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

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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, 2021

Numbers in parentheses refer to the OECD average

<table>
<thead>
<tr>
<th>LAND, PEOPLE AND ELECTORAL CYCLE</th>
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<th></th>
<th>Life expectancy at birth (years, 2020)</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Population (million)</td>
<td>5.2</td>
<td></td>
<td></td>
<td></td>
<td>79.3 (79.0)</td>
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<tr>
<td>Under 15 (%)</td>
<td>20.5 (17.4)</td>
<td></td>
<td></td>
<td></td>
<td>Men (2020)</td>
<td>76.8 (76.2)</td>
</tr>
<tr>
<td>Over 65 (%)</td>
<td>10.5 (17.7)</td>
<td></td>
<td></td>
<td></td>
<td>Women (2020)</td>
<td>81.9 (82.0)</td>
</tr>
</tbody>
</table>

### ECONOMY

<table>
<thead>
<tr>
<th>Gross domestic product (GDP)</th>
<th></th>
<th>Value added shares (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per capita (thousand USD PPP)</td>
<td>22.7 (50.8)</td>
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</table>

### LABOUR MARKET, SKILLS AND INNOVATION

<table>
<thead>
<tr>
<th>Employment rate (aged 15 and over, %)</th>
<th>52.4 (55.2)</th>
<th>Unemployment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall (aged 15 and over, %)</td>
<td>16.4 (6.1)</td>
<td>Labour Force Survey (aged 15 and over, %)</td>
</tr>
<tr>
<td>Men</td>
<td>62.7 (64.1)</td>
<td>Youth (aged 15-24, %)</td>
</tr>
<tr>
<td>Women</td>
<td>38.0 (48.7)</td>
<td>Long-term unemployed (1 year and over, %)</td>
</tr>
</tbody>
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### SOCIETY

<table>
<thead>
<tr>
<th>Income inequality (Gini coefficient, OECD: latest available)</th>
<th>0.487 (0.315)</th>
<th>Education outcomes (PISA score, 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative poverty rate (%, OECD: 2018)</td>
<td>20.3 (11.7)</td>
<td>Reading</td>
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<td></td>
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</tbody>
</table>

**Source:** OECD Economic Surveys: Costa Rica 2023
With a public debt of 70% of GDP...

**Figure 1.11. External debt has increased**

**A. External debt**

% of GDP

- CRI
- CHL
- COL
- MEX

**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...

Source: OECD Economic Surveys: Costa Rica 2023
But also was one of the three OECD countries where school closures were the longest...

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...

Monetary poverty increased, but multidimensional poverty decreased.

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.

Source: Fernández (2023). Own calculations
Costa Rica is one of the three countries with the lowest educational investment per student in the OECD.

Source: OECD. Education at a Glance (2020)
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.

Source: Media report, around september 2021
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

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