



Poverty eradication, the confluence of multiple crises and recovery strategies: the experience of Costa Rica

Andrés Fernández Arauz
andres.fernandez@cpc.cr

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“No other investment yields as great a return as the investment in education. An educated workforce is the foundation of every community and the future of every economy.”

(Brad Henry)

A small country located in the center of America...

Basic statistics of Costa Rica, 2021¹

Numbers in parentheses refer to the OECD average²

LAND, PEOPLE AND ELECTORAL CYCLE					
Population (million)	5.2		Life expectancy at birth (years, 2020)	79.3	(79.0)
Under 15 (%)	20.5	(17.4)	Men (2020)	76.8	(76.2)
Over 65 (%)	10.5	(17.7)	Women (2020)	81.9	(82.0)
ECONOMY					
Gross domestic product (GDP)			Value added shares (%)		
Per capita (thousand USD PPP)	22.7	(50.8)			
LABOUR MARKET, SKILLS AND INNOVATION					
Employment rate (aged 15 and over, %)	52.4	(56.2)	Unemployment rate Labour Force Survey (aged 15 and over, %)	16.4	(6.1)
Men	62.7	(64.1)	Youth (aged 15-24, %)	39.4	(12.8)
Women	38.0	(48.7)	Long-term unemployed (1 year and over, %)	3.4	(2.0)
SOCIETY					
Income inequality (Gini coefficient, OECD: latest available)	0.487	(0.315)	Education outcomes (PISA score, 2018)		
Relative poverty rate (% , OECD: 2018)	20.3	(11.7)	Reading	426	(485)

Source: OECD Economic Surveys: Costa Rica 2023

With a public debt of 70% of GDP...

Figure 1.11. External debt has increased

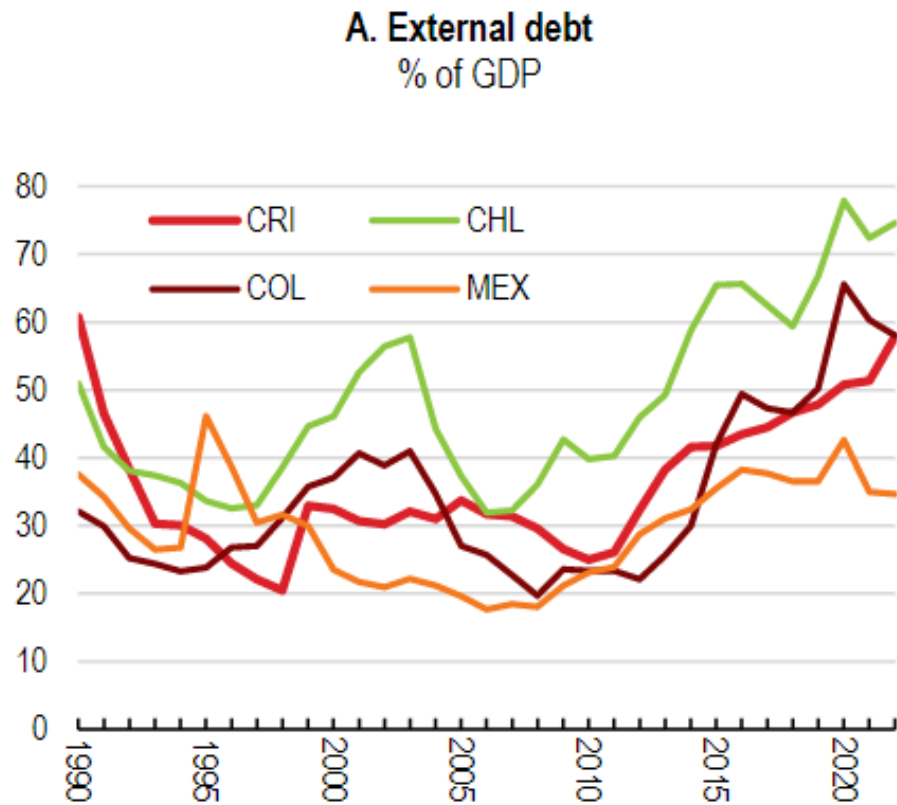
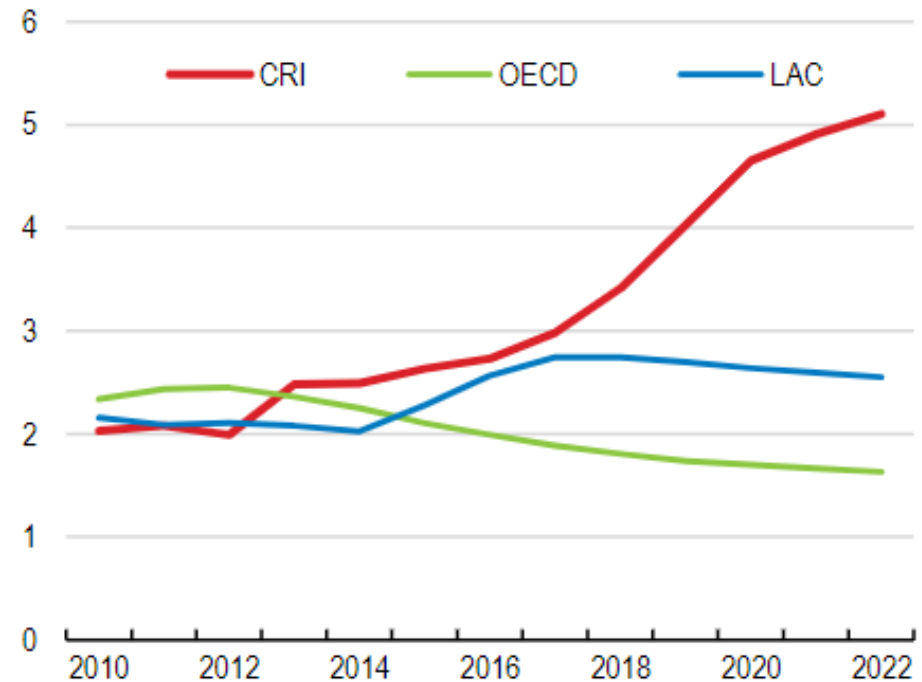


Figure 3. The interest rate bill is large

Central government debt interest expenditure, % of GDP

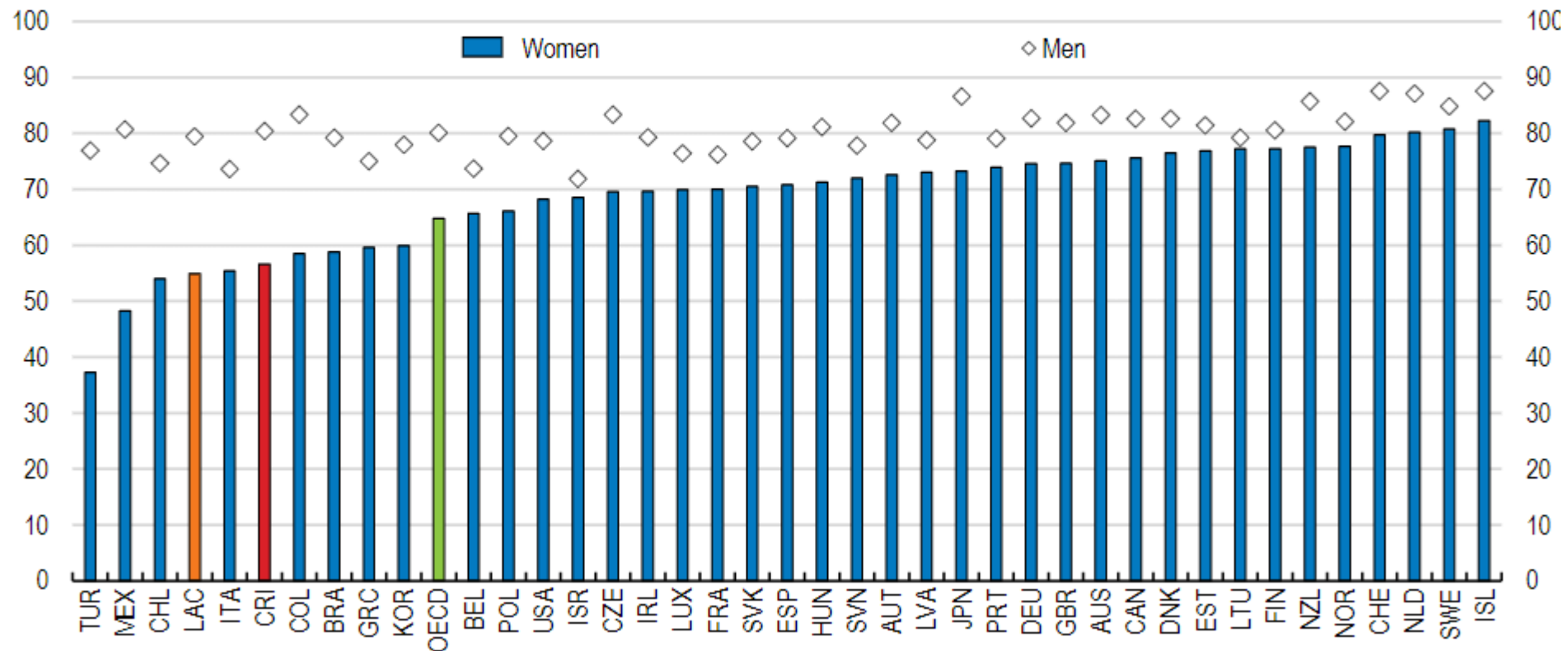


Source: OECD Economic Surveys: Costa Rica 2023

With a fragmented labor market...

Figure 1.40. Female labour market participation is low

Working-age (15-64) labour force participation rate, %, 2021

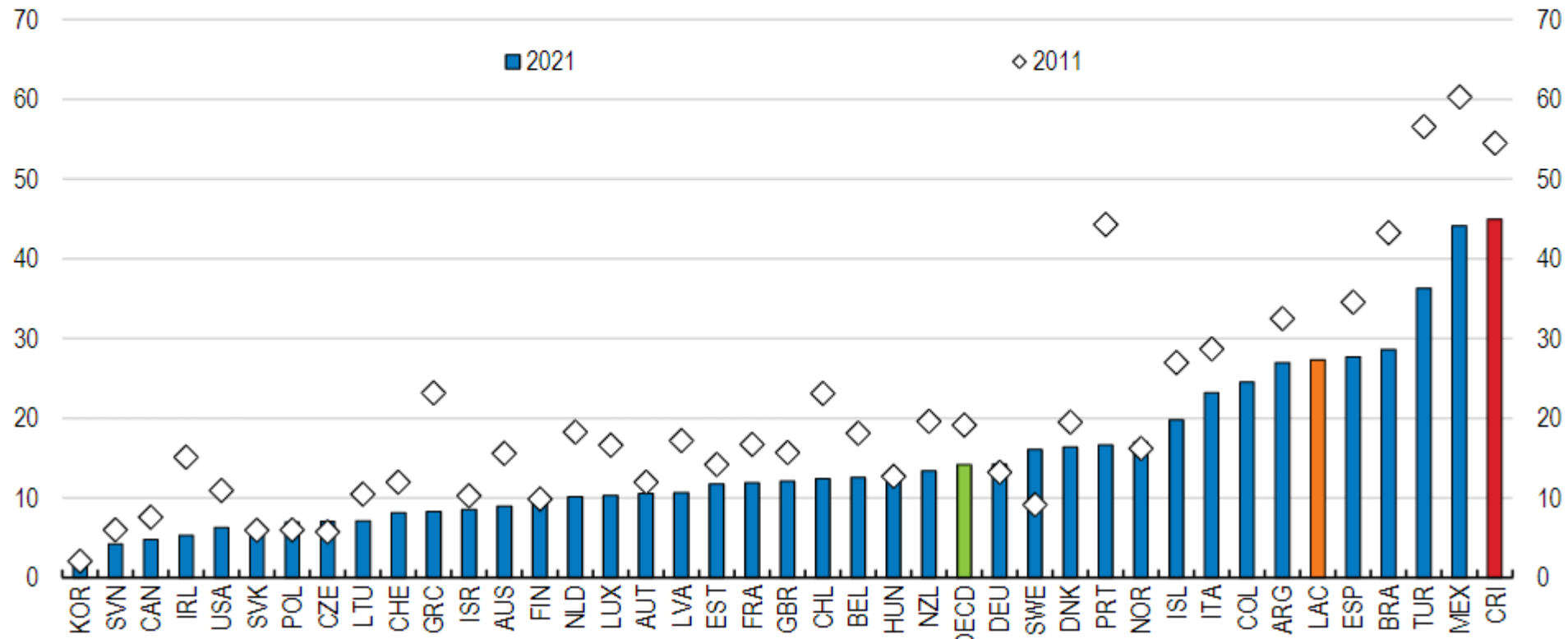


Source: OECD Economic Surveys: Costa Rica 2023

And a fragile education system...

Figure 2.4. Close to half of all young Costa Ricans have below upper-secondary education, a low share in international comparison

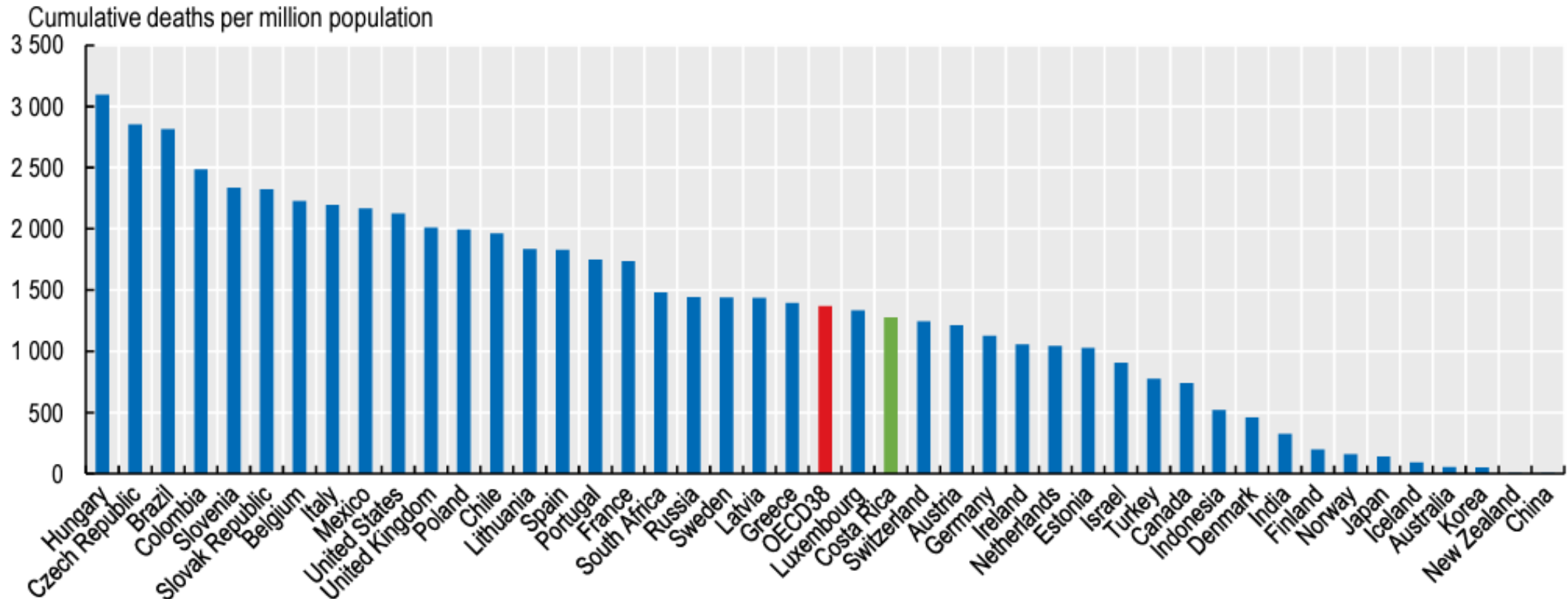
Percentage of 25-34 year-olds with below upper-secondary education as the highest level attained



Source: OECD Economic Surveys: Costa Rica 2023

Costa Rica was one of only six OECD countries where life expectancy did not decline in 2020...

Cumulative number of confirmed or suspected COVID 19 deaths per million population, January 2020 to early October 2021

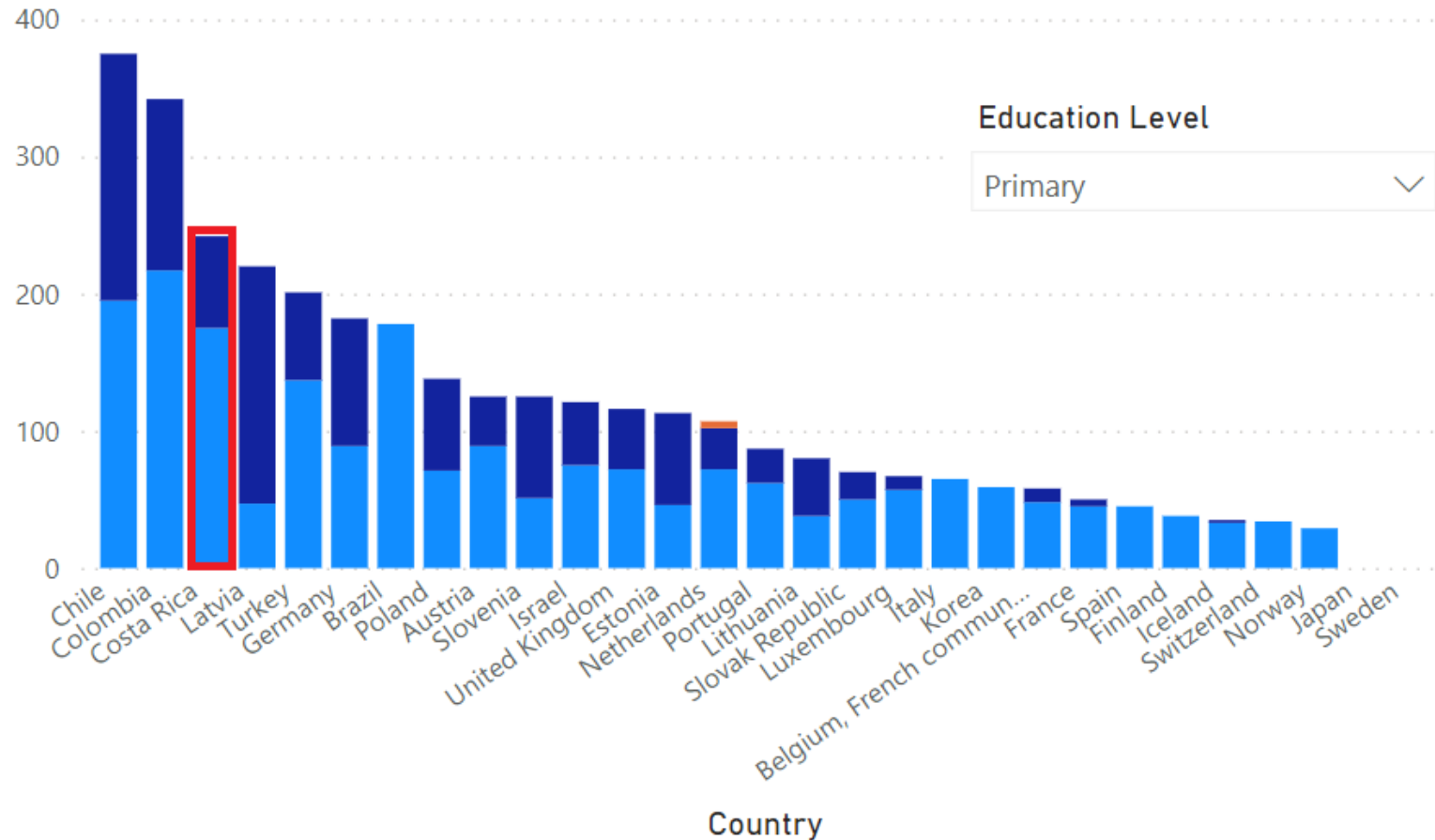


Source: OECD Economic Surveys: Costa Rica 2023

But also was one of the three OECD countries where school closures were the longest...

Total number of days of full and partial closure, by education level

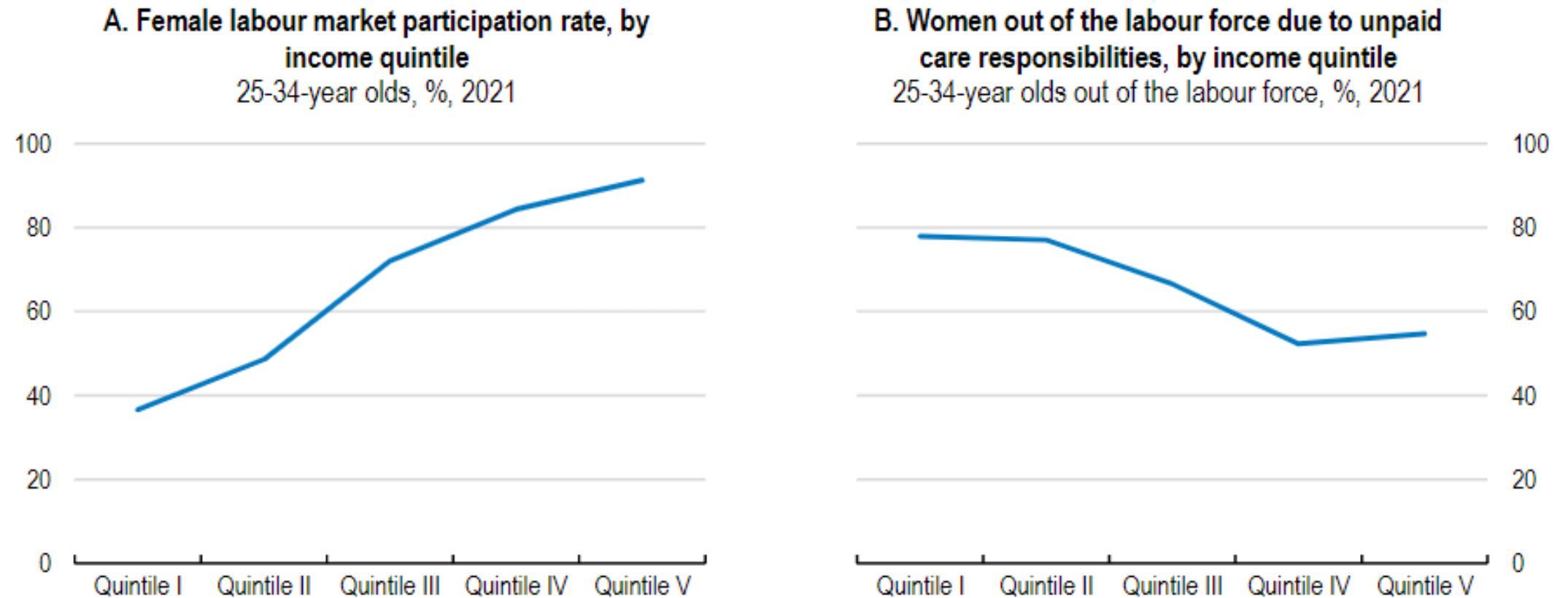
Timeframe ● School year 2019/20 (or 2020) ● School year 2020/21 (or 2021) ● School year 2021/22 (or ...)



Source: OECD Economic Surveys: Costa Rica 2023

The labor market has seen a growing gender gap...

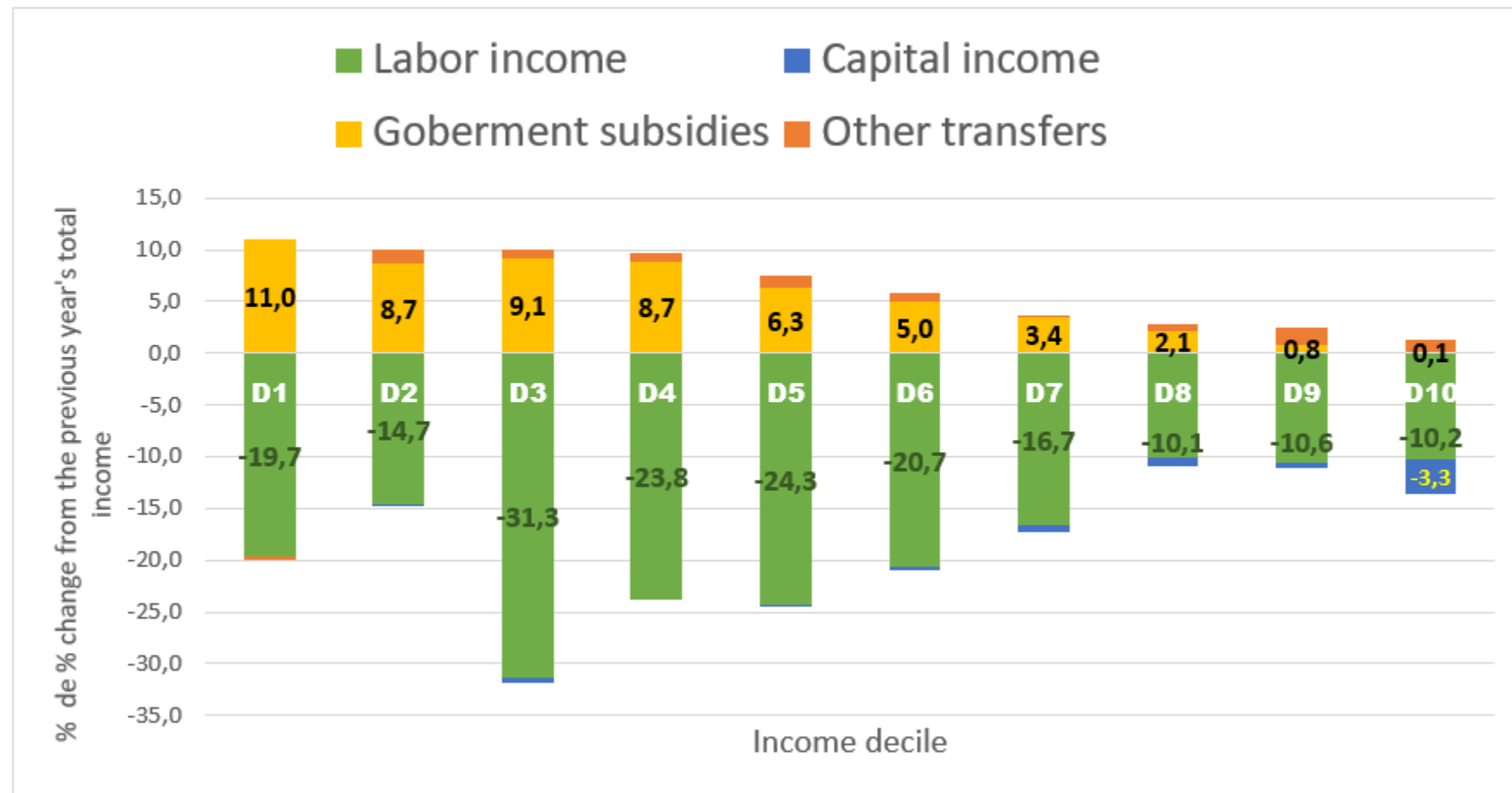
Figure 1.41. Care responsibilities hinder women's labour market participation



Source: OECD Economic Surveys: Costa Rica 2023

And income decreased...

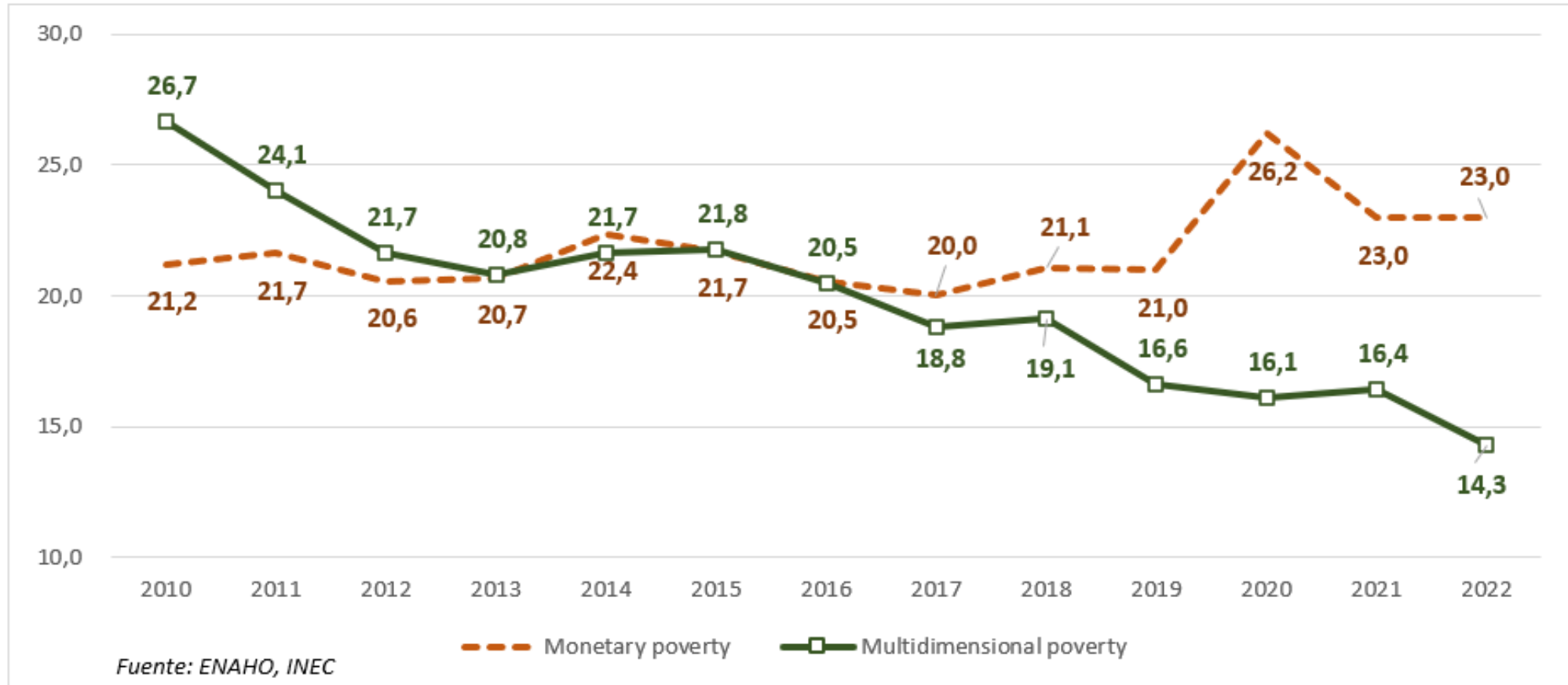
Breakdown of the variation in Household Net Total Income by income source. 2020



Source: Fernández (2021). Unemployment, poverty, and inequality in Costa Rica during the COVID-19 pandemic.

Monetary poverty increased, but multidimensional poverty decreased....

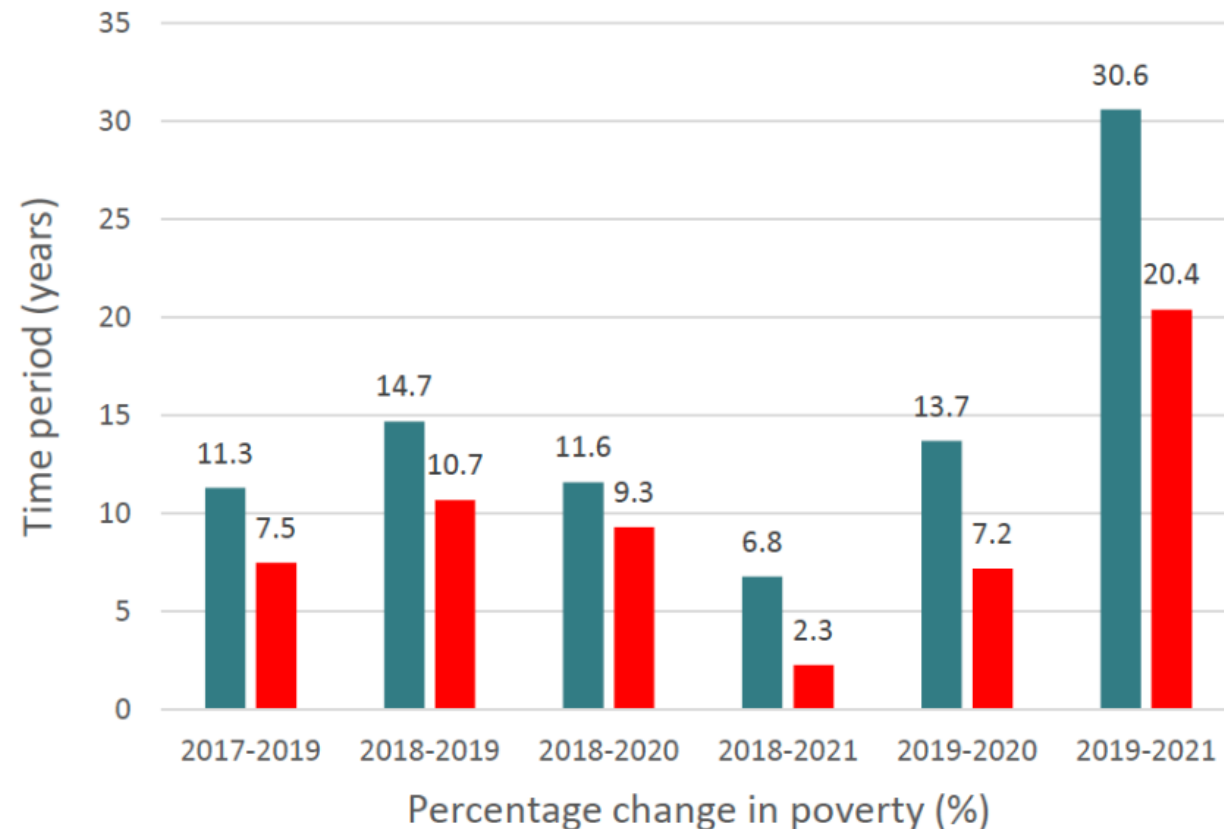
Poverty in Costa Rica by type of measurement



Source: Fernández (2021). Unemployment, poverty, and inequality in Costa Rica during the COVID-19 pandemic.

And the private sector has contributed to multidimensional poverty reduction....

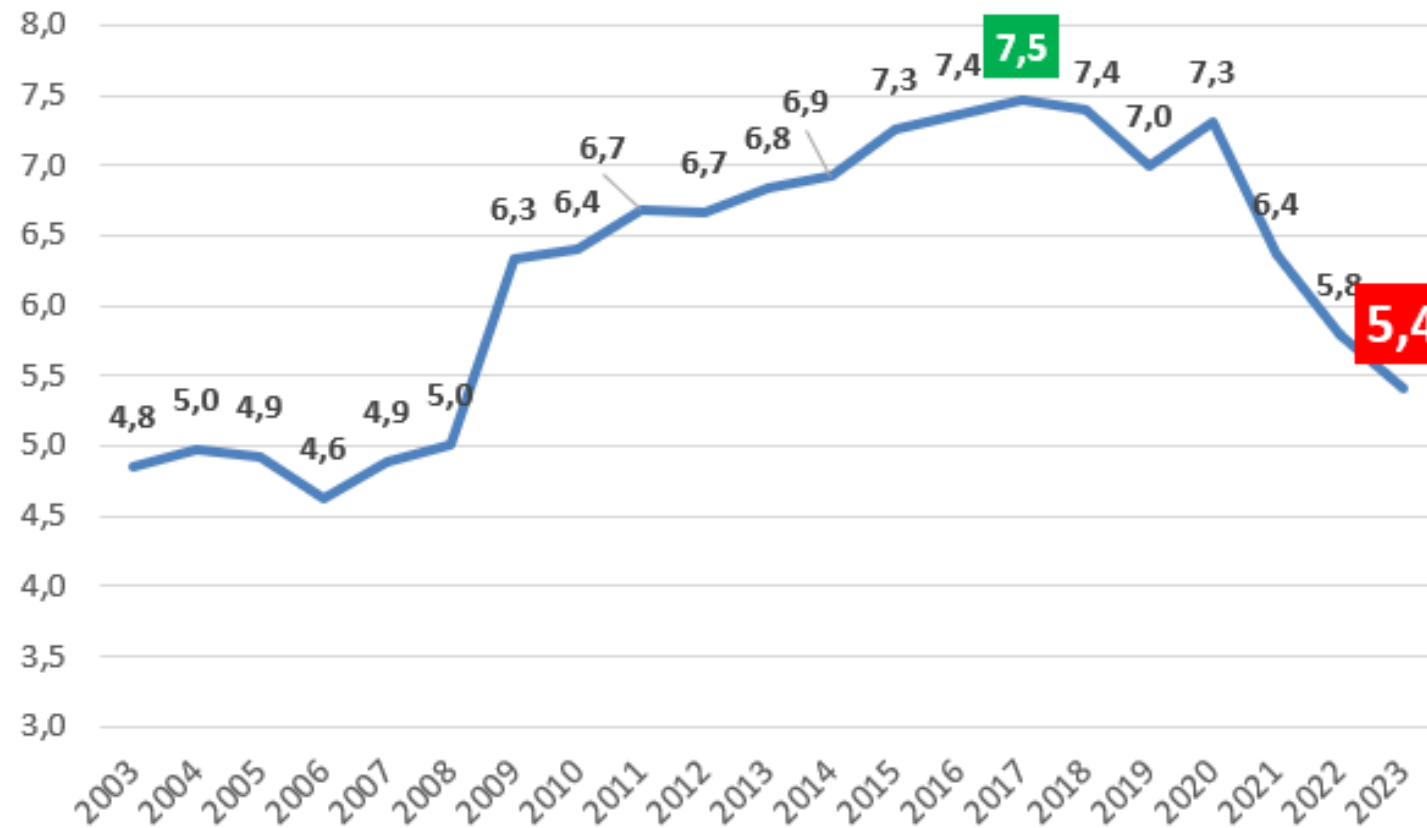
FIGURE 1 Changes in poverty for households included in the bMPI Panel (in percentages)



Source: Fernández (2022). bMPI supporting the private sector to achieve the eradication of multidimensional poverty in Costa Rica.

The budget designated for education has been decreasing consistently since 2018 and shows no signs of stopping....

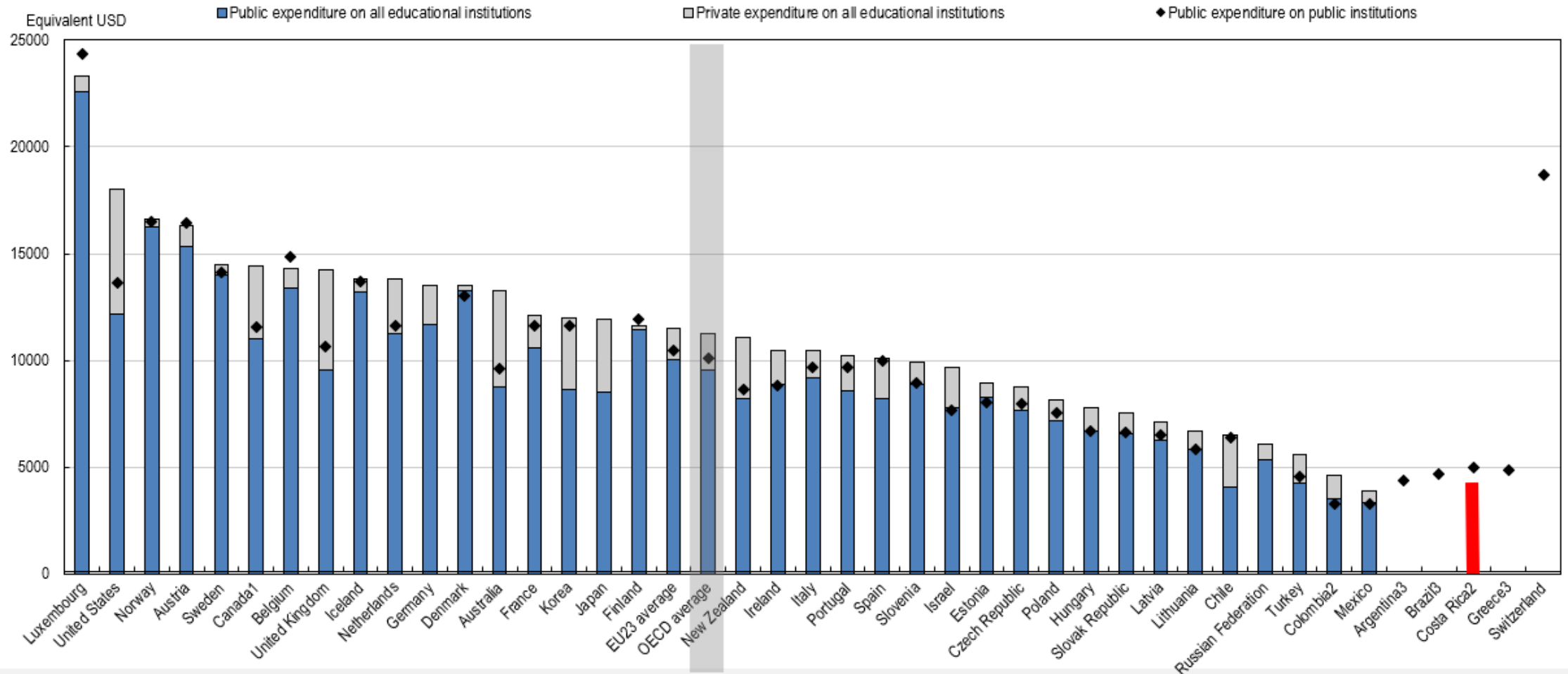
Costa Rica: Budget allocated to education as a percentage of GDP.



Source: Fernández (2023). Own calculations

Costa Rica is one of the three countries with the lowest educational investment per student in the OECD....

Total expenditure on education per student



Source: OECD. Education at a Glance (2020)

Educational crisis?

Costa Rica's Education requires "urgent surgery" to avoid affecting the country's competitiveness

Costa Rica is one of the countries that invests the most in education as a percentage of production, but reports the worst academic results in basic knowledge, reading, science and mathematics

Education

National

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Costa Rica education crisis 'the worst in decades'



By Alejandro Zúñiga September 3, 2021

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Costa Rica faces its worst education crisis in decades

The pandemic has exacerbated cracks in Costa Rica's public school system



ALEJANDRO ZÚÑIGA

SEP 3, 2021

Source: Media report, around september 2021

Final comments

- Poverty reduction should not only be achieved through temporary relief provided by direct cash transfers but should also be strengthened based on the generation of quality jobs.
- Generating these jobs is not an easy task, but they will require a highly-skilled population.
- Therefore, reducing the budget allocated to education is not a positive decision if Costa Rica aspires to continue being an attractive country for foreign investment.

**“Those who cannot remember the past are
condemned to repeat it”**

(George Santayana, The Life of Reason, 1905)



Thank you

Andrés Fernández Arauz
andres.fernandez@cpc.cr