

---

## Costa Rica: Forest policy and the evolution of land use

The OED study on Costa Rica appears to be more focused in showing the achievements of the Costa Rican government and in supporting its policies than in evaluating the World Bank's implementation of its 1991 forest policy. However, the report contains interesting elements in this regard.

The World Bank is said to have influenced the country's policies, but mostly in conceptual and methodological areas and in the provision of seed money. The Bank carried out a Forest Sector Review in 1993, which "confirmed many ideas, concepts and policy proposals already under discussion." At the same time the paper introduced many important ideas that influenced Costa Rican policy. One of the aspects highlighted is that of the Bank's idea that the World should pay for the global environmental benefits generated by Costa Rica and that the paper came up with figures expressing that 66% of those benefit were global. The report also criticises some "biased opinions and misconceptions" reflected in the Forest Sector Review, particularly that "the Bank strongly emphasized environmental protection over development", and that "this alternative is economically inefficient and socially inequitable."

However, the Bank's main impact is said to have been in Structural Adjustment Programmes which supported policy changes in agriculture, in spite of the fact that natural resource and forest considerations were "notoriously absent." Structural Adjustment Lending (SALs) reduced profitability of agriculture and cattle ranching in marginal forest lands. The positive consequences were therefore indirect, leading to a decrease in deforestation until 1997, year in which rates of deforestation were compensated by secondary forest regrowth and tree plantations. However, deforestation continues and "the increased area of plantations and secondary forests has less environmental value than that of natural forests."

At the same time, the report points out at the impacts of Bank-promoted trade liberalization which, while reducing pressures for deforestation, at the same time pushes farmers to clear more lands to compensate for lower profits on annual crops. The report states that there is a need for further research into the environmental impacts of SALs and that environmental (and forest) considerations need to be explicitly included in future Bank loans. Likewise, bank loans for the agricultural sector also need to explicitly consider forest or environmental areas.

The 1991 forest policy is said to have been "largely irrelevant in Cost Rica" and there is no government "ownership" of such policy. The report concludes that "the Costa Rica experience shows that a comprehensive policy that discourages conversion of forests, encourages preservation where necessary, and promotes natural forest management can be successful" and that " a similar approach could improve the forest strategy of the Bank."

From our viewpoint, the report reflects too strongly the Costa Rican government's viewpoints, which not necessarily reflect those of Costa Rican society as a whole. The country is portrayed as being very different from other Southern countries, "is not mired in poverty and the government has the leisure to turn its thoughts to formulating policies that support sustainable development." We believe

---

that sustainable development is not a question of "leisure", but a vital need for people living in all countries of the world.

Some conclusions from the report are:

- that the Bank's forest policy has been largely irrelevant for Costa Rica
- that the Bank's support for trading of global environmental benefits has been of great assistance in the formulation of the country's policies in that respect
- that Structural Adjustment Lending has not incorporated forest-related components and has resulted in both positive and negative impacts
- that the Bank's policy is preservationist and not focused on sustainable development
- that although Costa Rica has -in figures of forest cover- practically no deforestation, the fact is that destruction of primary forests continues