

Aggregate Report on the Group of State-Owned Enterprises - 2021

Republic of Costa Rica



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Other Publications

- **Aggregate report on the group of State-Owned Enterprises- 2019**, available at <https://www.mideplan.go.cr/publicaciones-recientes?title=&page=3>

Reporte agregado sobre el
conjunto de empresas
propiedad del Estado 2019

República de Costa Rica



- **Aggregate report on the group of State-Owned Enterprises- 2020**, available at <https://www.mideplan.go.cr/node/2615>

Reporte agregado sobre el
conjunto de empresas
propiedad del Estado 2020

República de Costa Rica



Table of Acronyms

Acronyms	Name
AFS	Audited Financial Statement
API	Smart PO Boxes
AR	Aggregate Report
AyA	Costa Rican Institute of Aqueducts and Sewers
BAHNVI	Housing Mortgage Bank
BCR	Bank of Costa Rica
BNCR	National Bank of Costa Rica
BPDC	Popular and Community Development Bank
CGR	Comptroller General of the Republic
CNP	National Production Council
CONAPE	National Commission on Loans for Education
CORBANA	National Banana Corporation
Correos de CR	Costa Rica Post Office
CRC	Costa Rican colones
EBITDA	Earnings before interest, taxes, depreciation, and amortization
FANAL	National Liquor Factory
FDI	Foreign direct investment
G-20	Group of Twenty
GDP	Gross domestic product
ICE	Costa Rican Electricity Institute
IFAM	Institute for Municipal Promotion and Advice
IFRS	International Financial Reporting Standards
INCOFER	Costa Rican Railway Institute
INCOP	Costa Rican Institute of Pacific Ports
INDER	Rural Development Institute
ISP	Institutional Strategic Plan
JAPDEVA	Board of Port Administration and Economic Development of the Atlantic Coast
LGAP	General Law of Public Administration
MIDEPLAN	Ministry of National Planning and Economic Policy
MF	Ministry of Finance
MP	Ministry of the Presidency
OECD	Organization for Economic Co-operation and Development
OGP	Open Government Partnership
PGR	Office of the Attorney General of the Republic
PNDIP	National Plan for Development and Public Investment

Acronyms	Name
p.p.	Percentage points
RECOPE	Costa Rican Oil Refinery
ROA	Return on Assets
ROE	Return on Equity
SEVRI	Specific Institutional Risk Assessment System
SINART	National Radio and Television System
SOE	State-owned enterprises
UNCTAD	United Nations Conference on Trade and Development
UPU	Universal Postal Union
USA	United States of America
VES	Electronic Service Windows

B. Message from the Advisory Unit for Direction and Coordination of State Ownership and the Management of Autonomous Institutions

In this Bicentennial, stewardship, clarity, and industriousness are the responsibility of the Government of the Republic, together with the Legislative and Judicial branches and other political and national forces. This is also applicable in its role as an active, informed, and strategic owner of State-owned enterprises (SOEs) and has been a keyword slogan in the face of the financial and social crisis that the international community is facing because of SARS-CoV-2.

The drastic increase in volatility in the international economy is among the multiple challenges and dangers that the pandemic has brought; hence, it becomes imperative that direction and prioritization by the owner entity be accurate and timely. It is what the Costa Rican People deserve as the true owners of State-owned enterprises. If these institutions are to be promoters of prosperity, understanding where the ownership of these companies resides is a condition that must prevail in the Bicentennial policy.

It is in this environment that this Advisory Unit celebrates three years since its creation through Executive Decree No. 40.696-MP, of October 20, 2017.¹ During this period, we have devoted to seeking the development and implementation of guidelines on best corporate governance practices for State-owned enterprises, as well as providing advice and technical support to other public entities that wish to adopt these standards within their governance.

Its primary objective is to improve the direction of these entities towards the generation and protection of economic and social value, the adoption of international disclosure and transparency standards, and governance models that promote strategic management of their activities.

For this, it is necessary to have up-to-date and relevant information resulting from close monitoring of the management of State-owned enterprises. This *Aggregate Report on State-Owned Enterprises 2021* presents the systematization and analysis of this information, so

¹ Decree No. 40696-MP "Creation of the Advisory Unit for Management and Coordination of State Share Ownership and Management of Autonomous Institutions". Available in: http://www.pgrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm_texto_completo.aspx?param1=NRTC&nValor1=1&nValor2=85122&nValor3=109955&strTipM=TC

that the public can easily find comparable data from these entities, as well as their current context.

Despite the limits, SOEs did not fail to fulfill their contribution to citizens in terms of public value during the 2019-2020 period, not only by contributing with the mitigation of the effects of COVID-19, where the extraordinary solidary contributions of Grupo ICE, Grupo INS, RECOPE, CNP (directing FANAL), BNCR, BCR, Correos de Costa Rica, and SINART is highlighted, but also, as key pieces of the vital program for the Costa Rican Bicentennial.

Much of this future vision involved the work areas and operating sectors of State-owned enterprises. A truly universal and digitized education, which guarantees that all children and youth have the necessary equipment and connection for digital literacy, will be a central element in reducing inequality in our country. This largely involves the support of the Costa Rican Institute of Electricity. Additionally, its 2020 Consolidated Financial Statements will be published in accordance with IFRS Standards, meeting a key milestone in terms of transparency and reliability. The reduction of electricity rates by more than 10% was achieved after hard technical-political work by various stakeholders, including the Advisory Unit.

Modern mobility linked to decarbonization is bound to the vision of a country without oil exploration and exploitation, the reconceptualization of the Costa Rican Oil Refinery (RECOPE) and the promotion of cleaner public transportation, such as the new trains acquired by the Costa Rican Railway Institute.

Actions for the development of the coastal zones include the expansion of the Port of Caldera, an essential piece of infrastructure to strengthen trade with Asia, and which involves the Costa Rican Institute of Pacific Ports. In the Atlantic, actions are underway to recover the true potential of the Board of Port Administration and Economic Development of the Atlantic Coast of Costa Rica (JAPDEVA). This SOE is concluding a transformation process that seeks to lay solid foundations that enable it to have a cruise terminal, a marina, and an intermodal logistics station, as well as for the execution of port fees and the supervision of the container terminal at Moín. All this focuses on the development of Limón.

On the other hand, the Water Supply Project for the Middle Basin of the Tempisque River and Coastal Communities (PAACUME), of Water for Guanacaste, would be the first project in Costa Rica to adapt to the climate crisis. It brings together several State-owned enterprises, including the Costa Rican Institute of Aqueducts and Sewers. With a fifty-year projection, it would supply water for half a million people.

Our future action as a country must be based on rigorous information, data, history, and creativity; therefore, the overview offered by this Aggregate Report is relevant. State-owned enterprises in Costa Rica employ 1.73% of the total number of people in the Costa Rican workforce (in relation to the total number of people employed at the end of 2020 according to INEC).

Regarding the financial performance of 2020, the effects of the massive spread of the SARS-CoV-2 virus changed the projections and results of millions of companies around the world, and State-owned enterprises were no exception.

In 2020, the sum of net profit of State-owned enterprises was negative. Consequently, several experienced increases in their total liabilities. Only five companies reported positive profit and percentage variations in their book valuations (book value).

However, most companies suffered a considerable decrease in their income, in their profit and, therefore, in their book value. The impact suffered by institutions was great, so recovery would take at least a couple of periods for the more robust, and longer for the smaller ones.

Regarding compliance with the transparency and disclosure standards established in Directive 102-MP,² the global percentage of compliance with the requirements for transparency and disclosure of financial and non-financial information had a significant increase, from 38% reported in 2020, to 74% reflected in this Report.

Reforms to the State must come, but the social State, based on the rule of law must prevail. That is why, despite the difficult sacrifices to become better, State-owned enterprises and their public service objectives are sustained.

As a participant in this commitment, the Advisory Unit delivers a series of portfolio management tools for State-owned enterprises in Costa Rica to the next administration. Together with these capacity building actions, the present *Aggregate Report on the Group of State-Owned Enterprises by 2021* joins Directive 039-MP, which aims to establish a general policy for the development of an evaluation of the performance of the boards of directors or government bodies of State-owned enterprises, allowing the definition of plans for improvement based on their results.

The regulation established by decree 41.516 MP, which details the implementation of a formal, open, and transparent process for the selection of members of the boards of directors or government bodies, whose appointment corresponds to the Governing Council³, shares the same field of action. This mechanism, based on suitability and experience, evaluates candidates who meet the minimum legal requirements, according to criteria of academic level, work experience, integrity, experience in collegiate bodies and communication skills, among others. Fifteen selection processes have been carried out since the instrument came into force in 2019.

² Directive 102-MP "General policy on transparency and disclosure of financial and non-financial information for State-owned enterprises, its subsidiaries, and autonomous institutions", of 6 April 2018. Available in: http://www.pgrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm_texto_completo.aspx?param1=NRTC&nValor1=1&nValor2=86375&nValor3=112048&strTipM=TC

³ Decree 41516-MP, "Regulations for the selection and assessment of candidates for positions on the government body of State-owned enterprises", of 29 August 2019. Available in: http://www.pgrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm_texto_completo.aspx?param1=NRTC&nValor1=1&nValor2=89508&nValor3=117528&strTipM=TC

Success of the institutions lies both in their design and constant improvement, as well as in good political leadership, clarity of objectives, and probity of those who run them, which is why the call to applicants is announced openly through the official communication channels of the Presidency of the Republic, so that any interested person can submit their information through the available means.

I stated in my message from the previous Aggregate Report that nothing prepared us for the extent of the challenge 2020 brought. Now, in 2021, this challenge has changed and evolved like the virus itself, presenting a still uncertain picture regarding the global economic recovery, as well as the finances of State-owned enterprises. However, in the words of the President of the Republic, "it is up to us whether those next brave steps in the history of Costa Rica are correct, fair, solidary, and inclusive."⁴



Carlos Elizondo Vargas
Secretary of the Governing Council and Head of the Advisory Unit for the Direction and Coordination of State Share Ownership and the Management of Autonomous Institutions

⁴ Presidency of the Republic, 2021. President Alvarado: "Do the right thing: that is the way to honor our ancestors." Available in: <https://www.presidencia.go.cr/comunicados/2021/09/presidente-alvarado-hacerlo-correcto-esa-es-la-forma-de-honrar-a-nuestros-antepasados/>

State-Owned Enterprises in Numbers⁵

Number of employees: 33,954

Total assets: 25,809,308
(millions of colones)

Total book value: 7,455,168
(millions of colones)

Net accrued profit/deficit: -65,437
(millions of colones)

Total of 31 SOEs:
Including individual enterprises,
conglomerates and groups with
subsidiaries

Gender composition of the boards of
directors of SOEs:
47% women and
53% men

⁵ Based on SOE financial data at the end of 2020.

C. Portfolio of State-Owned Enterprises

I. General Aspects

Costa Rica has 31 State-owned enterprises, thirteen of them are individual non-financial companies or business groups, and the remaining 18 are financial companies and their subsidiaries. These subsidiaries belong to four institutions that are called groups or conglomerates: BCR Financial Conglomerate, BNCR Financial Conglomerate, Grupo INS, and Grupo ICE, except for FANAL, which belongs to CNP, as an attached unit.

Of all SOEs, 6 operate in markets open to competition: financial services, insurance, postal and courier services, telecommunications (Grupo ICE), human health, transport and storage, and television and public radio services. Eight entities operate under monopoly conditions in the following sectors: water supply and treatment; distillation and marketing of alcohol; power generation and distribution (Grupo ICE); raffles and lotteries; and supply and distribution of hydrocarbons. The banking industry has 13 SOEs in total.

It is important to note that Gestión de Cobro S.A., a subsidiary of Grupo ICE, is in charge of providing administrative and judicial collection management services for the Costa Rican Institute of Electricity, the National Power and Light Company, and RACSA. The implementation of Gestión de Cobro S.A. has allowed Grupo ICE to recover 602.8 million colones, corresponding to 2,884 debts that were pursued by Judicial Collection officials.

For the purposes of this Report, in the following sections, reference will be made to the portfolio of State-owned enterprises, considering the 13 individual companies and groups/conglomerates, which contain their respective subsidiaries. This is mainly due to the fact that, in the case of company groups, financial statements are presented on a consolidated basis.

The following table summarizes information regarding the classification of each SOE, including the sector in which it operates and whether it is a parent company or subsidiary entity.

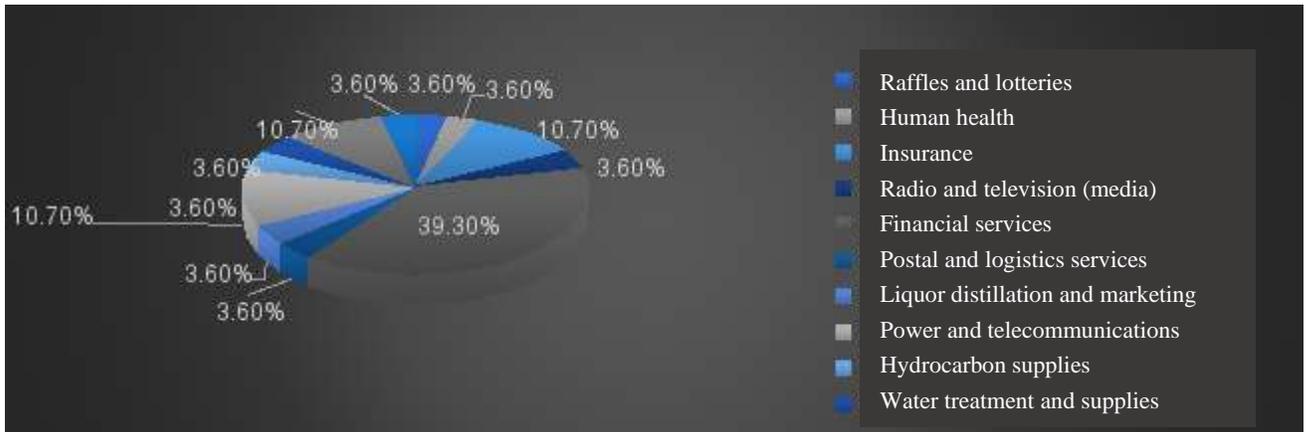
Figure 1. List of State-owned enterprises and their main characteristics, as of December 2020

N°	Institution	Sector	Parent company/ Subsidiary
1	Acueductos y Alcantarillado (AyA)	Water supply and treatment	Parent company
2	Banco de Costa Rica (BCR)	Financial services	Parent company
3	BCR Corredora de Seguros S.A.	Insurance	BCR Subsidiary
4	BCR Pensión Operadora de Planes de Pensiones Complementarias S.A. (BCR OPC)	Financial services	BCR Subsidiary
5	BCR Sociedad Administradora de Fondos de Inversión S.A. (BCR SAFI)	Financial services	BCR Subsidiary
6	BCR Valores Puesto de Bolsa S.A.	Financial services	BCR Subsidiary

N°	Institution	Sector	Parent company/ Subsidiary
7	Banco Internacional de Costa Rica S.A. (BICSA*)	Financial services	BCR and BNCR Subsidiary
8	BCR Logística S.A.	Financial services	BCR Subsidiary
9	Banprocesa, S.R.L.	Financial services	BCR Subsidiary
10	Banco Nacional de Costa Rica (BN)	Financial services	Parent company
11	BN Sociedad Administradora de Fondos de Inversión, S.A. (BN SAFI)	Financial services	BN Subsidiary
12	BN Sociedad Corredora de Seguros, S.A.	Insurance	BN Subsidiary
13	BN Valores, Puesto de Bolsa, S.A.	Financial services	BN Subsidiary
14	BN Vital Operadora de Pensiones Complementarias S.A.	Financial services	BN Subsidiary
15	Correos de Costa Rica S.A.	Postal and logistics services	Parent company
16	Fábrica Nacional de Licores (FANAL)	Distillation and marketing of alcohol (Manufacturing)	Attached Unit of the National Production Council (CNP)
17	Instituto Costarricense de Electricidad (ICE)	Energy and telecommunications	Parent company
18	Compañía Nacional de Fuerza y Luz (CNFL)	Energy and telecommunications	ICE Subsidiary
19	Radiográfica Costarricense S.A. (RACSA)	Energy and telecommunications	ICE Subsidiary
20	Gestión Cobro Grupo ICE, S.A.	Management of administrative collection and judicial collection	ICE Subsidiary
21	Instituto Costarricense de Ferrocarriles (INCOFER)	Transport and storage	Parent company
22	Instituto Costarricense de Puertos del Pacífico (INCOP)	Transport and storage	Parent company
23	Instituto Nacional de Seguros (INS)	Insurance	Parent company
24	INS Red de Servicios de Salud S.A.	Human health	INS Subsidiary
25	INS Servicios S.A.	Office management services	INS Subsidiary
26	INS Sociedad Administradora de Fondos de Inversión S.A. (INS SAFI)	Financial services	INS Subsidiary
27	INS Valores Puesto de Bolsa S.A.	Financial services	INS Subsidiary
28	Junta de Administración Portuaria y de Desarrollo Económico de la Vertiente Atlántica (JAPDEVA)	Transport and storage	Parent company
29	Junta de Protección Social (JPS)	Raffles and lotteries	Parent company
30	Refinadora Costarricense de Petróleo S.A.(RECOPE)	Supply of hydrocarbons (Manufacturing)	Parent company
31	Sistema Nacional de Radio y Televisión (SINART)	Public television and radio services (media)	Parent company

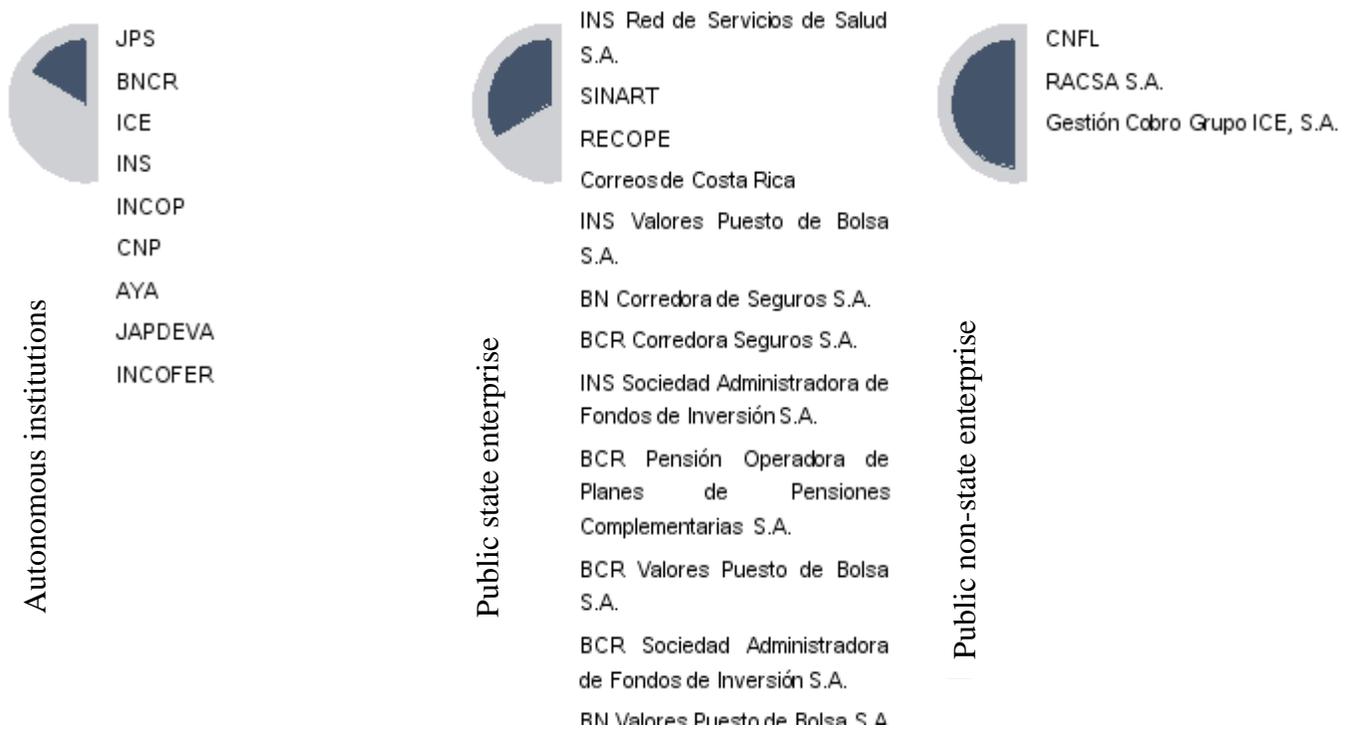
Source: Advisory Unit

Figure 2. Classification of state-owned enterprises by sector as of July 2020



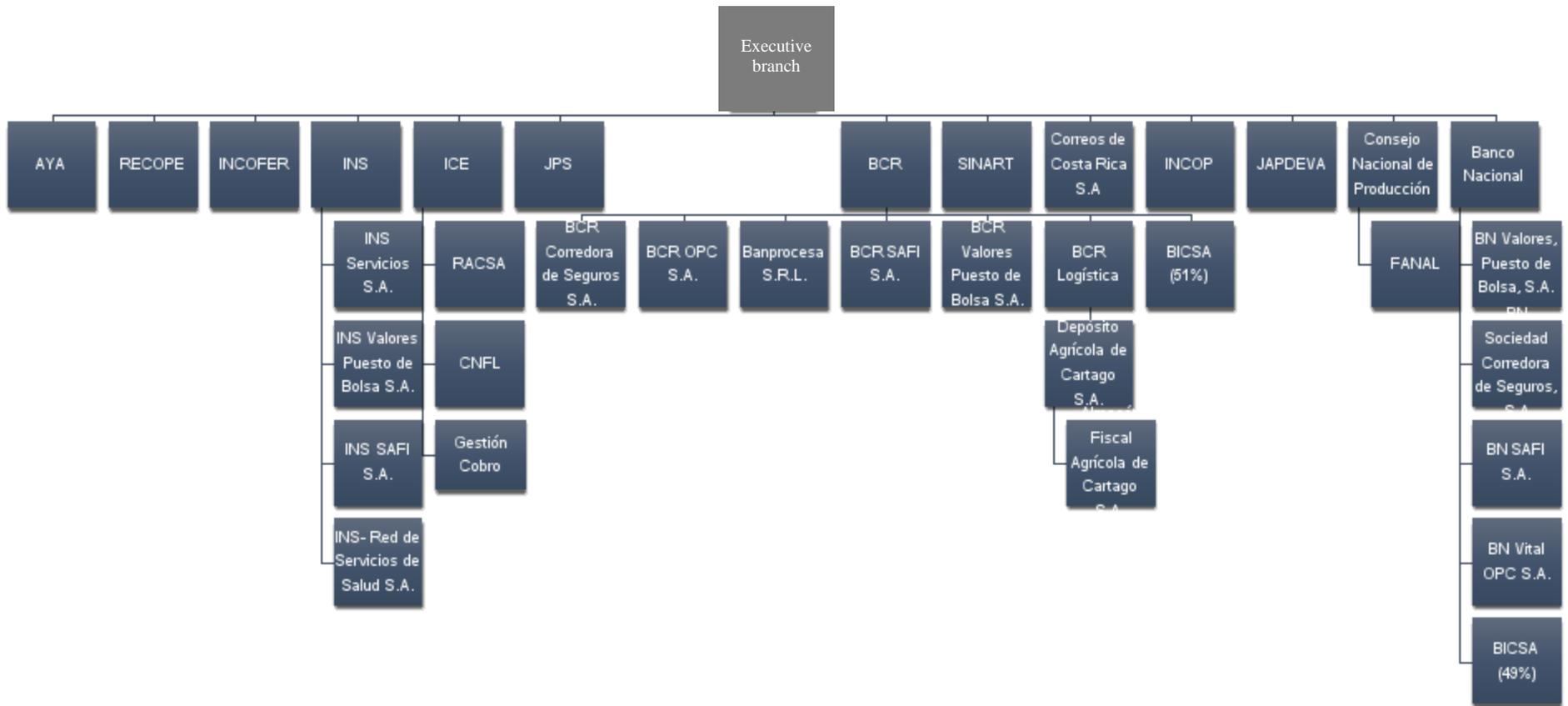
Source: Advisory Unit

Figure 3. Organization of the Costa Rican Public Sector July 2021



Source: <https://documentos.mideplan.go.cr/share/s/BG6yQDrJT3SMiGX4gzvV8Q>

Figure 4. State-Owned Enterprises



Source: Advisory Unit

Figure 5. Logo of State-Owned Enterprises



Source: Advisory Unit

Figure 6. Chairs of SOE boards of directors



Irene Cañas (ICE)



Juan Ramón Rivera
(INCOP)



Ángel Jiménez Segura
(CNP)



Boris Ramírez Vega
(SINART)



Esmeralda Britton
González (JPS)



Alejandro Muñoz
Villalobos (RECOPE)



Jeannette Ruíz
Delgado (BNCR)



Néstor Solís Bonilla
(BCR)



Xinia Sánchez Reyes
(Correos de Costa
Rica)



Tomás Martínez
Baldares (AYA)



Juan Gabriel Pérez
Salguera (INS)



Andrea
Centeno Rodríguez
(JAPDEVA)



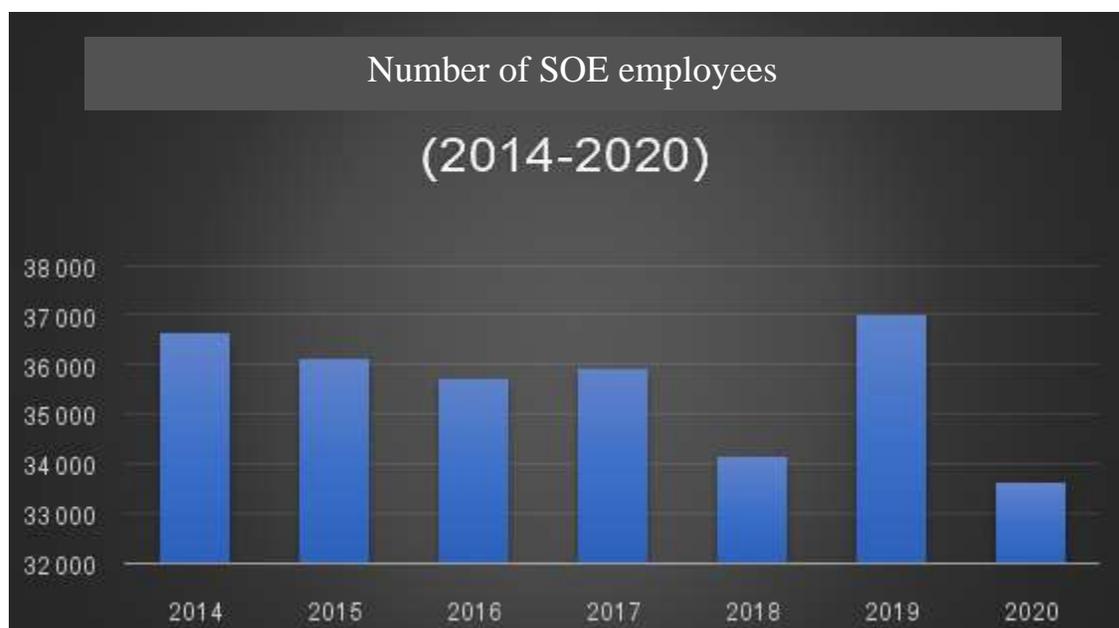
Elizabeth Briceño
Jimenez (INCOFER)

Source: Advisory Unit

II. Number of Employees

At the end of 2020, SOEs employed a total of 33,594 people. The number of employees per year is detailed below:

Figure 7. Number of employees for each SOE as of December 31, 2020



Source: Advisory Unit based on data provided by SOEs and MIDEPLAN

As part of the transformation process of JAPDEVA and pursuant to the provisions of Law No. 9764, for the period from November 2019 to March 2021, the institution has eliminated a total of 537 positions as a result of early retirement, horizontal transfers, and labor mobility of its personnel.

In March 2020, to avoid further contagion by Covid-19 and in compliance with the guidelines of the Ministry of Health, Grupo ICE adopted teleworking. Before the pandemic, ICE had 2,480 workers working from their homes, and as of March 2020, the number of teleworking employees reached 7,000. This favors the environment, cost reduction, traffic reduction, and the well-being of employees.

With teleworking, being mandated as a contingency measure, ICE achieved savings of ₡7.699 billion in 2020, compared to 2019⁶. As of September 2021, ₡4.092 billion were reduced, compared to 2020. Both figures lead to an accrued amount of ₡11.791 billion in the two years of the pandemic.

Important information in relation to the number of employees in SOEs is the percentage that this represents from the total employment data according to INEC. The total number of employees reported on the payroll by SOEs at the end of 2020 represents 1.72% of the total number of people employed in Costa Rica.

⁶ Source: <https://www.larepublica.net/noticia/ice-fortalecera-teletrabajo-abierto-como-una-figura-permanente-entre-sus-colaboradores>

Description	Amount
INEC Total Employment (4th quarter 2020) ⁷	1 950 000
Number of Employees in SOEs	33 594
Percentage	1.72%

III. Market Share

Market share is an indirect concept. It is a measurement, a percentage that a company occupies in the market. In the face of COVID-19, significant variations have been seen in response to the demands of all markets.

Grupo ICE, with its Kölbi brand, had 4,375,000 services in 2019, which gave it 51% of that business, while the Mexican company, América Móvil, with its Claro brand, had 19% of the market (1,616,000 lines), and the Spanish Telefónica (Movistar brand) 30% (it had 2,552,000 subscriptions). In addition to the above, Sutel indicated that the market closed with 7,512,000 subscriptions in 2020. Of these, 41.1% (3,087,000) were Kölbi users, while Movistar grew to 38.6% (2,899,000 services), and Claro accumulated 20.3% (1,524,000)⁸.

Figure 8. ICE Market Share



Source: Advisory Unit

The following graph shows the estimated number of subscribers by modality for 2020, according to SUTEL Statistical Report:

⁷ Source: <https://www.inec.cr/empleo>

⁸ Source: <https://www.nacion.com/el-pais/servicios/ice-pierde-ventaja-en-mercado-de-telefoniamovil/Q2ODKITYURCOFEFIVOZXIAHYVI/story/>

Figure 9. Number of subscribers by modality 2020



Source: SUTEL Statistical Report, 2020⁹

According to the SUTEL Statistical Report, the number of fixed internet subscribers in Costa Rica is 992,725. Taking this value and according to the relative market share of 33.1%, defined in the Report, the number of ICE subscribers is 328,592.¹⁰

Figure 10. Fixed internet market share 2020

Graph No. 123. Costa Rica: Market share, Access to fixed Internet, 2020 (figures at year closing)



Source: SUTEL, General Markets Directorate, Costa Rica, 2020.

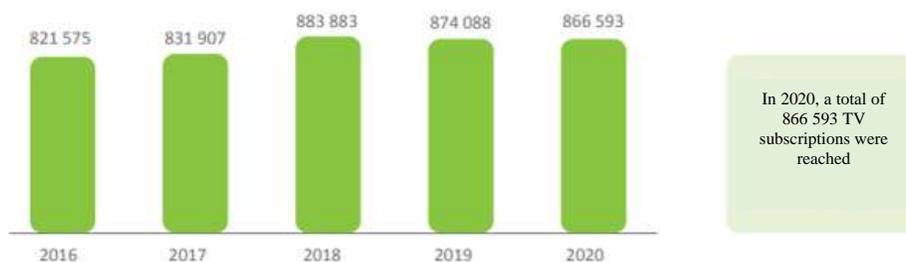
Source: SUTEL Statistical Report, 2020

⁹ Estimate according to the number of subscribers and relative market share indicated therein

¹⁰ Estimated amount according to the data provided in the SUTEL 2020 Statistical Report.

Figure 11. Total subscriptions to the subscription television service 2016-2020.

Graph No. 179. Costa Rica: Total subscriptions to subscription television service, 2016 – 2020 (annual figures)



Source: SUTEL, General Markets Directorate, Costa Rica, 2020.

Source: SUTEL Statistical Report, 2020

In 2019-2020, Correos de Costa Rica reached a record figure of 9.8 million deliveries, registering an increase of 154% in the case of small and medium-sized enterprises, whose affiliation to Pymexpress went from 4,200 in 2019, to 10,200 in 2020. The situation generated by COVID-19 forced the company to rethink its strategies to adapt to the conditions and new needs of the market, without having to resort to extreme measures to overcome the crisis.

Finally, the structure of the banking market presented a deconcentration, due to the low growth of credit, uncertainty of foreign investment, reduction of working hours, and unemployment. Banco Nacional and Banco de Costa Rica lost market share in terms of loans, while BAC and other banks gained ground.¹¹

Figure 12. Table of financial entities and their market share as of October 31, 2021

ACCOUNT	BCR - Banco de Costa Rica	BNCR - Banco Nacional de Costa Rica	BANHVI - Banco Hipotecario de la Vivienda	POPULAR - Banco Popular y de Desarrollo Comunal	BANCO BAC SAN JOSE S.A.	BANCO BCT S.A.	Banco Cathay de Costa Rica S.A.
Productive Assets / Total Assets	82.94	77.99	98.70	90.73	82.68	83.74	81.65
Productive Assets of Financial Intermediation / Productive Assets	97.42	99.33	100	99.99	97.24	86.22	81.63
Up to date and overdue portfolio up to 90 days (except judicial collection) / P Asset	62.55	69.11	91.43	65.75	83.77	63.98	84.81
Investments in securities / Financial Intermediation Productive Assets	37.45	30.89	8.57	34.25	16.23	36.02	15.19
Liabilities with cost / Total Liabilities	87.53	83.25	97.24	94.35	78.36	82.10	80.99
Term deposits with the public / Liabilities with cost	30.41	32.04	0	43.92	41.42	43.60	64.44

¹¹ Source: <https://www.elfinancierocr.com/finanzas/mercado-bancario-se-desconcentro-entre-el-2008-y/KLFODCHFODJNOTTZTV2FV5P5A/story/>

ACCOUNT	BCR - Banco de Costa Rica	BNCR - Banco Nacional de Costa Rica	BANHVI - Banco Hipotecario de la Vivienda	POPULAR - Banco Popular y de Desarrollo Comunal	BANCO BAC SAN JOSE S.A.	BANCO BCT S.A.	Banco Cathay de Costa Rica S.A.
Obligations with financial entities of the country / Liabilities with cost	2.58	1.52	100	7.28	0.27	1.34	0.23
Obligations with foreign financial entities / Liabilities with cost	0.74	5.67	0	0	0	5.82	4.70
Equity commitment	-7.18	-8.37	-1.14	-13.12	-2	-1.47	-0.80
Arrears of more than 90 days and judicial collection / Direct Portfolio	2.80	3.38	0	2.78	2.27	0.75	2.19
Estimates on credit portfolio / Portfolio in arrears of more than 90 days and judicial collection	1.55	1.06	0	2	2.37	2.86	1.64
Portfolio (A+B) / Total Portfolio	89.50	88.70	99.22	88.35	89.02	90.16	79.34
Financial Intermediation Productive Assets / Liabilities with Cost 1	1.04	1.03	3.20	1.20	1.15	0.98	0.89
Nominal profitability on average equity	7.23	3.15	4.95	4.45	9.08	9.20	1.29
Gross Operating Income / Administrative Expenses 1	1.67	1.70	2.13	1.76	2.11	1.63	1.20

Source: Information provided by SUGEF

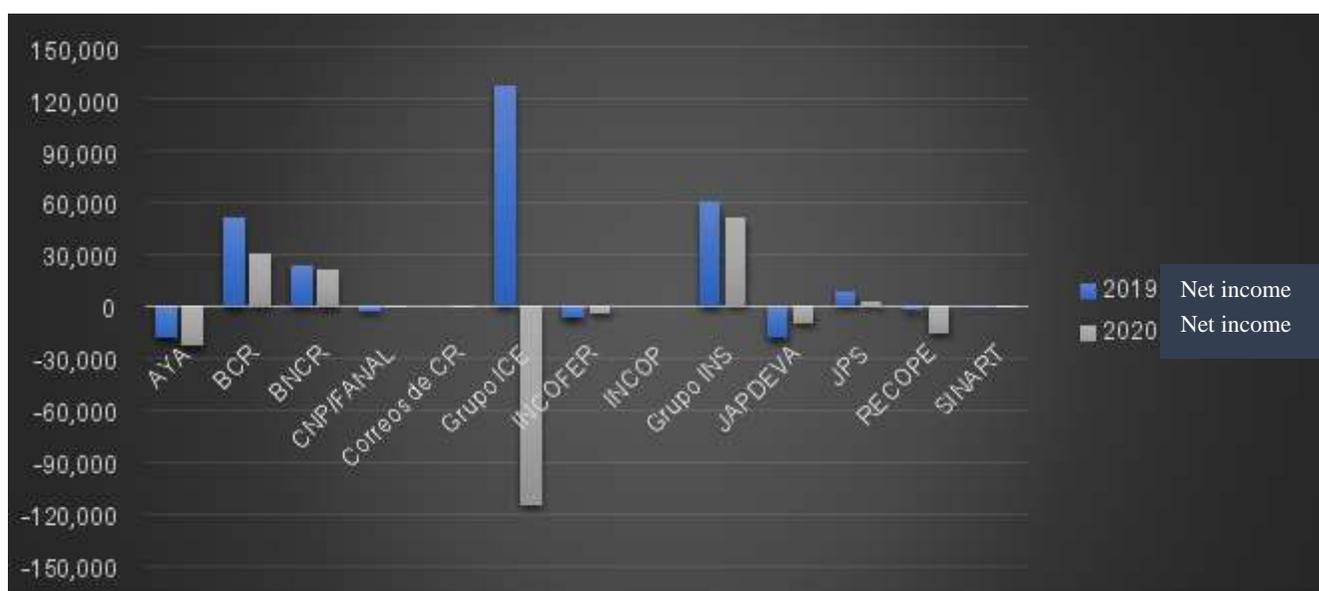
IV. Aggregate Performance of the Portfolio of State-Owned Enterprises (2019-2020)

To show what has happened with the portfolio of State-owned enterprises in the analyzed period, we have selected two core indicators for the commercial activity of a company: its net income and its book value.

First, the book value of a company is all those elements which constitute its own financing and is considered as the book value of the business it manages. In the case of SOEs, it is essential to know and monitor the behavior of this indicator in a timely manner, since this allows both positive and negative situations to be detected, which can serve as a basis for strategic decision-making or to take advantage of opportunities and/or or strengths in the market.

In 2020, the sum of the net profits of State-owned enterprises was negative, with a downward fluctuation of CRC 65.437 billion, compared to the end of 2019. Grupo ICE was the company that had the largest net deficit, with a total balance of CRC -115.302 billion colones in the aforementioned period.

Figure 13. Total Net Income per SOE in 2020



Source: Advisory Unit based on data from the audited financial statements 2019-2020.¹²

On the other hand, in 2020, the total net equity of SOEs was CRC 7.455168 trillion. Individually, these presented variations of up to a maximum of 878% and a minimum of -34% on this item, in relation to 2019.

In relative comparative terms, Grupo ICE continues to be the largest company, with 36% of the sum of the aforementioned valuations, and SINART the smallest, with 0.03% of the total.

Below is an analysis of the 2019-2020 variation for each company.

Figure 14. Net Assets of each SOE 2019-2020

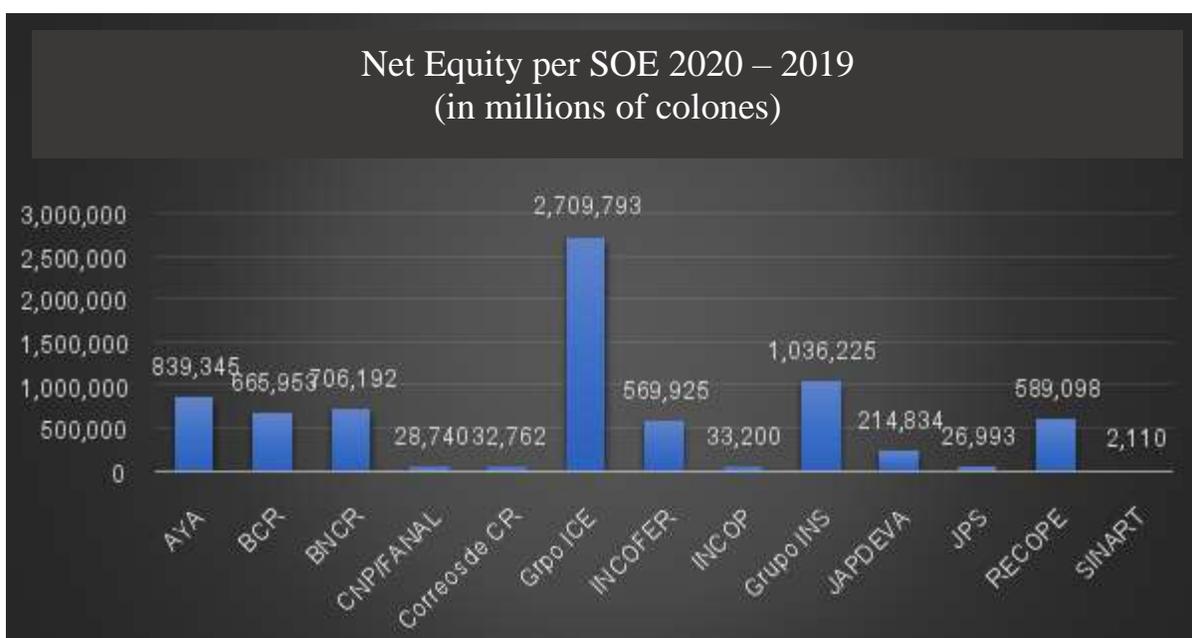
SOE Net Assets, as of 31 December 2019-2020						
Nº	SOE	2019	2020	2020	Percentage change	Percentage weight
		In millions of colones		In millions of dollars		
1	Grupo ICE	2 824 802	2 709 793	4 267	-4%	36%
2	Grupo INS	1 054 324	1 036 225	1 632	-2%	14%
3	AYA	863 179	839 345	1 322	-3%	11%
4	BNCR	691 938	706 192	1 112	2%	9.5%
5	BCR	630 986	665 953	1 049	6%	8.9%
6	RECOPE	630 920	589 098	928	-7%	7.9%
7	INCOFER	567 552	569 925	898	0.4%	7.6%
8	JAPDEVA*	224 984	214 834	338	-5%	2.9%
9	INCOP	13 655	33 200	52	143%	0.4%
10	Correos de CR	33 098	32 762	52	-1%	0.4%
11	CNP/FANAL	2 940	28 740	45	878%	0.4%
12	JPS	40 776	26 993	43	-34%	0.4%

¹²Note: FANAL net income is contained in CNP data

SOE Net Assets, as of 31 December 2019-2020						
Nº	SOE	2019	2020	2020	Percentage change	Percentage weight
		In millions of colones		In millions of dollars		
13	SINART	2 579	2 110	3	-18%	0.03%
Total		7 581 733	7 455 168	11 740	Average variation: 74%	100%
Exchange rate: 635						
Source: SOE Audited financial statements, 2020-2019.						
*As of the date of preparation of this report, JAPDEVA audited financial statements had not been published, so the calculations were made with unaudited data.						

Source: Advisory Unit based on data from the 2019-2020 audited financial statements¹³

Figure 15. Net Equity of SOEs at the end of 2020



Source: Advisory Unit based on data from the audited financial statements as of 2020

I. Extraordinary Budget and Attention to the National Emergency

Historically, the SOEs that have generated the most income for the State through transfers have been Banco Nacional de Costa Rica, Banco de Costa Rica, and the National Insurance Institute. In 2020, INS transferred more than CRC 77 billion to the Ministry of Finance;¹⁴ however, RECOPE, which is a non-financial SOE, also made a one-time contribution of close to CRC 16 billion.

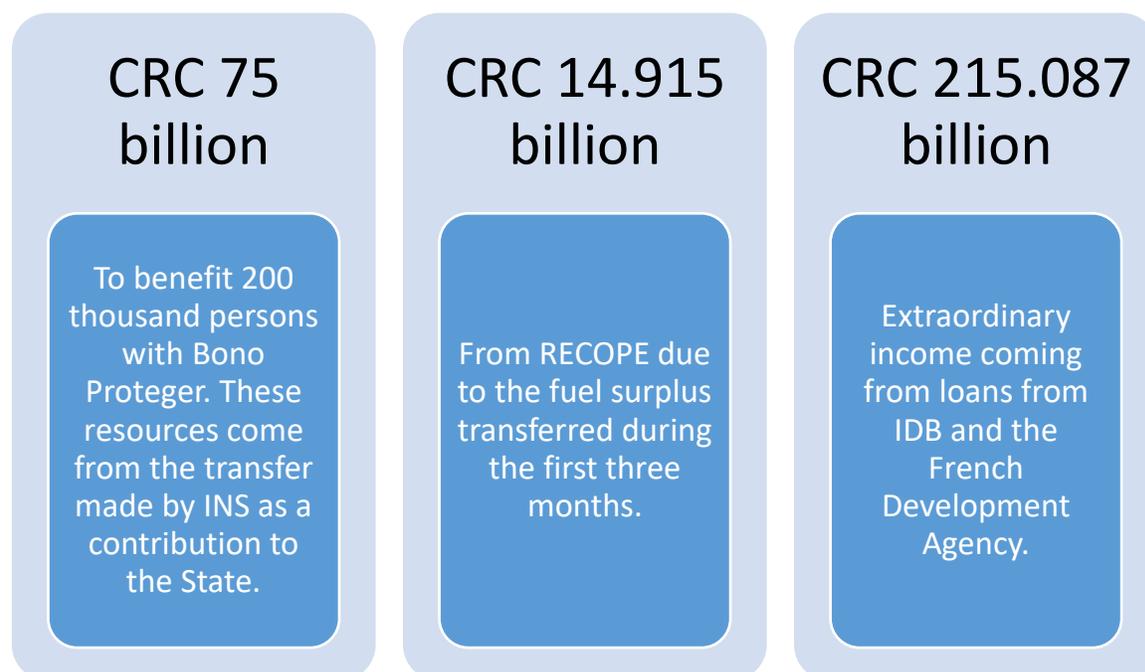
¹³ Reference exchange rate: 1 USD= CRC 635

¹⁴ Source: <https://www.presidencia.go.cr/comunicados/2020/05/ins-hace-efectivo-traslado-de-275-mil-millones-equivalentes-a-200-mil-bonos-protector/>

State-owned enterprises that usually receive income from the Ministry of Finance are INCOFER and SINART. However, in 2019, JAPDEVA received an amount close to CRC 23 billion, as a financial rescue measure for its business.

The following figure details the financial resources that were necessary for the attention of the national emergency:

Figure 16. Extraordinary Budget 2020



Source: Advisory Unit

D. Financial Performance of State-Owned Enterprises, 2019-2020

I. Main Changes in the Portfolio of Companies

During 2020, organizations were confronted not only with unprecedented changes, but also with an equally atypical environment that left them without a point of reference to try to adapt. In this massive disruption, SOEs were no exception.

The main changes that this sector presented during 2020 are highlighted below:

a. SINART restructuring plan

Due to the impact of the fiscal reform and a decrease in income, the National Radio and Television System (SINART) has taken urgent measures to restore its finances, in two stages. The entity announced the approval of the first stage of the restructuring plan on June 25th, 2020. This stage contemplates a cut of at least 10% of its payroll.

For the second stage, together with the labor mobility process, the company will promote "the outsourcing of support services (such as cleaning and security)." In the context of global economic contraction and drastic reduction in public spending, the approval and implementation of this second stage becomes urgent.

However, although this second stage depended on the approval of the 500 million colones that the institution requested as part of the draft Ordinary and Extraordinary Budget Law for the 2021 Fiscal Year presented before the Legislative Assembly, the company confirms that the resources were not included in the budget that was approved on November 24th.

This implies that the institution does not have the capacity to continue with the restructuring and expense rationalization plan until it has access to the budget required. However, work continues on parallel actions to improve management, based on reinventing and increasing the quality of the product offered to advertisers on their communication channels.¹⁵

b. Two SINART productions nominated for prestigious awards from the TAL Network

“La Remendona,” a fiction series about women who create a business in dressmaking, and “Los Pérez,” a micro program that instills values in children, starring two sloths from the Costa Rican rainforest, were nominated for the prestigious Latin American Television Network (TAL) Awards. Winners were announced on 17 December 2020.

¹⁵ The Observer, 2020. *Sinart will dismiss 24 employees and will buy cleaning and security services.* Available in: <https://observador.cr/sinart-cesara-24-employees-y-comprara-servicios-de-limpieza-y-seguridad/>

The selection was made among 485 applications from all over Latin America, as this television network brings together the main public channels in Latin America, including SINART. “La Remendona” has also been shortlisted in 3 categories for the prestigious Platinum Ibero-American Film Awards, among more than 900 productions from 23 countries, while “Los Pérez” has already launched its second season with the support of Banco Nacional and the National Institute for Learning (INA).¹⁶

c. Financial study commissioned on the National Liquor Factory

In pursuit of the focus areas identified by the government, the Pre-investment Fund of the Ministry of National Planning and Economic Policy (Mideplan) approved on 29 July 2020, the financing request of the National Production Council (CNP) for ¢42,902,475 to determine the current value of the National Liquor Factory (FANAL).

In the context of recently reactivated discussions on the ownership of certain state company assets, regardless of the course the country takes in this regard, it is essential to know the genuine and up-to-date situation of the company for decision making with more reliable data. The financial study, therefore, will present a more precise scenario of the current situation of FANAL and the financial commitments with the different institutions with which it has tax debts. In addition, it will reveal the real value of this century-old company, including the real amount of its tangible and intangible assets, as well as their projected value, which helps contemplate scenarios that allow it to enhance and improve its situation in the next 5 years. The entity's tax debt implies risks: not only does it erode FANAL assets but also those of CNP, and eventually, since it is a State-owned enterprise, there is a risk that it will become a contingent liability that all Costa Ricans would pay, and the Ministry of Finance would have to bear the cost.¹⁷

Related to FANAL governance, on 24 March 2020, a bill proposed by Social Christian Party congressman Pablo Heriberto Abarca was presented to the Legislative Assembly under File No. 21,464 "Law that authorizes the process of liquidation and closure of the National Production Council and Transfer of FANAL." On 13 July 2020, the Comptroller General of the Republic issued an expert opinion on the project, indicating the bill needed further elements, such as technical studies of financial, legal, and operational feasibility, and financial information that would allow for the analysis and consideration of the cost-benefit

¹⁶ SINART Digital, 2020. “La Remendona” and “Los Pérez” represent SINART as nominees for the TAL Awards. Available at: <https://costaricamedios.cr/2020/11/12/la-remendona-y-los-perez-representan-al-sinart-como-nominados-a-los-premios-tal/>

¹⁷ MIDEPLAN, 2020. *Mideplan Pre-investment Fund will finance a study to determine the current value of FANAL*. Available in: <https://www.mideplan.go.cr/index.php/fondo-de-preinversion-de-mideplan-financiar-a-estudio-para-determinar-el-valor-actual-de-fanal>

of transferring FANAL without economic compensation compared to other alternative options.¹⁸

d. Receipt of new INCOFER trains

On 16 December 2020, the first four trains purchased by the Costa Rican Railway Institute (INCOFER) from the Chinese company CRRC Qingdao Sifang Co. arrived at Puerto Caldera. The second batch of 4 trains was also shipped from China during the same week and is expected to arrive in January 2021.¹⁹

INCOFER estimated that these 8 trains would start operating in the first four months of 2021 on the three lines: A (Alajuela-Heredia-San José), B (Belén-San José), and C (San José-Cartago).

According to INCOFER, this is the “largest investment in railway equipment in the last 40 years.” The total investment amounts to \$32.6 million, an amount that includes both the units and the equipment for the workshop, spare parts, maintenance for three years and training for train operators and mechanics (scheduled to start in that month and extend to January and February of 2021).²⁰

Additionally, the company's work crews intervened more than 10 km of railway carrying out preventive and corrective maintenance. Likewise, work was carried out on several bridges, such as El Fierro, Taras, Quebrada Rivera, and Quebrada Seca. Preparation for the training was carried out, as well as the conditioning of the workshop to receive the equipment.

The company noted that:

“With the arrival of these new trains, the railway modernization process begins, the current passenger operation will improve its quality, as well as the user experience, increasing the capacity of our services. With this investment, we are not only acquiring trains, but also workshop equipment, training, spare parts, and after-sales service for three years, in addition to the improvements on tracks that we have been making for the last 3 years and the adaptations of platforms and operations.”²¹

¹⁸ Pomareda, F., 2020. *The sale of Fanal would leave a gap for the State of more than €15 billion in taxes annually.* Available in: <https://semanariouniversidad.com/impresogrande/venta-de-la-fanal-dejaría-hueco-al-estado-de-mas-de-%C2%A215-mil-millones-anuales-en-impuestos/>

¹⁹ Editorial 88Stereo, 2020. *The new INCOFER trains have already arrived in Costa Rica.* Available in: <http://www.88stereo.com/ya-llegaron-a-costa-rica-los-trenes-nuevos-del-incofer/>

²⁰ Soto, M., 2020. *INCOFER The Greater Metropolitan Area will have its first four Chinese trains this December.* Available in: <https://semanariouniversidad.com/pais/gam-tendra-sus-primeros-cuatro-trenes-en-diciembre/>

²¹ Summa Magazine, 2020. *Costa Rica is getting ready to receive the first batch of new trains in November 2020.* Available in: <https://revistasumma.com/costa-rica-se-alista-para-recibir-primer-lote-de-trenes-nuevos-en-noviembre-de-2020/>

e. Ruling of the seizure of JAPDEVA accounts

On 10 November 2020, the Workers Union of JAPDEVA (Sintrajap) filed an appeal before the Second Chamber of the Supreme Court of Justice to prevent the execution of the judgment of the Court of Civil and Labor Appeals of the Atlantic Zone that would lift the ruling on the seizure of the institution's accounts by said labor organization.

The seizure caused the retention of ¢5.4 billion in the accounts of Banco de Costa Rica (BCR), which were available for the payment of payroll and operating expenses, including part of the contribution of ¢3.5 billion that the Rural Development Institute (INDER) that it had transferred to the Board of Port Administration and Economic Development of the Atlantic Coast (JAPDEVA). The accounts at Banco Nacional (BNCR) and Banco Popular (BP) were also withheld, the latter belonging to the Workers' Savings and Equity Fund, in addition to contributions to pay loans to employees and former employees.²²

The modernization plan approved on 14 October 2019 through Law No. 9764²³, which orders the entity to implement its administrative, financial, and operational reorganization to ensure its financial balance, has been cut short first by the seizure of the institution's accounts by the labor union, and then by the pandemic that has caused a drop in income.

This regulation granted the company ¢16.237 billion for a transformation plan with 4 pillars: stabilize the financial situation, protect employees in the downsizing process, provide sustainability to the service, and prepare the entity for new businesses. Without having access to said resources and with a reduction of 63.2% in the entity's current income compared to the year-on-year comparison of the first 7 months of 2019 and to the same period of 2020, the company was forced to find additional budget. This led to a request for ¢6.5 billion from the Road Safety Council (COSEVI), which was finalized as a soft loan in September 2020.²⁴ Since the beginning of its transformation, JAPDEVA reported that as of December 2020, it had already eliminated 700 jobs, a move that reduced the cost of the payroll by more than 60% in a 3-month period, as stated by Andrea Centeno, Executive President.²⁵

²² Avendaño, M., 2020. The Japdeva union tries to stop the release of ¢5.238 billion embargoed for six months. Available in: <https://www.elfinancierocr.com/economia-y-politica/japdeva-cumple-dos-anos-atada-de-manos-y-ante-una/7BBUFEWD7RFPHFSEQOYCBPLV6Q/story/>

²³ Law of Transformation of Japdeva and Protection of its Workers, of 15 October 2019. Available in: http://www.pgrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm_texto_completo.aspx?param1=NRTC&nValor1=1&nValor2=89853

²⁴ Avendaño, M. 2020. *Japdeva seeks a surplus from Cosevi for ¢6.500 billion to resist an embargo that accumulates three months.* Available in: <https://www.elfinancierocr.com/economia-y-politica/japdeva-busca-superavit-del-cosevi-por-650/RSYRGX3OFHJRG2FYL376YYXM/story/>

²⁵ Canals, D., 2020. *Has Japdeva's rescue plan worked?* Available in: <https://www.larepublica.net/noticia/hadado-resultado-el-plan-rescate-de-japdeva>

f. JAPDEVA undertakes Green Gate tourism megaproject

The Board of Port Administration and Economic Development of the Atlantic Coast (JAPDEVA) signed in May 2020 the contract to carry out the "Pre-feasibility and technical, environmental, financial, and economic-social feasibility studies for the design, construction, commissioning, operation, and maintenance, under the Public-Private Partnership modality, of the *Construction and Operation of the Marina and Cruise Terminal project at the Hernán Garrón Salazar Terminal project*" with international company Moffat & Nichol. The financing for this contract comes from the Pre-investment Fund of the Ministry of National Planning and Economic Policy (MIDEPLAN), and this initiative is part of the projects promoted by Mesa Caribe.

The tourism megaproject, called 'Green Gate', includes a cruise terminal, a tourist complex, and a marina valued at US\$300 million. According to the Green Gate Legacy public-private partnership in Limón-Costa Rica, managers of the project, "With the initiative (...) the aim is to exploit the Costa Rican Caribbean as an ecotourism destination, in addition to reactivating the local economy through the operation of the Muelle Alemán."²⁶

The project for a new port terminal specializing in cruise ships and a marina is one of the axes defined in the Port Master Plan drawn up in 2008 and is identified as an initiative with great potential for the development of the province of Limón. It is estimated that the project will generate about 10,000 jobs and will be ready in eight years.²⁷

The tourist marina could be located in 20 hectares (including a water mirror) of the port facilities in the central Municipality of Limón and would include a nautical and a dry marina, a commercial and residential area, and a touristic wharf. The objective is to transform the Hernán Garrón Salazar terminal into a port that promotes national and regional tourism and generates employment by attracting cruise ships and recreational and sports vessels.

The contracted firm has approximately 12 months to present the studies, which will provide JAPDEVA with the necessary inputs to launch the subsequent stages of the project.

g. Roadmap for the financial sustainability of ICE is reflected in tariffs

On Tuesday, 15 December 2020, the Public Services Regulatory Authority (ARESEP) approved a reduction of 14.05% on average, in the rates that residential, commercial, and industrial clients of the Costa Rican Institute of Electricity (ICE) will pay. Specifically, the generation rate will decrease by 17.86%, the distribution rate will decrease by 14.05%, and

²⁶ Maritime World, 2020. *Costa Rica: Japdeva signs a contract to study the feasibility of a new cruise terminal and marina in Limón*. Available in: <https://www.mundomaritimo.cl/noticias/costa-rica-japdeva-firma-contrato-para-estudiar-factibilidad-de-nueva-terminal-de-cruceros-y-marina-en-limon>

²⁷ Maritime World, 2020. *Japdeva receives a megaproject for a cruise terminal and international marina in Limón, Costa Rica*. Available in: <https://www.mundomaritimo.cl/noticias/japdeva-recibe-megaproyecto-de-terminal-de-cruceros-y-marina-internacional-de-limon-costa-rica>

the transmission rate will increase by 1.48%. The discounts would come into force on 1 January 2021.

The regulatory body attributes the reductions to the following elements:

- Items that are not traceable to the at-cost service, cost accounts where common centers are located, and engineering and construction expenses were excluded.
- This important cost reduction effort is reflected in a lower rates.
- The 100% adoption of International Financial Reporting Standards (IFRS), with a prominent effect on the registration of operating leases in the Pailas, Garabito, and Toro III projects.²⁸

In relation to the point of cost reduction, in August 2020, ICE successfully closed the renegotiation of the financing of Trust One of the Reventazón Hydroelectric Plant, with which the cancellation term was extended, and its interest rate was reduced, in accordance with the search for more favorable conditions on the debt for the development of infrastructure as determined in their Strategy 4.0.²⁹

h. ICE and IFAM in partnership to promote smart municipalities

Grupo ICE and the Municipal Development and Advisory Institute (IFAM) signed a cooperation framework agreement to transform local governments and their municipalities into smart territories that make people's lives easier. This includes advice, consulting, knowledge transfer, and development, on topics such as technological and digital services, infocommunications, telecommunications, and electricity. (IFAM, 2020)

The signing took place on Friday, 4 December 2020, at the IFAM facilities, and the thematic activities will cover topics of common interest, among which are:

- Energy efficiency
- Smart measurements to manage power and water
- Audits and energy solutions for public and municipal buildings
- Electric recharging points in strategic spaces
- LED lights in public lighting
- Wi-Fi for public spaces
- Security cameras for citizens
- Solutions for the transformation of local governments into smart cities
- Connectivity and use of ultra-broadband internet focused on the citizen (Smart People) and their way of life (Smart Living)

²⁸ Madrigal, L., 2020. *Aresep imposes rate reduction to ICE; users will pay about 14% less in 2021*. Available in: <https://delfino.cr/2020/12/aresep-aprueba-rebaja-tarifaria-al-ice-usuarios-pagaran-cerca-de-14-menos-en-2021>

²⁹ Castro, J., 2020. *ICE successfully closed the financing renegotiation of Reventazón*. Available in: <https://www.larepublica.net/noticia/ice-cerro-con-exito-renegociacion-de-financiamiento-de-reventazon>

- Channeling contact with FONATEL for the development of telecommunications networks
- Evolution and expansion of real estate and urban development with business schemes in electricity, telecommunications, and infocommunication technologies.

On behalf of Grupo ICE, the Costa Rican Electricity Institute (ICE), the National Power and Light Company (CNFL), and Radiográfica Costarricense (RACSA) will participate, and the agreement will be executed through specific accords that will be established in accordance with the current legal system. As part of the initiative, both institutions will allocate human and financial resources – when appropriate and within their possibilities – for training and advisory. (IFAM, 2020)

The commitment includes actions to raise awareness in the Municipal Government for the fulfillment of the United Nations Sustainable Development Goals. It is also part of Strategy 4.0 approved by ICE and IFAM in 2019, to become a benchmark for digital transformation and the development of comprehensive, innovative, and timely solutions in energy, infocommunications, and engineering. (IFAM, 2020)

i. Reform of the composition of the RECOPE Board of Directors

As a result of the entry into force of Law 9715 "Impediment of the Government Council to appoint Ministers or Vice Ministers in the Board of Directors of Costa Rican Oil Refinery (Refinadora Costarricense de Petróleo - RECOPE),"³⁰ and in compliance with international standards in the corporate governance of State-owned enterprises, the Minister of Environment and Energy (MINAE) was eliminated as a member of the Board of Directors of Refinadora Costarricense de Petróleo, S.A. (RECOPE).

Mr. Carlos Manuel Rodríguez Echandi, who then held the position of Minister of Environment and Energy and Vice President of the collegiate body, ceased his participation on 31 December 2019.³¹ With the legislative reform, the appointment of ministers or deputy ministers as members of the Board of Directors of RECOPE is prohibited, and the seat on the board has the same nature as the others, which are filled by independent directors.

The person who occupies the position is selected according to the procedure established by Decree No. 41.516-MP "Regulation for the selection and evaluation of candidates for positions of the government body of State-owned enterprises," of 29 October 2019.³² The

³⁰ Legislative Assembly of the Republic of Costa Rica, 2019. "Impediment of the Government Council to appoint Ministers or Vice Ministers in the Board of Directors of Refinadora Costarricense de Petróleo (RECOPE). Available in: http://www.pgrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm_texto_completo.aspx?param1=NRTC&nValor1=1&nValor2=89471&nValor3=0&strTipM=TC

³¹ General Securities Superintendence, 2020. Communication of Relevant Fact GAF-0081-2020. https://aplicaciones.sugeval.fi.cr/RNVI_App#

³² Executive Power of the Republic of Costa Rica, 2019. Decree No. 41,516-MP, "Regulations for the selection and assessment of candidates for positions on the government body of State-owned enterprises ", of 29 October 2019. Available in:

regulation defines a formal and transparent process for the selection of members of the government bodies of State-owned enterprises (SOEs), based on suitability and experience. Given the above, instead of the Minister of MINAE, on 7 January 2020, Mr. Jorge Castro Salas was appointed as a member of the Board of Directors, whose term extends until 8 May 2022. Mr. Castro is currently a partner and Project Director at Tabor Reimers construction company. He has a degree in Architecture (UACA), a Master's degree in Project Management (UCI) and has more than 30 years of experience in developing architectural projects, as partner in similar firms.³³

j. RECOPE receives endorsement for new restructuring process

The restructuring process in Refinadora Costarricense de Petróleo S.A. (RECOPE) was endorsed by the Technical Secretariat of the Budget Authority (STAP, part of the Ministry of Finance), on 21 January 2020, through document STAP-2070-2020.

The authorization mentions that the resources incorporated by the company in its institutional budget for the reorganization process of the institution, which has a cost of ₡1.2 billion, constitute a budget forecast of expenditure, so no new expenses are generated.

The proposal for the restructuring was presented in 2019, and its objectives are to transform RECOPE into a green energy market, generate savings, address problems with its business image, human capital, customer service, project management, and fuel theft, as well as the change in management and departments, which would become functional units. The most substantive change is the creation of the Innovation Management Dept., which will be in charge of giving the company a new image, doing research, and creating projects with alternative energies.

Although this reform is part of RECOPE's Strategic Business Plan 2016-2021, as well as the National Energy Plan 2020-2030,³⁴ the extent of the changes is subordinated to the capacities expected to be granted by bill No. 21.343 "Recope Transformation Law for the Contribution to the Energy Transition," an initiative presented by the Executive Branch to the Legislative Assembly in April 2018.

k. ARESEP instructs AyA to revise billing of the water service

On 19 November, the Public Services Regulatory Authority (ARESEP) communicated to the Costa Rican Institute of Aqueducts and Sewers the outcome of report IN.0008-IA-2020,

http://www.pqrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm_texto_completo.aspx?param1=NRTC&nValor1=1&nValor2=89508&nValor3=117528&strTipM=TC

³³ RECOPE, 2020. Jorge Castro Salas. Available in: <https://www.recope.go.cr/wp-content/uploads/2020/01/JORGE-CASTRO-SALAS.pdf>

³⁴ Avila, L., 2020. RECOPE embarks on a lukewarm restructuring. Available in: <https://www.elfinancierocr.com/economia-y-politica/recope-se-embarca-en-una-reestructuracion-tibia/2KXYAF5RLVDVRH75HNNE63C7AY/story/>

which studied a sample of 78 complaints about problems in the collection of the drinking water service during the first months of the health emergency caused by COVID-19.

The issue relates to the suspension of the manual review of meters as a way to prevent the spread of infection, as well as compliance with the guidelines of the Government of the Republic and the Ministry of Health that suspended the cutoff of services due to lack of payment as a measure to ensure drinking water in homes.

ARESEP indicated that billing problems are due to an inadequate application of averages to estimate consumption; consecutive billing estimates; damaged gauges; meter changes without notice to the user; reading errors; and leak detection.³⁵ The company's Internal Audit, for its part, indicated in report AU-2020-00557, of June 2020, that the possible causes of the high billing include the change of hydrometers that were damaged or in poor conditions, the variations in consumption due to the effect of the sanitary confinement, the rate increases that have been in force since January 2020 (15.2% in drinking water and 43.2% in sanitary sewage), the implementation of the value added tax (VAT), and an inadequate stock of hydrometers.

Both, AyA and ARESEP, agree that users have the right to receive a quality service, which is why this company indicates that it is working to adequately attend to each of the complaints that are presented, 95% of which were resolved between March and October 2020.

A summary of what was ordered by the regulatory entity can be consulted at the following link: <https://aresep.go.cr/noticias/3131-aresep-ordena-aya-resolver-problemas-facturacion-30-dias>

I. An arbitration tribunal decides against AyA on the Environmental Improvement Project of the San José Metropolitan Area

The Spanish company Acciona Agua won arbitration against the Costa Rican Institute of Aqueducts and Sewers (AyA). According to the arbitration award, published on 8 May 2020, the Spanish company will receive 6.7 million dollars in relation to the Environmental Improvement Project of the San José Metropolitan Area.

According to the arbitration tribunal, made up of professionals from the Federated College of Engineers and Architects (CFIA), AyA was responsible for stopping the project. The works of the Environmental Improvement Project of the Metropolitan Area of San José are related to the rehabilitation, reinforcement, and expansion of the network of collectors and secondary sanitary sewage networks, in order to increase to 65% the population that has access to the sanitary sewage system with water treatment. Likewise, untreated wastewater discharged into rivers and streams within the project area would decrease from 20.1% to

³⁵ Pomareda, F., 2020. *Aresep orders AyA to definitively solve billing problems of thousands of users*. Available in: <https://semanariouniversidad.com/pais/aresep-ordena-al-aya-resolver-definitivamente-problemas-de-facturacion-de-miles-de-usuarios/>

0.5%. The project counts with a loan of 73 million dollars from the Inter-American Development Bank (IDB).³⁶

m. MINAE's Environment Comptroller signals AyA for alleged inappropriate handling of chemical waste

On 11 February 2020, the Environmental Comptroller of the Ministry of Environment and Energy denounced Aqueducts and Sewers (AyA) regarding the treatment that the enterprise gives to arsenic waste in the Municipality of Bagaces, Guanacaste.³⁷ The claim is processed before the Agrarian-Environmental Prosecutor's Office, under file 20-000008-0611-PE.

This action by the Ministry arises in response to a confidential complaint received in the Integrated System of Procedures and Attention to Environmental Complaints (SITADA) of MINAE.³⁸ The controlling entity details that the company has not completed the information in the waste data sheets that MINAE requests for each hazardous waste generated and that the Ministry does not have records of having given the go ahead for the transportation of the chemical in vehicles.

As part of the complaint, MINAE requests that AyA be ordered to establish a protocol for the management of this waste, and that, in case of using the services of a third party for its management, this must be duly authorized.

n. Correos de Costa Rica S.A. publishes its first Corporate Governance Report

The company published its first corporate governance report, called “2020 Annual Corporate Governance Compliance Report,” which is available on their website since December 2020.³⁹ This effort corresponds to the expectations of the State as the owner of State-owned enterprises (SOE) to have mechanisms that allow greater transparency and accountability to citizens as the final owners of said companies.

From the first guidelines issued by the Government of the Republic during its incorporation into the OECD, up to the permanent coordination of the State Property Advisory Unit, Correos de Costa Rica S.A. has taken an active role in its implementation to improve its internal processes and for its stakeholders.

The company indicates that adopting a decision-making model that is fluid, that unties the knots of development, and that is functional in the Company's environment is the key to

³⁶ CIAR Global, 2020. *Spanish Acciona Agua Wins Arbitration In Costa Rica For Residual Water Works*. Available in: <https://ciarglobal.com/espanola-acciona-agua-gana-arbitraje-en-costa-rica-por-obra-de-aguas-residuales/>

³⁷ Chacon, V., 2020. Arsenic filtration systems in Bagaces could worsen contamination. Available in: <https://semanariouniversidad.com/pais/sistemas-de-filtracion-de-arsenico-en-bagaces-podrian-empeorar-contaminacion/>

³⁸ SITADA is available at the following link: <http://www.sitada.go.cr/denunciaspublico/>

³⁹ The document "Annual Corporate Governance Compliance Report" is available at <https://correos.go.cr/gobierno-corporativo/#1610647244949-0ac38192-d2cb>

incorporating Corporate Governance in Correos de Costa Rica S.A. It has also made it possible to reinforce the lines of defense with which we have to strengthen strategies and mitigate risks, as well as to establish and strengthen the normative, regulatory, and policy structure of senior management.⁴⁰

o. Launch of the JPS virtual sales platform

In response to the national emergency, as well as recommendations issued from the Emergency Operations Center, the Social Protection Board suspended the lottery draws on 20 March 2020, to prevent contagion and protect the health of salespersons.⁴¹

The lottery draws gradually resumed, for which the platform www.vendedoresdeloteria.com was made available, with a directory of vendors that players can contact. The idea of selling lottery and *chances* online came about as a response to the pandemic, but the digital push of the pandemic made the proposal go beyond its intended scope.

This led the company to implement lottery and *chance* sales from a new online portal, as a strategy to attract more buyers, but minimizing exposure to COVID-19 contagion. On 15 June, the formal announcement of its new portal was made <https://www.jpsevenlinea.com/>, detailing the instructions for purchasing the products. JPS indicates that in this first stage of online sales, it intends to place all the lottery and *chances* that sellers do not take. This would prevent these workers from being affected in their regular marketing dynamics.⁴²

Figure 17. Main page for the purchase of national lottery and chances of the JPS



Source: Taken from <https://jpsevenlinea.com/>

Among the advantages that have been identified for the online sale of lottery and similar games are the elimination of situations such as speculation with the most sought-after

⁴⁰ Correos de Costa Rica S.A. *Annual Corporate Governance Compliance Report*. Available in: <https://correos.go.cr/gobierno-corporativo/#1610647244949-0ac38192-d2cb>

⁴¹ Ministry of Communication, 2020. *JPS temporarily suspends the national lottery and popular lottery draws (Chances)*. Available in: <https://www.presidencia.go.cr/comunicados/2020/03/jps-suspende-temporalmente-los-sorteos-de-loteria-nacional-y-de-loteria-popular-chances/>

⁴² Lara, J., 2020. *JPS will sell lottery and chances online to attract buyers and avoid COVID-19 contagion*. Available in: <https://www.nacion.com/el-pais/servicios/jps-lanza-venta-de-loteria-y-chances-por-internet/LGX74DOM5RCRXFEPUNJEPEK6BY/story/>

numbers, overpricing, illegal intermediation, loss of tickets, and the risks and inconveniences of going to the street to look for the lottery or to change prizes, in addition to the option to buy any day and until the cut-off time of the draw date (6:45 pm).⁴³

Below is the following information on the sale of the Web Distribution Channel, where the behavior that has been achieved through it is demonstrated, as well as the public's acceptance.

Figure 18. Sales through the Web Distribution Channel

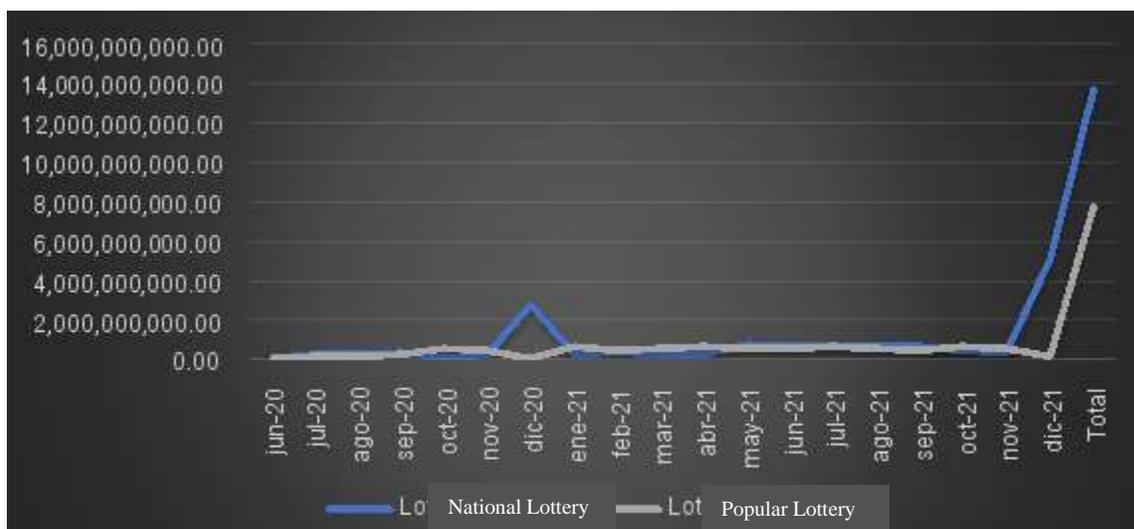
Sales through the Web Distribution Channel (in colones)		
Month	National Lottery	Popular Lottery
Jun-20	76 798 000.00	38 821 600.00
Jul-20	188 379 000.00	135 569 000.00
Aug-20	214 214 000.00	141 948 600.00
Sep-20	303 499 800.00	218 618 400.00
Oct-20	70 691 000.00	528 297 600.00
Nov-20	201 134 000.00	455 075 800.00
Dec-20	2 761 292 400.00	-
Jan-21	211 417 000.00	594 089 800.00
Feb-19	284 396 500.00	469 102 800.00
Mar-21	193 063 000.00	548 243 600.00
Apr-21	209 581 200.00	658 501 000.00
May-21	718 236 300.00	545 257 400.00
Jun-21	595 763 400.00	514 682 600.00
Jul-21	658 839 200.00	650 366 200.00
Aug-21	668 352 900.00	550 818 400.00
Sep-21	605 818 400.00	450 321 800.00
Oct-21	424 760 400.00	634 175 000.00
Nov-21	322 207 200.00	489 443 400.00
Dec-21	5 055 588 400.00 ⁴⁴	143 901 600.00
Total	13 764 032 100.00	7 767 234 600.00

Source: Data provided by the Social Protection Board (JPS)

⁴³ Montero, J., 2020. Online lottery sales came as an extra option, and now this could transform the business model of the Social Protection Board. Available in: <https://www.elfinancierocr.com/negocios/venta-en-linea-de-loteria-llego-como-opcion-extra/UQLDDEGNPBGQRIOWLN3VKNKUIA/story/>

⁴⁴ Increase for the sale of the Christmas Lottery draw.

Figure 19. Sales movement per month



Source: Data provided by the Social Protection Board (JPS)

With its income, the JPS serves 430 organizations and more than 500 social responsibility programs, which cover their costs with 60% of the institution's resources.

I. Financial Information of State-Owned Enterprises

The financial section of this report is a compendium of public accounting and financial information, at the closing of 2020. Most of this information was gathered from the audited and/or consolidated financial statements available on the different official websites of SOEs. The analyses presented below were developed using as a reference the material changes in the accounts of the financial statements and in the external audit opinions, in the cases in which they were available. This is due to the consideration that the external audit provides an objective examination of the financial praxis of a business, to ensure that it follows the most transparent accounting policies and thus detect potential or actual problems, such as specific trends in the performance of a company.

Under this understanding, audit reports are characterized by having four types of opinions. The four types of opinions that can be issued in auditing are described below:

Figure 20. Types of Audit Reports

Types of Audit Reports.	Types of Opinion	Description
Clean report	Unqualified opinion (positive)	The auditor agrees, without qualification, on the presentation and content of the financial statements.
Qualified Report	Qualified Opinion (with exceptions)	The auditor agrees with the financial statements, but with certain qualifications.

Types of Audit Reports.	Types of Opinion	Description
	Unqualified Opinion (Negative)	The auditor disagrees with the financial statements and declares that they do not adequately present the economic-financial reality of the audited company.
	Denied Opinion	The auditor does not express any opinion on the financial statements. This does not mean that they disagree with them, but it shows that they do not have enough evidence to issue any of the three types of opinion mentioned.

Source: Advisory Unit

Financial indicators are tools that allow assessing and measuring the effectiveness and behavior of an organization that manages a given business. They help to carry out an adequate evaluation of the financial condition, performance, trends, and variations in the main accounts of a company.

This report develops eight financial indicators, homogeneous for all the sectors and industries in which SOEs operate. With this, it strives to achieve representativeness of the data, as well as to reflect in figures the financial performance of each institution.

The financial indicators used are described below:

Figure 21. Financial Indicators

Formula	Description
Return on Equity (ROE)	Efficiency indicator that measures the return on equity. It is used to assess the ability to produce benefits from the company's resources. If it results in a negative figure, it could show a loss of resources in a given period.
Return on Assets (ROA)	The ability to generate profits considering the assets of the company.
Long Term Debt	The ratio between long-term external financing and own capital. The higher the ratio, the higher the probability of insolvency of the company.
Operating margin	The operating margin is the measure of the proportion of a company's revenue after paying production costs.
Profit/Loss before Taxes	Profit generated by the activity of the company before taxes and other particular charges of each institution, also known as operating profit. In case it results in a negative figure, it indicates losses.

Formula	Description
Net Profit/Loss	The resulting profit after deducting all the company's obligations from the operating profit. In case it results in a negative figure, it indicates losses.
Book value	Total book value of a company. In the balance sheet, it is the effective difference between assets and liabilities.

Source: Advisory Unit

The effects of the massive spread of the SARS-CoV-2 virus have been felt throughout the world, with repercussions on many commercial entities, including State-owned enterprises. In Costa Rica, the Ministry of Health confirmed in the media that, unfortunately, the country had the first positive case of COVID-19, in March 2020. From that moment on, the authorities applied measures to protect public health as a priority action that, as an indirect consequence, caused an economic slowdown, from which State-owned enterprises were not spared.

To mitigate the effects of the pandemic, most SOEs increased their liquidity and restricted their expenses in the second half of 2020, as a protection measure against a possible drop in their income.

As a result of the above, several of them experienced increases in their total liabilities and only five reported profits and positive percentage changes in their book valuations (book value).

These effects are detailed below in each particular case.

1. Instituto Costarricense de Electricidad (ICE)

Sector: Energy and telecommunications



Mission

"To improve the quality of life of Costa Rican society, contributing to the sustainable development of the country with power, infocommunications, and engineering solutions, in an efficient, inclusive, and supportive manner."

Institution	Year of creation	Creation rule	Legal nature	Highest hierarchy
Instituto Costarricense de Electricidad (ICE)	1949	Law No. 449	Autonomous institution	Directors Council
Compañía Nacional de Fuerza y Luz (CNFL)	1941	Law No. 4197	State Public Company ICE Subsidiary	Management Council
Gestión de Cobro Grupo ICE, S.A.	2016	Board of Directors Agreement No. 6198	Stock company, ICE Subsidiary	Management Council
Radiográfica Costarricense S.A. (RACSA)	1964	Law No. 3293	Stock company, ICE Subsidiary	Board of Directors

The Costa Rican Electricity Institute and Subsidiaries (Grupo ICE), is an autonomous institution created by Law No. 449 of 8 April 1949 and Law No. 3226 of 28 October 1963 and its amendments. Its main activity is the development of electrical power production sources, including the provision of electricity and telecommunications services.

Grupo ICE is a group of State-owned enterprises, made up of ICE (Parent company), Compañía Nacional de Fuerza y Luz, S.A. (CNFL), Radiográfica Costarricense, S.A. (RACSA), Gestión de Cobro⁴⁵ Grupo ICE S.A., and Compañía Radiográfica Internacional Costarricense, S.A. (CRICSA, which is currently not operating). Grupo ICE owns 100% of the companies mentioned above, with the exception of CNFL, which has 1.4% private ownership.

With respect to electrical activity, it has the exclusive right to generate, transmit, and distribute electricity in Costa Rica, with limited exceptions for private companies, municipal entities, and rural cooperatives.

Regarding telecommunications, it has the concession to develop and promote telecommunications services in Costa Rica, offering a wide range of options for people,

⁴⁵ Its main activity is the provision of administrative and judicial collection management services to ICE and its companies, on balances receivable generated from its commercial activities.

homes, and companies, including fixed and mobile telephony services, both for voice and data. Within the fixed services, traditional fixed telephony, public telephony, internet access, and television stand out. In mobile services, voice and data are provided in prepaid and postpaid modalities.

a. Business Strategy

Strategy 4.0 formalizes the route established for 2019-2023, with the objective of ensuring financial sustainability, increasing operational efficiency, and consolidating the evolution of its businesses. The strategy promotes the reinvention of business models and the strengthening of the integrated management of Grupo ICE companies.

Figure 22. ICE Strategy 4.0



Source: <https://www.grupoice.com/wps/portal/ICE/quienessomos/gobierno-corporativo/estrategia-corporativa/Documentos>

For 2023, Grupo ICE defined these five objectives to guarantee its financial stability:

- An EBITDA margin of at least 30.9%
- An operating margin of more than 12.3% and a net margin of no less than 1.2%
- A return on operating assets of at least 5.0%
- A net debt/EBITDA ratio of less than 3.97
- A liability/asset ratio of 48% and a debt ratio of less than 33%

As margin of action, ICE indicates in its 2019 Annual Report, the progress and fulfillment of the goals established in Strategy 4.0. Among the main variations are:

Figure 23. Consolidated Goals of Grupo ICE.

Indicator	Grupo ICE Goal
Operating Margin	8.2%

Indicator	Grupo ICE Goal
EBITDA margin	26%
Net margin	-5.7%
Return on assets in operation	2.7%
Current ratio	1.3%
Coverage of financial expenses with EBITDA	2.2%
Debt service coverage with EBITDA	1.4%
Total Liabilities/Total Assets	55%
Debt (index according to Law No. 8660)	39%

Source: 2019 Annual Report of Grupo ICE

During 2020, the management of ICE and its companies was carried out in an environment characterized by the beginning of attention to the health emergency generated by COVID-19, as well as its effects in social and economic terms (greater unemployment, less dynamism, and uncertainty), which motivated to reinforce the efforts aimed at strengthening financial stabilization and continue uninterruptedly with the provision of essential public services.

In this sense, the main key results were the following:

- Renegotiation of the debt of the Reventazón Plant (extension of the term in 10 years, elimination of the floor interest rate, colones at 218 USD).
- 100% adoption of International Financial Reporting Standards – IFRS, pursuant to OECD guidelines.
- Optimization of private generation contracts.
- Adjustment to the new conditions of the Roadmap for Financial Stabilization (at the end of 2020, Grupo ICE obtained the highest operating margin and EBITDA margin of the last 5 years).
- Beginning of the first stage of the ICE Evolution Process towards a new organizational structure.
- Continuity of voluntary labor mobility programs.
- Strengthening of the portfolio of projects and solutions for the telecommunications sector.
- Formulation of a new management model for investment in information technologies at the Institute.
- Updating of the Internal Regulations for Administrative Contracting for better control and timeliness in acquisitions.
- Teleworking as a permanent measure.
- A solidarity approach in the face of the pandemic: temporary increase in internet speed for teleworking, free access to websites, virtual classes program (agreement with MEP), technological support for Bono Proteger, accompaniment to condition

CENARE (National Rehabilitation Center) to become CEACO (specialized COVID Patient Care Center).

- Flexibility of the collection procedure as a support measure for the sectors most affected by the pandemic.

Figure 24. Key decisions⁴⁶



Source: Provided by ICE

b. Financial Management

i. Financial Analysis

At the end of 2020, the total non-current assets of Grupo ICE experienced a decrease of CRC 239.125 billion. However, the Cash and Cash Equivalents account increased by CRC 114.377 billion, 58% more than that registered as of 31 December 2019, which contributed to keeping its total assets stable, with a downward variation of 1%.

Additionally, with regard to its short-term liabilities, bonds payable increased by CRC 324.572 billion, which caused an increase of CRC 330.051 billion in its total current liabilities, a change of 64% in the cited period.

It is important to highlight that, in 2020, the long-term Bonds Payable account decreased by CRC 325.958 billion, 10% less than that recorded at the closing of 2019, which enabled the

⁴⁶ MLVDS is the Spanish acronym for Targeted and Segmented Voluntary Labor Mobility

company to express in its financial statements a decrease in its non-current liabilities of CRC 311.006 billion, a variation equivalent to 9%.

Additionally, in 2020, and compared to the end of 2019, the Institution suffered a decrease in income from ordinary activities of CRC 79,656 million, which represented a drop of 5%, as a result of the economic slowdown caused by COVID-19.

Regarding total operating costs and expenses in the indicated period, both experienced decreases, 8% and 12%, respectively, which contributed to their operating surplus increasing by CRC 46.343 billion, a 21% positive variation. As a consequence of the above, the operating margin recorded in 2020 corresponded to the highest percentage recorded since 2016.

Regarding Net Exchange Fluctuations, from December 2019 to December 2020, this account registered a negative variation of CRC 268.678 billion, an amount equivalent to a 212% difference between the indicated closings. This affected the consolidated business in its final profit, since this suffered a decrease of CRC 243.086 billion, a fluctuation equivalent to 190% with respect to the mentioned period.

Finally, in terms of book valuation, Grupo ICE experienced a 4% decrease in its equity, from 31 December 2019 to the same date in 2020.

Note: In the case of Grupo ICE, net income refers to the total comprehensive income for the year, the last section of the Consolidated Statement of Income and Other Comprehensive Income as of 31 December 2020. The calculations that involved this financial statement account were made with this technical consideration and only to standardize the indicators with the other sState-owned enterprises in this report.

ii. Relevant Facts

Below are the relevant facts indicated by the External Audit to the Consolidated Financial Statements of Grupo ICE, as of 31 December 2020 (**Qualified opinion**):

1. As of 1 January 2019, as indicated in note 17 "Financial debt," Grupo ICE had various loan agreements for an amount of CRC 1.595354 trillion, which established a series of financial commitments ("financial ratios - covenants"), which the company failed to comply with on that date.
2. As of 1 January 2019, Grupo ICE did not reclassify the financial debt from non-current to current, for a total amount of CRC 760.729 billion; therefore, non-current liabilities are overstated, and current liabilities understated.
3. As of 1 January 2019, the consolidated financial statements included a balance of accounts payable in the amount of CRC 68.893 billion, on which they could not carry out audit procedures. Due to the above, as of 1 January 2019, it was not possible to cover the integrity, existence, and accuracy of these liabilities.
4. As of 1 January 2019, the consolidated financial statements included, in the "Inventories" accounts and in the Property, Plant, and Equipment account "Other assets - investment / operating inventories" (see note 8), inventories for a total amount

of CRC 255.430 billion, on which the audit procedures were not concluded to satisfy the external auditors of the existence of these inventories, because it was not possible to reconcile the results of the physical takings with the auxiliary records to that date. It was also not possible to satisfy the accuracy of these inventories because the supporting documentation required to verify their acquisition cost was not provided. Due to the fact that the initial inventories as of 1 January 2019 are considered in the determination of the consolidated financial performance and the consolidated cash flows, it was not determined if eventual adjustments in the net surplus reported in the consolidated income statement might have been necessary, as well as other comprehensive income and cash flows from operating and investing activities reported in the consolidated cash flow statement as of 31 December 2019.

5. As of 31 December 2019, the consolidated financial statements included a cash balance for an amount of CRC 203.412 billion (CRC 138.655 billion as of 1 January 2019) made up of current accounts, which were reconciled with the balances of the statements of bank account. Such bank reconciliations presented reconciling items pending analysis for an amount of CRC 31.273 billion and CRC 32.748 billion, more and less, respectively, (CRC 44.615 billion and CRC 41.862 billion, respectively, as of 1 January 2019) between the balances recorded in the accounting and said account statements. It was not possible to fulfill the nature and reasonableness of these reconciling items, nor was it possible to determine whether eventual adjustments to the cash balance and other accounts in the consolidated financial statements as of 31 December 2019 and 1 January 2019 were necessary. During the year ended on 31 December 2020, the entity completed the purging process of these reconciling items; however, it was not possible to determine if the consolidated results for 2020 contain any effect as a result of the adjustments made during the year and that could correspond to previous periods and affect the balances presented in the consolidated figures as of 31 December 2019 and for the year ending on that date and as of 1 January 2019.

6. The recognition of income from the telecommunications sector is considered a key audit issue, mainly due to the amount and variety of products.

7. Employee benefits are a matter considered a key audit area.

8. Provisions and contingent liabilities are also considered a key audit area.

9. The adoption of International Financial Reporting Standards for the first time is another matter considered as a key audit area, mainly due to the impact that the adoption of IFRS for the first time has on the classification, measurement, presentation, and disclosure of consolidated financial statements of Grupo ICE.

i. Relevant Indicators

Relevant indicators for Grupo ICE (in millions of colones)	2016	2017	2018	2019	2020
Return on Equity (ROE)	1%	-2%	-9%	5%	-4%
Return on Assets (ROA)	1%	-1%	-4%	0%	-2%
Long-term debt (Non-Current Liabilities/Equity)	100%	100%	115%	127%	121%
Operating margin	12%	10%	1%	15%	19%
Earnings before taxes	31 362	-61 194	-261 640	119 183	-100 477
Net Profit/Loss	30 377	-62 725	-256 165	127 784	-115 302
Book value	2 811 195	2 770 650	2 634 366	2 824 802	2 709 793

Source: Consolidated Financial Statements of the ICE Group, with the Report of the Independent Auditors, periods 2016-2020.

Note: The calculations of the operating margin were made considering the methodology used by Grupo ICE, the operating surplus, divided by the total operating income, for each year analyzed.

ii. Relevant Variations

Grupo ICE-Variations for 2020-2019 (In millions of colones)				
Account	2020	2019	Percentage change	Variation in amount
Cash and cash equivalents	311 743	197 366	58%	114 377
Total non-current assets	6 008 930	6 248 055	-4%	-239 125
Total assets	6 843 531	6 939 495	-1%	-95 964
Book Value	2 709 793	2 824 802	-4%	-115 009
Long-term bonds payable	720 010	1 045 968	-31%	-325 958
Long-term loans payable	1 435 803	1 445 132	-1%	-9 329
Long-term lease obligations	375 391	386 030	-3%	-10 639
Long-term employee benefits	436 657	413 048	6%	23 609
Long-term accounts payable	145 283	139 475	4%	5 808
Total non-current liabilities	3 285 576	3 596 582	-9%	-311 006
Short-term bonds payable	380 870	56 298	577%	324 572
Short-term loans payable	131 408	119 009	10%	12 399
Short-term accounts payable	137 489	154 425	-11%	-16 936
Total current liabilities	848 162	518 111	64%	330 051
Ordinary activities income	1 379 708	1 459 364	-5%	-79 656
Total operating costs	825 924	901 155	-8%	-75 231
Total operating expenses	350 128	396 379	-12%	-46 251
Operating surplus	262 988	216 645	21%	46 343
Financial costs	-258 070	-260 922	-1%	2 852
Net exchange fluctuations	-141 701	126 977	-212%	-268 678
Profit/loss before taxes	-100 477	119 183	-184%	-219 660
Net profit/loss	-115 302	127 784	-190%	-243 086

Source: Audited Consolidated Financial Statements of Grupo ICE, as of 31 December 2020.

c. Board of Directors

Executive President	Other members
 <p data-bbox="480 569 667 592">Irene Cañas Díaz</p>	<p data-bbox="824 323 1068 346">Jose Mario Jara Castro</p> <p data-bbox="824 359 1040 382">Edwin Fischel Mora</p> <p data-bbox="824 394 1141 417">Carla Cristina Murillo Solano</p> <p data-bbox="824 430 1170 453">Luis Francisco Valverde Rímolo</p> <p data-bbox="824 466 1052 489">Marianela Feoli Peña</p> <p data-bbox="824 501 1036 525">Sandra Rojas Araya</p> <p data-bbox="824 537 1170 560">Luis Francisco Valverde Rímolo</p>

d. External Audit

KPMG Costa Rica, S.A.

Types of opinion: Qualified (Negative)

Description	Website
2018-2019	<a data-bbox="516 894 1235 951" href="https://www.grupoice.com/wps/portal/ICE/quienessomos/gobierno-corporativo/informacion-financiera">https://www.grupoice.com/wps/portal/ICE/quienessomos/gobierno-corporativo/informacion-financiera
2019-2020	<a data-bbox="516 974 1235 1031" href="https://www.grupoice.com/wps/portal/ICE/quienessomos/gobierno-corporativo/informacion-financiera">https://www.grupoice.com/wps/portal/ICE/quienessomos/gobierno-corporativo/informacion-financiera

2. Instituto Nacional de Seguros (INS)

Sector: Financial services/Insurance

Mission



"We are INS, the leading, efficient, and sustainable Costa Rican insurance company that offers protection through quality products and services, aimed at customer satisfaction."

Institution	Year of creation	Creation rule	Legal nature	Highest hierarchy
Instituto Nacional de Seguros (INS)	1924	Law No. 12 and 8653	Autonomous institution	Board of Directors
INS Red de Servicios de Salud S.A.	2012	Law No. 8653	Stock Company, INS Subsidiary	Board of Directors
INS Servicios S.A.	2009	Law No. 8653	Stock Company, INS Subsidiary	Board of Directors
INS Sociedad Administradora de Fondos de Inversión S.A. (INS SAFI)	2007	Law No. 7732 / Decree No. 27503-H	Stock Company, INS Subsidiary	Board of Directors
INS Valores Puesto de Bolsa S.A.	2007	Law No. 7732 / Decree No. 27503-H	Stock Company, INS Subsidiary	Board of Directors

The National Insurance Institute (Instituto Nacional de Seguros - INS) is an autonomous institution constituted by the Law N°12 of the National Insurance Institute of 30 October 1924 and amended by Reorganization Law N°33 of 23 December 1936. As a business group, it is made up of INS (parent company) and its 4 subsidiaries: INS Red de Servicios de Salud S.A., INS Servicios S.A., INS Sociedad Administradora de Fondos de Inversión S.A. (INS SAFI), and INS Valores Puesto de Bolsa S.A.

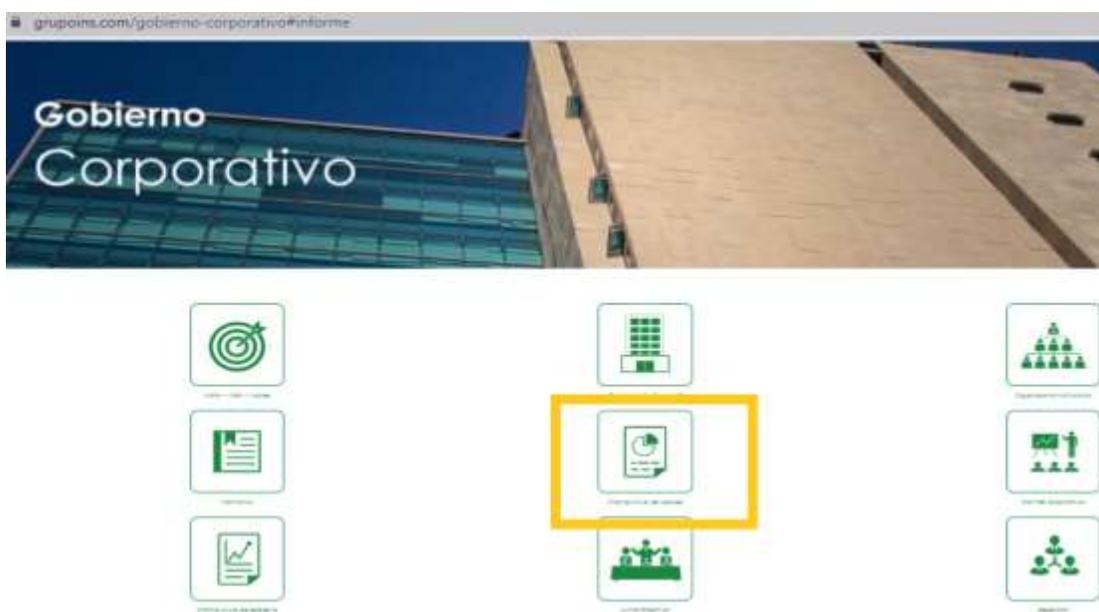
The main activity of INS is the subscription of insurance in the local market, comprised by personal insurance, damage insurance, solidarity insurance that includes Work Risk Insurance (RT), and Compulsory Automobile Insurance (SOA), as well as the comprehensive crop insurance. INS has a Board of Directors led by the executive president, a manager, and four deputy managers.

a. Business Strategy

The general objective of INS is to provide specialized services in all areas related to insurance, occupational health, occupational risks and the like, and medicine and health areas. Objectives included in its 2017-2021 Strategic Plan focus mainly on issues such as:

- Profitability
- Internationalization
- Prevention
- Loyalty
- Corporate governance
- Strengthening of the health services network

Figure 25. INS Strategy



Source: <https://www.grupoins.com/corporate-government/>

b. Financial Management

i. Financial Analysis

At the closing of 2020, INS applied an increase of CRC 7.576 billion in the cash account, 31% more than what it contained as of 31 December 2019. However, in 2020 its Availabilities account decreased by CRC 27.599 billion, 21% less than what was limited in 2019, and as indicated, also in 2020, the total of its assets decreased by CRC 52.145 billion, 2% less than what was registered in 2019.

Additionally, total obligations with the public decreased by CRC 7.164 billion, a downward change of 28%, which led to a reduction in total liabilities of CRC 34.046 billion, an amount equivalent to a variation of 3%, during the mentioned period.

In terms of income, as of 31 December 2020, those originating from premiums decreased by 1%, which resulted in a decrease of CRC 3.168 billion in this entry compared to the end of 2019. Regarding income from insurance operations, these also decreased by CRC 9.774 billion, 2% less than what was recorded from December 2019 to December 2020, the above being a non-material change, considering the size of the business managed by the State-

owned enterprise and the effects of the economic slowdown caused by the pandemic on the business it manages.

Regarding the expenses of the Institute, in the cited period, the expenses for benefits and those originated by insurance operations, fell by 12% and 7%, respectively, as well as those of technical administration, which also decreased by 6%.

Likewise, the technical provisions account increased by CRC 57.270 billion in 2020, 110% more than what was provisioned at the end of 2019, in accordance with the Regulation on the Solvency of Insurance and Reinsurance Entities.

In relation to the book valuation of Grupo INS, the book value registered a decrease of 2% in 2020, compared to what was recorded at the end of 2019.

Finally, as of 31 December 2020, the Institution reported a net profit of CRC 73.472 billion, 22% more than what was achieved in 2019.

Note: In the case of Grupo INS, Net Income refers to the Total Comprehensive Income for the year, the last section of the Consolidated Statement of Comprehensive Income, as of 31 December 2020. The calculations that involved this financial statement were made with this technical consideration and only to standardize the indicators with the other State-owned enterprises in this report.

ii. Relevant Facts

In the understanding that no findings were indicated, no relevant facts were pointed out by the External Audit to the Consolidated Financial Statements of the National Insurance Institute and Subsidiaries, as of 31 December 2020 (unqualified opinion):

No qualifications noted.

iii. Relevant Indicators

Relevant indicators for Grupo INS (in millions of colones)	2017	2018	2019	2020
Return on Equity (ROE)	7%	7%	6%	7%
Return on Total Assets (ROA)	3%	3%	3%	2%
Operating margin	13%	12%	11%	12%
Earnings before taxes	104 155	109 679	102 222	125 412
Net profit	57 367	62 252	60 031	73 472
Book value	861 306	931 826	1 054 324	1 036 225
Source: Audited Consolidated Financial Statements of the National Insurance Institute, 2017-2020.				

iv. Relevant Variations

Grupo INS-Variations 2020-2019 (in millions of colones)				
Account	2020	2019	Percentage change	Variation in amount
Cash	31 940	24 364	31%	7 576
Availabilities	105 965	133 564	-21%	-27 599
Credit portfolio	40 774	20 091	103%	20 683
Total Assets	2 262 160	2 314 305	-2%	-52 145
Repo obligations, tripartite repo agreement and securities lending	17 403	24 836	-30%	-7 433
Total obligations to the public	18 778	25 942	-28%	-7 164
Total liabilities	1 225 935	1 259 981	-3%	-34 046
Book value	1 036 225	1 054 324	-2%	-18 099
Premium income	592 311	595 479	-1%	-3 168
Income from insurance operations	618 131	627 905	-2%	-9 774
Benefit expenses	254 475	288 567	-12%	-34 092
Expenses for insurance operations	548 636	590 283	-7%	-41 647
Technical administration expenses	159 035	169 447	-6%	-10 412
Change in technical provisions	5 271	-51 999	110%	57 270
Financial results	151 126	122 013	24%	29 113
Profit from insurance operation	225 893	107 635	110%	118 258
Income before taxes and shares	125 412	102 222	23%	23 190
Net profit	73 472	60 031	22%	13 441

Source: Audited Consolidated Financial Statements of the National Insurance Institute and Subsidiaries, as of 31 December 2020.

c. Board of Directors

CEO	Other members
 <p>Juan Gabriel Pérez Salguera</p>	<p>Flor Edith Rodríguez Zamora Juan Ignacio Mata Centeno Laura Camacho Mercedes Campos Alpizar Laura Guevara Gutiérrez Luis Alberto Chávez González</p>

d. External Audit

KPMG, S.A.

Types of opinion: Unqualified

Description	Website
2018-2019	https://www.ins-cr.com/financial-states/
2019-2020	https://www.ins-cr.com/financial-states/

3. Instituto Costarricense de Puertos del Pacífico (INCOP)

Sector: Transport and storage

Mission



"We are the Port Authority of the Pacific Coast, which facilitates the commercial and economic activity of Costa Rica, through the provision of quality port services and contributions to the development of the province of Puntarenas."

Institution	Year of creation	Creation rule	Legal nature	Highest hierarchy
Instituto Costarricense de Puertos del Pacífico (INCOP)	1972	Law No. 1721, (9 y 10)	Autonomous institution	Board of Directors

In 1953, the Autonomous Institute of Electric Railway to the Pacific (Instituto Autónomo de Ferrocarril Eléctico al Pacífico) was created with the mission of undertaking the functions of the Ministry of Public Works and Transportation (MOPT), with respect to the Puntarenas Pier and the railway. Through Law No. 4964⁴⁷ of March 21, 1972, this Institute was renamed Costa Rican Institute of Pacific Ports (INCOP), taking on the functions of port authority, with the purpose of providing efficient port services and related facilities, including freight and passenger rail transportation.

Subsequently, the State intervened, both in the administration of the Atlantic and Pacific railways, creating the Costa Rican Railway Institute (INCOFER) and separating the autonomous port administrations, creating the Administrative Board for the Development of the Atlantic Coast (JAPDEVA) and INCOP.

Its infrastructure is prepared to serve modern ships of different characteristics and with capacities in the order of 35,000 gross registered metric tons (GRT). Another of its main activities is the loading and unloading of containers, as well as receiving cruise ships. In 2006, specifically on 11 August 2006, the concession of the main Pacific port, Puerto Caldera, entered into force through three concession contracts, namely: Sociedad Portuaria de Caldera, S.A., which handles the general loading and unloading of the port, Sociedad Portuaria Granelera de Caldera, S.A. for the handling of all grains, and the contract with the company Concesionaria SAAM de Costa Rica, S.A., which is in charge of the service of tugboats and maritime transportation.

a. Business Strategy

Among its institutional objectives are:

- To promote port modernization of the Pacific Coast of Costa Rica

⁴⁷ "Costa Rican Institute of Pacific Ports Law Reform (INCOP)", of March 21, 1972

- To promote port development on the Pacific Coast of Costa Rica
- To have an up-to-date and robust regulatory framework
- To efficiently manage and control the port terminals, administered and by concession.
- To support development in Puntarenas.
- To ensure institutional financial sustainability
- To develop INCOP administratively and technologically.

The strategic objectives are the following:

- Port development of the Pacific coast.
- Institutional regulatory framework.
- Management and control of port terminals, administered and by concession.
- Support for the development of the province of Puntarenas.
- Financial sustainability
- Development and strengthening of institutional management for quality.

Figure 26. INCOP Strategy



Source: Taken from <https://incop.go.cr/estrategia-institucional/>

b. Financial Management

i. Financial Analysis

At the closing of 2020, INCOP increased the Cash and Cash Equivalents account by CRC 3.111 billion, causing total current assets to also increase by CRC 1.627 billion, that is, 17% more than what was recorded in this section on 31 December 2019.

With respect to non-current assets, these also increased, in this case, by CRC 19.247 billion, which corresponded to a positive variation of 214%, contributing to total assets increasing by CRC 20.874 billion, from the end of 2019 to 2020.

In addition, the Third Party and Guarantee Funds account had an upward variation of CRC 1.530 billion, which resulted in an increase in total liabilities of CRC 1.329 billion, also in the mentioned period.

The total income of the Institute suffered a negative variation of CRC 522 million in 2020, 10% less than that registered in 2019. This is a consequence of the economic slowdown caused by the pandemic.

Additionally, at the end of 2020, administrative expenses increased by CRC 119 million, which caused total operating expenses to also increase by CRC 509 million, 11% more than what the company recorded in 2019.

Consequently, INCOP ended 2020 with a net profit of CRC 256 million, CRC 186 million less than what was achieved in 2019.

Finally, regarding the book value of the company, the book value increased by CRC 19.545 billion during 2020, an additional 143% to the amount reported at the end of 2019.

ii. Relevant acts

Relevant facts indicated by the external audit of the Financial Statements and Opinion of the Auditors, Instituto Costarricense de Puertos del Pacífico, (INCOP), as of 31 December 2020. **(Unqualified opinion):**

No findings noted.

iii. Relevant Indicators

INCOP Relevant indicators (in millions of colones)	2017	2018	2019	2020
Return on Equity (ROE)	3%	9%	3%	1%
Return on Assets (ROA)	3%	6%	2%	1%
Long-term debt (Total liabilities/Total assets)	24%	32%	26%	16%
Operating margin	12%	40%	11%	8%
Profit before Taxes and other Obligations	750	2 190	612	379
Net profit	416	1 169	443	256
Book value	12 043	13 212	13 655	33 200
Source: Audited Financial Statements of the Costa Rican Institute of Pacific Ports, 2017-2020.				

iv. Relevant Variations

Grupo INS-Variations 2020-2019 (in millions of colones)				
Account	2020	2019	Percentage change	Variation in amount
Cash and cash equivalents	9 329	6 218	50%	3 111
Total current assets	11 066	9 440	17%	1 627
Total non-current assets	28 239	8 992	214%	19 247
Total assets	39 305	18 431	113%	20 874
Current debts	169	369	-54%	-200
Third party funds and collateral	5 936	4 407	35%	1 530
Total liabilities	6 106	4 776	28%	1 329

Grupo INS-Variations 2020-2019 (in millions of colones)				
Account	2020	2019	Percentage change	Variation in amount
Book value	33 200	13 655	143%	19 545
Service revenue	1 857	2 232	-17%	-376
Revenue due to port fees	3 031	3 177	-5%	-147
Total income	4 887	5 410	-10%	-522
Administrative expenses	4 430	4 311	3%	119
Total operating expenses	5 191	4 682	11%	509
Operating surplus	-304	728	-142%	-1 032
Earnings before taxes	379	612	-38%	-233
Net surplus	256	443	-42%	-186

Source: Financial Statements and Opinion of Independent Auditors of INCOP, as of 31 December 2020.

c. Board of Directors

Executive President	Other members
 <p>Juan Ramon Rivera Rodríguez</p>	<p>Maria Yolanda Bosques Mena Gerardo Antonio Medina Madriz Anabelle García Medina Marcela Calvo Benavides Roy Rojas Chaves Maribel Brenes Masís</p>

d. External Audit

Despacho Carvajal & Asociados

Types of opinion: Unqualified opinion (positive).

Description	Website
2018-2019	https://incop.go.cr/transparencia/#InfFinanciera
2019-2020	https://incop.go.cr/transparencia/#InfFinanciera

4. Refinadora Costarricense de Petróleo

Sector: Hydrocarbon supply

Mission:



"To efficiently fulfill the needs of the market for oil-derived hydrocarbons, alternative sources, and asphalt cements, with quality products and services, with industrial safety and environmental responsibility, contributing to the sustainable development of Costa Rica."

Institution	Year of creation	Creation rule	Legal nature	Highest hierarchy
Refinadora Costarricense de Petróleo S.A. (RECOPE)	1963	Law No. 5508, 6588, and 7356	State Public Company, constituted as a Limited Company	Board of Directors

The Costa Rican Oil Refinery (Refinadora Costarricense de Petróleo S.A. - RECOPE) was incorporated by public deed as a corporation. Through Law No. 5508 ("Transfers of RECOPE Shares to the Government of Costa Rica," on 17 April 1974) of 19 April 1974, all the shares of *Allied Chemical* and *Atico, S.A.* were transferred and assigned to the Government of Costa Rica by Decree No.7927-H (Regulation of State-Owned Enterprises Structured as Commercial Enterprises) of 15 December 1977. RECOPE is regulated as a public state enterprise structured as a commercial enterprise.

Pursuant to the articles of incorporation and Law No. 6588, which regulates the Costa Rican Oil Refinery (RECOPE), of 13 August 1981, its primary objectives are the refining, processing, marketing, and transportation of oil, gas, and other hydrocarbons, as well as their derivatives, in addition to the manufacturing of petrochemical and related products.

a. Business Strategy

According to its 2016-2021 Strategic Plan, the perspective is to guarantee financial sustainability to fulfill the company mission and vision. Among its specific objectives are the following:

- To guarantee the financial balance with solidity and efficiency.
- To ensure the rational and efficient use of available resources in all areas of the company.
- To ensure the timely financing of investment projects, in accordance with the National Development Plan, National Energy Plan, and the Strategic Plan of RECOPE.

Figure 27. RECOPE Strategy



Source: <https://www.recope.go.cr/transparencia/plan-empresarial/>

b. Financial Management

i. Financial Analysis

At the closing of 2020, RECOPE reduced the account called Cash and Cash Equivalents by CRC 15.879 billion. Additionally, inventories also decreased by CRC 60.958 billion, 32% less than what was recorded as of 31 December 2019. Continuing with the comparative analysis, total assets experienced downward variations of CRC 46.546 billion, compared to what was registered as of December 2019.

As of 31 December 2020, accounts payable decreased by CRC 33.019 billion, as well as its total short-term obligations, which also decreased by CRC 34.096 billion, 26% less than the accrual as of 31 December 2019. Consequently, total liabilities experienced a downward change of 1% in the indicated period.

Continuing with the study, as of 31 December 2020, as a result of the economic slowdown and the vehicle circulation restriction, both related to the pandemic, the refinery's sales decreased by CRC 478.512 billion, as did sales costs, which decreased by CRC 468.097 billion, and operating expenses, which also decreased by CRC 1.092 billion with respect to what was recorded as of 31 December 2019.

Finally, the book value at the end of 2020 was CRC 589.098 billion and operating profit was CRC 126.333 billion. However, the business managed by the Institution generated net losses of CRC 16.053 billion, 581% less than what was achieved as of 31 December 2019.

ii. Relevant Facts

Below are the relevant facts noted by the External Audit to the Statement of Financial Position, Refinadora Costarricense de Petróleo, S.A. (RECOPE), as of 31 December 2020, **(Qualified opinion)**:

1. The Company has registered an investment in a joint venture (SORESO) for a book value of CRC 6.057 billion, since 2016. Likewise, it did not carry out the impairment analysis on said investment in previous periods. International Accounting Standard No. 36, "Impairment of Assets" requires that impairment analyses be carried out annually on this type of investment.
2. There are inventories as of 31 December 2020 and 2019 for CRC 130.685 billion and CRC 191.643 billion, respectively, which considered the value of fuel inventories at net realizable value and which compared the current estimate of the sale price of the inventory obtained from the last price list, with the cost of available fuels. As a result of this review, no cases were found where the net realizable value was above cost.
3. The business mainly imports four types of fuels (gasoline "super" quality, diesel, gasoline Plus 91, and Jet A-1). During 2020, the international price of fuels had a rapid decline due to COVID-19, as a result of a significant drop in demand due to restrictions on vehicle mobility, so due to factors such as these and coupled with the difficult market conditions, the commercial margins got eroded in some months of the year, due to the high volumes previously acquired and the low inventory turnover. These factors gave rise to the risk of having the cost of fuel inventories go above the realizable value.
4. The Company uses an electronic data processing system for its operation, with high transactional volume and level of automation, with the probability of failure at the operational level, which could lead to errors in data processing, and consequently, produce errors in the presentation of information in the financial statements.

iii. Relevant indicators

Relevant indicators for RECOPE (in millions of colones)	2017	2018	2019	2020
Return on Equity (ROE)	5%	4%	-0.4%	-3%
Return on Assets (ROA)	3%	3%	-0.3%	-2%
Long-term debt (Total liabilities/Total assets)	40%	33%	34%	35%
Operating margin	11%	10%	9%	11%
Profit/Loss before taxes	34 197	22 623	-2 523	-18 024
Net profit/loss	29 762	23 845	-2 357	-16 053
Book value	609 431	633 277	630 920	589 098

Source: Statement of Financial Position of Refinadora Costarricense de Petróleo, S.A., 2017-2020.

Relevant indicators for RECOPE (in millions of colones)	2017	2018	2019	2020
Note: Calculations of the operating margin were made considering the methodology used by RECOPE, gross profit, divided by sales, for each year analyzed.				

iv. Relevant Variations

RECOPE-Variations 2020-2019 (in millions of colones)				
Account	2020	2019	Percentage change	Variation in amount
Cash and cash equivalents	67 421	51 542	31%	15 879
Inventory	130 685	191 643	-32%	-60 958
Total current assets	204 277	253 870	-20%	-49 593
Property, plant, vehicles, and equipment	630 506	643 192	-2%	-12 686
Total assets	902 543	949 089	-5%	-46 546
Accounts payable	81 882	114 901	-29%	-33 019
Total current liabilities	95 479	129 575	-26%	-34 096
Long-term bonds payable	112 302	106 465	5%	5 837
Total liabilities	313 442	318 169	-1%	-4 727
Book value	589 098	630 920	-7%	-41 822
Sales	1 109 668	1 588 180	-30%	-478 512
Cost of sales	983 335	1 451 432	-32%	-468 097
Operating profit/loss	105 948	104 856	1%	1 092
Gross profit	126 333	136 748	-8%	-10 415
Net profit/loss	-16 053	-2 357	-581%	-13 696

Source: Financial Statements and Opinion of Independent Auditors of RECOPE, as of 31 December 2020.

c. Board of Directors

Chairman of the Board of Directors	Other members
 <p>Alejandro Muñoz Villalobos</p>	<p>Mireya Romero Gómez Carmen Coto Pérez Marinela Córdoba Zamora Jorge Castro Salas Margarita Soto Durán Jorge Castro Salas</p>

d. External Audit

Deloitte Costa Rica, S.A.

Types of opinion: Qualified (Negative)

Description	Website
2018-2019	https://www.recope.go.cr/transparencia/finanzas-activos-presupuesto/estados-financieros-historicos/
2019-2020	https://www.recope.go.cr/transparencia/finanzas-activos-presupuesto/estados-financieros-historicos/

5. Junta de Administración Portuaria y de Desarrollo Económico de la Vertiente Atlántica de Costa Rica
Sector: Transport and storage



Mission

"We are a port services company with port authority prerogatives, facilitator of foreign trade, which promotes the socioeconomic development of the Costa Rican Caribbean region."

Institution	Year of creation	Creation rule	Legal nature	Highest hierarchy
Junta de Administración Portuaria y de Desarrollo Económico de la Vertiente Atlántica (JAPDEVA)	1963	Law No. 3091	Autonomous institution	Management Council

The Board of Port Administration and Economic Development of the Atlantic Coast (Junta de Administración Portuaria y de Desarrollo Económico de la Vertiente Atlántica - JAPDEVA) is an autonomous institution, located in the province of Limón, which undertakes the functions of port authority. It is in charge of building, managing, keeping, and operating the current port of Limón, as well as other sea-river ports of the Atlantic Coast (Caribbean) of Costa Rica, quickly and efficiently.

According to the organic law of the entity, Law No. 3091 and its amendments, Organic Law of JAPDEVA (Board of Port Administration and Economic Development of the Atlantic Coast), of February 18, 1963, it is declared:

"That the Board of Port Administration and Economic Development of the Atlantic Coast, JAPDEVA, is created as an autonomous entity of the State, as a public use company that will have the prerogatives and functions of the Port Authority. It will be in charge of building, managing, keeping, and operating the current port of Limón and its extension to Cieneguita, as well as other sea and river ports on the Atlantic coast."

a. Business Strategy

In JAPDEVA's 2017-2022 Institutional Strategic Plan, improvements in design and conception are indicated, fundamentally, due to the alignment of strategic objectives, goals, and indicators per result. Since the current organizational structure dates back to 1986, within this strategic planning framework, a process of institutional strengthening and reorganization will be carried out, considering the entry into operation of APM Terminals in February 2019. The strategic objectives of JAPDEVA are:

- To focus actions on ship service and mixed cargo, to attract and retain customers.
- To improve institutional productivity in results-oriented management.
- To focus institutional actions on improving the growth and development rates of the Caribbean region.
- To promote the construction and maintenance of institutional public investment for the sustainability of the port in the Caribbean, pursuant to national port policy.
- To strengthen institutional capacities for the control of concessions and the development of public-private partnerships.

Figure 28. JAPDEVA Strategy



Source: https://www.japdeva.go.cr/quienes_somos/objetivos_estrategicos.html

b. Financial Management

i. Financial Analysis

The following analysis was carried out based on the financial information published by JAPDEVA without expert opinion, at the date of preparation of this report.

At the closing of 2020, JAPDEVA managed to increase the account called Cash and Cashier Bank by CRC 1.656 billion, as well as the total current assets, which also increased by CRC

993 million, in relation to the 2019 closing. However, in the same period, total assets decreased by CRC 4.121 billion.

In addition, as of 31 December 2020, short-term accounts payable increased by CRC 1.144 billion, plus total current liabilities decreased by CRC 956 million, compared to the 2019 closing.

In relation to the rest of the liabilities, in the period indicated, long-term indebtedness increased by CRC 6.986 billion, which resulted in an increase of the same amount in total non-current liabilities and also in an increase of CRC 6.030 billion in total liabilities.

Regarding income, at the end of 2020, the total in this item was CRC 9.136 billion, that is, 48% less than what was registered as of 31 December 2019.

Additionally, as of 31 December 2020, remuneration expenses decreased by CRC 12.965 billion, causing total operating expenses to decrease by CRC 20.849 billion, which mitigated the registered net loss of CRC 9.744 billion, a positive effect of 48%, in relation to the deficit registered as of December 2019.

Finally, the financial situation of JAPDEVA caused a loss in its book value in 2020, reporting a decrease in equity of CRC 10.151 billion, compared to the data recorded as of 31 December 2019.

ii. Relevant Facts

Relevant facts indicated by the external audit of the financial statements of the Board of Port Administration and Economic Development of the Atlantic Coast (JAPDEVA), as of 31 December 2020. **(Did not publish audited financial statements.):**

At the date of preparation of this report, there was no external audit opinion to be able to detail the relevant facts in this section.

iii. Relevant Indicators

Relevant indicators for JAPDEVA (in millions of colones)	2017*	2018*	2019*	2020*
Return on Equity (ROE)	-2%	-1%	-8%	-5%
Return on Assets (ROA)	-2%	-1%	-7%	-4%
Long-term debt (Total liabilities/Total assets)	4%	3%	10%	13%
Operating margin	-8%	-7%	-58%	-107%
Earnings before taxes	-4 134	-3 417	-18 570	-9 744
Net profit	-4 134	-3 417	-18 570	-9 744
Book value	250 464	245 761	224 985	214 834

Note*: Calculations made with unaudited data, due to the impossibility of consulting the audited financial statements for 2017-2020.

iv. Relevant Variations

JAPDEVA-Variations 2020-2019 (In millions of colones)				
Account	2020*	2019*	Percentage change	Variation in amount
Cash and banks	20 046	18 390	9%	1 656

JAPDEVA-Variations 2020-2019 (In millions of colones)				
Account	2020*	2019*	Percentage change	Variation in amount
Inventory	1 948	2 390	-18%	-442
Total current assets	21 562	20 569	5%	993
Total fixed non-current assets	425	496	-14%	-71
Machinery, equipment, and furniture	245 712	246 683	0%	-971
Land with appreciation included	69 905	69 905	0%	0
Buildings	6 125	4 368	40%	1 757
Deposits	5 299	122	4243%	5 177
Total non-financial assets	224 169	229 211	-2%	-5 042
Total non-current assets	224 594	229 708	-2%	-5 114
Total assets	246 156	250 277	-2%	-4 121
Accounts payable	1 172	28	4146%	1 144
Withholdings Payable	283	1 956	-86%	-1 673
Accrued expenses payable (Remunerations)	1 664	2 035	-18%	-371
Total current liabilities	3 509	4 465	-21%	-956
Long-term payables	27 813	20 827	34%	6 986
Total non-current liabilities	27 813	20 827	34%	6 986
Total liabilities	31 322	25 292	24%	6 030
Contributed capital	15 851	15 851	0%	0
Book value	214 834	224 985	-5%	-10 151
Revenue from shipping services	4 613	7 289	-37%	-2 676
Income from cargo services	4 161	9 262	-55%	-5 101
Total operating income	9 136	17 578	-48%	-8 442
Remuneration expenses	11 627	24 592	-53%	-12 965
Total operating expenses	17 695	38 544	-54%	-20 849
Operating surplus/deficit	-8 559	-20 966	-59%	12 407
Profit/deficit before taxes	-9 744	-18 570	48%	8 826
Net surplus/deficit	-9 744	-18 570	48%	8 826

Source: *Financial Statements of the Board of Port Administration and Economic Development of the Atlantic Coast, without ruling, as of 31 December 2020.

c. Board of Directors

Executive President	Other members
 Andrea Centeno Rodriguez	Justa Romero Morales Jorge Luis García Martínez Armando Foster Morgan Rosalyn Corrales Salas James Antonio Pomares Young Giovanni Canton

d. External Audit

JAPDEVA did not publish its audited financial statements for 2018-2019 or 2019-2020 on its official website.

6. Banco de Costa Rica Financial Conglomerate

Sector: Financial services

Mission



To promote the social and economic development, competitiveness, and sustainability of Costa Rica, offering its clients an innovative and secure public financial conglomerate, as well as a portfolio of excellence in all its services.

Institution	Year of creation	Creation rule	Legal nature	Highest hierarchy
Banco de Costa Rica (BCR)	1877	Law No. 1644	Autonomous institution	Board of Directors
BCR Corredora de Seguros S.A.	2009	Law No. 8653	Stock Company, BCR Subsidiary	Board of Directors
BCR Pensión Operadora de Planes de Pensiones Complementarias S.A. (BCR OPC)	1999	Law No. 7732 / 7983 / 7523	Stock Company, BCR Subsidiary	Board of Directors
BCR Sociedad Administradora de Fondos de Inversión S.A. (BCR SAFI)	1999	Law No. 7732	Stock Company, BCR Subsidiary	Board of Directors
BCR Valores Puesto de Bolsa S.A.	1998	Law No. 7732	Stock Company, BCR Subsidiary	Board of Directors
Banco Internacional de Costa Rica S.A. (BICSA*)	1976	Official Letter No. 10189 (2477-L-75) 1975.	Stock Company, BCR and BNCR Subsidiary	Board of Directors
BCR Logística S.A.	2018	Law No. 9605	Stock Company, BCR Subsidiary	Board of Directors
Banprocesa, S.R.L.	2018	Minutes of the Board of Directors	Limited Liability Company, BCR Subsidiary	Board of Directors

The Bank of Costa Rica (Banco de Costa Rica - BCR) is an autonomous institution established in 1877. As a state public bank, it is regulated by Law No. 1644, of 26 September 1976⁴⁸ and Law No. 7558, of 3 November 1995.⁴⁹

Its main activity is the granting of loans and participation and compliance bonds, issuance of certificates of deposit, opening of current accounts in colones, dollars and euros, issuance of letters of credit and collections, purchase and sale of foreign currency, administration of trusts, custody, and other banking operations.

⁴⁸ Organic Law of the National Banking System

⁴⁹ Organic Law of Banco Central of Costa Rica

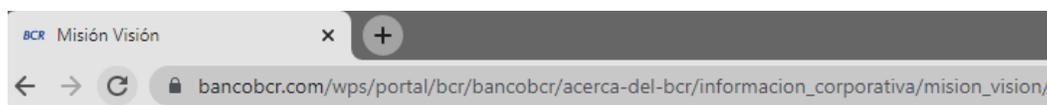
The Bank is owner of 100% of shares of the following subsidiaries: BCR Valores S.A. - Puesto de Bolsa, BCR Sociedad Administradora de Fondos de Inversión, S.A., BCR Pensión Operadora de Planes de Pensiones Complementarias, S.A., BCR Sociedad Corredora de Seguros S.A, Depósito Agrícola de Cartago S.A., Almacén Fiscal Agrícola de Cartago S.A. (jointly called by the group, BCR Logística), and Banprocesa, S.R.L. (the latter was created in 2009, currently not in operation).

In addition, Banco de Costa Rica owns 51% of the share capital of Banco Internacional de Costa Rica, S.A. (BICSA), incorporated under the laws of the Republic of Panama since 1976.

a. Business Strategy

The BCR 2018-2020 Strategic Plan states that its priorities include further strengthening the balance sheet, reducing risks, and achieving long-term sustainable profitability in accordance with the established goals. Other objectives are: to maintain its solidity and strength as a company, trying to offer excellence and innovation in the service; to become an innovative financial institution that offers its clients products and services with world-class quality standards; to work seriously on accountability; and to strengthen its corporate governance structure, making substantive changes in internal self-regulation and control mechanisms, aimed at guaranteeing compliance with applicable regulations.

Figure 29. BCR Strategy



Objetivos estratégicos:

Garantizar la solidez financiera del Conglomerado.

Apoyar el desarrollo del país.

Source: https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/informacion_corporativa/mision_vision/

b. Financial Management

i. Financial Analysis

At the end of 2020, BCR increased the Investments in Financial Instruments account by CRC 210.910 billion, which corresponded to an increase of 17% compared to the end of 2019, an important change in the liquidity instruments managed by the Conglomerate. Additionally, the account called Availabilities grew by 11% and the total loan portfolio suffered a non-material decrease of CRC 12.096 billion, that is, 0.3% less than what was recorded in this

section as of 31 December 2019. Consequently, total assets increased by CRC 321.058 billion, 5% more than what was recorded in the aforementioned period.

In terms of liabilities, from 2019 to 2020, the sum of demand and term deposits in the Total Obligations with the Public account increased by CRC 266.598 billion, which corresponded to a positive change of 6%. Subsequently, total liabilities also increased by 5% in the same period.

From the end of 2019 to 31 December 2020, the financial income from the Institution's loan portfolio decreased by 5% and the total financial income by 9%. In addition, and continuing with the comparison, for 2020, total financial expenses decreased by 20%, administrative expenses remained stable and operating profits fell by 24%, which in turn resulted in a decrease in net reported profit of CRC 20,509, a negative change of 40%. This is a consequence of the economic slowdown caused by the pandemic.

It is emphasized that, despite the above, the Conglomerate's book value grew by 6% between 2019 and 2020.

As of December 2019, the percentage of arrears greater than 90 days of the total loan portfolio was 2.65%. As of December 2020, the default percentage for the same term was 2.54% (3.34% as of September 2020). This last indicator was found to be 1.46 percentage points below the regulatory limit established as normal, with personal banking activities showing the greatest delinquency. The foregoing also considers the impact that COVID-19 has produced in the world.

Note: In the case of BCR, net income refers to Comprehensive Income Attributable to the Financial Conglomerate, the last section of the Consolidated Comprehensive Income Statement, as of 31 December 2020. The calculations that involved this financial statement account were made with this technical consideration and only to standardize the indicators with the other State-owned enterprises in this report.

ii. Relevant Facts

Below are the relevant facts indicated by the External Audit to the Consolidated Financial Statements of Banco de Costa Rica and its Subsidiaries, as of 31 December 2020 (**Unqualified opinion**):

1. The auxiliary records of the credit portfolio and its estimates were verified and reviewed. A sample of credit operations was also selected, to which a balance confirmation process and an evaluation of the estimate of the portfolio that is not collectible were applied by verifying the compliance of the functional areas that maintain operational controls and processes.
2. The main asset of the Conglomerate is the loan portfolio, which represents 61.11% of the total assets.

3. Consideration regarding whether the allowance for uncollectible loans is adequate to absorb eventual losses that may be incurred in the recovery of that portfolio was discussed with Management, according to circular SGF-2584-2020, dated 4 August 2020, since credit management plans were required as a result of payment arrangements and credit risk caused by the health emergency caused by COVID-19.
4. A balance confirmation process was carried out on the total investment portfolio, the consistency of the price source used to value the investment portfolio was verified, and it was determined that investment represented 22.58% of total assets.
5. A balance confirmation process and analytical procedures were carried out to verify the cycles and interest rates, and it was concluded that obligations with the public represented 78.74% of total liabilities.

iii. Relevant Indicators

Relevant indicators for BCR (In millions of colones)	2017	2018	2019	2020
Return on Equity (ROE)	6%	3%	8%	5%
Operating Margin (Profit before taxes/Financial Income)	14%	9%	18%	15%
Earnings before taxes	53 031	34 952	73 165	55 739
Net profit	31 993	20 464	50 839	30 330
Book value	575 964	622 675	630 986	665 953

Source: Consolidated Financial Statements of Banco de Costa Rica, with the report of the Independent Auditors, 2017-2020.

iv. Relevant Variations

BCR-Variations 2020-2019 (In millions of colones)				
Account	2020	2019	Percentage change	Variation in amount
Availabilities	803 048	722 905	11%	80 143
Investments in financial instruments	1 422 226	1 211 316	17%	210 910
Credit portfolio	3 737 850	3 749 946	-0.3%	-12 096
Total assets	6 299 856	5 978 798	5%	321 058
Sight deposits	2 631 125	2 188 507	20%	442 618
Term deposits	1 765 489	1 919 112	-8%	-153 623
Total obligations to the public	4 435 949	4 169 351	6%	266 598
Total liabilities	5 633 903	5 347 812	5%	286 091
Book value	665 953	630 986	6%	34 967
Financial income from loan portfolio	285 340	335 877	-15%	-50 537
Total financial income	378 253	414 620	-9%	-36 367
Financial expenses for obligations with the public	138 792	171 076	-19%	-32 284
Total financial expenses	172 247	215 250	-20%	-43 003
Financial results	180 560	210 443	-14%	-29 883
Gross operating profit	247 809	265 765	-7%	-17 956
Total administrative expenses	192 070	192 600	0%	-530

BCR-Variations 2020-2019 (In millions of colones)				
Account	2020	2019	Percentage change	Variation in amount
Income before taxes and shares	55 739	73 165	24%	-17 426
Net profit	30 330	50 839	-40%	-20 509

Source: Audited Consolidated Financial Statements of Banco de Costa Rica and Subsidiaries, as of 31 December 2020.

c. Board of Directors

Chairman of the Board of Directors	Other members
 Nestor Eduardo Solís Bonilla	Mahity Flores Flores Javier Francisco Zúñiga Moya Olivier Castro Pérez Maryleana Méndez Jiménez Gina Carvajal-Vega Louis Emilio Cuenca

d. External Audit

Crowe Horwath CR, S.A.

Types of opinion: Unqualified.

Description	Website
2018-2019	https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/transparencia/estados_financieros_bcr
2019-2020	https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/transparencia/estados_financieros_bcr

7. Banco Nacional de Costa Rica Financial Conglomerate

Sector: Financial Services

Mission



“Improve the quality of life of as many persons as possible, offering financial services of excellence to foster the sustainable creation of wealth.”

Institution	Year of Creation	Creation Rule	Legal Nature	Highest Hierarchy
Banco Nacional de Costa Rica (BN)	1914	Law N° 1644	Autonomous Institution	Board of Directors
BN Sociedad Administradora de Fondos de Inversión, S.A. (BN SAFI)	1998	Law N° 7732	Corporation, Subsidiary BN	Board of Directors
BN Sociedad Corredora de Seguros, S.A.	2009	Law N° 8653	Corporation, Subsidiary BN	Board of Directors
BN Valores, Puesto de Bolsa, S.A.	1998	Law N° 7732	Corporation, Subsidiary BN	Board of Directors
BN Vital Operadora de Pensiones Complementarias S.A.	1998	Law N° 7732	Corporation, Subsidiary BN	Board of Directors
Banco Internacional de Costa Rica S.A. (BICSA*)	1976	Writ N° 10189 (2477-L-75) 1975	Corporation, Subsidiary BN	Board of Directors

The National Bank of Costa Rica (Banco Nacional de Costa Rica - BNCR) is an autonomous institution created in 1914. As a public State-owned bank, it is regulated by Law N. 1644, of 26 September 1976⁵⁰ and Law N. 7558 of 03 November 1995.⁵¹

Banco has 100% shareholding in its subsidiaries: BN Valores Puesto de Bolsa, S.A., BN Sociedad Administradora de Fondos de Inversión, S.A., BN Vital Operadora de Planes de Pensiones Complementarias, S.A., and BN Corredora de Seguros, S.A.

Likewise, Banco has 49% shareholding in Banco Internacional de Costa Rica, S.A. (BICSA), while BCR owns the other 51%. BICSA is constituted under the laws of the Republic of Panama since 1976.

⁵⁰ Organic Law of the National Banking System

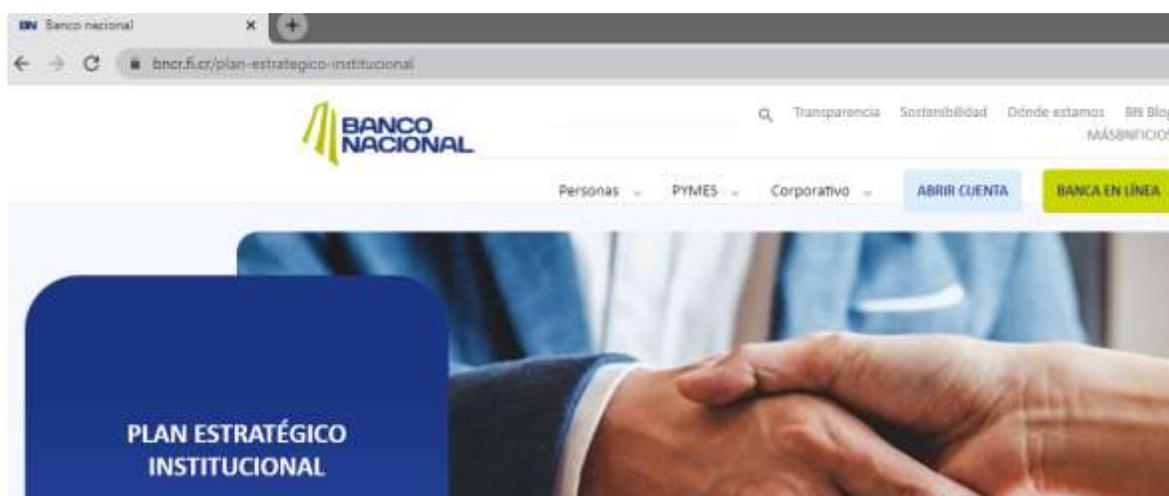
⁵¹ Organic Law of the Central Bank of Costa Rica

a. Business Strategy

The strategic plan entitled Together We Are Progress or “*Juntos somos progreso*” (2016-2021) mentions the following strategic pillars:

- Corporate and Business Banking: Restore adequate profitability levels to the client portfolio by increased cross-selling, penetrating products with wider margins and growing credit, mostly in sectors aimed at development and high added value.
- Development Banking.
- Financial Soundness.

Figure 30. BNCR Strategy



Source: Taken from <https://www.bncr.fi.cr/plan-estrategico-institucional>

b. Financial Management

i. Financial Analysis

At year-end 2020, the BNCR Conglomerate increased its Availabilities in CRC 270.787 billion, which is 24% more than year-end 2019. This change affected total assets in CRC 398.908 billion, 6% more than recorded at said cutoff date.

Regarding liabilities, from the 2019-2020 period, the sum of sight deposits and term deposits in the account called Total Bonds Payable, showed an increase of CRC 398.350 billion, an 8% upward variation. Accordingly, total liabilities also grew 6%.

Additionally, during that same period, credit portfolio revenue dropped CRC 62.934 billion, representing a 14% downward fluctuation, and contributing to a 9% reduction in total financial income as a result of the economic downturn brought about by the COVID-19 pandemic.

Nevertheless, the 61- to 90-day loan portfolio delinquency was CRC 28.280 billion in 2019 and dropped to CRC 11.542 billion in 2020, a 59% decline.

Thereafter, from 31 December to the closing of 2020, total financial expenditure downsized to CRC 51.183 billion, equivalent to 17%. However, administrative expenses grew CRC 14.540 billion, 8% more than the figure reported for 2019.

Between the 2019 financial close and that of 2020, Conglomerate earnings amounted to CRC 20.720 billion, 13% less than the number reported in 2019.

Lastly, its book value in 2020 experienced a positive variation of CRC 14.254 billion, which is 2% higher than the figure reported in 2019.

ii. Relevant Facts

Relevant findings resulting from the External Audit of the Consolidated Financial Statements of Banco Nacional de Costa Rica and Subsidiaries to 31 December 2020 (qualified opinion) are listed below:

1. Regarding derivative financial instrument valuation, the methodologies, inputs and assumptions used by the Administration were evaluated, the observable variables in the valuation models, i.e. quoted prices, were challenged, and the reasonableness of valuations was verified, considering the inherent uncertainties revealed in the financial statements.
2. Compliance with the regulations to determine credit deterioration estimates, as provided in Agreement SUGEF 1-05, entitled Credit Rating Regulations, was verified.
3. Concerning provisions, the suitability of Administration assumptions regarding Legal Directorate confirmations and of the estimated most likely results according to the risks identified were corroborated.

iii. Relevant Indicators

Relevant Indicators BNCR (in billions of colones)	2017	2018	2019	2020
Return on Equity (ROE)	6%	4%	4%	3%
Operating Margin (P. before tax./Financial income)	10%	6%	12%	11%
Profit before Tax	47 724	32 237	69 372	57 700
Net Profit	32 763	21 391	23 702	20 720
Book value	624 235	647 355	691 938	706 192

Source: Consolidated Financial Statements of Banco Nacional de Costa Rica, with the Independent Auditor Report, periods 2017-2020.

iv. Relevant Variations

BNCR-Variations period 2020-2019 (In billions of colones)				
Item	2020	2019	Percent Change	Percent Weight
Availabilities	1 383 902	1 113 115	24%	270 787
Investments in financial instruments	1 388 756	1 358 669	2%	30 087
Credit portfolio	4 296 577	4 203 026	2%	93 551

BNCR-Variations period 2020-2019 (In billions of colones)				
Item	2020	2019	Percent Change	Percent Weight
Total portfolio delinquency, 61 to 90 days	11 542	28 280	-59%	-16 738
Total assets	7 473 058	7 074 150	6%	398 908
Sight deposits	3 553 063	3 195 229	11%	357 834
Term deposits	2 036 537	2 886 095	-29%	-849 558
Total bonds payable	5 634 090	5 235 740	8%	398 350
Total liabilities	6 766 866	6 382 212	6%	384 654
Book value	706 192	691 938	2%	14 254
Financial income from credit portfolio	386 015	448 949	-14%	-62 934
Total financial income	503 349	555 188	-9%	-51 839
Financial expenses for bonds payable	168 377	210 389	-20%	-42 012
Total financial expenses	244 900	296 083	-17%	-51 183
Financial result	196 013	214 391	-9%	-18 378
Gross operating result	265 939	263 071	1%	2 868
Total administrative expenses	208 239	193 699	8%	14 540
Earnings before interest and taxes	57 700	69 372	-17%	-11 672
Net profit	20 720	23 702	-13%	-2 982

Source: Consolidated Financial Statements, Banco Nacional de Costa Rica and Subsidiaries, to 31 December 2020.

c. Board of Directors

Chair of the Board of Directors	Other members
 <p>Jeannette Ruiz Delgado</p>	<p>María Magdalena Rojas Figueredo Ana Isabel Solano Brenes Mario Carazo Zeledón Rodolfo González Cuadra Marvin Arias Aguilar Ruth Alfaro Jara</p>

d. External Audit

KPMG Costa Rica, S.A.

Judgment: Unqualified opinion

Description	Website
2018-2019	https://www.bncr.fi.cr/estados-financieros
2019-2020	https://www.bncr.fi.cr/estados-financieros

8. Instituto Costarricense de Acueductos y Alcantarillados

Sector: Water Supply and Treatment



Mission

“Secure universal access to potable water and sanitation in commitment with health, water resource sustainability and national economic and social development.”

Institution	Year of Creation	Creation Rule	Legal Nature	Highest Hierarchy
Acueductos y Alcantarillados (AyA)	1961	Law N° 2726	Autonomous Institution	Board of Directors

The Costa Rican Institute of Aqueducts and Sewage (Instituto Costarricense de Acueductos y Alcantarillados - AyA) was created on 14 April 1961 through Law N° 2726, Constitutive Law of Instituto Costarricense de Acueductos y Alcantarillados,” of 14 April 1961. Pursuant to Article 1 of said Law, its objective is to:

“Direct, define policies, establish and enforce rules, execute and promote planning, funding and development, and address all matters related to the supply of potable water and the collection and disposal of sewage and liquid industrial residues, and the regulation of urban area storm water systems, for the entire national territory.”

a. Business Strategy

The institutional Strategic Plan 2016-2020 lists the following objectives:

- Achieve financial balance and sustainability for aqueducts and potable water.
- Operate with a socially and economically viable level of indebtedness.
- Maintain a balanced cost of human resources adjusted to demand.
- Increase budget execution in investments.

Figure 31. AyA Strategy

Nombre	Publicado
Artículo ACCESO A AGUA EN COSTA RICA 1821-2021	18/11/2021
Especificación técnica para desalinización Acuerdo 2016-543. AyA	15/11/2021
Memoria Institucional 2020-2021	09/10/2021
Política y procedimiento para el manejo de conflictos de interés	05/10/2021

Source: Taken from <https://www.aya.go.cr/Noticias/Paginas/Documentaci%c3%b3n-General.aspx>

b. Financial Management

i. Financial Analysis

At year-end 2020, AyA reduced its Cash and Cash Equivalents account in CRC 2.196 billion, but, in turn, increased total current assets in CRC 5.208 billion, which is 9% above the figure reported to 31 December 2019. In that same period, long-term assets diminished CRC 17.282 billion, representing 2% less than the amount recorded at such closing date and which resulted from a downward variation of CRC 12.074 billion in total assets, equivalent to 1%. Additionally, to December 2020, total short-term liabilities grew CRC 7.511 billion, a 42% fluctuation over year-end 2019. This resulted in a total increase in assets amounting to CRC 11.760 billion, 12% more than the sum reported the previous period.

Regarding Institute revenue, comparing 2019 and 2020 figures, operating income increased CRC 10.613 billion, which is a positive 7% change. However, total expenditure also increased CRC 3.395 billion, contributing to a net deficit of CRC 23.330 billion reported, meaning a 26% increase in losses compared to the figure reported to 31 December 2019.

Lastly, in 2020, the AyA carrying value decreased, where the book value line item indicated CRC 839.345 billion, a negative 3% variation over the sum reported on the 2019 accounting closing.

ii. Relevant Facts

Below is a brief description of the relevant facts highlighted by the External Auditors regarding the Statement of Financial Position, Instituto Costarricense de Acueductos y Alcantarillados, (AyA), to 31 December 2020 (**Qualified opinion**):

1. At the end of the 2019-2020 reporting period, AyA showed accounts payable under the heading Transitional Commercial Interface in the amount of CRC 1.173 billion and CRC 904 million, respectively.
2. Verification showed that the impairment of financial assets assessment in the amount of CRC 24.575 billion was not made, according to the expected credit loss, in line

with International Financial Reporting Standard (IFRS) N° 9; “Financial Instruments.”

3. As verified, from 2019 to 2020 the inventory obsolescence estimate over a balance of CRC 7.038 billion and CRC 10.280 billion, respectively, was not undertaken, as required under International Accounting Standard N° 2; “Inventories.”
4. As verified, deferred income taxes was not reported for the temporary difference between the book value of fixed asset revaluation surpluses and the amount physically recorded. This relates to International Accounting Standard N° 12; “Income Taxes.” That is, there was an undervaluation of liabilities and of comprehensive results.
5. Income resulting from water consumption, sewage and hydrants was recognized based on the amount invoiced, not on the amount accrued, according to an estimate of individual subscriber consumption to each financial statement closing date under analysis.

iii. Relevant Indicators

AyA relevant indicators (In millions of colones)	2017	2018	2019	2020
Return on Equity (ROE)	-3%	-2%	-2%	-3%
Return on Assets (ROA)	-3%	-2%	-2%	-2%
Long-term debt	11%	12%	11%	13%
Operating margin	-12%	-6%	-11%	-13%
Profit/Loss before taxes	-16 942	-8 496	-18 512	-23 330
Net profit/loss	-20 205	-15 017	-18 512	-23 330
Book value	669 720	725 602	863 179	839 345

Source: Audited Financial Statements for Instituto Costarricense de Acueductos y Alcantarillados, periods 2017-2020.

iv. Relevant Variations

AyA-Variations Period 2020-2019 (In millions of colones)				
Item	2020	2019	Percent Change	Percent Weight
Cash and cash equivalents	25 019	27 215	-8%	-2 196
Total current assets	62 798	57 590	9%	5 208
Total long-term assets	882 897	900 179	-2%	-17 282
Total assets	945 695	957 769	-1%	-12 074
Total current liabilities	25 313	17 802	42%	7 511
Notes payable long term	65 083	60 217	8%	4 866
Total long-term liabilities	81 037	76 788	6%	4 249
Total liabilities	106 350	94 590	12%	11 760

AyA-Variations Period 2020-2019 (In millions of colones)				
Item	2020	2019	Percent Change	Percent Weight
Book value	839 345	863 179	-3%	-23 834
Total operating income	173 465	162 852	7%	10 613
Total expenditure	189 870	186 475	2%	3 395
Net Profit/Loss	-23 330	-18 512	-26%	-4 818

Source: Audited Financial Statements and Independent Auditor Opinion of AyA to 31 December 2020.

c. Board of Directors

Executive President	Other members
 <p>Tomás Martínez Baldares</p>	<p>Yolanda Acuña Castro Héctor González Morera Roxana Salazar Cambronero Federico Avilés Chaves Fabio Vicenzi Guilá Gerardo Morera Rojas</p>

d. External Audit

Deloitte Costa Rica, S.A.

Judgment: Qualified (negative).

Description	Website
2018-2019	https://www.aya.go.cr/transparenciaInst/rendicion_cuentas/HistAuditGastoPub/Forms/AllItems.aspx?RootFolder=%2FtransparenciaInst%2Frendicion%5Fcuentas%2FHistAuditGastoPub%2FAuditor%C3%ADas%202019&FolderCTID=0x0120000AD19BA09326F4D87BDAA9F2227E68C&View={6B970994-52CB-4228-9502-E3191D0FD9B2}
2019-2020	Not published on their official website

9. Instituto Costarricense de Ferrocarriles

Sector: Transport and storage



Mission

“To provide quality railway solutions to improve national mobility and competitiveness.”

Institution	Year of creation	Creation Rule	Legal Nature	Highest Hierarchy
Instituto Costarricense de Ferrocarriles (INCOFER)	1985	Ley N° 7001	Autonomous Institution	Governing Board

The Costa Rican Railway Institute (Instituto Costarricense de Ferrocarriles - INCOFER) is an autonomous institution responsible for providing public transportation of passengers and cargo. It was created on 19 September 1985 through Law N° 7001, “Organic Law Costa Rican Railway Institute INCOFER,” of 19 September 1985. This Law covers both the Atlantic and the Pacific railroads and all their branches, which have given form to the national railroad heritage since 1871.

a. Business Strategy

The 2019-2023 Institutional Strategic Plan contains the following objectives:

- Expand the offering and quality of railroad services.
- Improve user knowledge using technology, education programs and service promotion.
- Plan institutional service growth and sustainability.
- Promote and boost public-private and public-public partnerships to strengthen institutional capacity.
- Modernize institutional capabilities to adapt to growing services.

Figure 32. INCOFER Strategy



Source: Taken from <http://www.incofer.go.cr/plan-estrategico-institucional/index.htm>

b. Financial Management

i. Financial Analysis

At year-end 2020, INCOFER experienced a reduction of CRC 6.120 billion in the item called Cash and Banks, causing a decrease of CRC 4.707 billion in its total current assets. However, for that same period, its non-current assets remained stable, producing a marginal fluctuation in total assets in the amount of CRC 6.898 billion, less than 1% less as compared to the 2019 period.

Additionally, in that same period total liabilities dropped CRC 181 million, which is non-material when compared with total assets.

Regarding equity, the item called Capital Transfers reflected an increase in CRC 4.951 billion and, consequently, a recorded book value of CRC 569.925 billion, showing an upturn of CRC 2.373 billion in book value. These figures also apply to the period from 31 December 2019 to 31 December 2020.

As to revenue is concerned, in 2020 the Institute received CRC 1.207 billion from the sale of goods and services, which is 44% less than the same period in 2019, resulting from the economic slowdown caused by the COVID-19 pandemic.

In that same period, the income from current transfers grew CRC 1.008 billion, resulting in stable total revenue, with a minimum fluctuation of CRC 50 million, a drop of less than 2%. Finally, in 2020, INCOFER posted CRC 8.191 billion in total expenses, which is 24% less than the sum reported to 31 December 2019, thus mitigating the reported loss of CRC 4.579 billion, a 36% recovery compared with the 2019 cumulative deficit.

ii. Relevant Facts

Below are the relevant facts highlighted by the external auditors regarding the financial statements of the Instituto Costarricense de Ferrocarriles (INCOFER) to 31 December 2020 (**Qualified opinion**):

1. A thorough review of the existence, integrity and accuracy of expenses, accounts payable, and their respective controls, and of the integrity, accuracy and valuation of assets and their control procedure, their valuation and other internal control standards are relevant in an audit.
2. The Institution celebrated the arrival of 16 new trains, split in two lots, on 16 December 2020 and 18 January 2021. Four units started operating on 26 April 2021.
3. The year 2020 brought a reduction of 44% reduction in revenue from the Sale of Goods and Services and of 6% in Leases and Property Rights. This was caused by the sanitary restrictions imposed nationally by the Ministry of Health on occasion of the COVID-19 pandemic.

4. A 6% reduction in total income was experienced in 2019, corresponding to 5% in the Sale of Goods and Services, and 20% in Leases and Property Rights.
5. If these effects of the pandemic continue, the level of risk due to uncertainty will continue to grow steadily, affecting adequate operational functioning, complicating activities to provide services, and strongly impacting the institution's finances.

iii. Relevant Indicators

Relevant indicators INCOFER (In millions of colones)	2017	2018	2019	2020
Return on Equity (ROE)	-1%	-1%	-1%	-1%
Return on Assets (ROA)	-1%	-1%	-1%	-1%
Long-term debt (Total Liabilities/Total Assets)	0,06%	0,06%	0,11%	0,08%
Operating margin	-137%	-170%	-195%	-127%
Profit/Loss before taxes	-5 658	-6 595	-7 160	-4 579
Net profit/loss	-5 658	-6 595	-7 160	-4 579
Book value	560 691	568 225	567 552	569 925

Source: Audited Financial Statements for Instituto Costarricense de Ferrocarriles, periods 2017-2020.

iv. Relevant Variations

INCOFER-Variation Period 2020-2019 (In millions of colones)				
Item	2020	2019	Percent Change	Percent Weight
Cash and banks	4 289	10 409	-59%	-6 120
Inventory	3 079	1 539	100%	1 540
Total current assets	7 633	12 340	-38%	-4 707
Non-concession property	562 737	555 839	1%	6 898
Total non-current assets	562 737	555 839	1%	6 898
Total assets	570 370	568 179	0%	2 191
Short-term debt	195	435	-55%	-240
Total current liabilities	296	481	-38%	-185
Long-term public debt	149	141	6%	8
Total non-current liabilities	149	146	2%	3
Total liabilities	445	626	-29%	-181
Total equity	553 240	553 240	0%	0
Transfer of capital	62 844	57 893	9%	4 951
Book value	569 925	567 552	0%	2 373
Income from sale of goods and services	1 207	2 172	-44%	-965
Income from leases and property rights	935	996	-6%	-61
Income from current transfers	1 354	346	291%	1 008
Total revenue	3 613	3 663	-1,4%	-50
Personnel expenses	1 053	986	7%	67
Service costs	3 511	4 986	-30%	-1 475
Expenses for materials and provisions consumed	609	1 832	-67%	-1 223
Expenses for consumption of goods other than inventory	2 593	2 517	3%	76
Total Expenses	8 191	10 824	-24%	-2 633
Profit/Loss before taxes	-4 579	-7 160	-36%	2 581

INCOFER-Variation Period 2020-2019 (In millions of colones)				
Item	2020	2019	Percent Change	Percent Weight
Net surplus/deficit	-4 579	-7 160	-36%	2 581

Source: Audited Financial Statements for Instituto Costarricense de Ferrocarriles, to 31 December 2020.

c. Board of Directors

Executive President	Other members
 <p>Elizabeth Briceño Jiménez</p>	<p>Gian Carlo Mazzali Alfaro Benjamín Odio Chan Alexandra Cerdas Pérez Ghiselle Solano Pacheco Jorge Manuel López Chaves Luis Paulino Mora</p>

d. External Audit

Consortio EMD
Judgment: Positive

Description	Website
2018-2019	http://www.incofer.go.cr/estados-financieros/index.htm
2019-2020	http://www.incofer.go.cr/estados-financieros/index.htm

10. Consejo Nacional de Producción – Fábrica Nacional de Licores

Sector: Distillation and commercialization of alcohol

Mission



“To be a highly specialized body, as an operating unit of the agricultural sector, to promote agro-industrial development, agricultural marketing and the strategic and social administration of food reserves, at the service of consumers, small and medium agricultural and agro-industrial producers.”

Institution	Year of creation	Creation Rule	Legal Nature	Highest Hierarchy
Consejo Nacional de Producción (CNP)	1956	Law N° 2035	Autonomous Institution	Board of Directors
Fábrica Nacional de Licores (FANAL)	1856	Law N° 2035 and Law N° 7742	Unit ascribed to the Consejo Nacional de Producción (CNP)	Board of Directors (same as CNP)

The National Production Council (Consejo Nacional de Producción - CNP) is an autonomous institution in charge of promoting and fostering agricultural productive activities and strengthening the economic development and competitiveness of the country. It was created in 1956 through Law N°. 2035, “Organic Law of the National Production Council” of 17 June 1956.

Its functions also include the administration, as an ascribed unit, of the National Liquor Factory (FANAL), a State-owned business that processes national liquors, the profits of which are invested in social projects.

a. Business Strategy

Several goals were established for 2019, including programs for the maintenance and refurbishment of physical infrastructure, service continuity strategies, and amendment of public procurement rules. FANAL-specific objectives mention ensuring high quality products and raw materials for the domestic population and the national industry.

Figure 33. CNP-FANAL Strategy



Source: Taken from <https://www.cnp.go.cr/acercacnp/transparencia/PlanesInstitucionales.aspx>

b. Financial Management

i. Financial Analysis

This analysis mentions the relevant financial aspects of the Consejo Nacional de Producción (CNP), a body not identified as a State-owned entity, but which consolidates the FANAL accounting information in its own financial statements, since the latter is a unit ascribed to the Consejo, but with a business or commercial purpose and, thereby, a public company.

At year-end 2020, and comparing with data to 31 December 2019, CNP boosted the Cash and Banks item in CRC 12.309 billion, equivalent to a 246% growth. Very similar were accounts receivable (CRC 17.169 billion) and total current assets at CRC 32.970 billion. For that same period, non-current assets increased CRC 10.852 billion, causing total assets to also grow in CRC 43.823 billion, an upwards variation of 96%.

At the same time, short-term accounts payable decreased CRC 3.585 billion, contributing to maintain total current liabilities stable, with a 1% increase. In other 2019-2020 liabilities, long-term accounts payable increased CRC 2.941 billion, triggering an increase of CRC 18.023 billion in total liabilities, equivalent to 42%.

In reference to CNP income, at the closing of 2020 this line item reflected CRC 24.284 billion, which is 25% more than the period to 31 December 2019. Besides, income from FANAL in that same period experienced an upturn of CRC 9.119 billion, which is a positive 63% over and above the sum for 2019. This is due to increased sales of alcohol-based sanitary solutions produced by FANAL to mitigate the risk of spreading COVID-19.

Concerning expenses, by the close of 2020 remunerations had decreased 8% and service charges increased 67%. Likewise, the item Other Expenses (payment arrangements with

IFAM and MH), is mostly due to litigation rulings against FANAL, decreased in CRC 3.015 billion.

Consequently, in 2020 CNP recorded a final deficit of CRC 809 million, showing a 76% recovery over the amount reported at the close of 2019.

Finally, the CNP financial position in that period led to a material increase in book value, accounting for CRC 28.740 billion in the book value item, an 878% positive fluctuation, at 2020 year-end compared with 31 December 2019.

ii. Relevant Facts

Relevant facts pointed out by the External Auditors in connection with the Financial Statements of the Consejo Nacional de Producción (CNP) to 31 December 2020 are listed below (**Qualified opinion**):

1. The IT system at the Consejo Nacional de Producción is not aligned with institutional needs, as it lacks functionalities and necessary security. Auxiliary accounts receivable and accounts payable ledgers are carried on Excel spreadsheets in the accounting department and bank reconciliation processes are manual.
2. The entity prepared its financial statements for the period ending 31 December 2020 based on the Generally Accepted Accounting Principles for the Public Sector, which do not match the International Financial Reporting Standards.
3. The Administration did not examine impairment of its assets (buildings, machinery, vehicles, furnishing and equipment).
4. The current administration shows express interest in strengthening and restoring FANAL, driving policies and actions to rebuild its productive structure, innovating with products and revitalizing its renovated insertion into the local and international markets. However, it inherited a tough reality: 40% of all income goes to pay taxes and legal fees for cases filed by recipients of its contributions which are claiming delays or non-payment due to a dispute over the cost structure of the applicable taxable base, entailing fines, interest and agreements of payment. Court rulings have favored these recipients and other times CNP.
5. At the time of producing the external auditor report, liabilities with the Ministry of Finance (MH) represented the sum of CRC 4.385 billion (CRC 5.430 billion in 2019), resulting from income tax, excise tax, sales tax, obligations to IFAM, INDER, the contents of Law N° 7972, and taxes owed to the Municipality of Grecia, which have not been paid in full yet to the Ministry of Finance.

iii. Relevant Indicators

Relevant indicators CNP (In millions of colones)	2017	2018	2019	2020
Return on Equity (ROE)	-21%	-22%	-115%	-3%
Return on Assets (ROA)	-9%	-8%	-8%	-1%
Long-term debt (Total Liabilities/Total Assets)	56%	63%	107%	68%
Operating margin	-7%	-5%	-2%	-0,7%
Pretax earnings	-4 896	-3 406	-1 469	-809
Net profit/loss	-5 112	-4 462	-3 381	-809
Book value	24 372	20 690	2 940	28 740

Source: Audited Financial Statements for Consejo Nacional de Producción, periods 2017-2020.

iv. Relevant Variations

CNP (FANAL)-Variations Period 2020-2019 (In millions of colones)				
Item	2020	2019	Percent Change	Percent Weight
Cash and banks	17 305	4 996	246%	12 309
Accounts receivable	37 305	20 136	85%	17 169
Total current assets	61 046	28 076	117%	32 970
Total non-current fixed assets	480	7 601	-94%	-7 121
Total financial assets	3	-10 604	-100%	10 607
Non-concession property	27 945	27 935	0%	10
Total non-current assets	28 488	17 636	62%	10 852
Total assets	89 535	45 712	96%	43 823
Short-term accounts payable	9 051	12 636	-28%	-3 585
Short-term withholdings payable	5 429	5 624	-3%	-195
Provisions	8 932	7 623	17%	1 309
Total current liabilities	29 347	28 957	1%	390
Long-term accounts payable	13 510	10 569	28%	2 941
Other liability accounts	17 632	2 941	500%	14 691
Total non-current liabilities	31 447	13 815	128%	17 632
Total liabilities	60 795	42 772	42%	18 023
Book value	28 740	2 940	878%	25 800
Tax revenues	41 170	25 630	61%	15 540
Non-tax revenues	78 803	68 420	15%	10 383
Total FANAL sales revenue	23 691	14 572	63%	9 119
Total current income	121 190	96 906	25%	24 284
Remuneration expenses	7 549	8 205	-8%	-656
Service expenses	3 343	2 004	67%	1 339
Expenses for materials and supplies	417	67 247	-99%	-66 830
Expenses for capital and current transfers	16 179	8 975	80%	7 204
Total current expenses	112 162	86 504	30%	25 658

CNP (FANAL)-Variations Period 2020-2019 (In millions of colones)				
Item	2020	2019	Percent Change	Percent Weight
Current surplus	9 028	10 401	-13%	-1 373
Other expenses (Payment arrangements IFAM, INDER and MH)	9 354	12 369	-24%	-3 015
Total other expenses	9 837	12 717	-23%	-2 880
Profit/Loss before taxes	-809	-1 469	45%	660
Net surplus/deficit	-809	-3 381	76%	2 572

Source: Audited Financial Statements for Consejo Nacional de Producción, to 31 December 2020.

c. Board of Directors of CNP

Executive President	Other members
 <p>Ángel Jiménez Segura</p>	<p>Marlon Monge Castro Harys Regidor Barboza Armando Huertas Acuña Carlos Rivera Méndez Marco Aurelio Varela Martínez</p>

d. External Audit

Murillo y Asociados
 Judgment: Qualified (Negative)

Description	Website
2018-2019	https://www.cnp.go.cr/acercacnp/transparencia/Informes.aspx
2019-2020	https://www.cnp.go.cr/acercacnp/transparencia/Informes.aspx

11. Sistema Nacional de Radio y Televisión

Sector: Public radio and television services



Mission

“To be a relevant, innovative public service communication system, leader in the production of quality content.”

Institution	Year of creation	Creation Rule	Legal Nature	Highest Hierarchy
Sistema Nacional de Radio y Televisión (SINART)	1978	Law N° 8346	State-owned public company, constituted as a Corporation	Executive Council

The National Radio and Television System (Sistema Nacional de Radio y Televisión - SINART) has been working in the mass media arena for over 30 years; it is the only government institution with a television channel (Canal 13), a radio station (Radio Nacional 101.5 FM), a magazine (Contra Punto), and a digital medium (SINART Digital). SINART S.A. is composed by SINART Costa Rica Medios, Trece Costa Rica Televisión, 101.5 Costa Rica Radio, SINART Costa Rica Noticias, and SINART Costa Rica Interactiva.

a. Business Strategy

The 2019 strategic objectives include:

- Ensure financial sustainability through the growth and diversification of revenue.
- Promote partnerships and mechanisms of cooperation.
- Achieve efficient and effective management through results-based financing (to improve services and products).
- Implement a strategy to reposition SINART, the agency and internal processes.

Figure 34. SINART Strategy

Source: Taken from <https://costaricamedios.cr/quienessomos/>

b. Financial Management

i. Financial Analysis

At the 2020 period end, SINART experienced a decrease of CRC 1.539 billion in total current assets, which is 50% less compared with the amount reported to 31 December 2019.

Consequently, total assets decreased CRC 1.682 billion, a variation equivalent to 35%, in the December 2019 to December 2020 timeframe.

Also at the closure of that period, SINART faced a downward variation of CRC 1.271 billion in short-term debt, which contributed to reduce total liabilities in CRC 1.214 billion.

As to company income, to 31 December 2020 its main source was the sum of CRC 1.498 billion through current transfers from the Central Government, recording total income for CRC 5.530 billion, which is CRC 949 million less than the sum reported to 31 December 2019. This is also a result of the economic slowdown caused by the pandemic.

Also at 2020 year-end, television-related outlays amounted to CRC 966 million, CRC 181 million less than in 2019. The entity reduced supporting area and administrative expenses in CRC 73 million, which helped reduce total operating expenses in CRC 936 million compared with the figures reported for 31 December 2019.

Concerning carrying value, its book value was posted at CRC 2,110 billion, a reduction of CRC 469 million over the same period.

Lastly, given the above, to 31 December 2020, SINART recorded net losses in the amount of CRC 397 million.

ii. Relevant Facts

Below are the relevant facts displayed by the external audit of financial statements of the Sistema Nacional de Radio y Televisión, S.A. (SINART, S.A.), to 31 December 2020 (**Qualified opinion**):

1. A detailed review of the existence, integrity and accuracy of expenses, accounts receivable, accounts payable and the related control procedure was deemed relevant by the external auditors, so their correct control and account posting called for judgment by the administration of the Sistema Nacional de Radio y Televisión, S.A. (SINART, S.A.).
2. Requirements for the purchase of a new integrated data system are in the process of being uploaded on SICOP. This project was budgeted for 2020, but its acquisition and commissioning called for cash flow. The entity did not have the liquidity when needed.

i. Relevant Indicators

Relevant indicators SINART (In millions of colones)	2017	2018	2019	2020*
Return on Equity (ROE)	-4%	-36%	-14%	-19%
Return on Assets (ROA)	-3%	-19%	-7%	-13%
Debt (Total Liabilities/Total Assets)	33%	48%	46%	33%
Operating margin	-2%	-14%	-5%	-7%
Operating Profits/Loss	-134	-950	-390	-402
Net Profit/Loss	-164	-956	-354	-397
Book value	3 650	2 654	2 579	2 110

Source: Audited Financial Statements of Sistema Nacional de Radio y Televisión, periods 2017-2020.

iii. Relevant Variations

SINART-Variations period 2020-2019 (In millions of colones)				
Item	2020	2019	Percent Change	Percent Weight
Cash and cash equivalents	186	362	-49%	-176
Short-term investments	851	1 309	-35%	-458
Documents and accounts receivable, net	470	1 342	-65%	-872
Total current assets	1 536	3 075	-50%	-1 539
Property, land and equipment, net	1 533	1 623	-6%	-90
Total non-current assets	1 594	1 736	-8%	-142
Total assets	3 129	4 811	-35%	-1 682
Short-term debt	269	1 540	-83%	-1 271
Short-term commercial debt	1	757	-100%	-756
Short-term social and tax debt	244	364	-33%	-120
Swaps and media plans	23	419	-95%	-396
Short-term technical reserves and provisions	710	684	4%	26
Total current liabilities	1 019	2 233	-54%	-1 214
Total liabilities	1 019	2 233	-54%	-1 214
Book value	2 110	2 579	-18%	-469
Gross income from services	4 032	5 081	-21%	-1 049
Income from current transfers from Central Government	1 498	1 398	7%	100
Total revenue	5 530	6 479	-15%	-949
Television expenses	966	1 147	-16%	-181
Marketing and sales expenses	1 511	2 157	-30%	-646
Administrative expenses and support areas	2 002	2 075	-4%	-73
Total operating expenses	5 933	6 869	-14%	-936
Operating surplus/loss	-402	-390	3%	-12
Profit/Loss before taxes	-402	-390	3%	-12
Net surplus/loss	-397	-354	12%	-43

Source: Financial Statements and Independent Auditor Opinion of SINART, to 31 December 2020.

c. Board of Directors

Executive President	Other members
 <p data-bbox="467 667 686 697">Boris Ramírez Vega</p>	<p data-bbox="831 422 1122 449">Mauricio Azofeifa Murillo</p> <p data-bbox="831 457 1036 485">Karla Alfaro Rojas</p> <p data-bbox="831 493 1073 520">Ignacio Mora Barboza</p> <p data-bbox="831 529 1105 556">Henry Rodríguez Serrano</p> <p data-bbox="831 564 1133 592">Adalberto Fonseca Esquivel</p> <p data-bbox="831 600 1065 627">Maribelle Quirós Jara</p>

d. External Audit

Consortio EMD

Judgment: Unqualified.

Description	Website
2018-2019	https://costaricamedios.cr/financiero/
2019-2020	https://costaricamedios.cr/financiero/

12. Junta de Protección Social

Sector: Lottery and raffles



Mission

“The Junta de Protección Social contributes to public health and the well-being and quality of life of persons in poverty and social vulnerability through the administration of lottery and games of chance, and the provision of graveyard services.”

Institution	Year of creation	Creation Rule	Legal Nature	Highest Hierarchy
Junta de Protección Social (JPS)	1845	Law N° 8718	Autonomous Institution	Board of Directors

The Social Protection Board (Junta de Protección Social - JPS) is an autonomous institution exclusively responsible for the creation, administration, sale and commercialization of all types of lotteries, both pre-printed and electronic, sports betting, games, video-lotteries and other games of chance in the national territory, excluding casinos, without prejudice of concessions or authorizations it may grant for the administration or commercialization of the products, in compliance with its specific public purposes.

a. Business Strategy

The institutional strategic plan includes a section on economic sustainability, namely: “Increase the profits to be distributed among beneficiary organizations by growing product placement to ensure an average increase of 4% per year over inflation.”

Additionally, the sales strategy aims at cutting costs and reducing lottery prices over the long term, and diversifying the national and digital lottery business. A good example of this is a promotion, that is, an accumulated prize or jack-pot, for the products called *Lotería Popular Chances* (Popular Chances) and *Lotería Nacional* (National Lottery).

Figure 35. JPS Strategy

Adjunto	Actualizado
Plan Estratégico de Campos Santos 2015-2020	05/17/2016
Plan Estratégico de Loterías 2015-2020	05/17/2016
Plan Estratégico Institucional (PEI) 2020-2024	06/01/2021
Plan Operativo Institucional (POI) 2016	12/07/2016

Source: Taken from <https://www.jps.go.cr/transparencia>

b. Financial Management

i. Financial Analysis

At the close of the 2020 period, the Junta de Protección Social increased the Cash and Cash Equivalents item in CRC 82.912 billion and its Investments line item dropped CRC 99.556 billion, resulting in an overall asset decrease of CRC 17.153 billion, which is 15% less than the figure reported for this portion to 31 December 2019.

Regarding institutional liabilities, the item headed Debts had a downward shift of CRC 4.567 billion, 10% less than the closing of 2019. Therefore, its total liabilities decreased CRC 3.370 billion in 2020, which is 5% less than the amount posted to 31 December 2019.

Additionally, and consistent with the analysis, operating income during the period reached CRC 207.631 billion, representing an 18% downturn. Once again, this reflects the impact of economic slowdown due to the COVID-19 pandemic.

Operating expenses in 2020 increased CRC 4.709 billion, representing 20% more than the sum reported at the end of the 2019 period. The Transfers line decreased CRC 13.556 billion, equivalent to a 34% downward variation, contributing to a reduction of CRC 10.378 billion in total operating expenses in the period under review.

With this, the JPS ended 2020 with pretax earnings and obligations in the sum of CRC 60.187 billion, 21% less than in 2019.

As to carrying value, the institution's book value in 2020 decreased, CRC 13.783 billion, 34% than the figure posted at the close of 2019.

Lastly, at year-end 2020, after payments and transfers, the entity had a bottom line of CRC 2.691, 69% less than the accumulated amount at the end of 2019.

ii. Relevant Facts

Relevant facts noted by the external auditors in the Financial Statements of the Junta de Protección Social (JPS), to 31 December 2020 are listed below. (**Qualified opinion**):

1. To 31 December 2020, no major correlation was seen between the land mentioned in the JPS Financial Statements and the records of the Public Property Registry.
2. To 31 December 2020, the Junta de Protección Social was found to not carry subsidiary records regarding the composition of the line item Other Miscellaneous Short-term Debts, the balance of which was CRC 925 million on that date.
3. To 31 December 2020, a provision for post-employment benefits reported CRC 191 million. This balance does not meet all conditions provided in International Accounting Standard N° 37, Provisions, Contingent Liabilities and Contingent Assets.
4. The liability structure of the Junta de Protección Social contains a provision for vacation in the amount of CRC 392 million, but lacks the individual monetary value per collaborator, reason why the report was not consistent with the nature and usefulness of a subsidiary record or detail.
5. At cutoff date of the independent auditor report, 31 December 2020, there was a difference between the account balance for inventory-related line items (CRC 278 million) and the subsidiary registry (CRC 642 million), highlighting a significant material restraint.
6. Audit reports were found to lack appropriate compliance-related information, which the internal auditors reported to Management as unfulfilled recommendations. These reports cover the period from 2014 to 2020, so this is a non-compliance with the current regulations and, if not corrected, could become a breach of duty, to be punished as appropriate.
7. Also noted was the partial compliance of external auditor recommendations for the years 2004 through 2019, in violation of the Law of Internal Controls, Articles 12 and 39.

iii. Relevant Indicators

Relevant indicators JPS (In millions of colones)	2017	2018	2019	2020
Return on Equity (ROE)	18%	25%	21%	10%
Return on Assets (ROA)	6%	8%	8%	3%
Long-term debt (Total Liabilities/Total Assets)	67%	68%	64%	72%
Operating margin	28%	32%	31%	29%
Pretax earnings	67 896	77 070	76 551	60 187
Net profit	5 648	8 369	8 662	2 691
Book value	31 295	33 228	40 776	26 993

Source: Audited Financial Statements for Junta de Protección Social, period 2017-2020.

iv. Relevant Variations

JPS-Variations 2020-2019 Period (In millions of colones)				
Item	2020	2019	Percent Change	Percent Weight
Cash and cash equivalents	90 801	7 888	1051%	82 912
Investments	0	99 556	-100%	-99 556
Total current assets	92 298	109 778	-16%	-17 480
Total non-current assets	3 411	3 085	11%	327
Total assets	95 709	112 863	-15%	-17 153
Debts	41 007	45 575	-10%	-4 567
Provisions and technical reserves	23 324	22 255	5%	1 069
Total current liabilities	64 359	67 866	-5%	-3 508
Long-term liabilities	3 062	2 738	12%	324
Total non-current liabilities	4 357	4 220	3%	137
Total liabilities	68 716	72 086	-5%	-3 370
Book value	26 993	40 776	-34%	-13 783
Total sales revenues	206 112	247 474	-17%	-41 362
Total operating income	207 631	254 575	-18%	-46 944
Operating expenses	28 069	23 360	20%	4 709
Transfers	26 232	39 788	-34%	-13 556
Total operating expenses	57 503	67 881	-15%	-10 378
Pretax earnings and liabilities	60 187	76 551	-21%	-16 363
Net profit	2 691	8 662	-69%	-5 971

Source: Financial Statements and Independent Audit Opinion of Junta de Protección Social to 31 December 2020.

c. Board of Directors

Chair	Other Members
 Esmeralda Britton González	José Mauricio Alcázar Román Maritza Bustamante Venegas Gerardo Villalobos Ocampo Urania Chaves Murillo Arturo Ortiz Sánchez Fanny Robleto Jiménez Felipe Javier Díaz Miranda Vertianne Fernández López

d. External Audit

Castillo-Dávila, Asociados

Judgment: Qualified (Negative)

Description	Website
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2018-2019	https://www.jps.go.cr/transparencia
2019-2020	https://www.jps.go.cr/transparencia

13. Correos de Costa Rica

Sector: Postal and courier services



Mission

“To bring together persons, businesses and organizations.”

Institution	Year of Creation	Creation Rule	Legal Nature	Highest Hierarchy
Correos de Costa Rica S.A.	1998	Law N° 7768	State-owned enterprise, established as a corporation	Board of Directors

The Costa Rican postal service, Correos de Costa Rica S.A. (Correos de Costa Rica), is a State-owned enterprise formally established in 1998. However, the General Postal Administration was first created in San Jose in 1849, based on a law⁵² of 28 December 1847 and eventually became a State-owned enterprise through Law 7768 of 24 April 1998. Correos de Costa Rica has now been operating for 20 years, a consolidated leader in the distribution and delivery of packages and documents throughout the country.

Correos de Costa Rica has 110 branch offices distributed nationwide, and keeps the country communicated with the rest of the world through the Global Postal Network, which comprises more than 190 countries, part of the Universal Postal Union (UPU).

In April 2018, Correos de Costa Rica innovated with the installation of 23 new smart PO boxes and 60 more were added recently, for a total network of 843 smart PO boxes in urban as well as rural settings countrywide.

Correos de Costa Rica has also contributed to decentralize government procedures by opening Electronic Service Windows (*Ventanillas Electrónicas de Servicios - VES*) in its branch offices, facilitating the processing of passports, residence cards and firearm permits.

a. Business Strategy

The institution operates under a project-based management strategy which lays out the duties of the operating, commercial and administrative areas. Stronger Asian e-commerce, accelerated growth of international mailboxes (Box Correos) and the integration of a specialized logistics solution for local SMEs (Pymexpress) have consolidated Correos de Costa Rica in the digital purchases market.

⁵² Mail Law

Figure 36. Correos de Costa Rica Strategy



Source: Taken from <https://correos.go.cr/vision-estrategica-empresarial/>

b. Financial Management

i. Financial Analysis

At the close of the 2020 period, Correos de Costa Rica experienced an increase in Cash and Cash Equivalents in the sum of CRC 1.868 billion, which is 63% higher than the figure posted to 31 December 2019. In that same period, accounts receivable dropped CRC 1.132 billion, but thanks to the increase in cash, current assets incremented CRC 948 million. Nevertheless, total non-current assets remained stable and total assets stepped up CRC 662 million.

Additionally, to 31 December 2020, total liabilities grew in CRC 1.000 billion, corresponding to 22% more than the amount posted at the close of 2019.

Worth noting, from 31 December 2019 to 31 December 2020, is the negative variation in traditional income, down CRC 1.335 billion. Income from outsourcing services decreased CRC 653 million and e-commerce revenues descended CRC 908 million, while courier service revenue increased CRC 2.553 billion, mitigating the total revenue drop of CRC 734 million, equivalent to 3%. The economic slowdown triggered by the pandemic accounts for such results.

Finally, at the close of the 2020 period, and compared with that of 2019, the entity increased operating expenses in CRC 543 million, fostering a final net deficit of CRC 337 million, which was 171% below the figure posted the previous year.

Despite the above, Correos de Costa Rica S.A. kept a stable carrying value, with a 1% reduction in book value to 31 December 2020, which is CRC 32.762 billion.

ii. Relevant Facts

Relevant facts signaled by the external audit of the Statements of Financial Position of Correos de Costa Rica S.A. to 31 December 2020 are described below. (**Qualified opinion**):

1. To the date of issuance of the independent auditors' report, Correos de Costa Rica S.A. was unable to correct the problems caused by its electronic billing system. The Administration did not perform a reconciliation to determine the percentage of revenue posted in accounts and define the portion effectively invoiced and accepted by the Ministry of Finance. This prevented expressing opinion regarding income balance.
2. Aside from the above, there were accounts receivable more than 91 days past due that were not recovered, ignoring whether this was caused by problems with the electronic billing system.
3. Correos de Costa Rica appraised its branches in 2020 in order to update their value to 31 December that year. The net total increase of land and buildings, according to those assessments, amounts to CRC 1.431 billion. Due to accounting system limitations, the land and building value was not updated and the fixed asset account is undervalued in CRC 1.431 billion, threefold the materiality calculated for the external audit.
4. At the close of 2020, the entity did not implement IFRS 16 for its lease accounting treatment.
5. The Administration did not reconcile the revenue accounting records with the Value Added Tax statements and electronic invoices issued in 2020.
6. The audit revealed relevant issues and, therefore, its correct control and accounting records require the judgment call of the Administration regarding fixed assets, sales process, and control measures.

iii. Relevant Indicators

Relevant indicators Correos de Costa Rica (In millions of colones)	2017	2018	2019	2020
Return on Equity (ROE)	8%	4%	1%	-1%
Return on Assets (ROA)	6%	3%	1%	-1%
Long-term debt (Total Liabilities/Total Assets)	24%	13%	12%	14%
Operating margin	6%	8%	3%	-0,6%
Profit/Loss before taxes	1 318	1 923	775	-154
Net Profit/Loss	896	1 280	473	-337
Book value	11 354	32 620	33 099	32 762

Source: Audited Financial Statements for Correos de Costa Rica, periods 2017-2020.

iv. Relevant Variations

Correos de Costa Rica-Variations Period 2020-2019 (In millions of colones)				
Item	2020	2019	Percent Change	Percent Weight
Cash and cash equivalents	4 810	2 942	63%	1 868
Accounts receivable	3 595	4 727	-24%	-1 132
Total current assets	9 192	8 244	11%	948
Property, buildings and equipment	27 177	27 691	-2%	-514
Total non-current assets	29 070	29 355	-1%	-285
Total assets	38 261	37 599	2%	662
Total current liabilities	5 393	4 383	23%	1 010
Total non-current liabilities	107	117	-9%	-10
Total liabilities	5 500	4 500	22%	1 000
Book value	32 762	33 099	-1%	-337
Traditional revenue	1 301	2 636	-51%	-1 335
Revenue from Courier service	13 583	11 030	23%	2 553
Revenue from Messaging service	2 307	2 336	-1%	-29
Revenue from outsourced services	3 118	3 771	-17%	-653
Revenue from e-commerce	3 727	4 635	-20%	-908
Total revenue	24 935	25 669	-3%	-734
Expenses for personal services	15 798	15 791	0,04%	7
Expenses for non-personal services	6 640	6 521	2%	119
Total operating expenses	25 558	25 015	2%	543
Operating profits/losses	-623	653	-195%	-1 276
Profit/Loss before taxes	-154	775	-120%	-929
Net Profit/Loss	-337	473	-171%	-810

Source: Audited Statements of Financial Position for Correos de Costa Rica S.A., to 31 December 2020.

c. Board of Directors

Chair	Other members
 <p>Xinia Sánchez Reyes</p>	<p>Isabel Ovares Ramírez José Murillo Sánchez Antonio López Escarré Carlos Pérez Vargas Lidiette Cruz Rodríguez</p>

d. External Audit

Consortio EMD

Judgment: Qualified (Negative)

Description	Website
2018-2019	https://correos.go.cr/informes-financiero/#1622221727554-69da271c-98c9
2019-2020	https://correos.go.cr/informes-financiero/#1622221727554-69da271c-98c9

E. Non-financial Information on State-Owned Enterprises

The following section introduces and analyzes non-financial information related to corporate governance of SOEs. This 2021 edition of the Aggregate Report allows for a comparative review of such data, using the 2020 Aggregate Report results, the second report, as baseline. Effective disclosure of corporate information, together with accountability based on the principle of transparency, are the cornerstone of sound corporate governance. A clear description of the strategic horizon of efforts undertaken, the persons (and their qualifications) heading such efforts, the financial performance in the market, and the policies that drive institutional endeavors and relationships with the target audience, among other aspects examined herein, allow these institutions to bolster their credibility, apply for national and international funding, strengthen organizational cohesion, and demonstrate, in a quantifiable manner, their contribution to the creation and preservation of public value. Moreover, the citizens, as owners of such SOEs, can leverage their right to access information and keep abreast of events, significant (material) developments or other happenings that may have a weighty impact on SOE performance and value, and can utilize essential data to entice these enterprises to continuously improve.

I. Methodology

The indicators examined are supported by the minimum disclosure standard set out in Directive 102-MP⁵³ of 06 April 2018. Article 8 thereof instructs the individuals of concern to include specific information in annual reports. Nonetheless, making information available in annual publications or documents already produced regularly pursuant to other laws or regulations is encouraged, to avoid duplicating requirements, in detriment of efficiency.

In virtue of the above, disclosure also covers other annual publications by SOEs, such as sustainability reports, corporate governance reports, audit, or fiscal year reports, including personnel performance evaluations and financial information analyses. It is worth highlighting that for business groups or financial conglomerates, namely those SOEs that own subsidiary enterprises, ICE and RACSA as an example, compliance is gauged at the level of the “holding company”. Documents and websites mentioned in this analysis were examined between 11 October and 17 December 2021.

Annual reviews are a major tool to identify areas of improvement in SOE communications or to calibrate their transparency goals. However, when considering aspects such as access, effective communication and breadth of audience, official websites need to contain pages or sections where the general public can find short, but substantive, descriptions of the different

⁵³ General policy on disclosure of financial and non-financial information for State-owned enterprises, their subsidiaries and autonomous institutions

areas of interest mentioned above with regards to good corporate governance practices or provide clearly identifiable links that guide the person to pages or documents of interest. As agent owner of such enterprises, the Executive Branch expects compliance with the minimum standards of disclosure throughout this report, in observance with the abovementioned Directive.

II. Regulations: Necessary, but not Enough

When referring these sources of information for the public to use such channels to consult laws and regulations or to search for relevant or related information, the user is expected to have the technological skills or background to interpret or easily understand the content and scope of the regulations examined.

Reference to applicable regulations that specify institutional powers and attributions is indispensable in order to ensure legal certainty and shape informed opinions about institutional actions but, in itself, does not allow users to access a general explanation of the information sought. Therefore, the present verification exercise will only consider compliance of regulatory references that are accompanied by a description of the provisions of interest.

A good example of this is the process to select a board of directors or government body: sometimes it only mentions the regulatory instrument that establishes such, but does not describe the process, frequency or requirements.

III. Availability versus Visibility

On a similar line, a review of individual indicator information on an institutional website only verified that the information was mentioned in an institutional annual report if the document was available on the website.

But this practice does not foresee the diversity of users that consult websites. Some may have specific access needs, like a screen reader, making it difficult for them to use links or open documents or files on a web browser, and others may have difficulty locating automatically downloadable documents on the local storage.

Additionally, users might not be familiar with the usual contents of documents such as corporate governance reports or sustainability reports, or even be unaware of their existence, meaning they would not use them as primary source of information. However, exceptions apply to information found in documents directly related to a given indicator (e.g. the duties and functions of a board of directors or government body are located under “Board of Directors Internal Regulations”).

Based on the above, compliance with website transparency and disclosure indicators will only verify whether such information is directly in a section or tab of the institutional website, or if a link is provided and users are told to click on it to go to a site or document that contains the content of interest.

IV. Multi-element Indicators

Some indicators used, as described below, include more than one variable when the information calls for supplementary elements for adequate disclosure. This is the case of

board or government body members, whose names must necessarily be accompanied by references that support their suitability as member of such collegiate body.

Following this same example, two other components of the indicator include information on their participation in other boards, and an opinion on their independence, for a total of four aspects to examine. Each indicator is deemed approved if at least half of its elements are met. This section, focusing on the analysis of non-financial indicators, seeks to improve the quality and consistency of disclosed information, both on the institutional website and in annual public reports. Thus, it targets the following key indicators, grouped into 5 categories according to their characteristics:

1. Transparency

This category groups 15 indicators related to enterprise information disclosure practices, existence of internal regulations applicable to this and other business management aspects and publication of information related to the entity's roles and responsibilities, including services rendered and relevant data about its board of directors or government body.

Abbreviation	Transparency
T1	Issue a confidentiality policy
T2	Institutional self-assessment regarding transparency and disclosure
T3	Objectives, competencies and services provided by the entity
T4	Entity duties
T5	Government body composition: name, merits and references, leading positions in other enterprises, statement of independence of each member
T6	Government bodies: duties and powers
T7	Government bodies: appointment method
T8	Remuneration policy for government body and senior management members: performance-based or results-based, additional financial or non-financial benefits and their legal source
T9	Mechanisms to address conflicts of interest
T10	Relationship with linked or related parties
T11	Collaborator retention rate
T12	Firm procedures to create new subsidiaries, mergers or total or partial takeovers
T13	Existence of ethics policies
T14	Existence of sustainability policies
T15	Existence of corporate governance policies

2. Strategy

This category brings together 7 indicators as well as information to help the public understand, in general terms, the direction the enterprise is taking, its plans and how it addresses risks that may hinder achieving its strategic goals.

Abbreviation	Strategy
ES1	Existence of an Institutional Strategic Plan (ISP) and its characteristics
ES2	ISP: existence of a baseline and defined goals
ES3	ISP: development, participants and dissemination
ES4	ISP: monitoring and evaluation
ES5	Existence of key position succession plans
ES6	Results of SEVRI assessment, identifying possible material risks and their mitigation mechanism
ES7	Human resource training and development policies or programs

3. Audit

This category covers 10 indicators of basic information related to the key element of enterprise control. It includes the recruitment, operation and reporting of internal and external audits, and follow-up of their recommendations, aside from good practices in auditor rotation.

Abbreviation	Audit
A1	Existence of internal audit mechanisms
A2	Internal audit: functions
A3	Internal audit: recruitment modalities
A4	Internal audit: summary of task performance and report follow-up
A5	Existence of external audit mechanisms
A6	External audit: functions
A7	External audit: recruitment
A8	External audit: summary of task performance and recommendation follow-up
A9	Report on regular external auditor rotation
A10	Duration of current external auditor appointment

4. Evaluation

This category consists of 5 indicators, 4 of which deal with a program to assess board or government body performance. The fifth one assesses institutional performance as compared with its initial objectives.

Abbreviation	Evaluation
EV1	Existence of board and senior management performance assessments
EV2	Management performance assessment: methods and outcomes
EV3	Management performance assessment: tool and indicators utilized
EV4	Management performance assessment: priority to customer, user or consumer opinions
EV5	Institutional performance assessment methods and results

5. Financial

This indicator envelops 5 indicators related to availability of institutional economic performance data. The key indicator is availability of the most recent annual financial statements, certified by an external auditor by means of a positive or negative opinion. These financial statements must be accompanied by accounting notes that provide account details, major changes over the period and any other relevant information related to institutional accounting practices.

As an important element when adopting good corporate governance practices, enterprises are, together with the national accounting standards regulators (the National Accounting Office, for non-financial State-owned enterprises, and the National Council for the Supervision of the Financial System, CONASSIF, for financial sector enterprises) currently in the process of adopting the International Financial Reporting Standards (IFRS). Having established a plan of action and follow-up matrices, enterprises identify areas where accounting practices diverge from the standard and explain how the situation will be corrected.

For non-financial enterprises, this information must be reflected in the notes to financial statements. To ensure clear communication with citizens, it is vital to publicize a general summary with the most important information in the financial statements, such as balance sheet, major changes that affected finances during the period, and the external auditor opinion and recommendations. With this, anyone can have a general idea of the institution's financial position and its possible outlooks.

Abbreviation	Financial
F1	Audited financial statements available for the most recent period
F2	Simplified but sufficient version of the balance sheet and key points in financial statements
F3	Supplementary Accounting Notes
F4	Self-assessment templates and IFRS plans of action (National Accounting)
F5	Opinion of the external auditors regarding the financial statement

V. Overall Compliance

The average compliance rate with the indicators reviewed is 77%. The following table provides details on the implementation rate of each State-owned enterprise, in descending order:

Figure 37. Overall compliance with transparency and disclosure of financial and non-financial information per institution (Directive 102-MP)

N°	SOEs	Report	Website	2020 Score	2019 Score	Variation
1	BCR	100%	100%	100%	64%	↑ 36%
2	ICE	93%	83%	88%	62%	↑ 26%
3	INS	93%	83%	88%	56%	↑ 32%
4	RECOPE	90%	90%	90%	54%	↑ 36%
5	BNCR	93%	95%	94%	51%	↑ 43%
6	AYA	69%	69%	69%	42%	↑ 27%
7	INCOP	86%	86%	86%	40%	↑ 46%
8	Correos de CR	86%	67%	76%	31%	↑ 45%
9	INCOFER	76%	64%	70%	25%	↑ 45%
10	SINART	76%	60%	68%	25%	↑ 43%
11	JAPDEVA	52%	55%	54%	20%	↑ 34%
12	JPS	71%	62%	67%	14%	↑ 53%
13	CNP-FANAL	55%	40%	48%	10%	↑ 38%

Source: Advisory Unit

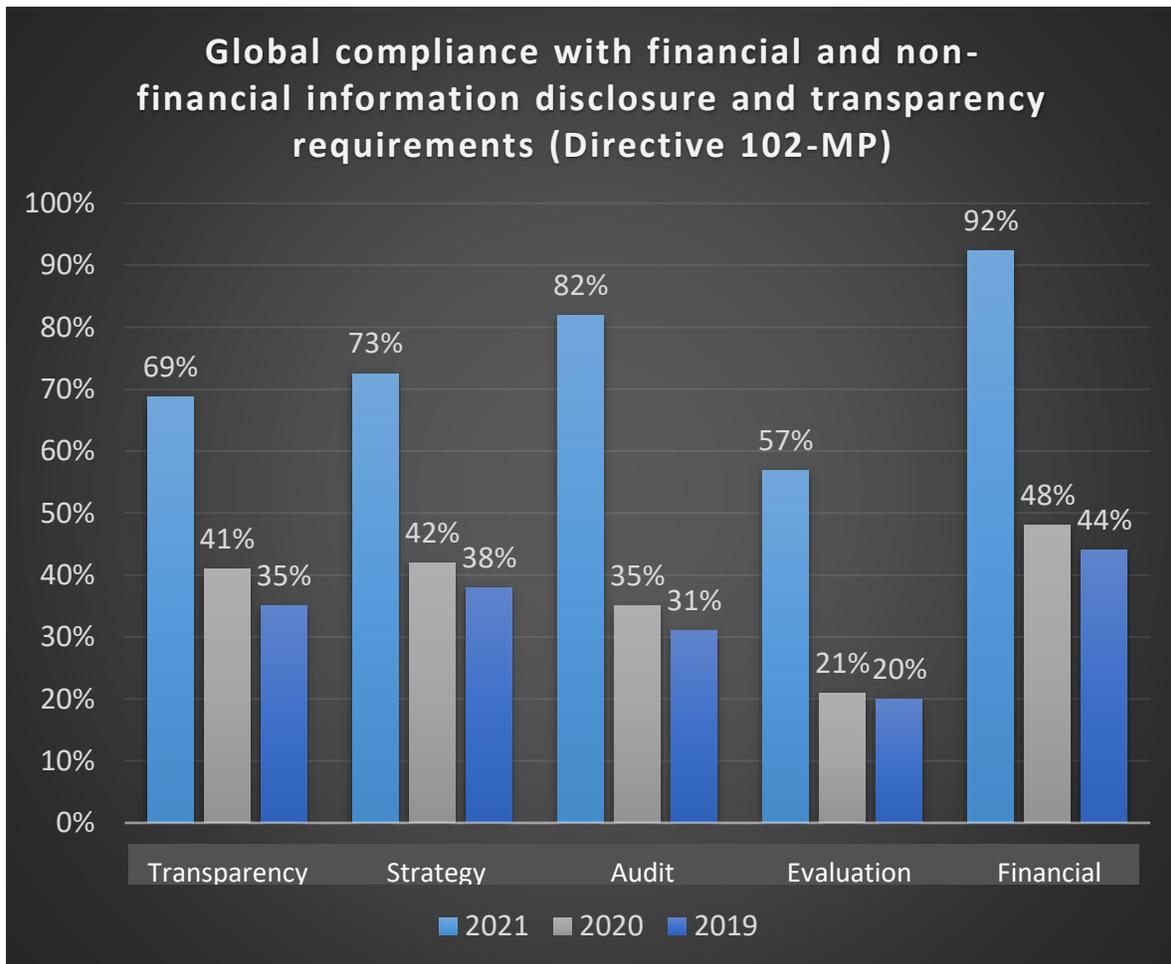
According to the overall compliance rate presented in Figure 27, all State-owned enterprises improved their implementation of the information disclosure and transparency standards as part of good corporate governance practices.

Specifically, regarding institutions, the most substantive improvement was achieved by the BCR financial conglomerate,⁵⁴ with 64% improvement over the previous review.

On the other hand, overall financial compliance increased in the area of corporate governance best practices. The compliance rate, per category, is shown below.

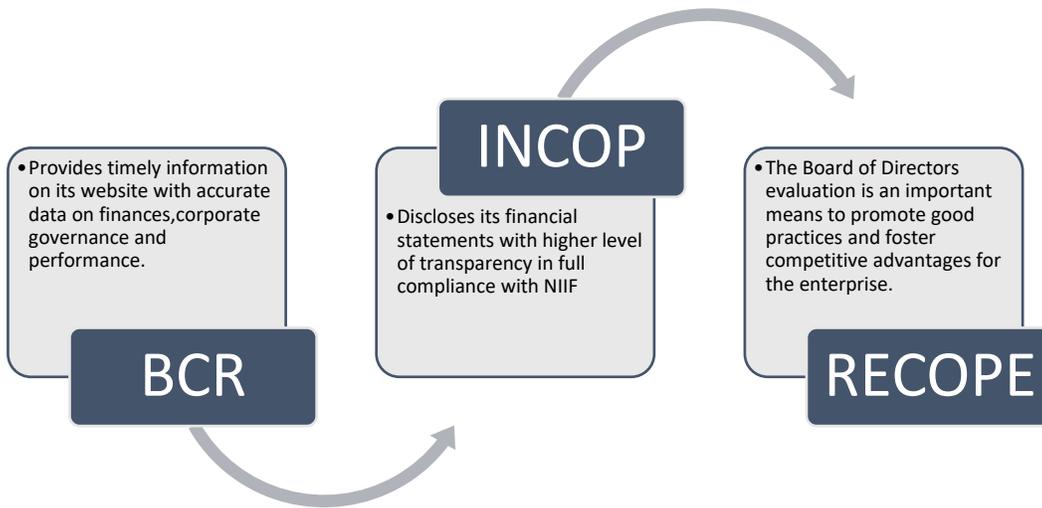
⁵⁴ Taken from https://www.bancobcr.com/wps/portal/bcr/bancobcr/acerca-del-bcr/gobierno_corporativo

Figure 38. Overall compliance with Directive 102-MP



Source: Audit Unit

VI. Best Practices



VII. Disclosure on Institutional Websites

An analysis of variations in aggregated indicator compliance is presented below and covers information disclosed on institutional websites and annual reports.

a. Transparency

Concerning transparency, information disclosed on institutional websites has shown an improvement. More institutions have expanded disclosure practices by reporting how they treat confidential information (T1), entity objectives, competencies and services (T3), and board or government body member duties, powers and selection process (T6, T7).

The same applies to mechanisms to address conflicts of interest (T9), relationship with linked or related parties (T10), sustainability policies (T14) and corporate governance policies (T15).

Figure 39. Correos de Costa Rica Website

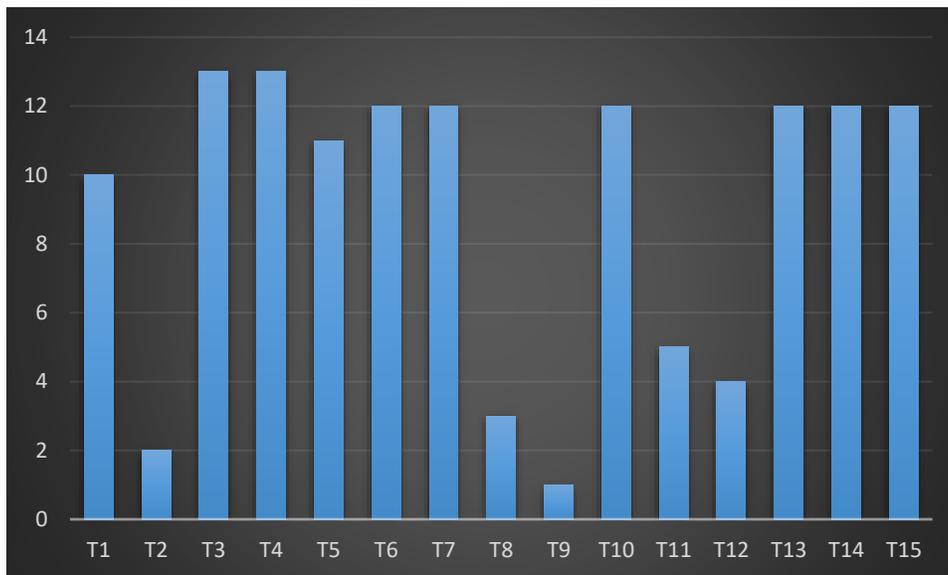


Source: Taken from Correos de Costa Rica website

The inclusion of information on procedures to establish, sell or acquire companies under its ownership, i.e. subsidiaries, (T12) has improved.

Institutional self-assessment, on the other hand, regarding adoption of decrees and directives related to open-source data, transparency and access to information (T2), revealed significant room for improvement.

Figure 40. Compliance with Transparency indicators on the website



Source: Advisory Unit

b. Strategy

The category named Strategy also displayed an improvement in evaluation. Availability of information on the existence of an Institutional Strategic Plan (ISP), and its characteristics, (ES1) can be considered the baseline indicator in this category.

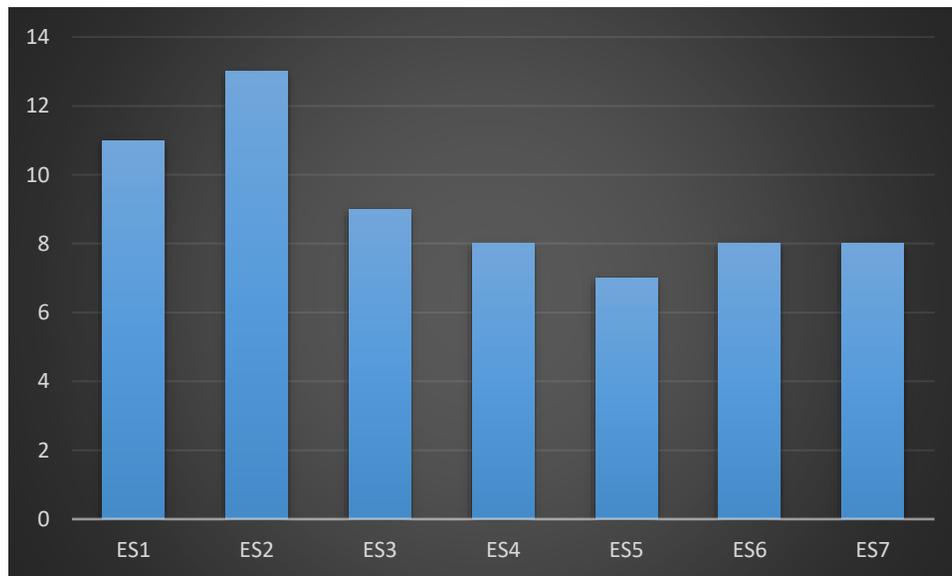
Nevertheless, other key information highlighting public opinion about the soundness of the process, such as having a plan with a defined baseline and goals (ES2), the methodology used to develop it, participants in the process and how the plan is communicated to ensure its adoption in the organization (ES3), was evident on different websites.

This also applies to institutional risk assessment results, either using the Specific Institutional Risk Assessment System (SEVRI) or another mechanism (ES6), and to references about human resources training and development policies and programs available (ES7).

However, disclosure of information regarding ISP compliance monitoring and evaluation (ES4) and personnel training policies or programs (ES7) experienced a drop in compliance on occasion of the COVID 19 pandemic.

These latter results single out, for third year in a row, an accountability shortfall in these institutions regarding follow-up of oftentimes ambitious public administration plans, potential risks to their ongoing implementation, and how to promptly address such risks.

Figure 41. Compliance with Strategy on the website



Source: Advisory Unit

c. Audit

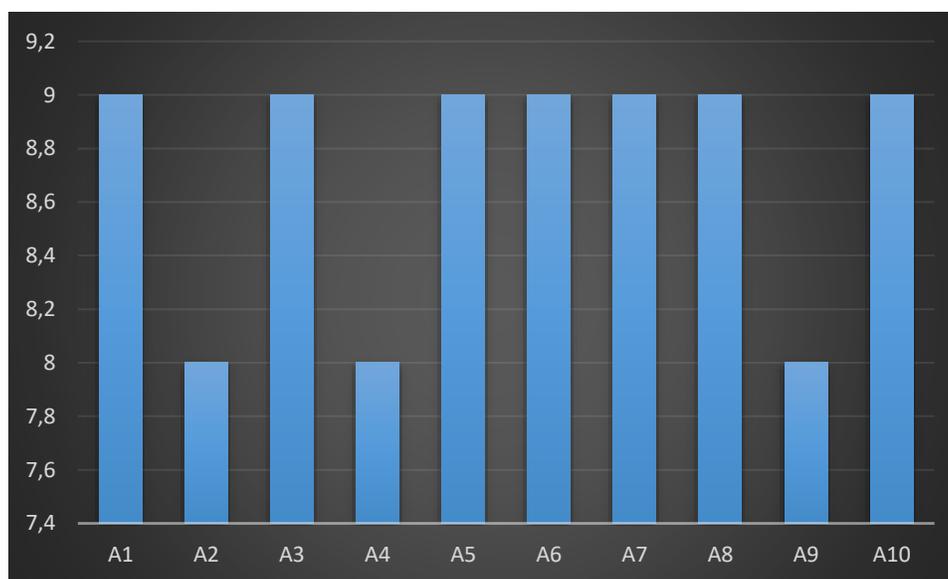
The set of Audit-related indicators experienced a significant improvement in website implementation, mostly in observance of Directive N° CN-001-2019 Financial Statement Filing Dates (EEFF). This indicator exhibits the highest compliance rate, in fact the first to

reach 80%, and refers to information available on websites regarding the external audit mechanisms (A1) available.

The indicator for the process to hire an internal auditor (A3) is only explicitly mentioned on the Grupo ICE website, which posts its regulations for the appointment or removal of an Internal Auditor. Other SOEs have this information in accountability reports or other documents. Although established by the CGR and applicable to all entities, publicizing this process helps the public better understand the scope and differences between sound private enterprise and SOE controls.

In stark contrast, a recurring weakness was found in the manner in which entities monitor the communication of external audit results and how they follow up on findings and recommendations (A8). This indicator, as well as the one related to the external auditor selection process or mechanism (A7), remains unchanged, and only one enterprise complies. Finally, considering that good practices recommend not using the same external auditor more than five years in order to ensure impartiality and independence, little progress has been made communicating how long an institution has been audited by the same person or firm (A9).

Figure 42. Compliance with Audit indicators on the website



Source: Advisory Unit

d. Evaluation

Evaluating the performance of boards of directors or government bodies of State-owned enterprises was not common practice. In fact, in 2019, only 5 of the 13 entities mentioned on their websites that they apply this practice (EV1).

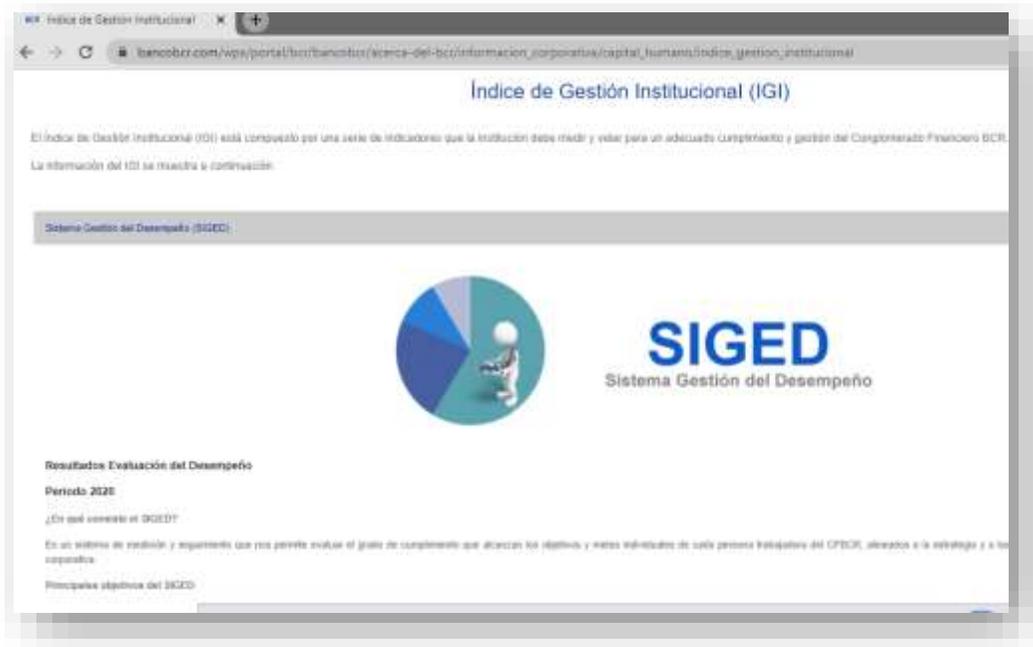
Despite the publication and monitoring of Directive N° 039 – MP “General Policy for the Implementation of a Performance Assessment of Boards of Directors or Governing Bodies

of State-Owned Enterprises and Autonomous Institutions,” dated 07 March 2019, the number of enterprises that meet this indicator varies.

The methodology and results of other institutional collaborator performance reviews (EV5) are quite similar disclosing the Board member and senior management (T8) compensation scheme. There is no clear evidence that senior managers and other collaborators are evaluated using the same system, or whether some are not evaluated at all.

Still absent in board or government body performance reviews is assigning priority to the views of customers or users about institutional services (EV4). This is fundamental to fully gauge the work of a board or government body since it is responsible, in the end, for the satisfaction of buyers or users of the goods and services. This directly impacts the success of the strategic direction of an enterprise to meet its objectives, following the principles of economy, efficiency and efficacy in the mobilization and use of public resources.

Figure 43. Compliance with Evaluation indicators on the website



Source: Advisory Unit

e. Financial

The Financial category, the most basic indicator in the group, informs whether an institution has the most recent audited annual financial statements (F1), in this case 2019-2020.

Moreover, an institution must necessarily offer the public a simplified description of its financial results (F2), ensuring they contain sufficient information on key points that help the querier understand, in general, its commercial results and events that have affected it.

Accounting notes to supplement SOE annual audited financial statements (F3) and updates on the adoption of IFRS and its corresponding plan of action with the National Accounting Office (F4), show variations over 2019.

Figure 44. Compliance with Financial indicators on the website



Source: Advisory Unit

VIII. Disclosure on annual company reports

As explained in the Methodology section, the information used to assess compliance was gathered from the different 2020 annual reports published. These reports include corporate governance, sustainability, annual activities, accountability, institutional management and similar information found on the official institutional websites and on other official government pages.

1. Transparency

Annual reports evidence fluctuations in individual indicator compliance. Matters related to the government body stand out in annual publications because they are used by diverse stakeholders, including media and financial institutions, to gather information about an institution and its endeavors.

An improvement is observed in 2020 regarding disclosure of government body members, their skills, seats on other boards, and, if applicable, identification as independent member (T5). The member selection process (T7), not included in previous annual publications, is now communicated by 4 enterprises.

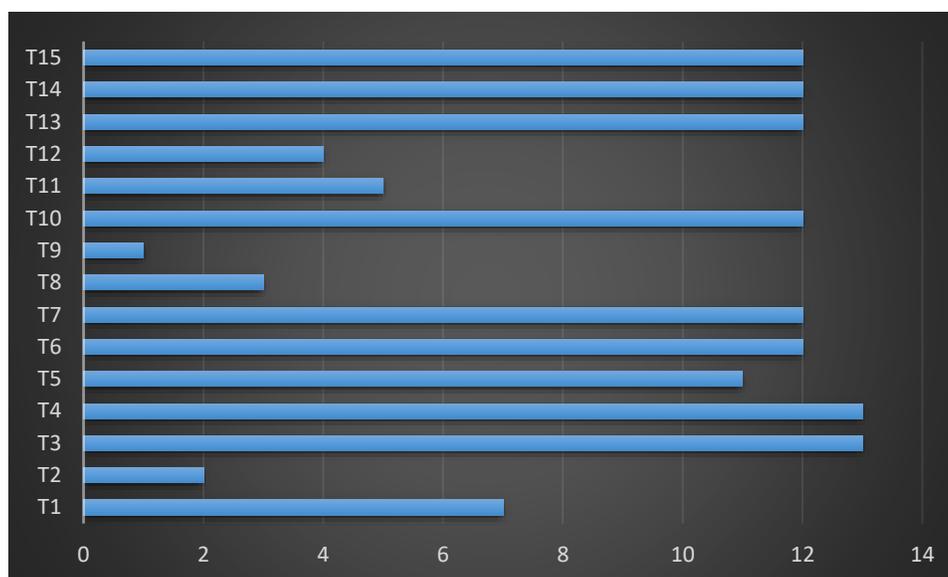
Enterprise objectives, competencies, services and obligations (T3, T4), firm processes for the establishment, sale or acquisition of enterprises under its ownership (T12), collaborator retention rate (T11) and existence of sustainability policies (T14) also had a better level of implementation.

Supplementary information on government body performance (T6) does not reflect the same trend as director information, and 3 enterprises remain at the same level of compliance as in 2019. The same happens with mechanisms to deal with conflicts of interest (T9), relationships with linked or related parties (T10), existence of ethics policies (T13) and treatment of confidential information (T1).

The present analysis also reveals certain content that has disappeared from some reports, namely institutional self-assessment of transparency and dissemination of open-source data (T2), and government body and senior management remuneration (T8).

Another publication frequently visited by certain stakeholders, particularly national and international financial entities being approached to obtain funding, covers corporate governance policies (T15).

Figure 45. Compliance with Transparency indicators in annual reports



Source: Advisory Unit

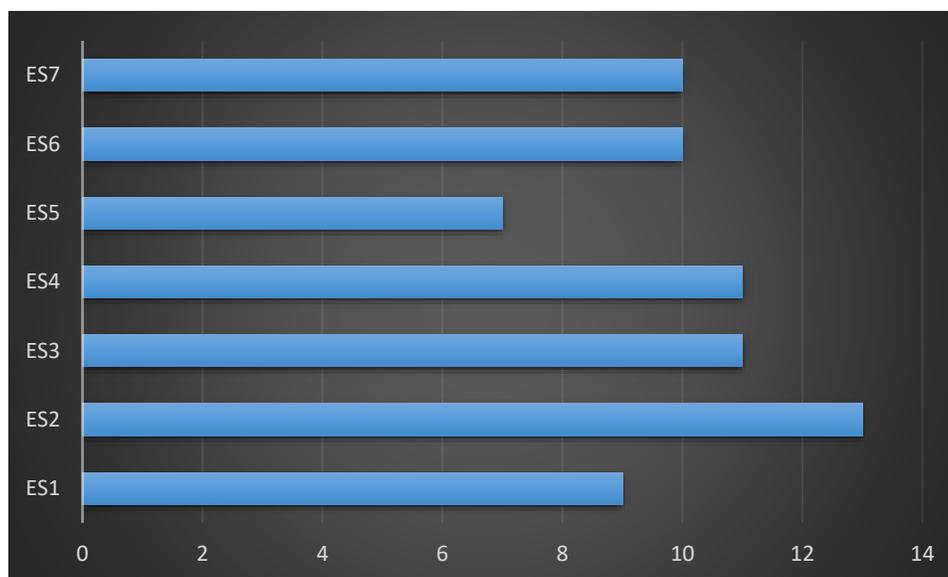
2. Strategy

Concerning Strategy indicators, there is greater compliance with their disclosure in annual reports than on websites. More details on strategic planning (ES1), risk management (ES6) and succession planning for key collaborators (ES5) are provided.

Most elements related to the Institutional Strategic Plan (ISP) had a better implementation level. In 2020, more enterprises informed about their ISP, including general characteristics (ES1), definition of baselines and goals (ES2) and compliance monitoring and evaluation (ES4).

Annual SOE publications are expected to also include information on their institutional risk assessments, either using the Specific Risk Assessment (SEVRI) or similar methodology. This indicator also includes complementary elements such as a general description of material risks detected, mitigation mechanisms (ES6), and increased compliance. Another indicator on the rise is information about human resource training and development policies or programs.

Figure 46. Compliance with Strategy indicators in annual reports



Source: Advisory Unit

3. Audit

The Audit dimension encompasses indicators added to corporate governance standards right when these were developed by specialized international organizations, especially those responsible for supervising the financial sector. Financial information more accurately and faithfully reflects the financial position of an enterprise and the audit, in fact, certifies that is the case.

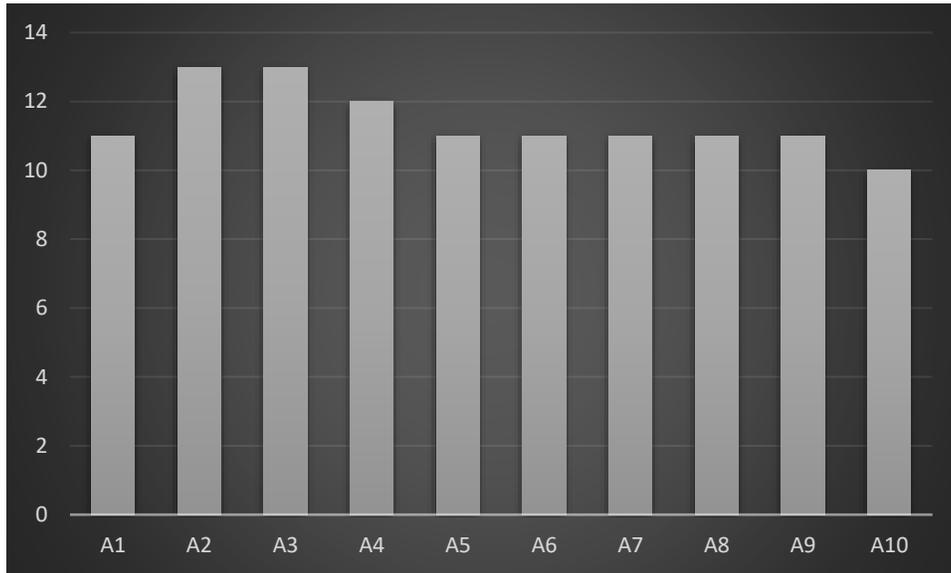
Reviews were coordinated and performed in the first quarter of 2020, coinciding with the onset of the sanitary emergency triggered by the SARS-CoV2 virus, causing a significant delay in normal institutional processes and altering the financial resources set aside to engage audits.

Independence of external auditors, who attest to the quality of information given by an enterprise, is essential to prove there are no interests that could affect their opinion regarding data legitimacy. The policy related to regular rotation of auditors or audit firms (A9) should be disclosed, but was not the case in any 2019 annual report. However, several SOEs, including the INS, offer that information in 2020. Another related indicator not mentioned in

2019 either, but now appearing in 2020, is the duration of an external auditor appointment to a given SOE (A10).

Internal audits, as part of the institutional structure, did not experience changes and delays due to the pandemic. However, disclosure of related indicators dwindled.

Figure 47. Compliance with Audit indicators in the annual reports



Source: Advisory Unit

4. Evaluation

Indicators under the Evaluation category also displayed a drop in overall compliance. Nevertheless, the information provided in several annual publications was quite thorough. No information is detected regarding public comment in the process. Both in 2019 and in 2020, no SOE mentioned that customer or user comments about their services were a priority in their government body performance assessment (EV4).

Figure 48. Compliance with Evaluation indicators in annual reports



Source: Advisory Unit

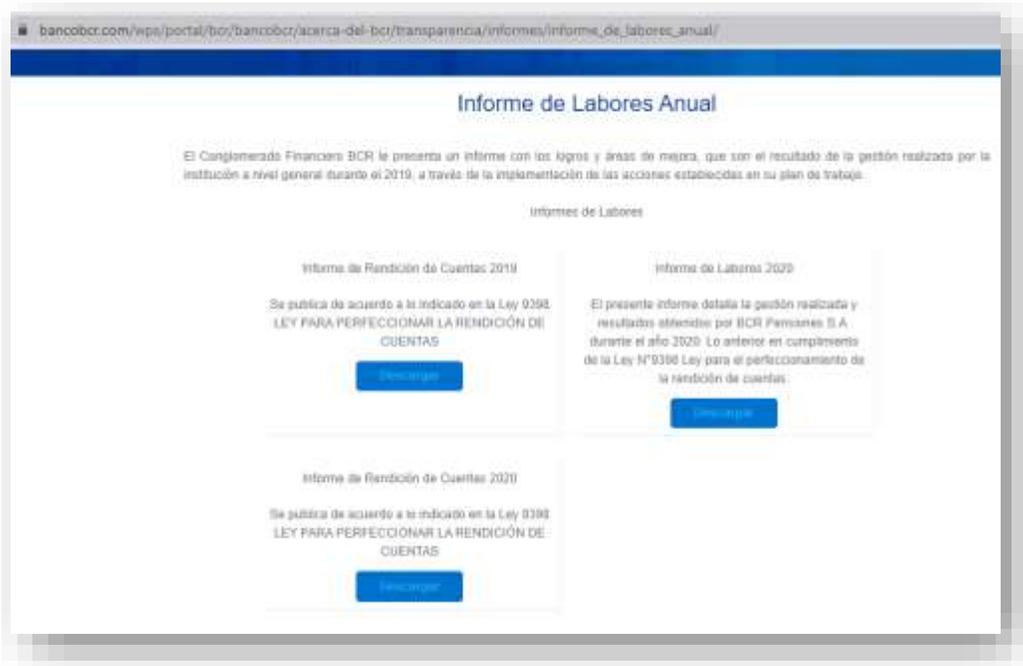
5. Financial

In the Financial category, the inclusion of information on the most recent SOE audited financial statements coincides with the contents on their websites.

A review of annual publications shows, in all cases, additional financial statement details. These include information about the contents of accounting notes that complement financial statements (F3).

Some reports include a simplified, yet sufficient, explanation of the balance sheet and other key elements of their financial statements (F2), but do not indicate whether such information was audited.

Figure 49. Compliance with Financial indicators in annual reports



Source: Advisory Unit

II. Conclusions

Although some enterprises revealed board or government body member remuneration details, the same does not apply to senior management and supporting criteria. Occasionally, when management is included in an institutional salary list, no mention is made as to whether such remuneration is defined by a rule or the government body

A compliance comparison of information disclosed on institutional websites and in 2020 annual reports shows very similar results, with 45% greater implementation on websites. This could be caused by the manner in which other institutions monitor such disclosure, such as the Open Government provisions promoted by the Central Government, and the Institutional Performance Index of the Comptroller General of the Republic.

F. Notes of Expectations

The Government Council, as the active and informed owner, must set priorities to foster dialogue and mutual understanding between the State and institutional senior management. As clearly set out in the framework of reference, charting a good administration highlights the corporate governance elements needed to ensure the optimal performance of State-owned enterprises. For this, the Executive Branch must outline the results expected for each year, translated into so-called “Notes of Expectations.”

A note of expectations aims to give State-owned enterprises (SOEs) and the general public greater certainty and clarity about Administration priorities in line with the current legal framework and enterprise strategic objectives, along with time-specific commitments and verifiable results, as part of the active and informed role of the State as owner.

The notes of expectations point out both financial and non-financial performance results to guide SOEs towards priorities established according to public interest and financial sustainability objectives, while seeking to ensure these results fulfill the following characteristics:

1. Relevant and related to the entity line of business or function, and its legal framework.
2. Linked to institutional strategy and objectives.
3. Aligned with the National Development and Public Investment Plan (PDID), Sustainable Development Goals, and any other medium- or long-term sectorial or national planning tools.
4. Specific, measurable, attainable, time-specific and growth- and results-oriented.
5. Facilitate benchmarking a “comparative evaluation” to identify performance gaps and appropriate institutional goals.

The notes of expectations have been a pillar, rigorously developed by the Advisory Unit for the Direction and Coordination of State Share Ownership and Management of Autonomous Institutions (UAPA), to achieve objectives in favor of public value and the development of society and the nation as a whole.

Setting goals and objectives for each SOE through these notes will help the State track the value of business performance and enterprise mission, among others.

Besides, the process begins with a strategic review to determine whether to make key adjustments to the initial proposal or use it as a first draft of the notes of expectations.

The drafted notes are then shared and discussed in a technical work session with UAPA representatives and key SOE technical representatives to adjust or modify, if necessary.

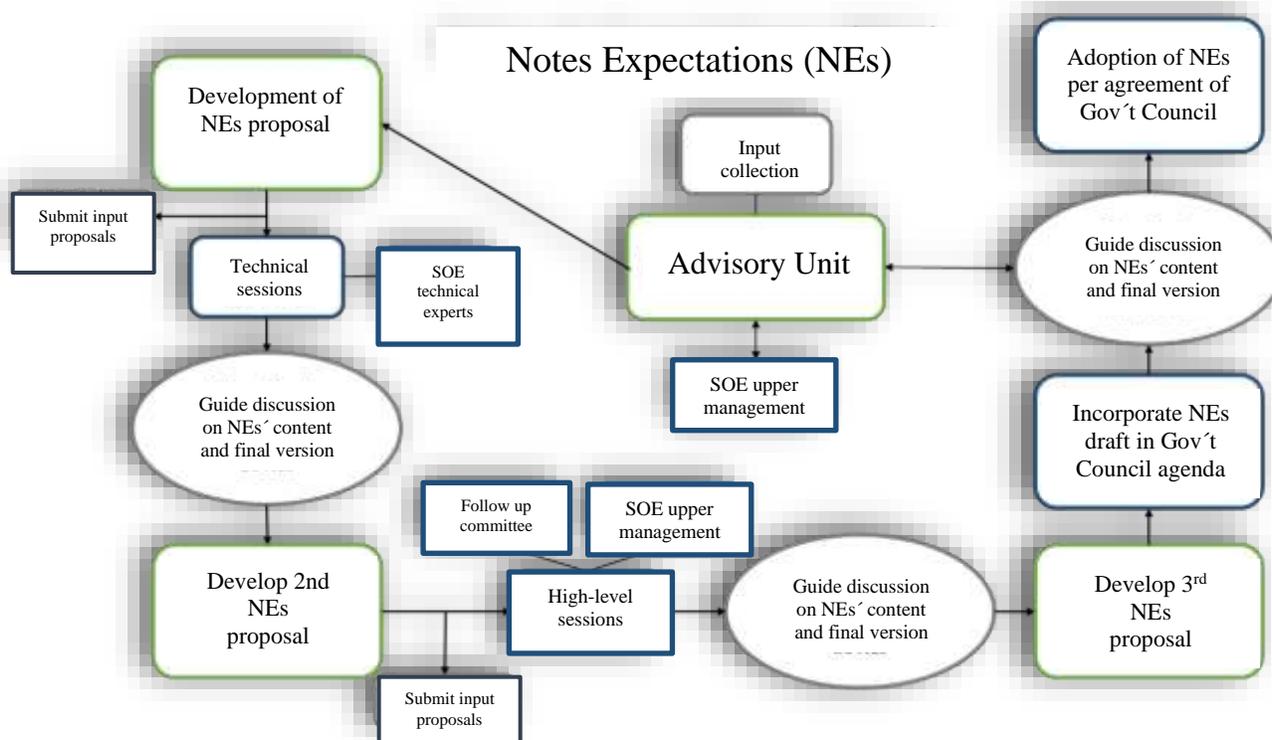
Thereafter, the document is further discussed at a higher-level meeting with members of UAPA, the Steering Committee on State-Owned Enterprises, the sectoral Ministers and the chair of SOE board, to produce a final draft.

The document is then placed on the Government Council agenda for presentation. After any observations and/or changes, the draft is sent back to the Advisory Unit which, in coordination with the SOEs, makes the necessary adjustments.

Subsequently, the Advisory Unit sends the updated draft back to the Government Council, for final approval in the form of a Government Council Agreement, and then shared with SOEs for implementation.

The image below depicts the note of expectations' construction process.

Figure 50. Diagram of the Notes of Expectations



Source: Developed internally by UAPA

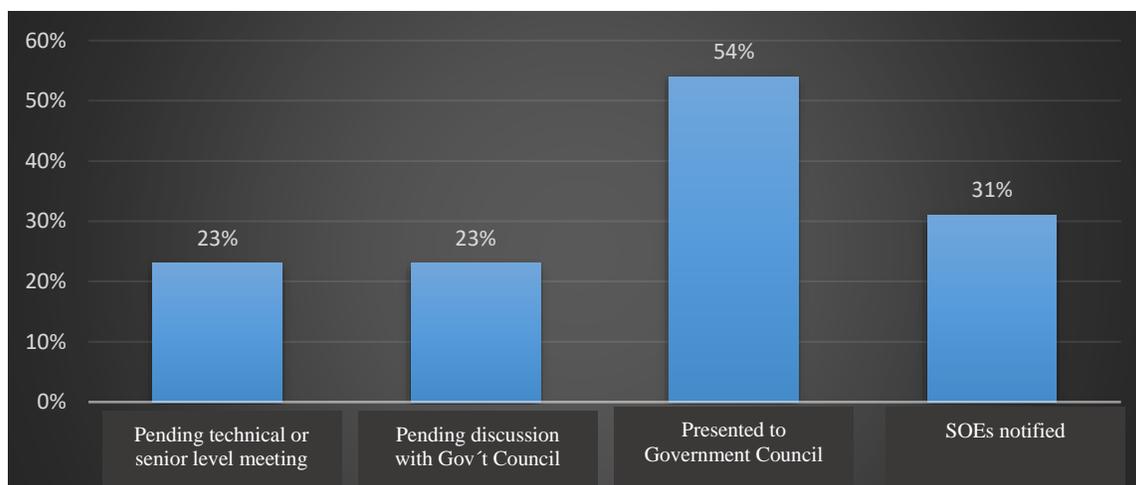
Progress made towards a note of expectations is gauged by the Advisory Unit for the Direction and Coordination of State Share Ownership and Management of Autonomous Institutions by means of a partial review after 6 months of implementation, and compliance with the provisions is evaluated once the note period expires.

Pursuant to Executive Decree N°40696-MP of 20 October 2017, the Advisory Unit has coordinated the development of the notes of expectations with 13 State-owned enterprises, listed below:

N°	State-owned Enterprise
1	Instituto Nacional de Seguros (INS)
2	Junta de Administración Portuaria y de Desarrollo Económico de la Vertiente Atlántica (JAPDEVA)
3	Instituto Costarricense de Puertos del Pacífico (INCOP)
4	Consejo Nacional de Producción (CNP)
5	Refinadora Costarricense de Petróleo S.A.(RECOPE)
6	Instituto Costarricense de Electricidad (ICE)
7	Instituto Costarricense de Ferrocarriles (INCOFER)
8	Sistema Nacional de Radio y Televisión S.A.(SINART)
9	CORREOS DE COSTA RICA
10	Banco Nacional de Costa Rica (BNCR)
11	Banco de Costa Rica (BCR)
12	Instituto Costarricense de Acueductos y Alcantarillados (AYA)
13	Junta de Protección Social (JPS)

The development of the notes of expectations started in early April, with the aim to end in December, but external factors have delayed compliance of some SOEs, as presented below:

Figure 51. Status of the Notes of Expectations up to December 2021



Source: Developed internally by UAPA.

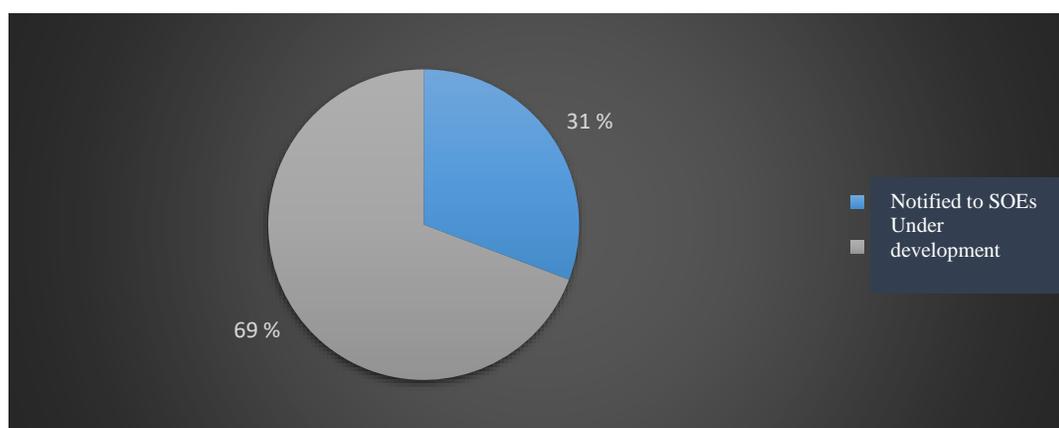
The above image shows the detailed manner in which the notes of expectations are monitored. Twenty-three percent of the SOEs are waiting for the technical meeting; in other words, a first draft is already available to discuss with senior management and technical experts. These specific institutions are: Instituto Costarricense de Puertos del Pacífico (INCOP), Junta de Protección Social (JPS), and Instituto Costarricense de Electricidad (ICE).

Additionally, 23% of the SOEs are waiting for their notes to be discussed at a Government Council meeting, that is, the final draft note is waiting to be forwarded to the Government Council. These institutions are: Instituto Costarricense de Ferrocarriles (INCOFER), Junta de Administración Portuaria y de Desarrollo Económico de la Vertiente Atlántica (JAPDEVA), and Banco Nacional de Costa Rica (BNCR).

Next, 54% of the SOEs have already forwarded their notes of expectations to the Government Council. These documents will be approved and notified to the SOEs or sent back with Council observations for later approval.

Lastly, 31% of the SOEs have notified their notes to enterprises for enforcement.

Figure 52. SOE the Notes of Expectations up to December 2021



Source: Developed internally by UAPA

In contrast, the previous image shows that 69% of the notes of expectations are still under development. In other words, the Advisory Unit has received the key comments, has held technical and senior level meetings to discuss the adjustments and corrections made by the Government Council, and has coordinated diverse actions and activities to inform the SOEs. The other 31% are notes already notified to SOEs, along with the government approval for enforcement and compliance:

N°	State-Owned Enterprises (SOEs)	Note of Expectations Approval
1	Sistema Nacional de Radio y Televisión S.A. (SINART)	277-2021
2	Correos de Costa Rica S.A	284-2021
3	Instituto Nacional de Seguros (en adelante INS)	318-2021
4	Refinadora Costarricense de Petróleo S.A. (RECOPE)	319-2021

Last, but not least, approval records are posted on the official website of the Presidency and available here <https://www.presidencia.go.cr/transparenciainstitucional/actas-acuerdos/>.

G. Conclusions and Recommendations

The analysis provided in this report is a strategic decision-making tool that seeks to display the transparency of financial and non-financial performance information of State-owned enterprises over a given timeframe. Good governance in these companies is a fundamental pillar of public welfare and of great value to the economy and development of a nation, so much so that the State, as owner, needs to monitor its performance and ensure compliance with its objectives.

All this input helps the Executive Branch assess the status of SOEs and closely monitor their performance, as provided in the Protocol of Understanding of the Relations between the state and the State-Owned Enterprises (ownership Protocol). Additionally, the Notes of Expectations issued by the Government Council, addressed to each individual SOE, clearly set out the expected strategic objectives in line with the State's most important indicators.

Conclusions

1. Regarding SOE financial information, the conclusions are as follows:

The progress of SOEs in the IFRS adoption and implementation is a milestone in efficiency, international accounting standardization and financial information disclosure, and simultaneously considers the unique legal framework of each enterprise and the national and international situation, influenced by the effects of COVID-19.

Concerning financial performance in 2020, the pandemic altered the projections and results of millions of enterprises worldwide, and Costa Rican SOEs were no exception.

In developed economies, liquidity restraint mitigation measures led States to draw upon extemporaneous resources in 2020. In Costa Rica, given the economic situation, the measure was just the opposite. RECOPE and Grupo INS transferred CRC 15.956 billion and CRC 77.699 billion, respectively, to the Ministry of Finance to partially restore public treasury revenues starting in March 2020.

However, most other public enterprises suffered a considerable drop in revenue, profits and, therefore, book value. The impact was such that at least two periods will be needed for the recovery of larger enterprises, and more than five years for smaller ones.

Added to this, Grupo ICE was impacted by full IFRS implementation at the end of 2020, particularly IFRS 16, which refers to reporting leases, adopting a materially relevant process to reduce costs and expenses, partially offsetting the deficit reported at the end of the period. Despite this, SOEs did not stop contributing to society, in terms of public value, in the 2019-2020 period. Noteworthy was the solidarity contribution by Grupo ICE, Grupo INS, RECOPE, CNP, FANAL management, BNCR, BCR, Correos de Costa Rica and SINART, to, in some cases, help address the sanitary crisis and, in others, boost the economy and thus mitigate the effects of COVID-19.

2. Regarding SOE non-financial information transparency and disclosure, the following conclusions can be drawn:

Monitoring State-owned enterprise performance and governance is fundamental for the owner. The detailed analyses herein are based on good corporate governance practices and guidelines, contributing to national economic development and advancement.

Therefore, it could be concluded that State-owned enterprises should provide relevant, updated, and timely information to ensure effective performance monitoring and, thus, overcome the shortfalls regarding publication of audited financial statements or disclosure of general information.

Recommendations

1. Regarding SOE financial information, the following recommendations arise:

- A. SOEs should base their operation on good corporate governance practices and should fully adopt these throughout their institutional structure to better focus on financial sustainability, control, timely performance disclosure, yield generation, and gradual expansion of public value passed on to the public.
- B. State-owned enterprises and the State must ensure effective communication among their representatives, in their active roles as property and property owner, to foster improvements and results in strategic and financial management and, together, align, address and resolve matters to assist timely decision-making, in benefit of all citizens.
- C. State-owned enterprises should ensure their financial statements are, and continue to be, aligned with valid International Financial Reporting Standards (IFRS) and other specific indications or requirements established by the National Accounting Office or the appropriate oversight authority.
- D. Promptly inform the oversight authority about external auditor hiring delays. This is a priority to comply with the mandated deadlines to publish audited financial reports.
- E. SOEs should strengthen implementation of the strategic management plans needed to mitigate inherent and actual risks brought about by economic slowdown and strive to restore their key financial indicators.
- F. Continue monitoring corrective measures reviewed by internal or external auditors and by the Comptroller General of the Republic, pursuant to the rules in force.
- G. Promptly implement virtual formats containing financial information and other accountability or public reports to help quickly find specific information using text search tools and, therefore, avoid uploading scanned images of documents.

2. Regarding SOE non-financial information, the recommendations are as follows:

- A. Public enterprises and the State should facilitate effective communication between and among their representatives and propitiate coordinated and transparent accountability.
- B. Since the development and enforcement of policy and procedure manuals continues to be a major accounting challenge for several State-owned enterprises, a specific and

- detailed exercise is recommended, as well as the continuous updating and refining of work roles in all related operating plans.
- C. SOEs should strengthen their compliance with non-financial indicators and dimensions in the Report so as to boost accountability and transparency, according to Directive 102-MP, and raise accountability compliance, as regulated.
 - D. Standardize the taxing and regulatory framework applicable to public enterprises in order to avoid exposing competition disparities with private sector enterprises.

Figure 53. Recommendations to enhance SOE transparency and disclosure practices

Recommendations to enhance State-owned enterprise transparency and disclosure practices	
2019	2020
State-owned enterprises should base their operation on good corporate governance standards and continue to implement them until fully mainstreamed, thus promoting better performance, financial sustainability and strong strategy to foster correct decision-making.	
SOEs should strive to keep active communication with their administration and remain abreast of financial and strategic management progress and results to better align, address and overcome situations and make timely decisions for the benefit and growth of the country.	
SOEs should improve compliance with financial and non-financial indicators and dimensions to advance accountability and transparency.	
SOEs should align their financial statements with current International Financial Reporting Standards (IFRS) and any other specific indication or requirement established by the National Accounting Office or appropriate government body.	
SOEs should enhance implementation of strategic management plans in order to regain net profits and revert weak equity and indebtedness, thus mitigating the inherent risks adopted due to the crisis.	

Source: Advisory Unit

H. Abbreviations and Definitions

Concept	Definition
State-owned enterprise (SOE)	Institutions totally or partially involved in a mercantile, industrial or business field (industry, trade in goods and services, etc.) and that that under the control and direction of the Executive Branch, including joint stock companies, provided the Central Government holds majority stake and control through different modes
Subsidiary enterprise	Enterprise controlled by another company, called parent company, of which it is part, most often because the latter controls a significant portion of shares in the former and holds a dominant position
Board of directors or government body	Highest collegiate body on an entity, responsible for it. Also referred to as Board, administrative council or similar
Directors	Members of the board of directors or government body, including the Chairperson or President
Independent member	Member free of any relationship with, or substantive share in, the enterprise, government body, other majority shareholders and owner that could hamper the objective opinion of such independent member.
Senior management	Responsible for the planning, organization, direction and control of organizational resources with the aim to reach the goals set by the government body. Depending on organizational structure, it includes individuals who, due to their function, post or position, intervene or may intervene in major institutional decision-making.
Corporate governance	Set of rules that apply to the relationship among the entity's management, government body, owners and other stakeholders, and provide a structure to set, achieve and monitor goals. Corporate governance defines the manner in which authority, and its corresponding responsibilities, is assigned and corporate decisions are made.
Executive Branch	President of the Republic and Ministers, pursuant to Article 148 of the Political Constitution
Government Council	Body composed by the President of the Republic and the Ministers or Vice-Ministers-in-office, pursuant to Article 22 of the General Law of Public Administration (Law N° 6227 of 02 May 1978).
Agent owner	Government figure that owns State-owned enterprises on behalf of the population. In the case of Costa Rica, the Executive Branch is the agent owner
Ownership entity	Advisory office of the Presidency of the Republic in charge of coordinating the shareholding structure of public enterprises and the administration of autonomous institutions. In Costa Rica, the ownership entity is the Advisory Unit for the Direction and Coordination of State Share Ownership and Management of Autonomous Institutions, established by Executive Decree N° 40696-MP of 20 October 2017.
Linked or related parties	Persons or entities with ownership or management links
Stakeholders	An individual or group of individuals that could affect, or be affected by, the breadth of the objectives of an organization

Concept	Definition
Succession plan	Process through which a business identifies when a key collaborator will retire or leave the business and must be replaced by another with similar or better performance, to avoid operating difficulties.
Internal audit	Independent, objective and advisory activity to validate and improve operations by applying a professional and systemic approach to evaluate and improve the effectiveness of risk management, controls and direction. Internal audits give organizations, and the public, reasonable assurance that the actions of the senior officer and other administration officers are in conformity with the technical and legal framework and with sound practices.
External audit	A non-linked firm that verifies whether the financial statements of an enterprise meet specific standards
International Financial Accounting Standards (IFRS)	Set of international accounting standards developed by the International Accounting Standards Board (IASB) to lay out the requirements of recognition, measurement, presentation and disclosure regarding transactions and economic facts that affect a business and are reflected in its financial statements
Specific Institutional Risk Assessment System (SEVRI)	Risk-related management tool to identify, assess and manage risks associated with achieving institutional objectives, and to mitigate the effects of their realization
Internal control	Set of actions, activities, plans, policies, rules, records, procedures and methods, including the environment created by the authorities and their personnel, with the aim to prevent possible risks from affecting a public entity
Sustainability	Characteristic of a company that creates economic, environmental and social value in the short and long term, thereby contributing to improve the overall wellbeing and real progress of present and future generations
Public service	Activity of the Administration in favor of the population at large: in other words, its purpose is to positively meet a community need in favor of the overall sustainable development of the country, as provided by the Legislative Assembly (Note: Article 3, subparagraph a) of the “Law of the Public Services Regulatory Authority (ARESEP),” Law No. 7596 of 05 September 1996, Ruling C-043-2013 of the Office of the Attorney General of the Republic of 20 March 2013)
Public value	Degree of benefit produced by each Public Administration institution – within its legal mandate- in favor of the inhabitants of a country by providing quality goods and services that meet their needs and expectations and allow them to attain greater human development
Monopoly	Presence in a relevant market of one single offeror of a certain good or service (Real Academia Española, 2019). In Costa Rica, the creation of a monopoly must be approved by a qualified majority since it affects freedom of trade, understood as freedom of gathering (Opinion C-166-95 of the Office of the Attorney General of the Republic of 26 July 1995).

I. Annexes

II. *Annex 1: Table of compliance with requirements of financial and non-financial information transparency and disclosure, by institution (according to Directive 102-MP) for 2020*

Requisito	Sigla	Tema	Consejo Nacional de Producción (CNP FANAL)					Instituto Costarricense de Puertos del Pacífico (INCOP)				
			Informe	Sitio web	Ubicación	Fecha de revisión	Observaciones	Informe	Sitio web	Ubicación	Fecha de revisión	Observaciones
Existencia de planes de sucesión para puestos clave	ES5	Transparencia	NO	NO		10/10/2021		NO	NO		10/10/2021	
Órganos de dirección: medio para su nombramiento	T7	Transparencia	NO	NO		10/10/2021		SI	SI		10/10/2021	
Mecanismos para abordar conflictos de interés	T9	Transparencia	NO	NO		10/10/2021		NO	NO		10/10/2021	
Relaciones con partes vinculadas o relacionadas	T10	Transparencia	NO	NO		10/10/2021		SI	SI		10/10/2021	
Tasas de permanencia de los empleados	T11	Transparencia	NO	NO		10/10/2021		NO	NO		10/10/2021	
Procesos en firme sobre creación de nuevas empresas subsidiarias, fusión o adquisición parcial o total.	T12	Transparencia	NO	NO		10/10/2021		NO	NO		10/10/2021	
Existencia de políticas de ética	T13	Transparencia	NO	NO		10/10/2021		SI	SI		10/10/2021	
Existencia de políticas de sostenibilidad	T14	Transparencia	NO	NO		10/10/2021		SI	SI		10/10/2021	
Existencia de políticas de Gobierno Corporativo	T15	Transparencia	NO	NO		10/10/2021		SI	SI		10/10/2021	
		SI	23	17	0	0	0	36	36	0	0	0
		NO	19	25	0	0	0	6	6	0	0	0
		Total	42	42	0	0	0	42	42	0	0	0

III. Annex 2: Closing compliance gaps compared with IFRS

Implementation of IFRS in SOEs, to 30 June 2021		
SOE	Overall application percentage	Standards with gaps
JAPDEVA	63%	NIC 1-2-7-8-10-16-19-23-32-36-37-38 and IFRS 1-7-9-13-15-16
CNP/FANAL*	84%	NIC 1-2-7-16-36 and IFRS 1
AyA	99%	IFRS 9 (70%)
JPS	99%	NIC 16 (80%)
CORREOS DE CR	100%	N/A
INCOP	100%	N/A
G. ICE	100%	N/A
G. INS	100%	N/A
INCOFER	100%	N/A
RECOPE	100%	N/A
SINART	100%	N/A
*CNP accounting consolidates the financial information of FANAL, considered an SOE.		
Note: BCR, BNCR and their respective subsidiaries fully apply IFRS and are supervised by CONASSIF when updating to the most recent standards.		
Source: National Accounting Office, Ministry of Finance		

IV. Annex 3: Version Control

Original Publication:

Edition	Responsible	Modification Date	Section	Relevant Change

V. Annex 4: Number of Employees

N°	SOE	2014	2015	2016	2017	2018	2019	2020	Variation 2019-2020
1	INCOP	77,00	77,00	79,00	79,00	79,00	78,00	79,00	1,27%
2	AYA	3 355,00	3 468,00	3 581,00	3 872,00	3 906,00	4 364,00	4 361,00	-0,07%
3	Banco Nacional	5 453,00	5 501,00	5 464,00	5 406,00	5 293,00	5 180,00	5 145,00	-0,68%
4	BCR	4 168,00	3 844,00	3 882,00	3 958,00	3 692,00	3 735,00	3 823,00	2,30%
5	CNP-FANAL	533,00	537,00	537,00	537,00	537,00	537,00	536,33	-0,12%
6	Correos de CR	1 731,00	1 868,00	2 002,00	2 119,00	1 997,00	1 955,00	1 862,00	-4,99%
7	ICE	15 200,00	14 782,00	13 862,00	13 617,00	12 487,00	15 671,00	12 348,00	-26,91%
8	INCOFER	49,00	49,00	53,00	53,00	53,00	56,00	56,00	0,00%
9	INS	2 102,00	2 057,00	2 425,00	2 443,00	2 460,00	2 477,00	2 327,33	-6,43%
10	JAPDEVA	1 403,00	1 385,00	1 354,00	1 294,00	1 215,00	554,00	611,00	9,33%
11	JPS	435,00	440,00	441,00	441,00	427,00	425,00	442,00	3,85%
12	RECOPE	1 849,00	1 816,00	1 770,00	1 782,00	1 700,00	1 704,00	1 742,00	2,18%
13	SINART	251,00	257,00	254,00	275,00	275,00	260,00	262,00	0,76%
	Total	36 606,00	36 081,00	35 704,00	35 876,00	34 121,00	36 996,00	33 594,67	

I. Annex 5: Types of External Audit Opinions 2020-2019

External Audit Opinions, period 2020-2019									
Financial SOEs					Non-financial SOEs				
SOE	Audit Firm	Unqualified	Qualified	Publication on SOE Website	SOE	Audit Firm	Unqualified	Qualified or with reserves	Publication on SOE Website
Banco Nacional de Costa Rica (BNCR)	KPMG	x		https://www.bncr.fi.cr/EstadosFinancieros/Paginas/Auditados.aspx	Refinadora Costarricense de Petróleo, S.A. (RECOPE)	Deloitte		x	https://www.recope.go.cr/transparencia/finanzas-activos-presupuesto/estados-financieros/
BN Valores, Puesto de Bolsa, S.A.	KPMG	x			Instituto Costarricense de Acueductos y Alcantarillados (AYA)	Deloitte		x	https://www.aya.go.cr/transparenciainst/rendicion_cuentas/HistAuditGastoPub/Auditor%C3%ADas%202020/Informe%20Estados%20Financieros%20Auditados%202019-2020.pdf
BN Sociedad Administradora de Fondos de Inversión, S.A. (BN SAFI)	KPMG	x			Instituto Costarricense de Electricidad (ICE)	KPMG		x	https://www.grupoice.com/wps/wcm/connect/a8abe3a8-47a9-42f0-8873-4cc85d3db790/Informe+Grupo+ICE+Dic+2020.pdf?MOD=AJPERES&CONVERT_T0=div&CACHEID=ROOTWORKSPACE-a8abe3a8-47a9-42f0-8873-4cc85d3db790-nJkMCUd
BN Vital, Sociedad Administradora de Fondos de Pensión, S.A.	KPMG	x			ICE-Radiográfica Costarricense, S.A. (RACSA)	KPMG		x	
BN Sociedad Corredora de Seguros, S.A.	KPMG	x			ICE-Compañía Nacional de Fuerza y Luz, S.A. (CNFL)	KPMG		x	
Banco de Costa Rica (BCR)	Crowe Horwath CR, S.A	x		https://www.bancobcr.com/wps/portal/bcr/bancobcr/a	Sistema Nacional de Radio y Televisión, S.A. (SINART)	Consortio EMD	x		https://drive.google.com/file/d/1n_FOKeXgVk5Mlw5crgJkKnpNyZcjmlbu/view
BCR Sociedad Administradora de Fondos de Inversión, S.A. (BCR SAFI)	Crowe Horwath CR, S.A	x		https://www.bcr/transparencia/estados-financieros_bcr	Junta de Administración Portuaria y de Desarrollo Económico de la Vertiente Atlántica (JAPDEVA)	Not audited	Not audited	Not audited	http://www.japdeva.go.cr/transparencia/EstadosFinancieros.html

External Audit Opinions, period 2020-2019									
Financial SOEs					Non-financial SOEs				
BCR Corredora de Seguros, S.A.	Crowe Horwath CR, S.A	x			Instituto Costarricense de Puertos del Pacífico (INCOP)	Carvajal	x		https://www.incop.go.cr/wp-content/uploads/2021/03/CONTA/CR-INCOP-CONTA-EstadosFinancierosAuditados2020.pdf
BCR Puesto de Bolsa, S.A.	Crowe Horwath CR, S.A	x			Instituto Costarricense de Ferrocarriles (INCOFER)	Consortio EMD	x		https://drive.google.com/drive/u/0/folders/1RaspqMZNfNbP5AFI9Eih7Epg26fSEeJP
BCR Operadora de Pensiones, S.A.	Crowe Horwath CR, S.A	x			Correos de Costa Rica, S.A.	Consortio EMD		x	https://correos.go.cr/wp-content/uploads/2021/07/Estados-Financieros-auditados-diciembre-2020.pdf
BCR Logística, S.A.	Crowe Horwath CR, S.A	x			Junta de Protección Social (JPS)	Castillo-Dávila, Asociados		x	https://www.jps.go.cr/sites/default/files/estados_financieros_auditados_2020.pdf
BCR-Banprocesa, S.A.	Crowe Horwath CR, S.A	x			Consejo Nacional de Producción (CNP) /Fábrica Nacional de Licores (FANAL)	Murillo y Asociados		x	https://www.cnp.go.cr/acercacnp/transparencia/informes/financieros/2020/EstadosFinancieros_2020.PDF
Banco Internacional de Costa Rica, S.A.	Crowe Horwath CR, S.A	x							
Instituto Nacional de Seguros (INS)	KPMG	x		https://www.ins-cr.com/estados-financieros/					
INS Servicios, S.A.	KPMG	x							
INS Sociedad Administradora de Fondos de Inversión, S.A. (INS SAFI)	KPMG	x							
INS Valores Puesto de Bolsa, S.A.	KPMG	x							
INS Red de Servicios de Salud, S.A.	KPMG	x							