482
Services balance	7,749	8,677	9,365	9,447	9,231	9,475	10,095	10,823	11,424	12,153
Primary Income	-5,136	-7,287	-8,229	-9,842	-10,177	-10,837	-11,215	-12,075	-12,791	-13,800
Secondary Income	437	528	529	633	639	645	651	658	664	669
Capital Account	20	22	24	24	25	28	31	35	38	42
Financial Account	-1,567	-1,123	-1,469	-200	-1,606	-1,840	-1,705	-1,670	-1,751	-1,804
Public sector	-1,770	-2,551	-273	-862	-3,066	-1,683	-1,321	-1,204	-875	-818
Private sector	-1,599	-3,109	-2,116	-2,023	-540	-657	-884	-610	-1,042	-1,170
Foreign direct investment, net	-4,212	-4,313	-5,066	-5,120	-5,698	-5,890	-6,100	-6,438	-6,797	-7,321
Other private sector flows	2,612	1,204	2,950	3,098	5,158	5,233	5,217	5,827	5,755	6,151
Change in International Reserves (increase +)	1,803	4,537	920	2,685	2,000	500	500	145	165	184
Errors and Omissions	263	101	-654	463	0	0	0	0	0	0
(In percent of GDP)										
Current Account	-2.6	-1.4	-0.9	-0.7	-1.5	-1.6	-1.4	-1.3	-1.3	-1.3
Goods and services balance	4.0	6.3	7.1	8.3	7.2	7.2	7.2	7.5	7.6	7.8
Trade balance	-6.9	-3.6	-2.6	-0.9	-1.2	-1.0	-1.0	-0.9	-0.8	-0.6
Export of goods (f.o.b.)	22.9	21.6	21.3	22.8	22.5	22.8	23.7	24.4	25.2	26.0
Import of goods (f.o.b.)	29.8	25.2	23.9	23.7	23.7	23.8	24.7	25.3	26.0	26.6
Services balance	10.9	9.9	9.7	9.2	8.4	8.2	8.2	8.4	8.4	8.4
Exports of services	19.2	17.8	17.6	17.6	17.1	16.9	16.9	17.0	17.0	17.3
Imports of services	8.3	7.9	8.0	8.4	8.7	8.7	8.7	8.7	8.6	8.9
Primary Income	-7.2	-8.3	-8.5	-9.6	-9.3	-9.3	-9.1	-9.3	-9.4	-9.5
Secondary Income	0.6	0.6	0.5	0.6	0.6	0.6	0.5	0.5	0.5	0.5
Capital Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial Account	-2.2	-1.3	-1.5	-0.2	-1.5	-1.6	-1.4	-1.3	-1.3	-1.2
Public sector	-2.5	-2.9	-0.3	-0.8	-2.8	-1.4	-1.1	-0.9	-0.6	-0.6
Private sector	-2.3	-3.6	-2.2	-2.0	-0.5	-0.6	-0.7	-0.5	-0.8	-0.8
Foreign direct investment, net	-5.9	-4.9	-5.2	-5.0	-5.2	-5.1	-5.0	-5.0	-5.0	-5.1
Other private sector flows	3.7	1.4	3.0	3.0	4.7	4.5	4.2	4.5	4.2	4.3
Change in International Reserves (increase +)	2.5	5.2	1.0	2.6	1.8	0.4	0.4	0.1	0.1	0.1
Errors and Omissions	0.4	0.1	-0.7	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum Items:										
Non-oil current account (percent of GDP)	0.9	1.3	1.5	1.2	0.7	0.3	0.7	0.7	0.7	0.8
Growth of exports of goods and services (percent change)	26.6	15.2	9.5	10.3	4.7	6.0	8.0	7.8	7.3	8.6
Growth of imports of goods and services (percent change)	23.3	7.0	6.6	7.2	7.7	6.1	8.5	7.3	7.5	8.4
Terms of trade (annual percentage change)	-1.8	2.6	0.1	1.5	-0.8	1.0	0.7	0.6	0.6	0.4
Gross international reserves (millions of U.S. dollars)	8,554	13,225	14,177	17,086	19,086	19,586	20,086	20,231	20,397	20,580
External debt (percent of GDP) ^{1/}	47.5	43.0	40.6	42.0	43.3	44.2	45.0	45.5	45.8	46.0
Nominal GDP (billions of U.S. dollars)	71	88	97	103	110	116	123	130	137	145
Sources: Central Bank of Costa Rica and IMF staff estimates.										
1/ Includes public and private sector debt.										

Table 5. Costa Rica: Gross External Financing Needs and Sources

	2022	2023	2024	2025	Projections					
					2026	2027	2028	2029	2030	2031
(In millions of U.S. dollars)										
Gross external financing needs	-11,677	-9,711	-12,802	-12,913	-14,968	-15,980	-16,705	-17,755	-18,769	-20,034
Current account balance	-1,851	-1,245	-839	-687	-1,631	-1,868	-1,736	-1,704	-1,790	-1,847
Amortization	-4,714	-6,130	-6,913	-6,588	-6,768	-6,828	-7,194	-7,785	-8,333	-8,987
Public sector, of which	-358	-1,428	-1,378	-681	-233	-7	75	44	42	42
Central government	-150	-1,252	-40	-333	-281	-340	-306	-652	-659	-660
Central bank 1/	-2	-139	-962	0	0	0	0	0	0	0
Private sector	-4,356	-4,702	-5,535	-5,907	-6,535	-6,821	-7,269	-7,829	-8,375	-9,029
of which: short-term	-3,124	-3,355	-4,096	-4,323	-4,836	-5,037	-5,363	-5,788	-6,190	-6,681
Other net capital inflows 2/	-5,113	-2,336	-5,050	-5,638	-6,569	-7,284	-7,775	-8,266	-8,646	-9,200
Gross external financing sources	10,102	9,289	11,551	12,212	14,499	15,192	16,301	17,415	18,808	20,074
Capital transfers	20	22	24	24	25	28	31	35	38	42
Direct investment, net	4,212	4,313	5,066	5,120	5,698	5,890	6,100	6,438	6,797	7,321
Borrowing	7,672	9,492	7,380	9,752	10,776	9,774	10,669	11,087	12,138	12,894
Public sector, of which	904	3,381	152	1,327	3,316	1,388	1,328	1,307	1,358	1,301
Central government	151	3,144	-15	1,183	3,211	1,500	1,500	1,538	1,647	1,647
of which: Eurobonds	0	2,921	0	1,112	2,652	1,500	1,500	1,500	1,500	1,500
Central bank 3/	1,100	0	0	0	0	0	0	0	0	0
Private sector	6,769	6,111	7,228	8,425	7,460	8,386	9,341	9,780	10,780	11,593
Change in International reserves (increase -)	-1,803	-4,537	-920	-2,685	-2,000	-500	-500	-145	-165	-184
Use of IMF credit	554	275	1,039	-187	-71	-142	-237	-285	-286	-286
Purchases/disbursements	554	275	1,284	0	0	0	0	0	0	0
RFI	0	0	0	0	0	0	0	0	0	0
EFF	554	275	548	0	0	0	0	0	0	0
RSF	0	0	736	0	0	0	0	0	0	0
Repurchases/repayments	0	0	-245	-187	-71	-142	-237	-285	-286	-286
Other gross multilateral financing	1,021	147	212	889	540	930	642	624	246	246
World Bank	307	4	12	...	...	...	...	...	...	...
Inter-American Development Bank (IDB)	385	104	83	...	...	...	...	...	...	...
CAF	0	0	0	...	...	...	...	...	...	...
Central American Bank for Economic Integration (CABEI)	329	40	117	...	...	...	...	...	...	...
Debt rescheduling or refinancing	0	0	0	0	0	0	0	0	0	0
Other exceptional financing	0	0	0	0	0	0	0	0	0	0
Unidentified financing	0	0	0	0	0	0	0	-1	0	0
Memorandum items:										
Gross multilateral support	1,575	422	1,497	889	540	930	642	624	246	246
In percent of GDP	2.2	0.5	1.5	0.9	0.5	0.8	0.5	0.5	0.2	0.2
Of which, committed	1,575	422	1,497	889	540	930	642	624	246	246
Of which, disbursed	0	0	0	0	0	0	0	0	0	0
IMF share of total gross multilateral financing (percent)										
Purchases and disbursements, flow basis	35	65	86	...	...	...	...	...	...	...
Purchases and disbursements, cumulative basis	33	36	49	...	...	...	...	...	...	...
Current account balance (percent of GDP)	-2.6	-1.4	-0.9	-0.7	-1.5	-1.6	-1.4	-1.3	-1.3	-1.3
Gross international reserves	8,554	13,225	14,177	17,086	19,086	19,586	20,086	20,231	20,397	20,580
In percent of ST debt (remaining maturity)	140	185	209	250	274	264	249	235	237	282
In months of next year's imports of G&S	3.5	5.1	5.1	5.8	6.1	5.7	5.5	5.1	4.8	4.9

Sources: Central Bank of Costa Rica and IMF staff estimates.

1/ Includes total amortization of FLAR credit line in 2024.

2/ Also reflects the 2021 SDR allocation and changes in banks', corporates', and households' gross foreign assets.

3/ Includes FLAR credit line in 2022.

Table 6. Costa Rica: Monetary Survey

	2021	2022	2023	2024	2025	Projections	
						2026	2027
(In billions of colones, unless otherwise indicated)							
Central Bank							
Net foreign assets	4,007	3,800	5,739	6,070	7,427	8,210	8,493
<i>Of which</i> : Gross international reserves							
(In millions of U.S. dollars)	6,921	8,554	13,225	14,177	17,086	18,896	19,396
Net domestic assets	-852	-195	-2,006	-2,012	-3,176	-3,769	-3,839
Net domestic credit	-1,601	-1,756	-2,036	-1,662	-2,956	-3,024	-3,105
Credit to nonfinancial public sector (net)	-315	-615	-1,010	-412	-1,083	-1,083	-1,083
Credit to other depository corporations (net)	-1,204	-1,114	-997	-1,228	-1,840	-1,908	-1,989
Credit to other financial corporations (net)	-82	-26	-29	-23	-33	-33	-33
Credit to the private sector (net)	0	0	0	0	0	0	0
Monetary stabilization instruments (-)	-1,364	-1,282	-2,073	-3,021	-3,272	-3,272	-3,272
Other items (net)	-103	426	-610	-130	213	-313	-301
Capital account (-)	2,216	2,416	2,714	2,802	2,839	2,839	2,839
Monetary base ^{1/}	3,155	3,605	3,733	4,058	4,251	4,440	4,654
Currency	1,529	1,495	1,539	1,610	1,625	1,727	1,836
Required reserves	1,626	2,110	2,194	2,448	2,626	2,713	2,818
Other Depository Institutions							
Net foreign assets	-63	693	734	544	1,037	1,627	1,773
Net domestic assets	29,012	28,383	28,979	30,222	31,190	32,449	34,438
Net domestic credit	33,228	33,317	34,298	36,266	37,387	39,065	41,302
Credit to nonfinancial public sector (net)	5,841	5,185	4,660	4,281	4,326	4,263	4,305
Credit to nonfinancial private sector	22,405	23,146	23,576	25,036	25,929	27,390	28,946
In national currency	14,212	15,343	15,999	16,917	17,498	18,605	19,681
In foreign currency	8,193	7,804	7,577	8,120	8,431	8,785	9,266
Credit to financial corporations (net)	4,982	4,986	6,061	6,949	7,132	7,411	8,050
Other items (net)	1,322	677	738	238	383	271	572
Capital account	-5,538	-5,611	-6,056	-6,282	-6,580	-6,887	-7,435
Liabilities to nonfinancial private sector	28,949	29,077	29,714	30,765	32,227	34,076	36,211
In national currency	17,469	17,859	19,530	20,799	21,053	22,246	23,640
In foreign currency	11,480	11,218	10,183	9,967	11,175	11,830	12,572
<i>Of which</i> : Deposits (including CDs)	28,743	28,849	29,457	30,501	31,953	33,786	35,904
Consolidated Financial System ^{1/}							
Net foreign assets	3,944	4,494	6,473	6,614	8,463	9,837	10,266
Net domestic assets	25,828	25,625	24,012	25,533	26,028	26,481	27,843
Net domestic credit	27,931	27,716	27,226	28,905	29,172	30,571	32,169
Other items (net)	1,219	1,104	128	108	597	-42	271
Capital account	-3,322	-3,195	-3,342	-3,481	-3,741	-4,048	-4,596
Broad money	21,779	21,266	22,324	24,810	26,210	27,364	28,413
Memorandum Items							
	(Annual percentage change)						
Monetary base ^{2/}	4.0	14.3	3.6	8.7	4.8	4.5	4.8
Broad money	8.8	-2.4	5.0	11.1	5.6	4.4	3.8
Credit to the private sector	3.7	3.3	1.9	6.2	3.6	5.6	5.7
In national currency	4.6	8.0	4.3	5.7	3.4	6.3	5.8
In foreign currency	2.2	-4.7	-2.9	7.2	3.8	4.2	5.5
Credit to the private sector (adjusted by exchange rate changes)	2.3	6.2	6.3	7.1	4.3	6.0	5.7
	(In percent of GDP)						
Monetary base ^{2/}	7.7	7.8	7.8	8.1	8.2	8.2	8.1
Broad money	53.5	46.3	46.9	49.8	50.6	50.5	49.7
<i>Of which</i> : Deposits denominated in foreign currency	20.2	18.3	15.4	14.8	15.6	15.4	15.2
Credit to the private sector	55.0	50.4	49.5	50.3	50.0	50.5	50.6
<i>Of which</i> : In foreign currency	20.1	17.0	15.9	16.3	16.3	16.2	16.2
Central bank balance	0.1	-0.4	-0.6	-0.2	0.0	0.0	0.0

Sources: Central Bank of Costa Rica and IMF staff estimates.

1/ Depository corporations survey data.

2/ Includes currency issued and required domestic reserves.

Table 7. Costa Rica: Financial Soundness Indicators

	2018	2019	2020	2021	2022	2023	2024	2025
	Dec	Dec	Dec	Dec	Dec	Dec	Dec	Dec
	(In percent)							
Capitalization								
Risk-adjusted capital ratio	16.7	17.5	16.8	16.5	17.7	18.6	19.1	18.6
Capital-to-assets ratio	14.2	15.2	14.4	14.4	14.4	15.5	15.7	16.0
Asset quality								
Nonperforming loans to total loans	2.1	2.4	2.5	2.3	2.1	2.0	2.1	2.1
Non-income generating assets to total assets	16.3	15.8	18.3	17.1	18.5	17.5	17.3	17.6
Foreclosed assets to total assets	1.0	1.1	1.1	1.0	1.0	0.9	0.3	0.3
Loan loss provisions to total loans	3.3	3.5	4.2	4.3	4.1	3.8	3.9	4.0
Credit in foreign currency to total credit	39.1	36.6	37.1	36.6	33.7	32.1	32.4	31.9
Management								
Administrative expenses to total assets	3.1	3.2	3.0	2.9	3.1	3.3	3.3	3.3
Noninterest expenses to gross income	77.6	83.1	82.0	79.1	88.4	88.7	89.8	85.2
Total expenses to total revenues	95.6	96.7	97.2	94.6	96.9	98.4	97.8	96.5
Profitability								
Return on assets (ROA)	0.9	1.0	0.6	0.9	1.0	0.7	1.0	1.0
Return on equity (ROE)	6.8	6.8	4.6	6.5	7.2	4.4	6.3	6.2
Interest margin to gross income	21.3	16.4	18.9	26.9	13.8	10.4	10.7	16.6
Liquidity								
Liquid assets to total short-term liabilities	98.6	96.8	93.9	89.9	89.9	87.4	80.3	75.2
Liquid assets to total assets	28.0	29.8	33.0	35.7	33.8	33.0	32.3	31.2
Loans to deposits ^{1/}	113.1	105.6	99.0	95.6	94.8	93.8	94.2	94.2
Liquid assets to deposits	43.7	44.6	50.0	52.4	48.6	46.7	45.2	42.8
Sensitivity to market risk								
Net open FX position to capital	21.1	23.5	25.1	25.6	24.4	20.2	18.8	19.2
Other								
Financial margin ^{2/}	7.1	7.1	6.7	7.0	7.0	5.7	5.9	6.0

Source: Superintendency of Financial Entities (SUGEF).
1/ Loans (including contingent credits) divided by deposits held by the public.
2/ Difference between implicit loan and deposit rates.

Table 8a. Costa Rica: Indicators of Fund Credit: Baseline Scenario

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Fund obligations based on existing credit (millions of SDRs)																					
Principal	51.6	103.1	171.9	206.2	206.2	206.2	154.7	103.1	62.1	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	27.7	0.0	0.0
GRA	51.6	103.1	171.9	206.2	206.2	206.2	154.7	103.1	34.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.7	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	27.7	0.0	0.0
Charges and interest 1/	65.8	62.6	57.2	50.7	43.8	36.9	30.5	25.9	23.0	20.8	18.8	16.7	14.6	12.6	10.5	8.5	6.4	4.3	2.5	2.1	2.1
GRA	43.2	39.9	34.5	28.0	21.1	14.1	7.8	3.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic charges	40.7	38.7	34.5	28.0	21.1	14.1	7.8	3.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Level-based surcharges	2.2	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
time-based surcharges	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF interest	20.5	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.4	18.7	16.7	14.6	12.6	10.5	8.4	6.4	4.3	2.2	0.4	0.0	0.0
SDR charges	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Fund obligations based on existing and prospective credit (millions of SDRs)																					
Principal	51.6	103.1	171.9	206.2	206.2	206.2	154.7	103.1	62.1	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	27.7	0.0	0.0
GRA	51.6	103.1	171.9	206.2	206.2	206.2	154.7	103.1	34.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.7	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	27.7	0.0	0.0
Charges and interest 1/2/	65.8	62.6	57.2	50.7	43.8	36.9	30.5	25.9	23.0	20.8	18.8	16.7	14.6	12.6	10.5	8.5	6.4	4.3	2.5	2.1	2.1
GRA	43.2	39.9	34.5	28.0	21.1	14.1	7.8	3.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic charges	40.7	38.7	34.5	28.0	21.1	14.1	7.8	3.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Level-based surcharges	2.2	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
time-based surcharges	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF interest	20.5	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.4	18.7	16.7	14.6	12.6	10.5	8.4	6.4	4.3	2.2	0.4	0.0	0.0
SDR charges	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Total obligations based on existing and prospective credit																					
Millions of SDRs	117.3	165.7	229.1	257.0	250.1	243.1	185.2	129.0	85.1	76.2	74.2	72.1	70.1	68.0	65.9	63.9	61.8	59.7	30.2	2.1	2.1
Percent of exports of goods and services	0.4	0.5	0.6	0.7	0.6	0.6	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Percent of gross international reserves	0.8	1.2	1.6	1.8	1.7	1.6	1.2	0.9	0.6	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.2	0.1	0.0
Percent of government revenue	1.0	1.4	1.8	2.0	1.9	1.7	1.2	0.8	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.0	0.0
Percent of public external debt service	9.4	12.3	15.2	15.2	14.1	12.9	9.3	6.2	3.9	3.3	3.0	2.8	2.6	2.4	2.2	2.0	1.8	1.7	0.8	0.1	0.1
Percent of GDP	0.1	0.2	0.3	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent of quota	31.8	44.9	62.0	69.6	67.7	65.8	50.1	34.9	23.0	20.6	20.1	19.5	19.0	18.4	17.8	17.3	16.7	16.2	8.2	0.6	0.6
Principal	14.0	27.9	46.5	55.8	55.8	55.8	41.9	27.9	16.8	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	7.5	0.0	0.0
GRA	14.0	27.9	46.5	55.8	55.8	55.8	41.9	27.9	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	7.5	0.0	0.0
Outstanding IMF credit based on existing and prospective drawings																					
Millions of SDRs	1,740.0	1,636.9	1,465.0	1,258.8	1,052.5	846.3	691.6	588.5	526.4	471.0	415.6	360.2	304.8	249.3	193.9	138.5	83.1	27.7	0.0	0.0	0.0
GRA	1,185.9	1,082.8	910.9	704.7	498.4	292.2	137.5	34.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	554.1	554.1	554.1	554.1	554.1	554.1	554.1	554.1	526.4	471.0	415.6	360.2	304.8	249.3	193.9	138.5	83.1	27.7	0.0	0.0	0.0
Percent of exports of goods and services	5.5	4.9	4.1	3.2	2.6	2.0	1.5	1.2	1.0	0.9	0.7	0.6	0.5	0.4	0.3	0.2	0.1	0.0	0.0	0.0	0.0
Percent of gross international reserves	12.5	11.5	10.1	8.6	7.1	5.7	4.6	3.9	3.5	3.1	2.7	2.3	1.9	1.6	1.2	0.9	0.5	0.2	0.0	0.0	0.0
Percent of government revenue	15.3	13.7	11.8	9.7	7.8	5.9	4.6	3.7	3.1	2.7	2.2	1.8	1.5	1.1	0.8	0.6	0.3	0.1	0.0	0.0	0.0
Percent of total public external debt	10.9	9.4	7.9	6.4	5.1	3.9	3.2	2.7	2.4	2.1	1.8	1.5	1.2	1.0	0.7	0.5	0.3	0.1	0.0	0.0	0.0
Percent of GDP	2.2	1.9	1.6	1.3	1.1	0.8	0.6	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Percent of quota	471.0	443.1	396.6	340.8	284.9	229.1	187.2	159.3	142.5	127.5	112.5	97.5	82.5	67.5	52.5	37.5	22.5	7.5	0.0	0.0	0.0
GRA	321.0	293.1	246.6	190.8	134.9	79.1	37.2	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	142.5	127.5	112.5	97.5	82.5	67.5	52.5	37.5	22.5	7.5	0.0	0.0	0.0
Net use of IMF credit (millions of SDRs)																					
Disbursements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and repurchases	51.6	103.1	171.9	206.2	206.2	206.2	154.7	103.1	62.1	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	27.7	0.0	0.0
Memorandum Items:																					
Exports of goods and services (millions of U.S. dollars)	43,532	46,123	49,833	53,716	56,710	59,986	63,354	66,889	70,597	74,482	78,549	82,800	87,241	91,873	96,701	101,729	106,963	112,409	118,073	123,963	130,086
Gross international reserves (millions of U.S. dollars)	19,086	19,586	20,086	20,231	20,397	20,580	20,764	20,947	21,131	21,315	21,498	21,682	21,865	22,049	22,232	22,416	22,600	22,783	22,967	23,150	23,334
Quota (millions of SDRs)	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	370.4

Source: IMF staff estimates and projections.

1/ Based on the GRA rate of charge of 3.3720 percent as of April 2, 2026.

2/ Costa Rica belongs to the RST Interest Group C. Based on the RST rate of interest of 3.722 percent as of April 2, 2026.

Table 8b. Costa Rica: Indicators of Fund Credit: FCL Drawdown Scenario

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Fund obligations based on existing credit																					
(millions of SDRs)																					
Principal	51.6	103.1	171.9	206.2	206.2	206.2	154.7	103.1	62.1	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	27.7	0.0	0.0
GRA	51.6	103.1	171.9	206.2	206.2	206.2	154.7	103.1	34.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.7	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	27.7	0.0	0.0
Charges and interest 1/	65.8	62.6	57.2	50.7	43.8	36.9	30.5	25.9	23.0	20.8	18.8	16.7	14.6	12.6	10.5	8.5	6.4	4.3	2.5	2.1	2.1
GRA	43.2	39.9	34.5	28.0	21.1	14.1	7.8	3.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic charges	40.7	38.7	34.5	28.0	21.1	14.1	7.8	3.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Level-based surcharges	2.2	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
time-based surcharges	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF interest	20.5	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.4	18.7	16.7	14.6	12.6	10.5	8.4	6.4	4.3	2.2	0.4	0.0	0.0
SDR charges	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Fund obligations based on existing and prospective																					
credit (millions of SDRs)																					
Principal	51.6	103.1	171.9	483.3	760.3	483.3	154.7	103.1	62.1	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	27.7	0.0	0.0
GRA	51.6	103.1	171.9	483.3	760.3	483.3	154.7	103.1	34.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.7	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	27.7	0.0	0.0
Charges and interest 1/2/	99.4	130.4	122.7	109.5	72.1	41.4	30.5	25.9	23.0	20.8	18.8	16.7	14.6	12.6	10.5	8.5	6.4	4.3	2.5	2.1	2.1
GRA	76.9	107.7	100.0	86.8	49.4	18.7	7.8	3.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic charges	56.4	76.1	71.9	64.6	43.6	18.7	7.8	3.2	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Level-based surcharges	11.5	23.0	20.4	16.2	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
time-based surcharges	3.4	8.6	7.7	6.1	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Service charges	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF interest	20.5	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.4	18.7	16.7	14.6	12.6	10.5	8.4	6.4	4.3	2.2	0.4	0.0	0.0
SDR charges	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Total obligations based on existing and prospective																					
credit																					
Millions of SDRs	151.0	233.5	294.6	592.8	832.4	524.7	185.2	129.0	85.1	76.2	74.2	72.1	70.1	68.0	65.9	63.9	61.8	59.7	30.2	2.1	2.1
Percent of exports of goods and services	0.5	0.7	0.8	1.5	2.0	1.2	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Percent of gross international reserves	1.1	1.6	2.0	4.0	5.6	3.5	1.2	0.9	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.2	0.0	0.0
Percent of government revenue	1.3	2.0	2.4	4.6	6.2	3.7	1.2	0.8	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.0	0.0
Percent of public external debt service	12.0	17.3	19.6	35.1	46.8	27.9	9.3	6.2	3.9	3.3	3.0	2.8	2.6	2.4	2.2	2.0	1.8	1.7	0.8	0.1	0.1
Percent of GDP	0.2	0.3	0.3	0.6	0.8	0.5	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent of quota	40.9	63.2	79.7	160.5	225.3	142.0	50.1	34.9	23.0	20.6	20.1	19.5	19.0	18.4	17.8	17.3	16.7	16.2	8.2	0.6	0.6
Principal	14.0	27.9	46.5	130.8	205.8	130.8	41.9	27.9	16.8	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	7.5	0.0	0.0
GRA	14.0	27.9	46.5	130.8	205.8	130.8	41.9	27.9	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	7.5	0.0	0.0
Outstanding IMF credit based on existing and																					
prospective drawings																					
Millions of SDRs	2,848.2	2,745.1	2,573.2	2,089.9	1,329.6	846.3	691.6	588.5	526.4	471.0	415.6	360.2	304.8	249.3	193.9	138.5	83.1	27.7	0.0	0.0	0.0
GRA	2,294.1	2,191.0	2,019.1	1,535.8	775.5	292.2	137.5	34.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	554.1	554.1	554.1	554.1	554.1	554.1	554.1	554.1	526.4	471.0	415.6	360.2	304.8	249.3	193.9	138.5	83.1	27.7	0.0	0.0	0.0
Percent of exports of goods and services	9.0	8.2	7.1	5.4	3.2	2.0	1.5	1.2	1.0	0.9	0.7	0.6	0.5	0.4	0.3	0.2	0.1	0.0	0.0	0.0	0.0
Percent of gross international reserves	20.5	19.3	17.7	14.3	9.0	5.7	4.6	3.9	3.5	3.1	2.7	2.3	1.9	1.6	1.2	0.9	0.5	0.2	0.0	0.0	0.0
Percent of government revenue	25.1	23.0	20.7	16.1	9.9	5.9	4.6	3.7	3.1	2.7	2.2	1.8	1.5	1.1	0.8	0.6	0.3	0.1	0.0	0.0	0.0
Percent of total public external debt	17.9	15.8	13.8	10.6	6.4	3.9	3.2	2.7	2.4	2.1	1.8	1.5	1.2	1.0	0.7	0.5	0.3	0.1	0.0	0.0	0.0
Percent of GDP	3.6	3.3	2.9	2.2	1.3	0.8	0.6	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Percent of quota	771.0	743.1	696.6	565.8	359.9	229.1	187.2	159.3	142.5	127.5	112.5	97.5	82.5	67.5	52.5	37.5	22.5	7.5	0.0	0.0	0.0
GRA	621.0	593.1	546.6	415.8	209.9	79.1	37.2	9.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	142.5	127.5	112.5	97.5	82.5	67.5	52.5	37.5	22.5	7.5	0.0	0.0	0.0
Net use of IMF credit (millions of SDRs)																					
Disbursements	1,056.6	-103.1	-171.9	-483.3	-760.3	-483.3	-154.7	-103.1	-62.1	-55.4	-55.4	-55.4	-55.4	-55.4	-55.4	-55.4	-55.4	-55.4	-27.7	0.0	0.0
Repayments and repurchases	1,108.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	51.6	103.1	171.9	483.3	760.3	483.3	154.7	103.1	62.1	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	55.4	27.7	0.0	0.0
Memorandum items:																					
Exports of goods and services (millions of U.S. dollars)	43,532	46,123	49,833	53,716	56,710	59,986	63,354	66,889	70,597	74,482	78,549	82,800	87,241	91,873	96,701	101,729	106,963	112,409	118,073	123,963	130,086
Gross international reserves (millions of U.S. dollars)	19,086	19,586	20,086	20,231	20,397	20,580	20,764	20,947	21,131	21,315	21,498	21,682	21,865	22,049	22,232	22,416	22,600	22,783	22,967	23,150	23,334
Quota (millions of SDRs)	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	369.4	370.4

Source: IMF staff estimates and projections.

1/ Based on the GRA rate of charge of 3.3720 percent as of April 2, 2026.

2/ Costa Rica belongs to the RST Interest Group C. Based on the RST rate of interest of 3.722 percent as of April 2, 2026.

Annex I. Capacity Development Integration: Updated Country Strategy Note¹

Costa Rica's capacity development (CD) efforts continue to be aligned with the reform objectives achieved under the now-completed Fund-supported EFF and RSF arrangements. CD priorities include improving revenue mobilization, strengthening the central bank's communication and operational transparency, financial sector supervision, enhancing the production of government finance statistics to improve decision making, and communicating these changes. The authorities' engagement and ownership of these issues remain strong. Given their heavy use of CD from the Fund and other partners, close integration between CD activities and surveillance priorities as well as coordination with other technical assistance providers has been critical.

Context

1. Costa Rica successfully completed its reform programs under the EFF and RSF in June 2024 and entered into a precautionary arrangement in June 2025. Through the EFF, and supported by the authorities' broad-based political and social dialogue with key stakeholders, Costa Rica was able to implement equitable fiscal reforms to ensure debt sustainability, while protecting the poor and most vulnerable; maintain monetary and financial stability, while continuing to strengthen the central bank's autonomy and governance and addressing structural financial vulnerabilities; and advance structural reforms to support inclusion, while boosting labor productivity, under the government's strong commitment to fighting climate change. CD has maintained the momentum of reform implementation to strengthen the country's capacity to withstand external shocks. Buoyed by the very strong macroeconomic and institutional frameworks, the Executive Board approved the country's request for access to the FCL on June 2, 2025. CD will continue to play a key role in the Fund's engagement with the authorities to consolidate the impressive progress they have achieved.

Engagement Strategy

- Fund's CD engagement with Costa Rica. Historically, the Costa Rican authorities have received extensive CD, with generally good traction and implementation record. Some of the CD implemented over the years has offered textbook cases of how CD can improve the quality of policy making, for example, with the punctual updates of the base year of the national accounts (NA), which helps better reflect structural changes in the economy, or the assessment and publication of the environmental impact of tax expenditures as part of the budget process. Table

¹ This country strategy note and the attached table matrices illustrate the integration of capacity development and program objectives guided by key recommendations in the IMF Board Paper [2018 Review of the Fund's Capacity Development Strategy](#). The acronyms in the note refer to the following IMF and other CD providers: Central America-Panama-Dominican Republic Regional Technical Assistance Center (CAPTAC-DR); Fiscal Affairs Department (FAD), Finance Department (FIN), Institute for Capacity Development (ICD); Legal Department (LEG), Monetary and Capital Markets Department (MCM); Statistics Department (STA); Inter-American Development Bank (IDB); Organization of Economic Cooperation and Development (OECD); World Bank (WB); and United Nations (UN).

AI.1 summarizes the key CD priority areas and engagement. Looking ahead, Costa Rica is expected to remain a heavy user of CD as it institutionalizes its impressive progress made under the EFF and RSF arrangements.

- Integration of CD in the Fund's surveillance and lending. CD delivery in Costa Rica has traditionally been closely integrated with the surveillance priorities identified in previous Article IV Consultations and has been following recommendations of the 2018 Financial Sector Stability Review and recent Basel Core Principles assessment conducted as part of the 2022 WB FSAP Development Module. For example, CD has been critical in the design and subsequent implementation of the single wage spline under the Public Employment Law, improvements in tax administration and arrears management, improvements in the quality of deposit insurance, and putting in place a new bank resolution framework for which law proposals were presented to the Legislative Assembly. Appropriate sequencing of CD across reform streams is coordinated by the country team, in consultation with the authorities and CD providers, as appropriate.
- Collaboration with other partners remains strong, including in the areas of public financial management and pension sustainability where staff engages with CD partners on a regular basis through joint meetings and/or missions to ensure consistency of policy advice and synergies in supporting the authorities' reform priorities.

CD Priorities

2. The main CD objectives for Costa Rica focus on consolidating the achievements to date and making further progress on the authorities' macro-critical reform priorities. These include implementing fiscal reforms to widen the tax base, boost investment and support inclusive growth while ensuring debt sustainability, and further strengthening the autonomy and governance of the BCCR, as well as the operational, supervisory and crisis management framework to maintain monetary and financial stability. Fund CD is supporting these main reform areas as follows:

3. Implement fiscal reforms to widen the tax base and support inclusive growth while ensuring debt sustainability. To tackle fiscal imbalances built up over the past decades, the authorities approved a comprehensive fiscal reform in 2018, which included a mix of tax reforms and spending measures, alongside the introduction of a new fiscal rule with spending ceilings to ensure debt sustainability. The authorities have submitted legislation to strengthen price incentives to support their National Decarbonization Plan through revenue instruments, based on the options for environmental tax reforms identified by past CD by FAD, and upgraded their analysis of transition risks. The Fund-supported program improved fiscal institutions, in part through more efficient revenue administration and public financial management, strengthened the social safety net, and improved data reporting and analytical and forecasting capacity. The authorities will continue these efforts.

- *Revenue administration and tax policy: FAD/CAPTAC-DR.* To promote further tax reform gains, this workstream supports the authorities' revenue mobilization efforts through Tax Compliance Improvement Plans, the roll-out of the *Hacienda Digital*, and a review of Costa Rica's existing

suite of tax exemptions. FAD has previously helped propose legislative reforms such as redesigning personal income tax to increase horizontal and vertical equity (consistent with Article IV recommendations) and feebates to support emissions reduction (RSF reform measure).

- *Public financial management: FAD/CAPTAC-DR.* CD in this workstream supports the ongoing development of a comprehensive Medium-Term Fiscal Framework covering the entire NFPS as well as improvement of the Treasury's cash management.
- *Debt management: MCM, in coordination with the WB.* CD efforts aim at deepening the domestic debt market, enhancing debt management in line with international best practices, including by unifying existing debt functions within the same agency.
- *Government finance statistics (GFS): STA/CAPTAC-DR/ICD.* Building on progress under the program, CD by STA/CAPTAC-DR in the GFS has continued to support efforts to improve the quality and timeliness of fiscal reporting, expand coverage beyond the central government (CG), transition from GFSM 1986 to GFSM 2014, and communicate the impact of these changes.
- *Macroeconomic frameworks:* CD by ICD and FAD is enhancing the analytical and forecasting capacity of the MoF with the enhancement of their macroeconomic framework and delivery of customized training to support policy decisions and align the framework with best practice and GFSM 2014.

4. Further strengthen the autonomy and governance of the BCCR and the supervisory and crisis management framework. The authorities have been advancing the implementation of the recommendations in the 2018 FSSR and 2022 WB FSAP Development Module, including by approving new laws on consolidated supervision and banking resolution, strengthening the macroprudential framework and monitoring of systemic risk, and implementing the national financial education strategy. Progress continues in several critical areas to maintain monetary and financial stability and address remaining structural financial vulnerabilities.

- *Central bank operations: LEG/MCM/CAPTAC-DR.* This workstream by LEG has supported the authorities' efforts to further strengthen the BCCR's operational autonomy and governance, as recommended by the 2020 Safeguards Assessment (SA), with draft amendments to the BCCR Law prepared in August 2021 and further revised in 2022 and most recently in 2025. CD by MCM/CAPTAC-DR will also support efforts to enhance central bank communication and transparency of operations and to further improve the existing monetary policy framework.
- *Financial crisis management: LEG/MCM.* CD by LEG/MCM has supported the authorities' efforts to improve alignment of the legal framework on bank resolution and deposit insurance with best international practices based on the already conducted gap analysis that will guide further reforms, including with regard to adequate institutional arrangements for the deposit insurance fund and the resolution authority, safeguards for resolution, proper public backstop schemes, and clear resolution triggers.

- *Financial supervision and regulation: CAPTAC-DR/MCM.* CD by CAPTAC-DR/MCM is helping to strengthen supervision and regulation, including by enhancing consolidated supervision, risk-based supervision, and gradual adoption of Basel III. CD by CAPTAC-DR/MCM is also supporting the authorities' efforts to enhance FinTech regulation and cybersecurity, and to develop derivatives markets.
- *Macroeconomic frameworks: ICD.* CD by ICD is enhancing the analytical, forecasting, and policy analysis capacity of the BCCR through further development of macroeconomic frameworks and delivery of tailored training. ICD provided TA and training on semi-structural gap models and helped align the BCCR forecasting and policy analysis system with international best practices.

Table 1. Costa Rica: IMF Capacity Development Missions Since 2019¹

TA/Training Mission	Provider	Mission Date
Implementing Equity-Enhancing Fiscal Reforms to Ensure Debt Sustainability		
Revenue Administration and Tax Policy		
Strengthening taxpayers' registry	CAPTAC-DR	February 2019, September 2022
Strengthening risk management including international tax risks such as high-net-worth individuals, common reporting standards and country by country reporting	CAPTAC-DR	May, November 2019, February 2020, June 2022, November 2022, April 2023, November 2023
Electronic invoices data use and fake invoices modeling	CAPTAC-DR	April 2023, August 2023, July 2024, September 2024, February 2025, March 2026
Customs: improvement of risk analysis	CAPTAC-DR	March 2019, October 2023, March 2024
Improvement of clearance process	CAPTAC-DR	March 2019
Risk management for improving tax and customs compliance and improving registration process	CAPTAC-DR	June 2019
Process management	CAPTAC-DR	October 2019
Integral cargo control plan	CAPTAC-DR	June 2019
TADAT Assessment	FAD	June 2019
Improving management of declarations	CAPTAC-DR	August 2019, January 2020
Improving tax filing compliance	CAPTAC-DR	January 2020
Strengthening strategic planning and outcome indicators for tax administration	CAPTAC-DR	June 2020, November–December 2025, April 2026
Strengthening the identification, assessment, and quantification of compliance risks	CAPTAC-DR	July, October 2020, May 2021, July 2021
Improving tax services for tax compliance plan	CAPTAC-DR	September 2020
Improving import and export process	CAPTAC-DR	October 2020, February 2021
Workshop: Tax compliance risk management	CAPTAC-DR	December 2020
Enhancing cargo control program	CAPTAC-DR	March 2021
Strengthening auditing of large taxpayers	CAPTAC-DR	April 2021
New Customs Law	CAPTAC-DR	April 2021, May 2021
Definition of new functionalities and technology transfer for the new Customs Web Portal	CAPTAC-DR	May 2021

¹ As at end-April 2026.

Table 1. Costa Rica: IMF Capacity Development Missions Since 2019 (Continued)		
TA/Training Mission	Provider	Mission Date
Revenue Administration and Tax Policy		
Development of tax compliance improvement plan	FAD	April 2021, November 2024, January 2026
Improvement in tax compliance risk management	CAPTAC-DR	May 2021
Strengthening of tax audit	CAPTAC-DR	October 2021, March 2023, July–August 2023, June 2024
Revenue administration gap assessment (RA-GAP)	FAD	May 2023
Implementation of tax compliance improvement plan	CAPTAC-DR/FAD	September 2020, May 2021, June 2021, August 2021, October 2021, June–July 2022, September 2022, December 2022, November 2023, November 2024
Post clearance controls and audit mission	CAPTAC-DR	October 2021, February–March 2022, July–August 2022, January 2023, February 2023, March–April 2023, September–November 2023, April 2024, November 2024, March 2025, March–April 2026
Customs modernization strategy	CAPTAC-DR	April 2022
Design of a global PIT, feebates to support emissions reduction, and incentives to promote female labor force participation	FAD	September 2022
Support the implementation of the income tax reform	FAD	July 2023, September 2023
Workshop on improving tax arrears management and diagnostic	FAD	April 2025, October 2025
Public Financial Management		
Fiscal risk-specific risks	CAPTAC-DR	April, November 2019, November 2020, June 2021, November 2022
Treasury management and fiscal risks	CAPTAC-DR	April 2019, January, March, April 2021
Treasury management – coordination between Treasury and Crédito Público	FAD	June 2019
Hackathons on the payment system of social programs	FAD	June, July, November 2019, February 2021
Accounting – IPSAS and consolidation	CAPTAC-DR/FAD	July, November 2020, August 2021, October 2021, May 2022
Treasury Single Account	FAD	August–September 2021
Medium-term fiscal framework	FAD	July 2020, March 2021
Centralization and digitalization of cash transfer social assistance programs	FAD	August 2021
Public investment management assessment	FAD	November–December 2021
Gender budgeting	FAD	January–February 2022, September–November 2022, December 2022, April 2023, August–October 2023, February–March 2024, July 2024
Improved budget execution and control through internal audit	CAPTAC-DR	April 2022
Evaluation of public expenditure and accountability	CAPTAC-DR	May 2022

Table 1. Costa Rica: IMF Capacity Development Missions since 2019 (Continued)		
TA/Training Mission	Provider	Mission Date
Public Financial Management		
Comprehensive, credible, and policy-based budget preparation – MTFF & MTFF for NFPS	CAPTAC-DR	December 2021, May 2022
Fiscal rules	FAD	October–November 2022
Climate-related transition risks including for MTFF	FAD	June–August 2023
Update MTFF in line with GFSM 2014	FAD	January 2025, October 2025, January 2026
SUPRES policy evaluation	FAD	February 2025
Develop skills in budget monitoring and evaluation	FAD	April 2025
Implementation of the new Treasury management law	FAD	February–March 2025, March 2026
Formulation of the PEF 2025	CAPTAC-DR	July 2024
Modern treasury management	CAPTAC-DR	September 2023
Support to define a methodology for budget monitoring and evaluation	CAPTAC-DR	April 2026
Support for the implementation of the MEL Law	CAPTAC-DR	March 2026
Financial Integrity		
COVID-19 financial integrity measures	LEG	March–December 2021
Debt Management		
Updating medium-term debt management strategy (MTDS), and institutional reform and deepening debt markets	MCM	November 2021, March–April 2022
Management for the improvement of assets and liabilities	CAPTAC-DR	May, August, November–December 2021, March, May 2022, November 2023
Sovereign asset and liability management	MCM	November 2022
Macroeconomic Frameworks		
Macroeconomic projection tool (MoF)	ICD	September 2021, October 2022, January 2023, February 2023, July 2023, December 2023, January–February 2024, April 2024, October 2024, December 2024, April 2025
Government Finance Statistics		
Assessment of CG high frequency data	CAPTAC-DR	June 2019
Compilation of high frequency CG GFS and PSDS, including data from Ods	CAPTAC-DR	September 2020
Reconciliation of high frequency CG GFS and PSDS, including data from Ods	CAPTAC-DR	October 2020
Adoption of GFSM 2014 for CG GFS and PSDS	CAPTAC-DR	June 2021
Improving compilation and coverage of GFS and PSDS – Including customized training for PSDS	CAPTAC-DR	July 2021, September 2021, March 2022, March 2023, May 2023
GFS and PSDS – Compilation and consolidation of CCG, including Extrabudgetary Units; incorporation of accrued interest; debt stocks, and GFS implementation plan	CAPTAC-DR	October 2022, February 2023, July–August 2025
GFS and PSDS – Consolidated GG and Non-Financial Public Sector (Compilation and consolidation)	CAPTAC-DR	May 2023, March 2023, September 2023, October 2023, February 2024, February–March 2025

Table 1. Costa Rica: IMF Capacity Development Missions since 2019 (Continued)		
TA/Training Mission	Provider	Mission Date
Government Finance Statistics		
GFS and PSDS – Incorporation in <i>Hacienda Digital</i>	CAPTAC-DR	February 2023
Compilation of public corporations and expansion of public debt coverage	CAPTAC-DR	February 2026
Public Expenditure Reform		
Public Employment Bill implementation	FAD	February 2023
Universal Basic Pension proposal	FAD	May 2023
Maintaining Monetary and Financial Stability		
Central Bank Operations		
Developing FX market framework	MCM	February 2021
Assisting the BCCR to prepare amendments to the Central Bank Law	LEG	March, July 2021, October–November 2022, March–April 2023
Monetary operations scoping mission	CAPTAC-DR	August 2021
Central bank FX swap introduction	CAPTAC-DR	November 2021
Development of domestic liquidity markets	CAPTAC-DR	April 2022
BCCR foreign exchange operations to aid reserve accumulation	MCM	July–August 2022
Modernization of central bank communications	MCM	March 2025, August 2025
Workshop: Central Bank Transparency Code	CAPTAC-DR	February–April 2026
Macroeconomic Forecasting and Policy		
Model-based economic frameworks (BCCR)	ICD	December 2022, May 2023, September–November 2023, April–May 2024, April–May 2025, June–July 2025, November 2025
Financial Supervision and Regulation		
Regional TA: CCSBSO accounting standardization	CAPTAC-DR	October 2019, August 2020
Credit risk regulation: strengthening management and provisioning regulations, including COVID-19 effects	CAPTAC-DR	January, April, May 2019, July–August 2020
FSSR follow-up: insurance and pensions	MCM	February 2019
Regional TA: Cross-border consolidated supervision procedures	CAPTAC-DR	March 2019
Basel Standards – Pillar II – ICAAP implementation	CAPTAC-DR	March 2024
Consolidated supervision of financial conglomerates	CAPTAC-DR	October 2023, January 2024
Enhance risk-based supervision framework	CAPTAC-DR/ MCM	June 2025
Supervisory liquidity stress test	CAPTAC-DR	December 2019, June 2020, September–December 2020
FSSR follow-up: Insurance supervision	MCM	October 2020
Financial groups regulatory framework	CAPTAC-DR	February–March 2021
Derivatives regulation training	CAPTAC-DR	August 2022
Cybersecurity regulation training, review regulation	MCM/ CAPTAC-DR	July 2022, March–April 2023

Table 1. Costa Rica: IMF Capacity Development Missions since 2019 (Concluded)		
TA/Training Mission	Provider	Mission Date
Financial Crisis Management		
Roadmap for strengthening legal framework for banking resolution and restructuring	MCM	April 2021
Strengthen legal framework for deposit insurance and bank resolution	LEG	February 2022, May–June 2022, January–February 2023, May 2023
Recovery plans	MCM	March 2025
Real Sector Statistics		
Preparation of quarterly supply and use tables (SUT) and sectoral accounts for rebasing national accounts to 2017	CAPTAC-DR	July 2019, August 2020
National accounts: Define statistical samples for the monthly survey of non-financial services	CAPTAC-DR	October 2019
Annual sectoral accounts: Compile non-financial balance sheets for the total economy and the non-financial corporations	CAPTAC-DR	December 2019
Implementation of 2008 SNA	CAPTAC-DR	March 2020
National accounts statistics: Source data for the volume of services index	CAPTAC-DR	January 2021
National accounts statistics: Balance sheet	CAPTAC-DR	February, October 2021, November 2022
Webinar on Business Information and Macroeconomic Management	CAPTAC-DR	February 2021
Quarterly accounts and seasonal adjustment	CAPTAC-DR	July 2021
Price statistics	CAPTAC-DR	February 2022, November 2023
National production, income, and expenditure accounts	CAPTAC-DR	December 2023, January 2024
National accounts statistics: Source data for the use of the digital fiscal invoice	CAPTAC-DR	December 2021, February 2023
Institutional sectoral accounts and flow of funds	CAPTAC-DR	November–December 2022, December 2023
High frequency economic activity indicators	CAPTAC-DR	December 2022, February 2023
Improving the quality assessment of seasonally adjusted monthly indicator of economic activity	CAPTAC-DR	October–November 2024

Annex II. Implementation of Past Fund Policy Advice

2025 Article IV Staff Recommendations	Implementation
Build fiscal buffers and make space for priority spending	
Rebuild fiscal space to respond to negative shocks and allow for higher human capital, infrastructure and social assistance spending through a revenue-enhancing tax reform which increases equity and efficiency.	The primary balance declined to 0.9 percent of GDP in 2025, in part due to the effects of a gradual reduction in the rates of the selective consumption tax charged on several goods and lower VAT collections. Improved revenue administration yielded an additional 0.3 percent of GDP in tax collections in 2025.
Improve the quality of spending.	The Public Employment Law has been implemented by all institutions under MIDEPLAN's purview except for the CCSS. Full implementation is expected by end-2026.
Resolve the disputed claim with the social security system.	Negotiations continue between the Ministry of Finance and the CCSS to verify the size of the disputed claims. The 2026 budget allocates additional funding for the state's pension contributions to slow the increase in pension-related claims.
Enhance public debt management and increase flexibility in external debt issuance to reduce borrowing costs.	General Directorate of Public Debt Management was established, and plans were developed to enhance the operations of the front, middle and back offices. Three euro-denominated bonds were successfully issued in the domestic market in November 2025, and January and April 2026.
Ensuring monetary and financial stability	
Loosen monetary policy further if convergence to the 3 percent inflation target weakens.	The BCCR lowered its policy rate three times in 2025, in July, September and December, by 25 basis points each.
Institutionalize the BCCR's <i>de facto</i> autonomy.	Approval of the proposed legislative amendments to enhance autonomy and governance is expected to continue under the new Legislative Assembly.
Allow the exchange rate to flexibly adjust to market conditions. Require the NFPS to independently manage their FX needs. Adjust regulatory limits on foreign investment and develop the FX market.	With the support of the IFC, the BCCR has developed a new standardized contract for financial derivatives, which could foster FX hedging.
Approve amendments to bank resolution and deposit insurance legislation. Improve oversight of nonbanks. Eliminate the blanket deposit guarantee for state-owned banks.	The bill to amend the bank resolution and deposit insurance law is expected to be resubmitted to the new Legislative Assembly.
Structural reforms to promote inclusive growth	
Address skills and infrastructure gaps and foster a more competitive business environment to support private sector-led growth.	The authorities have expanded the number of STEM-focused colleges across the country and have supported efforts to increase access to higher education for those in rural communities.
Remove barriers to formal employment to strengthen long-term growth.	Through its "We Let You Work" initiative, the authorities have identified and eliminated several bottlenecks (186 as of end-February 2026) which constrain economic development, investment, and job creation.

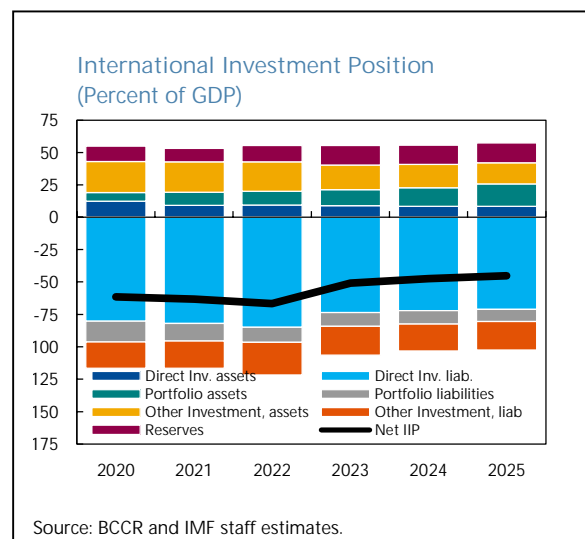
Annex III. External Sector Assessment

Overall Assessment: The external position of Costa Rica in 2025 was stronger than the level implied by medium-term fundamentals and desirable policies. The current account (CA) deficit further narrowed to 0.7 percent of GDP in 2025, as stronger-than expected net goods trade—partly due to frontloading ahead of the tariff increase—more than offset weaker service exports from sluggish tourism performance. The CA deficit is projected to widen to 1.5 percent of GDP on average in 2026–27, as the trade balance weakens once tariff effects fully materialize, compounded by spillovers from the conflict in the Middle East. External vulnerabilities stem from weakening external demand, geoeconomic fragmentation, and deteriorating public security.

Potential Policy Responses: The authorities' fiscal consolidation, alongside the BCCR's forward-looking, data-dependent monetary policy approach, remain vital to supporting external stability. Exchange rate flexibility should act as the main shock absorber, with intervention limited to episodes of disorderly market conditions. Costa Rica's FCL continues to provide an added buffer against global tail risks. In the current uncertain environment, trade policies should continue seeking to resolve trade tensions, deepening integration into global value chains, and attracting FDI. Structural reforms to boost private investment beyond the free trade zones, close the infrastructure gap, and enhance productivity and competitiveness are critical to creating conditions for durable growth and sustaining a robust external position over the medium term.

Foreign Assets and Liabilities: Position and Trajectory

Background. Costa Rica's NIIP improved further in 2025, reaching -45.9 percent of GDP, up from -48.2 percent in 2024 and well above the -59.3 percent average recorded during 2019–23. The decrease in direct investment and slight increase in portfolio assets relative to nominal GDP remain the main drivers of change. Foreign assets in 2025 (59.9 percent of GDP) were mostly portfolio and non-portfolio assets (35 percent of GDP) and international reserves (17 percent of GDP). Foreign liabilities (105.8 percent of GDP) primarily consist of FDI (74.5 percent of GDP) and other investment (20 percent of GDP). External debt has slightly increased to 42.0 percent of GDP in 2025 and is projected to gradually increase further to 46 percent of GDP in the medium term. About 11.4 percent of external debt is at short-term maturity, and nearly all external debt is denominated in foreign currency.



Assessment. Costa Rica has significant gross external liabilities; however, the substantial share of FDI in these liabilities mitigates potential risks associated with its large net debtor position. Despite a declining trend since 2023—in line with the global trend—FDI inflows in Costa Rica remain robust, exceeding 70 percent of GDP in the last two years, particularly in the advanced manufacturing and technology industries. Performance of public sector external debt in the medium term also indicates sustainability. This is further indicated by the results of the External Sustainability (ES) model. The positive CA gap indicates that the CA balance is higher than the level required to stabilize the NIIP.

2025 (% GDP)	NIIP: -47.2	Gross Assets: 59.9	Debt Assets: 26.9	Gross Liab.: 105.8	Debt Liab.: 30.2
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Current Account

Background. The CA deficit narrowed to 0.7 percent of GDP in 2025, from 0.9 percent of GDP in 2024, primarily reflecting a significant decrease in the goods trade deficit, mainly driven by strong export performance and favorable terms of trade. The secondary income surplus remained stable, while the primary income deficit deteriorated owing to increased retained earnings paid to foreign firms. The service balance also deteriorated, driven by a decline in services exports, reflecting weaker tourism performance amid a stronger colón and security concerns. Over the medium term, the CA deficit is projected to widen to about 1.5 percent of GDP in 2026–27, as tariffs take effect, compounded by spillovers from the conflict in the Middle East, reflecting weaker external demand and higher oil import bills.

Assessment. The EBA CA model estimates a cyclically adjusted CA balance of -0.6 percent of GDP and a cyclically adjusted CA norm of -3.4 percent of GDP. This implies a CA gap of 2.8 percent of GDP in 2025. The overall contribution from identified policy gaps is assessed to be at 1.4 percent of GDP, mostly driven by the fiscal balance gap (0.7 percent of GDP)—from a relatively tighter fiscal stance in comparison to the world average—and health expenditure (0.6 percent of GDP). The large residual (1.3 percent of GDP) may reflect country-specific or policy distortions not included in the model.

Costa Rica: EBA Model Estimates, 2025
(In percent of GDP, unless otherwise indicated)

	2025	
	CA model	ES model
CA-Actual	-0.7	-0.7
Cyclical Contributions (from model)	-0.1	-0.1
Adjusted CA	-0.6	-0.6
CA Norm (from model) 1/	-3.5	-2.9
Adjustments to the norm	-0.1	-0.1
Adjusted CA Norm	-3.4	-2.9
CA Gap	2.8	2.3
o/w Policy gap	1.4	
Elasticity	-0.26	-0.26
REER Gap (in percent)	-10.8	-8.8

1/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

Background. In 2025, the contained CA deficit and FDI inflows resulted in appreciation pressures on the colón. Despite some short episodes of depreciation following the announcements of U.S. tariffs in April and August 2025, the colón appreciated by 2.2 percent on average against the U.S. dollar in 2025 compared to 2024 and by an additional 9 percent for the year-to-date through end-April 2026. As of end-2025, the real effective exchange rate (REER) stood about 1 percent lower than its 2024 average.

Assessment. The EBA CA model implies a REER undervaluation of 8.9 percent, with an estimated semi-elasticity of 0.27. The EBA REER index and level models suggest an overvaluation of 8.1 and 28.5 percent, respectively. Staff's overall assessment, based on the CA model, is a REER undervaluation of 8.9 percent.

Capital and Financial Accounts: Flows and Policy Measures

Background. Costa Rica's capital flows have remained dominated by FDI inflows for many years, which have been particularly strong in advanced manufacturing and technology industries. In 2025, net FDI inflows remained broadly stable at around 5 percent of GDP, with inward FDI representing 62.0 percent of inward capital flows (debits), and net FDI (debit and credit) accounting for 746 percent of the CA. Portfolio investments outflows increased to 3.6 percent of GDP in 2025 from 3.2 percent of GDP in the prior year, marking a gradual reversal from the downward trend observed since 2022 (4 percent of GDP). Other investments, reflecting mostly debt-creating inflows, increased to 1.4 percent of GDP after a significant drop to 0.4 percent of GDP in 2024.

Assessment. Costa Rica shows a robust external financing structure, with strong FDI inflows that adequately cover the CA balance. Portfolio investments abroad by pension funds have stopped since 2022H2 as domestic financial assets' yields increased. The reform to restructure existing *Operadoras de Pensiones Complementarias* (OPCs) into generational funds based on investors' age groups was suspended in March 2025 to conduct studies on the replacement rate, investment limits, and the impact of the reform. When implemented, this reform may further promote international diversification, potentially triggering the restart of those capital flows. This trend could be influenced by changes in external and/or domestic financial conditions.

FX Intervention and Reserves Level

Background. Strong exports and sustained FDI inflows boosted gross international reserves (GIR) to a record level of US\$17.1 billion in 2025, up from US\$14.2 billion in 2024. In 2025, the BCCR intervened in the FX market mainly to build reserves and conduct FX operations on behalf of the non-financial public sector (NFPS). Following three years of sustained FX purchases, averaging net purchases of US\$2.7 billion during 2022–24, the BCCR reduced net FX purchases for reserve accumulation to US\$0.9 billion in 2025. In 2025, BCCR's FX operations on behalf of the NFPS amounted to US\$4.7 billion in net sales, up significantly from US\$0.1 billion in 2024. Despite rare interventions for stabilization purposes, the exchange rate has shown little volatility over the last two years, with the colón/USD variation remaining within a 2 percent band. This led to the reclassification of Costa Rica's de facto exchange rate regime from floating to crawl-like arrangement for 2023–24 and from crawl-like to stabilized arrangement in 2025. Since the beginning of 2026, the BCCR stepped up foreign exchange intervention to further build up reserves and address elevated exchange rate volatility. So far in 2026, net FX purchases (excluding transactions conducted on behalf of SOEs) have already surpassed the total for the whole of 2025.

Assessment. Consistent with the new classification of Costa Rica's de facto exchange rate regime, reserve adequacy is assessed using the IMF's ARA metric for countries with non-floating exchange rate regimes. At end-2025, Costa Rica's GIR was adequate for precautionary purposes, amounting to 104 percent of the ARA metric, representing about 250 percent of short-term debt (on residual maturity), and 5.8 months of import coverage. The FCL arrangement provides an additional buffer against global tail risks. The BCCR should accelerate reforms to strengthen FX market functioning, including measures to reduce market concentration, remove impediments to price discovery (bid rate caps and restrictions on daily rate adjustments), and clear interbank backlogs. FX purchases by the central bank on behalf of the NFPS should be aligned with FX sales to these entities to minimize the market impact. Going forward, the NFPS should enhance its ability to manage currency risks and reduce reliance on the BCCR as an intermediary for FX transactions, by undertaking a greater share of FX transactions directly in the FX market.

Costa Rica: Adequacy Metrics		
Gross International Reserves, 2025		
(Percent unless noted otherwise)		
Metric	Level	Benchmark
Million of U.S. dollars (2025)	17,086.4	
Million of U.S. dollars (2024)	14,177.3	
ARA metric	103.8	100-150
ARA metric (floating) 1/	162.4	100-150
Short-term debt at remaining maturity	249.8	100
Broad money	32.5	20
Months of next year's imports	5.8	3
Source: IMF staff estimates.		
1/ Metric adapted as if Costa Rica were classified as having a floating exchange rate regime.		

Annex IV. Risk Assessment Matrix¹

Risks		Policy Response
External		
Geopolitical Tensions and Intensification of Conflicts. Rising geopolitical tensions, and a weakening of multilateralism, raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions and market volatility.	High Likelihood Medium Impact	Allow the exchange rate to flexibly adjust to absorb shocks to commodity prices, limiting FX intervention to tackle disorderly conditions. Tighten monetary policy should inflation or inflation expectations exceed the target. Increase fiscal space for protection of social goals and provide targeted fiscal support to the most vulnerable, if needed.
Protectionism and Trade Disruptions. Tariff and nontariff measures disrupt global supply chains, weighing on activity while increasing inflation. Trade diversion triggers broader protectionism.	High Likelihood Medium Impact	Strengthen and diversify trade, investment, and financial linkages by improving the business environment, closing infrastructure gaps, eliminating barriers to entry in the labor force, and implementing new trade and investment agreements. Tighten monetary policy should inflation or inflation expectations exceed the target.
Commodity Price Volatility. Supply and demand imbalances—triggered by geopolitical tensions, coordinated production decisions, shifts in investor preferences, or structural changes in demand—fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macro instability.	High Likelihood Medium Impact	Allow the exchange rate to flexibly adjust to absorb shocks to commodity prices, limiting FX intervention to tackle disorderly conditions. Tighten monetary policy should inflation or inflation expectations exceed the target. Increase fiscal space for protection of social goals and provide targeted fiscal support to the most vulnerable, if needed.
Disorderly AI Correction. An abrupt revision in expectations of strong AI-led productivity gains causes a sharp market correction, investment decline, and wealth loss, which suppress demand and tighten financial conditions globally.	High Likelihood High Impact	Allow the exchange rate to flexibly adjust to capital outflows, limiting FX intervention to tackle disorderly conditions. Grant the executive branch more flexibility to borrow externally according to market conditions, while pursuing reforms to deepen domestic debt market to reduce borrowing costs. Build additional fiscal space to support the economic recovery, without compromising long-run fiscal targets. Continue to closely monitor financial conditions, clearly communicate policy decisions, and stand ready to deploy macroprudential tools to maintain financial stability.

¹ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly.

Risks		Policy Response
External		
Fiscal Vulnerabilities and Higher Interest Rates. Higher public debt and deficit levels put further upward pressure on long-term interest rates, sharply tightening global financial conditions, amplifying currency volatility, and reducing consumption and investment that exacerbate adverse debt dynamics. Disruptions are amplified by increased role of price-sensitive investors and leveraged NBFIs in sovereign debt markets, limited market absorption capacity when NBFIs offload debt securities, higher roll-over needs on shorter sovereign debt maturities, and strong sovereign-financial nexus. Concurrently, capital outflows from emerging and developing economies elicit a sharp increase in short-term rates.	High Likelihood Medium Impact	Allow the exchange rate to flexibly adjust to capital outflows, limiting FX intervention to tackle disorderly conditions. Grant the executive branch more flexibility to borrow externally according to market conditions, while pursuing reforms to deepen domestic debt market to reduce borrowing costs. Build additional fiscal space to support the economic recovery, without compromising long-run fiscal targets.
New Trade Agreements. Tangible progress in trade talks reduces uncertainty and trade barriers. Wider cooperation on services, FDI, and taxation boosts investment and bolsters public finances.	Low Likelihood Medium Impact	Improve the business environment, close infrastructure gaps, and eliminate barriers to entry into the labor force to take advantage of new trade opportunities.
Structural		
Climate Change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	Medium Likelihood Medium Impact	Build on the reforms implemented under the RSF arrangement and public investment in adaptation and mitigation (e.g., resilient infrastructure, renewable energy, ecosystems conservation). Create an enabling environment for private-sector climate financing, including through PPPs and the full implementation of the recently developed Sustainable Financing Framework to channel capital flows to climate-related investments.
AI Acceleration. Rapid AI adoption significantly improves productivity, boosts growth, and revives business dynamism. Realizing these gains requires complementary policies to manage energy constraints, scale critical inputs, and support labor market transitions.	Medium Likelihood Medium Impact	Accelerate digital skills development and the productive adoption of new technologies. Leverage existing strengths and the economy's readiness for AI.
Domestic		
Crime. An escalation in domestic crime weighs heavily on tourism, and broader consumer and investment demand.	Medium Likelihood Medium Impact	Increase investment in education and crime prevention. Implement targeted measures to support vulnerable households.

Annex V. Sovereign Risk and Debt Sustainability Assessment

Table 1. Costa Rica: Risk of Sovereign Stress

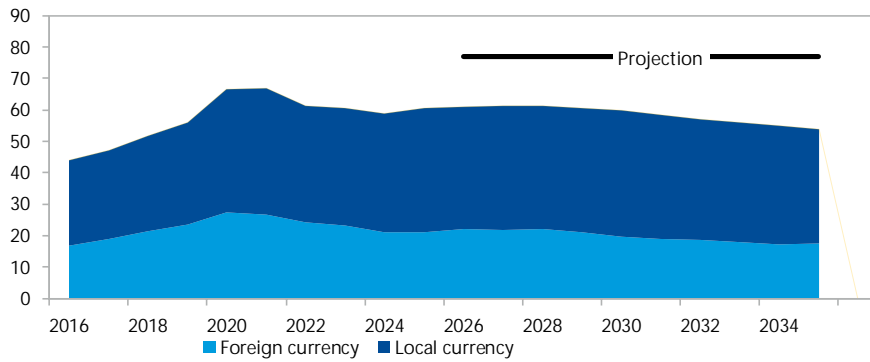
Horizon	Mechanical signal	Final assessment	Comments
Overall	...	Low	Costa Rica's overall risk of sovereign stress is assessed as low, reflecting low risks in the medium and long term.
Near term 1/	...	...
Medium term	Low	Low	Medium-term risks are assessed as low, in line with the mechanical signal. Gross financing needs (GFNs) are not expected to exceed 10 percent of GDP over the medium-term, even under the assumed stress scenarios, while central government debt is projected to stabilize and then fall over the medium-term, except under a scenario where the authorities are required to assume its stock of contingent liabilities, including the entire 8.6 percent of GDP in contingent claims to the CCSS.
Fanchart	Moderate	...	
GFN	Moderate	...	
Stress test	Cont. Liabty. Nat. Disast.	...	
Long term	...	Low	Risks related to climate adaptation and mitigation are modest, while risks from slower GDP growth and some fiscal easing are slightly more material. However, absent reforms to the pension and healthcare systems, risks from population aging are more likely to alter the long-term trajectory of the debt ratio.
Sustainability assessment 2/	...	Sustainable with high probability	Central government debt and gross financing needs are expected to decline, in line with a strong track record and underpinned by the parameters under the fiscal rule.
Debt stabilization in the baseline			Yes
DSA Summary Assessment			
<p>Commentary: Under the baseline, Costa Rica's central government debt is assessed to be sustainable with high probability. Debt is projected to decline to 58.4 percent of GDP by 2031 and further over the long-term. Gross financing needs--estimated at 7.2 percent of GDP in 2026--are expected to remain modest over the medium-term. Financing is expected to be sourced primarily from multilateral creditors, domestic markets, and annual Eurobond issuances, once approved by the legislative assembly. Financing risks are mitigated by a strong appetite for Costa Rican debt, a fiscal rule that responds to the debt ratio, and the authorities' strong track record in taking corrective action. Broader coverage beyond the central government would aid a more comprehensive assessment.</p>			
<p>Source: Fund staff.</p>			
<p>Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.</p>			
<p>1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.</p>			
<p>2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.</p>			

Figure 1. Costa Rica: Debt Coverage and Disclosure

Figure 1. Costa Rica: Debt Coverage and Disclosure										Comments									
1. Debt coverage in the DSA: 1/										CG	GG	NFPS	CPS	Other					
1a. If central government, are non-central government entities insignificant?										Yes									
2. Subsectors included in the chosen coverage in (1) above:										Subsectors captured in the baseline					Inclusion				
CPS	NFPs	GG: expected	CG	1	Budgetary central government						Yes								
				2	Extra budgetary funds (EBFs)						No								
				3	Social security funds (SSFs)						No								
				4	State governments						No	n.a							
				5	Local governments						No								
				6	Public nonfinancial corporations						No								
				7	Central bank						No								
				8	Other public financial corporations						No								
3. Instrument coverage:										Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSS 3/					
4. Accounting principles:										Basis of recording		Valuation of debt stock							
										Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/					
5. Debt consolidation across sectors:										Consolidated		Non-consolidated							
Color code: █ chosen coverage █ Missing from recommended coverage █ Not applicable																			
Reporting on Intra-Government Debt Holdings																			
										Holder	Budget. central govt	Extra-budget. funds	Social security funds	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
CPS	NFPs	GG: expected	CG	1	Budget. central govt						0								
				2	Extra-budget. funds						0								
				3	Social security funds						0								
				4	State govt.						0								
				5	Local govt.						0								
				6	Nonfin pub. corp.						0								
				7	Central bank						0								
				8	Oth. pub. fin. corp						0								
Total										0	0	0	0	0	0	0	0	0	
1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.																			
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.																			
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.																			
4/ Includes accrual recording, commitment basis, due for payment, etc.																			
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).																			
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.																			
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.																			
Commentary: Coverage is of the central government due to data timeliness and quality concerns for the broader public sector. General government consolidated debt is lower than that for the central government alone partly on account of social security fund holdings of government securities. The authorities are improving data timeliness, quality, and coverage including by adopting GFSM2014 standards and accrual methods to the general government.																			

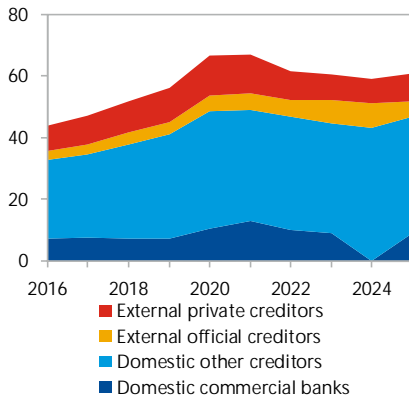
Figure 2. Costa Rica: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



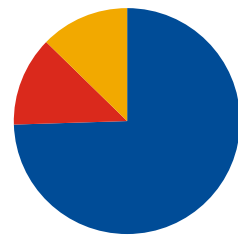
Note: The perimeter shown is central government.

Public Debt by Holder (Percent of GDP)



Note: The perimeter shown is central government.

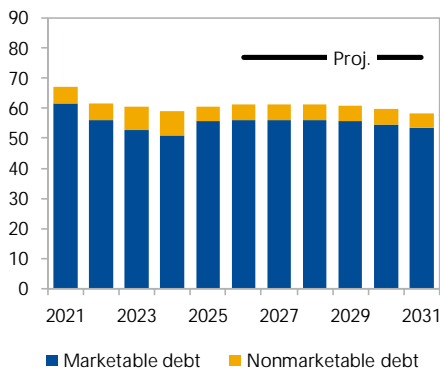
Public Debt by Governing Law, 2025 (Percent)



■ Domestic law
■ Foreign law ex. multilateral
■ Multilateral

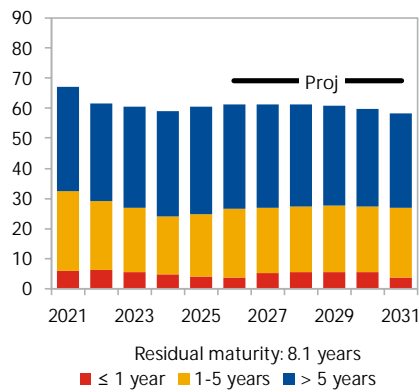
Note: The perimeter shown is central government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is central government.

Public Debt by Maturity (Percent of GDP)



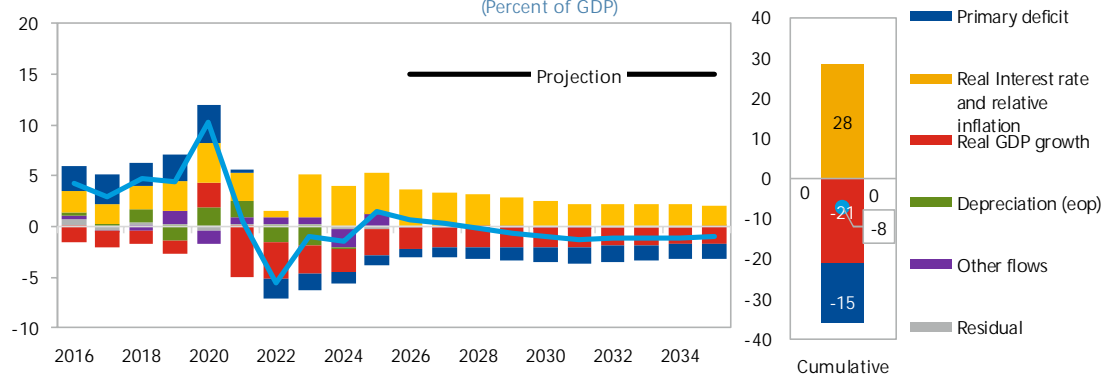
Note: The perimeter shown is central government.

Commentary: The authorities are expected to fund modest gross financing needs largely from domestic and multilateral sources over the short- to medium-term. Legislative approval of a bill that would permit the issuance of up to US\$13.5 billion in nine annual tranches of up to US\$1.5 billion each, would provide an additional source of external financing.

Figure 3. Costa Rica: Baseline Scenario
(Percent of GDP unless indicated otherwise)

	Actual	Medium-term projection						Extended projection				
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Public debt	60.4	61.1	61.4	61.3	60.7	59.7	58.4	57.2	56.0	54.8	53.8	
Change in public debt	1.5	0.7	0.3	-0.1	-0.6	-1.0	-1.3	-1.2	-1.2	-1.1	-1.1	
Contribution of identified flows	1.8	0.8	0.3	-0.2	-0.6	-1.0	-1.3	-1.2	-1.2	-1.1	-1.1	
Primary deficit	-0.9	-0.9	-0.9	-1.1	-1.3	-1.4	-1.5	-1.5	-1.5	-1.5	-1.4	
Noninterest revenues	14.4	14.2	14.1	14.0	13.8	13.7	13.5	13.5	13.5	13.5	13.5	
Noninterest expenditures	13.5	13.4	13.2	12.8	12.5	12.2	11.9	11.9	11.9	12.0	12.0	
Automatic debt dynamics	1.6	1.7	1.2	1.0	0.7	0.5	0.3	0.3	0.4	0.4	0.4	
Real interest rate and relative inflation	4.1	3.7	3.3	3.1	2.8	2.5	2.3	2.2	2.2	2.1	2.1	
Real interest rate	4.6	3.9	3.4	3.1	2.7	2.4	2.1	2.0	2.0	1.9	1.9	
Relative inflation	-0.5	-0.2	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	
Real growth rate	-2.6	-2.1	-2.1	-2.1	-2.1	-2.0	-2.0	-1.9	-1.8	-1.8	-1.7	
Real exchange rate (end of period)	0.0	...	...	...	...	...	...	...	...	...	...
Other identified flows	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other transactions	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Contribution of residual	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Gross financing needs	8.2	7.2	6.9	8.0	8.1	8.2	8.0	6.5	6.9	7.3	7.2	
of which: debt service	9.1	8.1	7.8	9.1	9.4	9.6	9.6	8.1	8.4	8.8	8.6	
Local currency	5.9	5.8	5.3	7.3	6.6	6.5	7.3	6.2	6.3	6.8	7.3	
Foreign currency	3.2	2.2	2.5	1.8	2.8	3.1	2.3	1.9	2.1	2.0	1.3	
Memo:												
Real GDP growth (percent)	4.6	3.6	3.6	3.6	3.5	3.5	3.5	3.3	3.3	3.2	3.2	
Inflation (GDP deflator; percent)	-0.5	1.1	1.8	2.1	2.4	2.7	3.0	3.0	3.0	3.0	3.0	
Nominal GDP growth (percent)	4.0	4.7	5.5	5.8	6.0	6.3	6.6	6.4	6.4	6.3	6.3	
Effective interest rate (percent)	7.6	7.8	7.6	7.4	7.1	6.9	6.7	6.7	6.6	6.6	6.5	

Contribution to Change in Public Debt
(Percent of GDP)



Commentary: In 2025, the increase in central government debt was partly due to an accumulation of additional liquidity buffers to meet upcoming debt repayments. Over the medium-term, widening primary surpluses, lower interest payments, and still-strong real GDP growth are expected to exert downward pressure on the debt-to-GDP ratio, but this is expected to be partially offset by a slow convergence of inflation to its long-term target.

Figure 4. Costa Rica: Medium-Term Risk Analysis

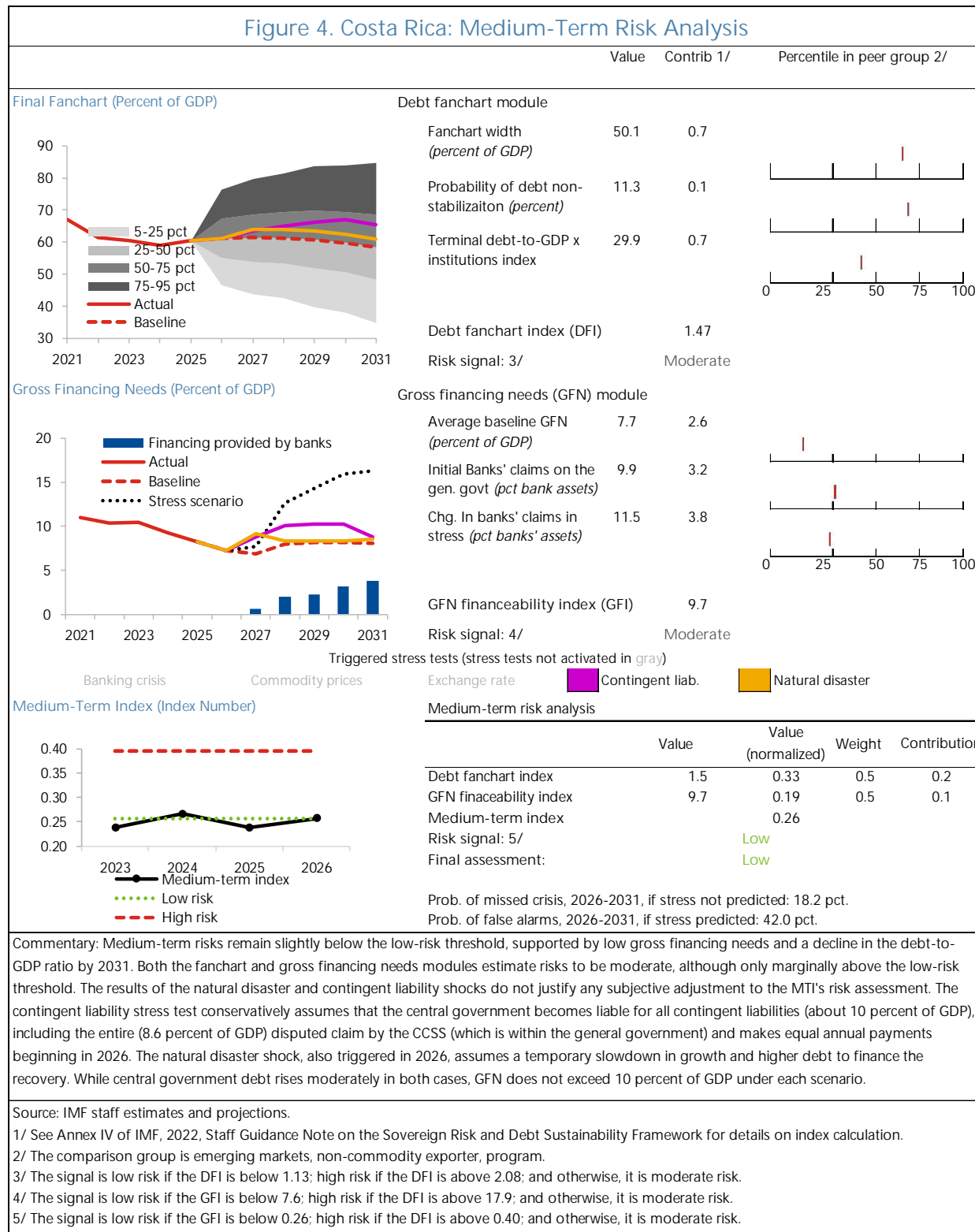
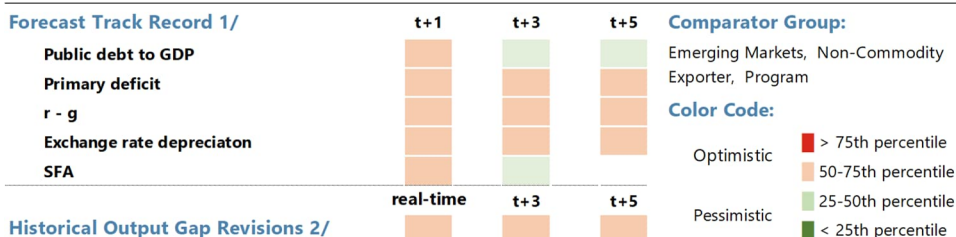


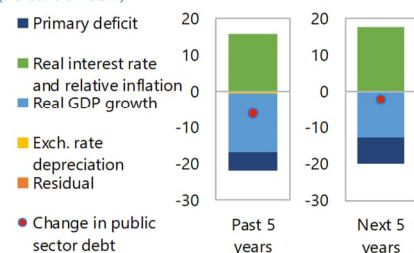
Figure 5. Costa Rica: Realism of Baseline Assumptions



Historical Output Gap Revisions 2/

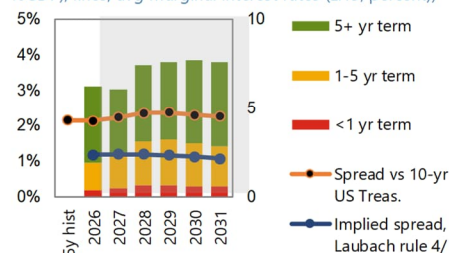
Public Debt Creating Flows

(Percent of GDP)



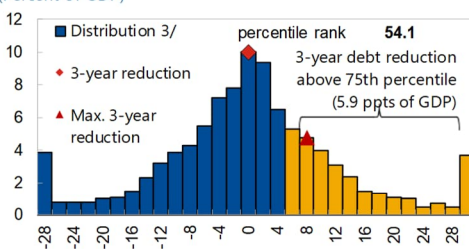
Bond Issuances (Bars, debt issuances (RHS,

%GDP); lines, avg marginal interest rates (LHS, percent)



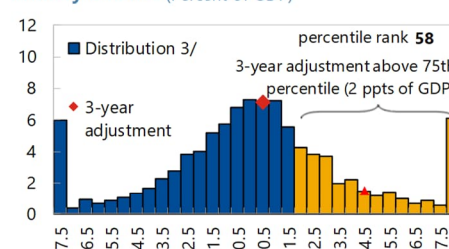
3-Year Debt Reduction

(Percent of GDP)



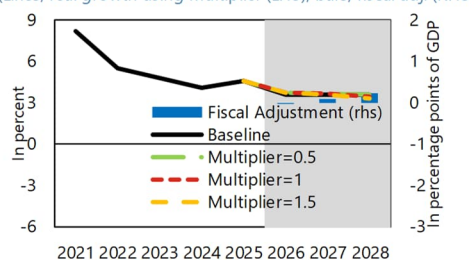
3-Year Adjustment in Cyclically-Adjusted

Primary Balance (Percent of GDP)



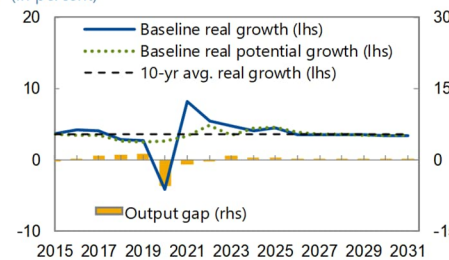
Fiscal Adjustment and Possible Growth Paths

(Lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS))



Real GDP Growth

(In percent)



Commentary: Realism analysis does not trigger major concerns. The sustained increase in the primary balance is consistent with a strong implementation track record and spending constraints imposed by the fiscal rule. Sovereign spreads are expected to remain low, supported by recent sovereign rating upgrades, and the authorities' access to lower-cost multilateral financing sources. Moreover, future foreign currency bond issuances are now made easier with the PPSO's majority in the Legislative Assembly and recent domestic issuances of euro-denominated bonds (including in 2026). GDP growth projections are consistent with recent averages, implied fiscal multipliers, and potential growth estimates, although the COVID-related contraction and subsequent recovery may affect the interpretation of the realism tools.

Source: IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates.

3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

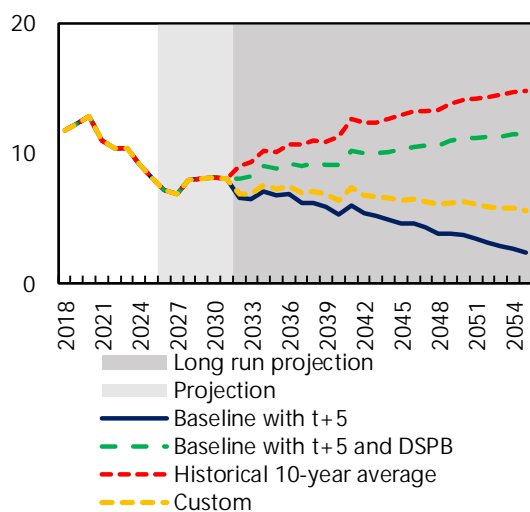
4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Figure 6. Costa Rica: Long-Term Risk Analysis: Large Amortization Incl. Custom Scenario

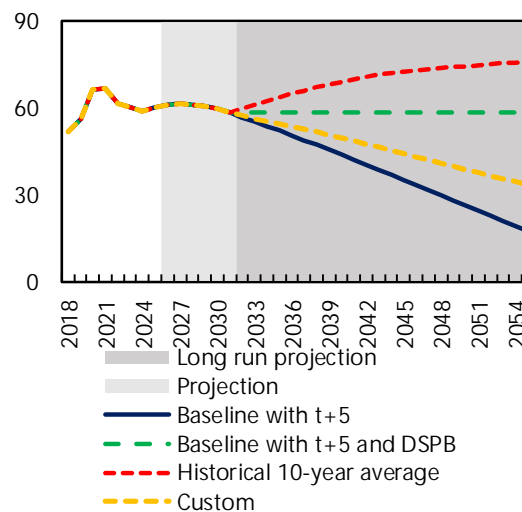
Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	Green
	Amortization-to-GDP ratio	Green
	Amortization	Red
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	Green
	Amortization-to-GDP ratio	Red
	Amortization	Red
Historical average assumptions	GFN-to-GDP ratio	Red
	Amortization-to-GDP ratio	Red
	Amortization	Red
Overall Risk Indication		Green

Variable	2031	2035 to 2039 average	Custom Scenario
Real GDP growth	3.5%	3.1%	2.9%
Primary Balance-to-GDP ratio	1.5%	1.2%	1.3%
Real depreciation	-2.2%	-2.2%	-2.2%
Inflation (GDP deflator)	3.0%	3.0%	3.0%

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

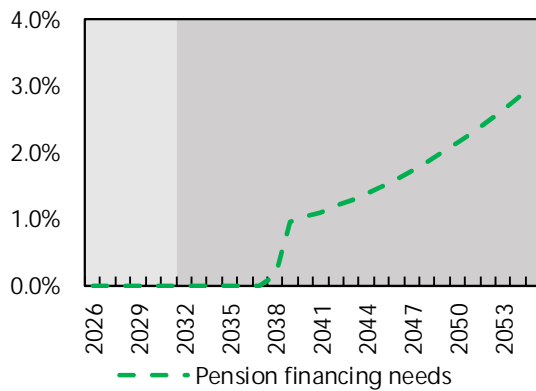


Commentary: Even under staff's custom scenario, where the long-term primary balance declines to 1.2 percent of GDP and GDP growth slows, reflecting lower fertility rates, an aging population, and a declining labor force, gross financing needs and public debt are expected to remain manageable, consistent with a low overall long-term risk.

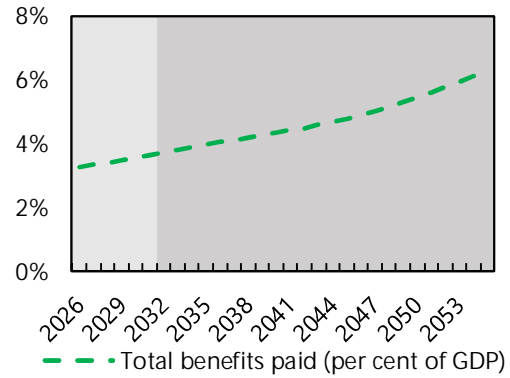
Figure 7. Costa Rica: Demographics: Pensions

Permanent adjustment needed in the pension system to keep pension assets positive for:	30 years	50 years	Until 2100
(pp of GDP per year)	1.1%	2.7%	4.3%

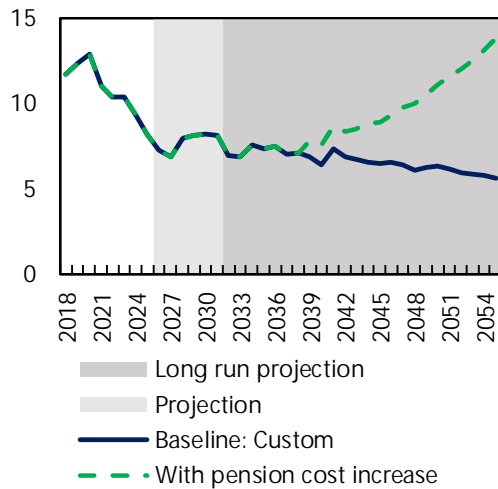
Pension Financing Needs



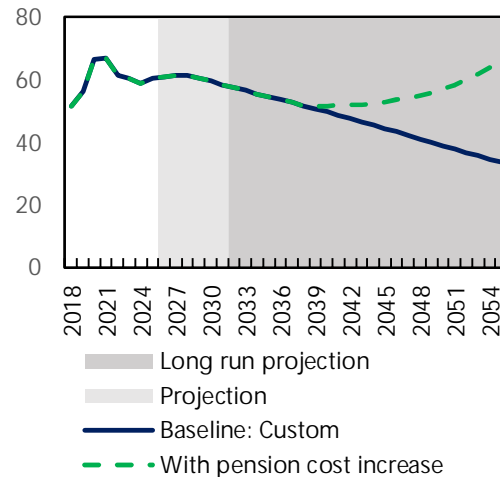
Total Benefits Paid



GFN-to-GDP Ratio



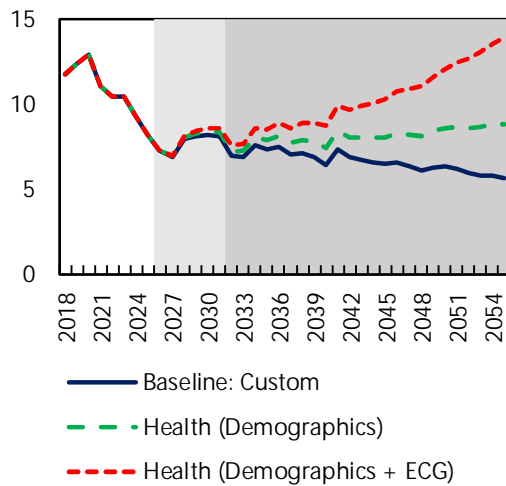
Total Public Debt-to-GDP Ratio



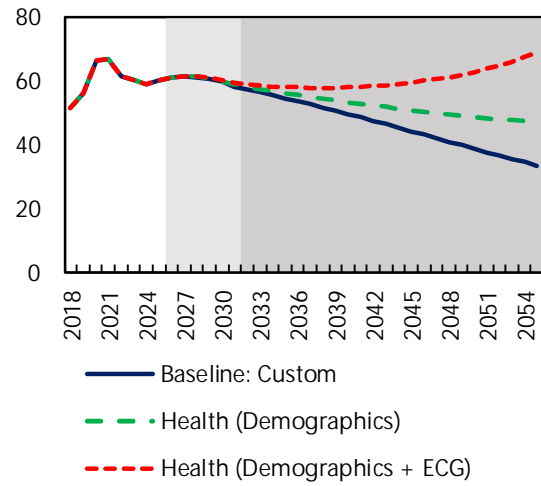
Commentary: For Costa Rica, this module focuses on the old age, death, and disability pension. Staff's estimates suggest that demographic pressures will likely exhaust reserves in the mid-2030s, creating fiscal pressures and debt risks. These results illustrate the need for parametric changes in order to minimize long-term fiscal costs.

Figure 8. Costa Rica: Demographics: Health

GFN-to-GDP Ratio



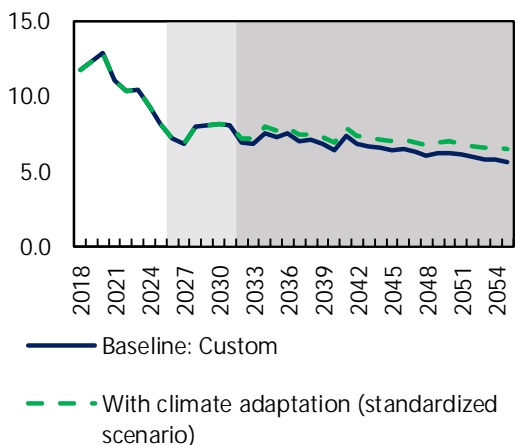
Total Public Debt-to-GDP Ratio



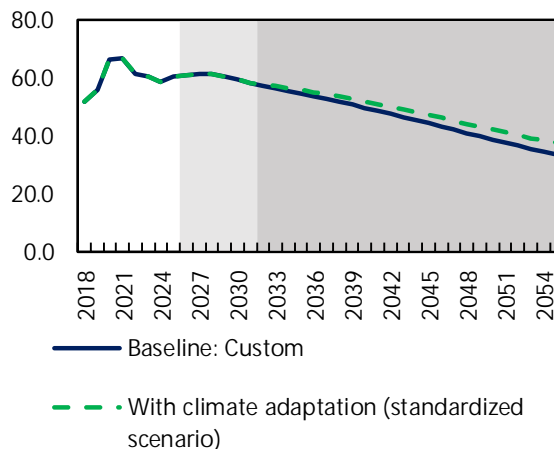
Commentary: Population aging is expected to increase fiscal pressures arising from the healthcare system managed by the CCSS. Absent additional reforms and under a scenario where per capita healthcare spending increases by 0.6 percent per year, contingent fiscal pressures could curtail the decline in the debt-to-GDP ratio projected under the baseline.

Figure 9. Costa Rica: Climate Change: Adaptation

GFN-to-GDP Ratio



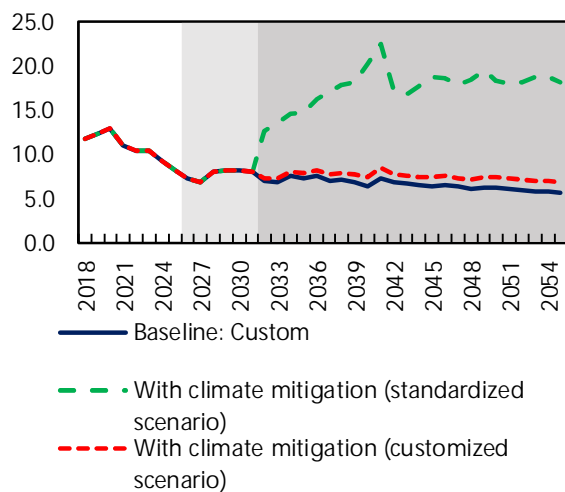
Total Public Debt-to-GDP Ratio



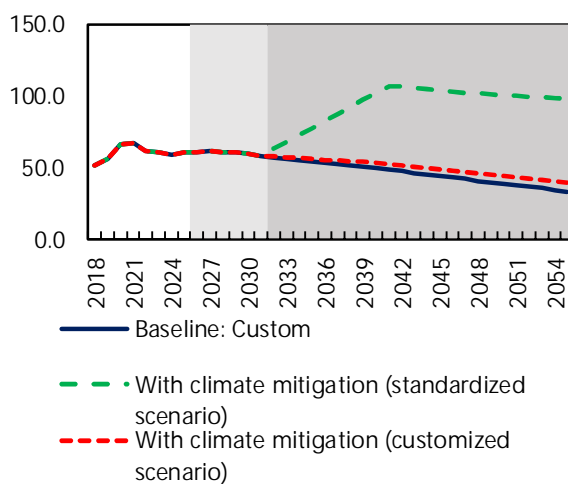
Commentary: Even under a scenario where the authorities borrow to fund annual investments associated with climate change adaptation equivalent to 0.3 percent of GDP in 2030-2034 and 0.1 percent of GDP in the long term, GFN and central government debt are not expected to deviate materially from their paths under the baseline.

Figure 10. Costa Rica: Climate Change: Mitigation

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



Commentary: Costa Rica boasts near complete use of renewable sources for electricity generation, in contrast to many of its emerging market peers for whom the standardized scenario may be more applicable. Consequently, staff considers a customized scenario based on costing of the National Decarbonization Plan (0.3 percent of GDP per year for a decade) and fuel revenue losses consistent with the authorities' analysis of transition risks (a permanent 0.1 percent of GDP per year) for this module. Under that scenario, investments related to climate change mitigation have only modest effects on GFN and debt.

Table 2. Costa Rica: Decomposition of Public Debt and Debt Service by Creditor, 2025–2027^{1/}

	Debt Stock (end of period)			Debt Service ³					
	2025			2025	2026	2027	2025	2026	2027
	(In US\$)	(Percent total debt)	(Percent GDP)	(In US\$)			(Percent GDP)		
Total	62,593.88	100.0%	60.4%	9,417.09	9,480.44	9,201.10	9%	9%	7.8%
External	15,497.44	24.8%	15.0%	1,933.59	1,186.97	1,300.94	2%	1%	1.1%
Multilateral creditors ²	7,769.86	12.4%	7.5%	885.59	611.12	686.48	1%	1%	0.6%
IMF	2,453.58	3.9%	2.4%	288.58					
World Bank	1,953.90	3.1%	1.9%	160.94					
ADB/AfDB/IADB	1,981.29	3.2%	1.9%	271.15					
Other Multilaterals	1,381.09	2.2%	1.3%	164.92					
o/w: list largest two creditors	419.17	0.7%	0.4%	65.01					
list of additional large creditors	961.92	1.5%	0.9%	99.91					
Bilateral Creditors ²	727.59	1.2%	0.7%	64.64	63.87	73.84	0.1%	0.1%	0.1%
Paris Club	407.62	0.7%	0.4%	28.37	-	-	0.0%	0.0%	0.0%
o/w: list largest two creditors	407.62	0.7%	0.4%	28.37					
list of additional large creditors			0.0%						
Non-Paris Club	319.97	0.5%	0.3%	36.26	-	-	0.0%	0.0%	0.0%
o/w: list largest two creditors	319.97	0.5%	0.3%	36.26					
list of additional large creditors									
Bonds	7,000.00	11.2%	6.8%	983.37	511.98	540.62	1.0%	0.5%	0.5%
Commercial creditors				-	-	-			
o/w: list largest two creditors									
list of additional large creditors									
Other international creditors	7,000.00	11.2%	6.8%	983.37	-	-	1.0%	0.0%	0.0%
o/w: list largest two creditors	7,000.00	11.2%	6.8%	983.37			1.0%	0.0%	0.0%
list of additional large creditors									
Domestic	47,096.44	75.2%	45.5%	7,483.5	8,293.5	7,900.2	7.3%	7.4%	6.7%
Held by residents, total	46,987.71	75.1%	45.3%						
Held by non-residents, total	108.73	0.2%	0.1%						
T-Bills									
Bonds	47,003.72	75.1%	45.4%	7,468.90	8,283.12	7,889.63	7.3%	7.4%	6.7%
Loans	92.72	0.1%	0.1%	14.60	10.35	10.53	0.0%	0.0%	0.0%
Memo items:									
Collateralized debt ⁴									
o/w: Related									
o/w: Unrelated									
Contingent liabilities	10,091.37	16.1%	9.7%						
o/w: Public guarantees	785.71	1.3%	0.8%						
o/w: Other explicit contingent liabilities ⁵	9,305.66	14.9%	9.0%						
Nominal GDP	103,612.17		100.0%	102,904.92	111,379.11	118,273.54			

1/As reported by Country authorities according to their classification of creditors, including by official and commercial. Debt coverage is the same as the DSA.

2/Multilateral creditors* are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).

3/Debt service figures reflect budgetary execution, which is not forecast beyond the current year at the creditor level.

4/Debt is collateralized when the creditor has rights over an asset or revenue stream that would allow it, if the borrower defaults on its payment obligations, to rely on the asset or revenue stream to secure repayment of the debt. Collateralization entails a borrower granting liens over specific existing assets or future receivables to a lender as security against repayment of the loan. Collateral is "unrelated" when it has no relationship to a project financed by the loan. An example would be borrowing to finance the budget deficit, collateralized by oil revenue receipts. See the joint IMF-World Bank note for the G20 "Collateralized Transactions: Key Considerations for Public Lenders and Borrowers" for a discussion of issues raised by collateral.

5/Includes other-off guarantees not included in publicly guaranteed debt (e.g. credit lines) and other explicit contingent liabilities not elsewhere classified (e.g. potential legal claims, payments resulting from PPP arrangements).

Annex VI. External Debt Sustainability Assessment

External debt is projected to have increased to 42.0 percent of GDP in 2025, from 40.6 percent of GDP one year earlier, as a narrower noninterest current account deficit, strong real growth, and currency appreciation only partially offset the effects from interest payments and valuation effects on the outstanding stock of debt. External debt is expected to rise further to 46.0 percent of GDP by 2031, as the effects of nominal interest rates more than offset a positive trade balance. External debt could rise to between 46.9 and 49.8 percent of GDP over the medium term, should the economy face shocks to a combination of growth, interest rates, and the current account, but could surge to as high as 67.6 percent of GDP should the exchange rate depreciate by up to 30 percent.

Table 1. Costa Rica: External Debt Sustainability Framework, 2021–2031
(In percent of GDP, unless otherwise indicated)

	Actual					Projections						Debt-stabilizing non-interest current account 6/ -5.8
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Baseline: External debt	48.3	47.5	43.0	40.6	42.0	43.3	44.2	45.0	45.5	45.8	46.0	
Change in external debt	-1.1	-0.8	-4.6	-2.3	1.3	1.4	0.9	0.8	0.5	0.4	0.2	
Identified external debt-creating flows (4+8+9)	-3.9	-7.2	-12.7	-8.6	-6.9	-5.2	-5.0	-5.2	-5.3	-5.3	-5.4	
Current account deficit, excluding interest payments	1.7	0.7	-0.7	-1.2	-0.8	0.1	0.0	-0.3	-0.4	-0.5	-0.5	
Deficit in balance of goods and services	-2.5	-4.0	-6.3	-7.1	-8.3	-7.2	-7.1	-7.2	-7.5	-7.5	-6.3	
Exports	36.0	42.1	39.4	39.0	40.4	39.6	39.7	40.6	41.5	42.1	41.8	
Imports	33.5	38.1	33.1	31.9	32.1	32.4	32.6	33.4	34.0	34.6	35.5	
Net non-debt creating capital inflows (negative)	-4.9	-6.1	-5.1	-5.4	-5.1	-5.3	-5.2	-5.1	-5.1	-5.1	-5.2	
Automatic debt dynamics 1/	-0.6	-1.8	-6.9	-2.0	-1.0	0.0	0.1	0.2	0.3	0.3	0.4	
Contribution from nominal interest rate	1.5	1.9	2.1	2.0	1.5	1.4	1.6	1.7	1.8	1.8	1.9	
Contribution from real GDP growth	-3.9	-2.4	-1.8	-1.6	-1.7	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	
Contribution from price and exchange rate changes 2/	1.8	-1.2	-7.1	-2.5	-0.7	...	...	...	...	...	...
Residual, incl. change in gross foreign assets (2-3) 3/	2.8	6.4	8.1	6.3	8.2	6.6	5.9	6.0	5.7	5.6	5.5	
External debt-to-exports ratio (in percent)	134.2	112.9	109.1	104.2	103.8	109.5	111.4	110.9	109.7	108.7	110.1	
Gross external financing need (in billions of US dollars) 4/	7.3	6.6	7.4	8.0	7.5	8.5	8.9	9.2	9.8	10.5	11.2	
in percent of GDP	11.1	9.2	8.4	8.3	7.3	10-Year	10-Year	7.7	7.6	7.5	7.6	7.7
Scenario with key variables at their historical averages 5/						43.3	45.1	46.8	48.2	49.4	50.6	-5.5
Key Macroeconomic Assumptions Underlying Baseline												
						Historical Average	Standard Deviation					
Real GDP growth (in percent)	8.2	5.5	4.8	4.1	4.6	3.7	3.1	3.6	3.6	3.5	3.5	3.5
GDP deflator in US dollars (change in percent)	-3.5	2.6	17.6	6.2	1.7	2.6	5.9	3.2	2.1	2.0	1.9	2.0
Nominal external interest rate (in percent)	3.1	4.3	5.5	5.2	3.8	3.9	0.8	3.6	3.9	4.1	4.1	4.2
Growth of exports (US dollar terms, in percent)	18.2	26.6	15.2	9.5	10.3	9.7	9.9	4.7	6.0	8.0	7.8	7.3
Growth of imports (US dollar terms, in percent)	25.2	23.3	7.0	6.6	7.2	7.3	11.1	7.8	6.1	8.5	7.3	7.5
Current account balance, excluding interest payments	-1.7	-0.7	0.7	1.2	0.8	-0.4	1.3	-0.1	0.0	0.3	0.4	0.5
Net non-debt creating capital inflows	4.9	6.1	5.1	5.4	5.1	4.4	0.8	5.3	5.2	5.1	5.1	5.2

1/Derived as $[r-g-r(1+g)+ea(1+r)]/(1+g+r+gr)$ times previous period debt stock, with r =nominal effective interest rate on external debt; r =change in domestic GDP deflator in U.S. dollar terms, g =real GDP growth rate, e =nominal appreciation (increase in dollar value of domestic currency), and a =share of domestic currency denominated debt in total external debt.

2/The contribution from price and exchange rate changes is defined as $[-r(1+g)+ea(1+r)]/(1+g+r+gr)$ times previous period debt stock. r increases with an appreciating domestic currency ($e>0$) and rising inflation (based on GDP deflator).

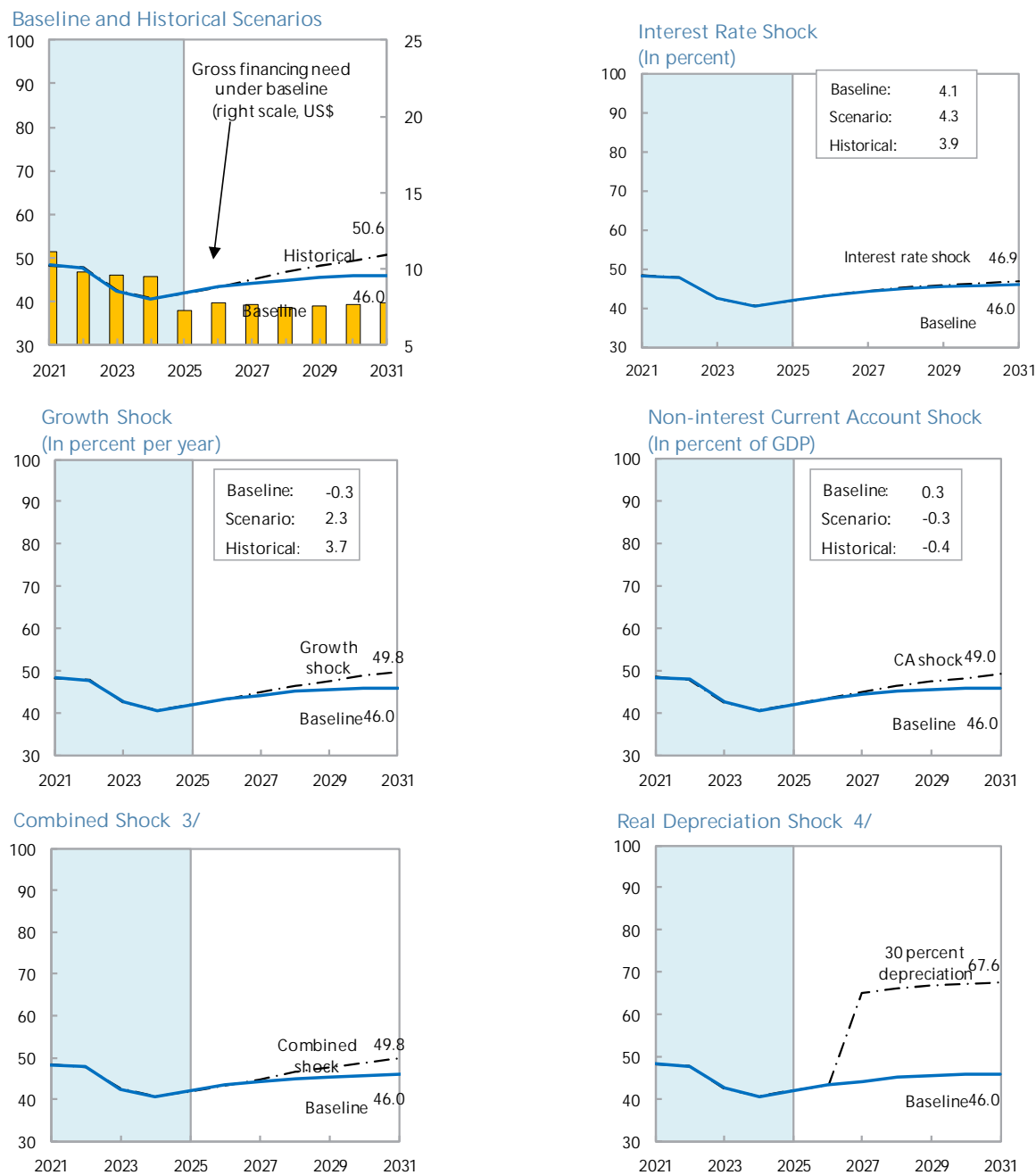
3/For projection, line includes the impact of price and exchange rate changes.

4/Defined as current account deficit, plus amortization on medium- and long-term debt, plus short-term debt at end of previous period.

5/The key variables include real GDP growth; nominal interest rate; dollar deflator growth; and both non-interest current account and non-debt inflows in percent of GDP.

6/Long-run, constant balance that stabilizes the debt ratio assuming that key variables (real GDP growth, nominal interest rate, dollar deflator growth, and non-debt inflows in percent of GDP) remain at their levels of the last projection year.

Figure 1. Costa Rica: External Debt Sustainability: Bound Tests ^{1/ 2/}
(External debt in percent of GDP)



Sources: International Monetary Fund, Country desk data, and staff estimates.

1/ Shaded areas represent actual data. Individual shocks are permanent one-half standard deviation shocks. Figures in the boxes represent average projections for the respective variables in the baseline and scenario being presented. Ten-year historical average for the variable is also shown.

2/ For historical scenarios, the historical averages are calculated over the ten-year period, and the information is used to project debt dynamics five years ahead.

3/ Permanent ¼ standard deviation shocks applied to real interest rate, growth rate, and current account balance.

4/ One-time real depreciation of 30 percent occurs in 2026.

Annex VII. Data Issues

Table 1. Costa Rica: Data Quality Assessment for Surveillance

Data Adequacy Assessment Rating ¹							
A							
Questionnaire Results ²							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Intersectoral Consistency	Median Rating
	A	A	A	A	A	A	A
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	A	A	B	A	A		
Granularity ³	A		A	A	A		
			A		A		
Consistency			B	A		A	
Frequency and Timeliness	A	A	A	A	A		
<p>Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.</p> <p>¹The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.</p> <p>²The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF <i>Review of the Framework for Data Adequacy Assessment for Surveillance</i>, January 2024, Appendix I).</p> <p>³The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.</p>							
A	The data provided to the Fund are adequate for surveillance.						
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.						
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.						
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.						
<p>Rationale for staff assessment. Data provided by the authorities are adequate for surveillance. General: The quality of macroeconomic data has continued to improve in recent years. Further statistical improvements are being pursued, including in the real, fiscal and balance of payments sectors. The Central Bank, the Ministry of Finance, and the National Institute of Statistics and Census make data available to the public through regular and timely official publications on their websites (www.bccr.fi.cr, www.hacienda.go.cr, and www.inec.go.cr).</p> <p>National accounts: National accounts are compiled generally in accordance with the System of National Accounts 2008 (2008 SNA), with advances towards compiling national accounts in accordance with the System of National Accounts, 2025 (2025 SNA), making Costa Rica one of the first countries in the world to do so. The Central Bank disseminated the annual national accounts data for the years 1991-2022 and quarterly estimates up to 2025Q4. Quarterly estimates are released with around a 90-day lag and a 30-day lag for the preliminary estimate. The benchmark year was revised to 2025 (from 2017) for the chained volume measures in late 2025, and national account data reflecting this revision were published in November 2025, focusing on three thematic accounts, namely globalization, regional (cantonal), and digitalization. The informal activity of households as producers of goods and services is included in GDP levels.</p> <p>Price statistics: Consumer price index (CPI) compilation generally follows the concepts and definitions of the CPI Manual. Its structure, scope, and coverage were updated in January 2021. The index reference period is December 2020. The CPI weights are based on the 2018/2019 Income and Expenditure Survey. The Producer Price Index (PPI) generally follows the concepts and definitions of the PPI Manual and is calculated by product and economic activity. An update of the CPI weights with 2025 as a reference year (from 2020 currently) is expected to come into effect by end-2026.</p> <p>Government Finance Statistics: The concepts and definitions used in compiling GFS for surveillance generally follow the guidelines of the Government Finance Statistics Manual (GFSM) 1986. For Article IV and program purposes, cash balances of the budgetary central government are used, consistent with the authorities widely disseminated fiscal outturn updates and medium-term fiscal framework. The country is transitioning gradually to GFSM 2014, and as the process of transition is not complete yet, we have scored "B" in coverage. Since March 2023, the authorities have compiled and published monthly GFS statistics for consolidated central government revenues and expenditures (above the line) aligned with the GFSM 2014, and expansion is proceeding albeit slowly due to manual compilation and incompatibility with the digital platform. The transition may also lead to some movement of classifiers potentially causing a break to the data, although the data remain sufficient for surveillance and the country is receiving technical assistance by CAPTAC-DR, FAD, and STA to overcome any issues. On Public Sector Debt Statistics (PSDS), the market of issuance (Costa Rica or abroad) criterion is followed to classify domestic and foreign debt, instead of the internationally recommended holder residency criterion. The authorities compile and disseminate quarterly PSDS for the general government to the joint World Bank/IMF database with the latest data for 2025Q4. In terms of consistency, the score was "B" because fiscal data discrepancies among national compilers on specific items are not regularly reconciled, although large fluctuations or discrepancies are investigated. Fiscal statistics are not regularly reconciled with monetary or other macroeconomic statistics.</p>							

Table 1. Costa Rica: Data Quality Assessment for Surveillance (Concluded)

Monetary and Financial Statistics: The Central Bank of Costa Rica (BCCR) reports the Standardized Report Forms (SRFs) for the central bank, other depository corporations, other financial corporations, and for monetary aggregates for publication in the IMF's International Financial Statistics (IFS) on a monthly basis with a lag of one month. The reported monetary statistics are broadly in line with the methodology of the Monetary and Financial Statistics Manual (MFSM). The BCCR has expanded the coverage of the monetary statistics to include money-market investment funds (MMF) in the 2SR, non-MMF investment funds, pension funds, and insurance companies in the 4SR. The BCCR reports data on some key series and indicators of the Financial Access Survey (FAS). Financial sector surveillance: Costa Rica reports 15 out of 18 core financial soundness indicators (FSIs), 11 additional FSIs for deposit takers, and 2 additional FSIs for real estate markets on a monthly basis for posting on the IMF's FSI website with less than one quarter lag. Exceptionally, due to changes in its organizational structure, the BCCR published data on Broad Money and the Consolidated Balance Sheet of the Banking System with a 2-month delay.

External sector statistics: The BCCR compiles and disseminates quarterly balance of payments and international investment position (IIP) statistics, which are produced on a sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) basis. Source data are generally adequate and derived from sound collection programs and work is still ongoing to improve the coverage of financial transactions of the nonfinancial private sector (such as those related to trade credit and advances), and remuneration of employees. The BCCR also compiles and disseminates on a monthly basis the Data Template on International Reserves and Foreign Currency Liquidity, reports semi-annual data to the Coordinated Portfolio Investment Survey (CPIS) and annual inward and outward Coordinated Direct Investment Survey (CDIS), and submits quarterly external debt statistics to the Quarterly External Debt Statistics (QEDS) database.

Changes since the last Article IV consultation: No new data issues have emerged since the last Article IV (in 2025) and the authorities are on track with their planned statistical updates and improvements. The country has benefitted from several TA missions, for example, on MTFF adaptation to GFSM 2014 - FAD, January 2025, October 2025; Revenue Administration - CAPTAC-DR, November 2025; Compilation PSDS - CAPTAC-DR, August 2025; Compilation GFS & PSDS - CAPTAC-DR, March 2025. These have provided support to the authorities on a variety of issues.

Corrective actions and capacity development priorities: Currently there is ongoing Capacity Development (CD) with activities planned by CAPTAC-DR on GFS building on commitments made during the previous years and complemented by FAD CD on how to integrate the improved data in fiscal management with the transition to GFSM 2014. The implementation of GFSM 2014 follows a phased approach and is being implemented at the Central Government (CG) level before being extended to the broader public sector by 2027. The implementation of the GFSM 2014 framework is slow overall, mostly due to resource limitations and lack of data at the required disaggregation level, but significant milestones have been achieved. Further, the authorities have committed to fully digitalize fiscal and tax information (Hacienda Digital), with the household income tax components currently in pilot. This work is expected to be completed by the end of 2027. Finally, the authorities have been working on reducing tax fraud with the help of HQ TA on communications and systems, which has started bearing fruit, allowing them to identify shadow businesses.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff does not use any data and/or estimates in the staff report in lieu of official statistics. However, to record the changes in the principal value of an inflation-linked bond as interest in accordance with best practices in fiscal statistics, IMF staff has added the principals increased value to the interest payments and applied this to all historical interest data.

Other data gaps. As the country aspires to shift to SDDS Plus, it would be useful to consider developing property price indices. This would help provide useful context for assessing Costa Rica's financial sector's health and will meet one more of the criteria of SDDS Plus, which requires the publication of residential property price indices.

Table 2. Costa Rica: Data Standards Initiatives

Costa Rica subscribes to the Special Data Dissemination Standard (SDDS) since November 2001 and publishes the data on its National Summary Data Page. The latest SDDS Annual Observance Report is available on the Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>).

Table 3. Costa Rica: Table of Common Indicators Required for Surveillance
As of April 30, 2026

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data ⁶	Frequency of Reporting ⁶	Expected Frequency ^{6,7}	Committed Frequency ^{8,9}	Expected Timeliness ^{6,7,9}	Committed Timeliness ^{8,9}
Exchange Rates	2026-04-30	2026-04-30	D	D	D	...	...	...
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	2026-04	2026-04	M	M	M	M	1W	3W
Reserve/Base Money	2026-03	2026-04	M	M	M	M	2W	1W
Broad Money	2025-12	2026-04	M	M	M	M	1M	2W
Central Bank Balance Sheet	2026-03	2026-04	M	M	M	M	2W	1W
Consolidated Balance Sheet of the Banking System	2025-12	2026-04	M	M	M	M	1M	2W
Banks' Financial Soundness Indicators	2025-12	2026-02	Q	Q	Q	...	1Q	2W
Residential Real Estate Prices			Q	Q	Q	...	1Q	...
Total assets of other depository corporations	2025-12	2026-04	Q	Q	M	M	1M	2W
Total credit from other depository corporations ²	2025-12	2026-04	Q	Q	M	M	1M	2W
Sectoral Breakdown of Credit from Other Depository Corporations ²	2025-12	2026-04	Q	Q	M	M	1M	2W
Domestic vs. Foreign Currency Breakdown of Other Depository Corporations' Assets and Credit, Total and by Sector ²	2025-12	2026-04	Q	Q	M	M	1M	2W
Interest Rates ^{3,4}	2026-04-30	2026-04-30	D	D	D	...	...	...
Consumer Price Index	2026-03	2026-04	M	M	M	M	1M	3D
Revenue, Expenditure, Balance and Composition of Financing ⁵ -General Government ⁶	2025-12	2026-03	A	A	A	A	2Q	6M
Revenue, Expenditure, Balance and Composition of Financing ⁵ -Central Government	2026-01	2026-03	M	M	M	M	1M	20D

Table 3. Costa Rica: Table of Common Indicators Required for Surveillance (Concluded)
As of April 30, 2026

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data ⁶	Frequency of Reporting ⁶	Expected Frequency ^{6,7}	Committed Frequency ^{8,9}	Expected Timeliness ^{6,7,9}	Committed Timeliness ^{8,9}
Stocks of Central Government and Central Government-Guaranteed Debt ⁷	2026-02	2026-03	M	M	Q	M	1Q	3W
Total stock of General Government Debt ⁶	2025-12	2026-03	A	A	Q	...	4M	...
External Current Account Balance	2025-12	2026-03	Q	Q	Q	Q	1Q	3M
Exports and Imports of Goods and Services	2025-12	2026-03	Q	Q	M	M	8W	3W
GDP/GNP	2025-12	2026-03	Q	Q	Q	Q	1Q	3M
Gross External Debt	2026-02	2026-03	M	M	Q	Q	1Q	1Q
International Investment Position	2025-12	2026-03	Q	Q	Q	Q	1Q	1Q

¹ Includes net market value of derivative positions.

² Other depository corporations include all deposit-taking corporations (except for the central bank) and money market funds.

³ Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

⁴ Foreign, domestic bank, and domestic non-bank financing.

⁵ The general government consists of the central government (budgetary funds, extra-budgetary funds, and social security funds) and state and local governments.

⁶ Including currency and maturity composition.

⁷ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semi-annual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

⁸ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

⁹ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".



COSTA RICA

May 13, 2026

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION AND REVIEW UNDER THE FLEXIBLE CREDIT LINE ARRANGEMENT—INFORMATIONAL ANNEX

Prepared by:

The Western Hemisphere Department (in consultation with
other departments)

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FUND RELATIONS

(As of April 30, 2026)

Membership Status: Joined: January 8, 1946; Articles VIII and XIV.

General Resources Account:	SDR Million	% Quota
Quota	369.40	100.00
IMF's Holdings of Currency (Holdings Rate)	1,518.36	411.03
Reserve Tranche Position	71.34	19.31

SDR Department:	SDR Million	% Allocation
Net cumulative allocation	510.59	100.00
Holdings	435.28	85.25

Outstanding Purchases and Loans:		
Extended Arrangements	1,220.30	330.35
RSF Arrangements	554.10	150.00

Latest Financial Commitments

Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
FCL	Jun 02, 2025	Jun 01, 2027	1,108.20	0.00
RSF	Nov 14, 2022	Jun 18, 2024	554.10	554.10
EFF	Mar 01, 2021	Jun 18, 2024	1,237.49	1,237.49

Outright loans:

Type	Date of Commitment	Date Drawn	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
RFI	Apr 29, 2020	Sep 14, 2020	369.40	369.40

Projected Payments to Fund

(SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2026	2027	2028	2029	2030
Principal	34.38	103.13	171.88	206.25	206.25
Charges/Interest	<u>48.73</u>	<u>61.82</u>	<u>56.48</u>	<u>50.11</u>	<u>43.27</u>
Total	83.11	164.95	228.36	256.36	249.52

Exchange Rate Arrangement. Costa Rica’s de jure current exchange rate arrangement classification is “managed floating.” The central bank is committed to allowing the exchange rate to be freely determined by foreign currency supply and demand but reserves the right to participate in the market to meet its own foreign currency requirements and those of the nonbank public sector, and to address sudden movements in the exchange rate without changing the trend in this macro price. The de facto exchange rate regime is classified as “stabilized”, given BCCR’s FX interventions that kept exchange rate fluctuations within a 2 percent band against the U.S. dollar for more than 6 months since mid-2024. The exchange rate has exhibited greater flexibility so far in 2026. However, more observations are needed to determine its new trend. Until then, the de facto exchange rate arrangement remains classified as “stabilized”. Costa Rica has accepted the obligations under Article VIII and maintains an exchange system that is free of multiple currency practices and restrictions on the making of payments and transfers for current international transactions.

Article IV Consultation. The last Article IV consultation was concluded by the Executive Board on May 12, 2025 (IMF Country Report No. 25/108).

FSAP/FSSR Participation and ROSCs. The Financial Sector Assessment Program (FSAP) took place in 2001 and was updated in 2008. A World Bank FSAP also took place in 2022. A Financial Sector Stability Review (FSSR) mission was conducted in 2017. A data ROSC took place in 2002 with a reassessment in 2010. A fiscal ROSC took place in 2007, with a reassessment in 2013.

Safeguards Assessment. While most recommendations of the updated safeguards assessment of the BCCR in 2020 have been implemented, some areas for improvement remain in the legal framework and governance arrangements. Specifically, the BCCR Law, which was last amended in 2019 to improve personal autonomy provisions, requires further amendments to safeguard the central bank’s institutional, functional, and financial autonomy. The authorities have submitted a proposal for legal amendments addressing some of the residual areas related to transparency, accountability and autonomy of the BCCR.¹ The proposal was most recently revised in 2025 and is currently pending consideration by the Legislative Assembly. Staff will continue monitoring implementation of these recommendations per the safeguards policy for as long as Fund credit remains outstanding.

Capacity Development (CD). Costa Rica’s CD efforts continue to be aligned with the reform objectives achieved under the previous EFF and RSF arrangements. The main CD objectives focus on consolidating the achievements to date and making further progress on the authorities’ macro-critical reform priorities. CD priorities include further improving fiscal institutions and implementing fiscal reforms to widen the tax base, boost investment and support inclusive growth while ensuring debt sustainability; and further strengthening the central bank’s autonomy and governance and the supervisory and crisis management framework to maintain monetary and financial stability. The authorities’ engagement and ownership of these issues remain strong. Given the heavy use of CD from the Fund, close integration between CD activities and surveillance priorities as well as coordination with other partners in supporting the authorities’ reform priorities have been critical.

¹ A bill to improve the BCCR’s transparency and accountability, and to institutionalize its de facto autonomy was submitted in June 2024 and is advancing through the legislative process. A separate constitutional amendment to grant autonomy to the BCCR, which should also allow the BCCR to implement governance reforms through internal regulations, was submitted to the legislature in August 2024.

RELATIONS WITH OTHER FINANCIAL INSTITUTIONS

A. World Bank

<https://www.worldbank.org/en/country/costarica>

B. Inter-American Development Bank

<https://www.iadb.org/en/who-we-are/country-offices/costa-rica>

C. Development Bank of Latin America and the Caribbean (CAF)

<https://www.caf.com/en/countries/costa-rica>

D. Central American Bank for Economic Integration (CABEI)

<https://www.bcie.org/paises/cr>

E. Latin American Reserve Fund (FLAR)

<https://flar.com/costa-rica/>

**Statement by Ms. Mendez Bertolo, Mr. Monterroso, and Ms. Rivera Molina (OEDCE) on
Costa Rica
Executive Board Meeting May 29, 2026**

On behalf of the Costa Rican authorities, we thank the mission chief, Mr. Chensavadijai, and his team for the open and constructive discussions held in the context of the 2026 Article IV Consultation and the mid-term review under the Flexible Credit Line arrangement. We also thank staff for the thorough, balanced, and comprehensive reports on Costa Rica's economy.

As assessed by staff, Costa Rica has continued to weather external shocks well, even as new uncertainties arise from the ongoing regional conflicts and overall global instability. Their proactive efforts to build buffers reflect a long-standing forward-looking policy strategy, which in return favors a positive medium-term outlook.

Within the chosen buffers, the FCL has been instrumental. Hence, the authorities welcome staff's recognition that Costa Rica continues to meet its qualification criteria, which evidences the country's sustained commitment of Costa Rica's institutions to preserve its strong economic fundamentals, notwithstanding the effort, discipline, and institutional coordination demanded by the current global context.

Going forward, Costa Rica remains firmly committed to preserving macroeconomic stability, advancing structural reforms, and strengthening the institutional foundations underpinning the country's strong policy track record. The authorities value the Fund's continued engagement and technical assistance, and they reaffirm their commitment to maintaining the policy principles that guide Costa Rica's economic management.

Recent Economic Developments and Outlook

The Costa Rican economy has remained resilient in the face of external shocks and global uncertainty. Strong macroeconomic fundamentals and credible policy frameworks have enabled the country to create favorable conditions which have absorbed external shocks.

In 2025, economic activity remained strong. The GDP grew 4.6 percent, mainly driven by a robust external demand for goods exports, particularly from firms operating within the

free trade zone regime. Labor market conditions also improved, with unemployment declining modestly.

For the first quarter of 2026, output maintained a relatively strong performance, growing by 4.6 percent, driven by both domestic and external demand. Moreover, unlike what was observed in prior periods, on this occasion all economic activities posted positive year-on-year growth rates.

The outlook for the remainder of the 2026–2027 biennium indicates that, despite the complex external environment, the Costa Rican economy will continue to expand, with average growth of 3.5 percent. Regarding the country's external accounts, a current account deficit is anticipated relative to 2025, primarily explained by the expected slowdown in export growth and an upward adjustment in the average value of goods imports. As in prior years, this deficit is estimated to be more than financed by long-term external resources.

Furthermore, the Banco Central de Costa Rica (BCCR) anticipates that headline inflation will return to the tolerance range around the target in the fourth quarter of 2026 consistent with the considerations underlying the latest monetary policy decision.

Monetary Policy

The monetary policy stance remains prudent and data-dependent amid rising global uncertainty. In response to the downward inflation trend observed in recent years, the authorities initiated a gradual and ordered easing cycle and reduced the monetary policy rate by 525 basis points between March 2023 and April 2026, bringing the policy rate to 3.25 percent.

In the first quarter of 2026, headline inflation, measured by the year-on-year change in the Consumer Price Index (CPI), remained in negative territory (–2.5 percent on average), as in the two preceding quarters, while core inflation stood at levels close to zero (0.4 percent in the fourth quarter of 2025). By April 2026, headline inflation stood at -1.64 percent, with an accelerating trend, though most notably not yet including increased fuel prices.

Inflation expectations exhibited differentiated behavior depending on the horizon; at 12 months, they stood below the lower bound of the tolerance range around the target, while at 24 months, they were positioned slightly above that reference.

In its latest session, the Board of Directors of the BCCR agreed to maintain the Monetary Policy Rate (MPR) at 3.25 percent. This decision reflects considerations regarding the increase in international uncertainty and a shift in the balance of risks toward upward inflationary pressures, as well as a recent uptick in inflation expectations.

The authorities welcome that staff acknowledge that there is scope for a pause in monetary easing to assess the impact of the war and its likely duration. It must be noted that the implications for domestic price dynamics are unknown, so the authorities reiterate that the direction of monetary policy will continue to be data-dependent and forward-looking. The BCCR will continue to monitor global developments closely and stand ready to adjust monetary policy as needed. It will also ensure clear communication regarding progress in, and decisions arising from, the review of the inflation-targeting framework.

Costa Rica's trade deficit narrowed in Q1 2026, as export growth (7.8 percent) outpaced import growth (1.7 percent), reflecting the economy's competitiveness. The main export drivers were medical devices (under special trade regimes) and a rebound in agricultural exports, especially bananas, thanks to better weather conditions after fungal disease disruptions the prior year. However, both export and import growth moderate compared to the same quarter of 2025. Over the 2026–2027 biennium, the current account deficit is projected to average 1.5 percent of GDP, above the estimate for 2025 (0.7 percent of GDP). This gap would be more than covered by foreign direct investment flows.

Its foreign exchange market continued to exhibit abundant currency supply in early 2026, driven primarily by special trade regime firms, FDI inflows, and services exports, pushing the cumulative FX surplus to USD 2,417 million through April 22. Net international reserves surged to USD 19,645 million, up USD 2,564 million year-to-date, while the nominal exchange rate appreciated 9.9 percent year-on-year, reflecting persistent dollar abundance, supported by the growth of exports, favorable terms of trade, and strong foreign direct investment inflows, underscoring investor confidence in the country's macroeconomic framework and business environment.

The authorities remain mindful that elevated oil prices and weaker external demand could widen the current account deficit. The global shock arising from the Middle East war represents an additional source of external uncertainty. Nonetheless, Costa Rica remains well positioned to manage its potential economic impact, supported by strong economic fundamentals and resilient policy frameworks.

Fiscal Policy

The fiscal stance is expected to remain broadly neutral. The primary surplus is projected to remain, as in 2025, at around 0.9 percent of GDP in 2026, while preserving space for priority spending on security, infrastructure, and social programs. Central government debt stood at 60.4 percent of GDP at end-2025, reflecting the deliberate accumulation of cash buffers to meet upcoming debt obligations.

The authorities remain committed to the fiscal rule, which has played a critical role in strengthening fiscal discipline and placing public debt on a downward trajectory. At the same time, they recognize that recent policy changes have weakened the tax base and could constrain spending capacity over the medium term. The authorities broadly agree that a broad-based tax reform—focused on rationalizing tax expenditures, strengthening income taxation, and removing certain tax exemptions—would help create additional fiscal space to advance both fiscal and social objectives.

Ongoing improvements in revenue administration, including the successful implementation of Hacienda Digital, enhanced tax compliance measures, and stronger institutional coordination, are already yielding positive results in strengthening revenue mobilization.

The authorities also remain committed to advancing broader fiscal and debt management reforms. Efforts to operationalize the Fiscal Council, strengthen the macro-fiscal unit within the Ministry of Finance, and modernize fiscal reporting in line with GFSM 2014 will further enhance transparency and institutional capacity.

On the financing side, the government plans to rely on international budget support loans (nearly USD 1 billion over the biennium) and assumes annual international bond placements of USD 1,500 million starting in 2027 over a ten-year horizon. Costa Rica also intends to advance reforms to facilitate more flexible external debt issuance, which would support more efficient debt management and help reduce financing costs. The trajectory of fiscal figures in recent years has contributed to strengthening the confidence of economic agents in the central government's capacity to meet its financial obligations. This perception is validated by the evolution of the Emerging Market Bond Index (EMBI), which stood at 148 basispoints, as of April 11, below both the regional (EMBI LATAM) and global (EMBI GLOBAL) averages.

The Ministry of Finance and the Caja Costarricense de Seguro Social are working closely to resolve outstanding claims and strengthen the long-term sustainability of the pension and healthcare systems. The authorities are fully aware that progress in these areas will remain essential to preserving fiscal sustainability and safeguarding social cohesion over the medium term.

Financial Sector

The financial system remains well capitalized and liquid, with low levels of nonperforming loans. The authorities share staff's assessment that systemic risks remain contained, while recognizing that the evolving global environment calls for continued vigilance and faster progress on key reforms. In this regard, the passage of the new bank resolution and deposit insurance law remains a priority for the new legislature.

With respect to pension fund reform, the authorities are proceeding carefully and remain mindful of the risks associated with early withdrawals.

Regarding supervision and financial innovation, the authorities are making tangible progress toward fully implementing risk-based and consolidated supervision, consistent with the 2022 World Bank FSAP recommendations, with particular emphasis on operational resilience and cybersecurity. They also recognize the need to establish a regulatory framework for fintech firms that are aligned with international best practices and safeguard financial stability.

Structural Reform Agenda

The government remains firmly committed to advancing a broad structural reform agenda aimed at unlocking long-term growth potential and ensuring that the benefits of growth are widely shared. Addressing persistent bottlenecks—including high informality, low female labor force participation, skills mismatches, and infrastructure gaps—will require sustained and comprehensive policy efforts across multiple fronts, and the authorities have already taken concrete steps in this direction.

In the areas of labor markets and human capital development, the authorities are expanding child and elder care services to reduce barriers to female labor force participation while strengthening the dual vocational training program to better align workforce skills with

private sector needs. Complementing these efforts, the “We Let You Work” initiative has already removed 186 regulatory bottlenecks, thereby improving the business environment.

The authorities are also actively leveraging Costa Rica’s leading position in AI preparedness—ranking first among Central American peers on the IMF’s AI Preparedness Index—through targeted digital skills training and broader adoption of AI across both the public and private sectors.

On security, the authorities are addressing elevated crime rates through a comprehensive approach that combines stronger law enforcement with education and sports programs for at-risk youth, recognizing the direct impact of insecurity on growth, tourism, and domestic demand.

Infrastructure gaps are being addressed through ongoing road and transport investments, including an electric train connecting the Greater Metropolitan Area, while passage of the proposed PPP law is viewed as essential to accelerating progress within the constraints of the fiscal framework. For both cases, the Legislative Assembly has delivered, advancing landmark legislation in just its first two weeks. Most notably, lawmakers approved the Public-Private Partnership (PPP) Framework Law in its first reading and definitively approved USD 800 million in financing for the Metropolitan Area Rapid Passenger Train (TRP), with the bill passing unanimously in its second reading before being promptly signed into law by the executive branch.

FCL Review

Costa Rica has continued to navigate the challenging external environment well, supported by strong macroeconomic fundamentals, credible policy frameworks, and access to the Flexible Credit Line, which the authorities intend to treat as precautionary. They value this instrument as it has supported favorable financing conditions, the implementation of sound policies, and provided an important precautionary buffer against a volatile and uncertain global environment. Especially pertinent in the current context.

Costa Rica continues to meet all nine qualification criteria. Its external position remains strong, with international reserves above the desired level. Public finances continue to perform well, and public debt is assessed as sustainable. While global risks have increased owing to heightened geopolitical tensions, the economy remains well placed to absorb adverse shocks.

Final Remarks

Costa Rica's economic performance and policy track record reflect a deeply rooted institutional commitment to macroeconomic stability, fiscal discipline, and forward-looking policymaking. Despite a challenging and increasingly uncertain global environment—marked by regional conflicts, volatile commodity prices, and shifting trade dynamics, the country has demonstrated remarkable resilience, underpinned by strong fundamentals, credible policy frameworks, and prudent buffer accumulation. The authorities are fully aware that preserving these gains will require sustained reform efforts on multiple fronts, including tax policy modernization, pension and healthcare sustainability, financial sector strengthening, and the advancement of structural reforms to unlock inclusive and sustainable growth. The early legislative achievements of the new Assembly signal a constructive political environment and a shared sense of urgency in addressing the country's development priorities.

Going forward, the authorities reaffirm their unwavering commitment to the policy principles that have guided Costa Rica's economic model and to maintaining the close and productive engagement with the Fund that has been instrumental in supporting the country's reform agenda. The Flexible Credit Line remains a valued component of the country's precautionary toolkit, and the authorities are confident that Costa Rica's continued qualification reflects the strength and credibility of its institutional and policy framework.