

COSTA RICA

1. Recent trends

Poverty in Costa Rica was at 16.6% in 2022, substantially below the Latin America and the Caribbean (LAC) average of 24.1%. Extreme poverty decreased from 4.2% in 2016 to 3.3% in 2022, also well below the LAC average (8.3%). The Gini index remained unchanged at 48.7 from 2016 to 2021, above the LAC average (44.8). Regarding investment and production transformation indicators, total investment in Costa Rica remained almost unchanged in the past years at close to 18% of GDP in 2022 (vs. 21.3% for the LAC average in the same year). Private investment decreased from 13.3% of GDP to 11.1%, below the LAC average (15.8% in 2019). Costa Rica's labour productivity, measured against output per employed person in the United States, increased from 38.8% in 2016 to 39.1% in 2023, above the LAC average of 27.1% in 2023. The share of exports of high-tech products in total exported manufactured goods represented 15.7% in 2020, more than double the LAC average (7.2%). Positive perceptions of foreign direct investment (FDI), which declined across the region, also dropped in Costa Rica, from 70.8% in 2016 to 62.1% in 2020. In contrast to a regional declining trend, the country's tax revenue increased from 23.5% of GDP in 2016 to 24.2% in 2021. Environment-related tax revenues remained almost unchanged over that period at 2.1% in 2021, more than double the LAC average (0.9% of GDP in 2021).

2. Long-term policies to promote investment and production transformation

Costa Rica has made significant efforts to attract and mobilise high-quality investment, focusing mainly on simplifying, facilitating and optimising investment processes. It established a one-stop investment window, which corresponds to an inter-institutional effort to facilitate processes to encourage investment, eliminate unnecessary requirements, reduce time and costs, and promote traceability, transparency, and legal certainty. Since 2023, Costa Rica also upgraded its Foreign Direct Investment Strategy to attract and retain FDI that contributes to three key areas: export diversification, job creation, and sustainable and inclusive development across all regions, with a special focus on the Greater Metropolitan Area.

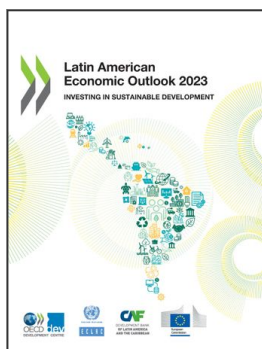
To advance an inclusive and sustainable production model, the National Development and Public Investment Plan for 2023-26 focuses the investment agenda on seven fundamental sectors: education; culture; public finance; agriculture and livestock; health; public security and justice; and public works and transport. Achieving the plan's objectives will require an estimated total investment of more than USD 13.8 billion. In 2022, Costa Rica published its National Strategic Plan 2050, which aims to transition from a historically centralised development model to one based on a *3D economic and social development model*: decentralised, digitalised and decarbonised. With the commitment to become a modern, green and emission-free economy, Costa Rica defined a National Decarbonisation Plan 2018-50, which focuses on the sectors of transport and mobility, energy, environment, agriculture, industry, construction and land-use planning.

In terms of regional and international partnerships to support the attraction of quality investments, Costa Rica has established collaborative initiatives with partners both within and beyond LAC. Within the region, Costa Rica signed an agreement on co-operation for cross-border development with Panama, which aims to deepen co-operative relations thanks to socio-economic, environmental and political improvements in the border region, as well as to boost integration between both countries. Within the framework of this agreement, the Atlantic Road Corridor was built in the Sixaola/Guabito border, promoting road integration of both countries through an efficient, economic and safe transport system. This will foster economic and social development of the Atlantic region while reducing vehicle operating costs. Beyond the LAC region, Costa Rica participates in several co-operation actions with the European Union (EU). These include: strengthening the Administrative Associations of Water and Sewage Systems (ASADAS) of the Greater Metropolitan Area and peripheral cities to improve system management and boost resilience to climate change; capacity building for disaster risk reduction due to floods and drought; institutional capacity building to promote and develop organic agricultural production; and development of the National Action Strategy for Climate Empowerment.

	Key indicators – Costa Rica					
	Costa Rica		LAC		OECD	
	2016	2022	2016	2022	2016	2022
Social						
Extreme poverty	4.2	3.3	8.1	8.3	N/A	N/A
Poverty	16.5	16.6	25.9	24.1	N/A	N/A
	2016	2021	2016	2021	2016	2021
Share of internet users (% of population)	65.9	82.8	54.5	74.2	81.8	89.6
	2016	2021	2016	2021	2016	2020
Gini index	48.7	48.7	46.3	44.8	34.1	33.6
	2010	2020	2009	2021	2009	2021
Share of total population in informal households (%)	26.9	26.8	44.2	46.8	N/A	N/A
Share of total population in informal households, upper-income quintile (%)	5.9	2.8	23.9	21.8	N/A	N/A
Share of total population in informal households, lower-income quintile (%)	69.3	81.4	77.6	78.5	N/A	N/A
	2019	2023	2019	2023	2019	2023
SIGI index	27.9	10.9	25.4	21.6	17.5	15.3
	2015	2018	2015	2018	2015	2018
PISA score in science	420	416	411	407	489	487
Productivity and innovation						
	2016	2023	2016	2023	2016	2023
Labour productivity (% of the United States)	38.8	39.1	29.3	27.1	70.0	68.5
	2016	2020	2016	2021	2016	2021
High-tech exports (% of manufactured exports)	18.4	15.7	8.4	7.2	16.5	16.0
	2016	2018	2016	2019	2016	2019
R&D expenditures (% of GDP)	0.4	0.4	0.3	0.4	1.8	2.0
Investment and production transformation						
	2016	2022	2016	2022	2016	2022
Total investment, gross fixed capital formation (% of GDP)	18.8	17.9	20.8	21.3	21.9	22.8
Foreign direct investment (FDI), net capital inflow (% of GDP)	4.5	5.2	4.4	4.6	6.8	3.5
	2016	2019	2016	2019	2016	2019
Private investment (% of GDP)	13.3	11.1	16.1	15.8	18.2	18.8
	2016	2020	2016	2021	2016	2021
Public investment in economic infrastructure (% of GDP)	2.5	1.7	2.3	1.6	N/A	N/A
Citizens' perceptions and institutions						
	2016	2020	2016	2020	2016	2020
Share of population who perceive FDI as beneficial (%)	70.8	62.1	70.9	53.9	N/A	N/A
	2018	2020	2018	2020	2018	2020
Share of population who consider that, in general, domestic products are of lower quality than imported ones (%) (agreeing or strongly agreeing)	34.9	30.5	44.6	42.7	N/A	N/A
	2016	2022	2016	2022	2016	2022
Corruption Perception Index (score on a scale of 0 [highly corrupt] to 100 [totally clean])	58.0	54.0	41.2	40.6	67.3	66.3
Security risks indicator (score from 0 [low security risks] to 10 [high security risks])	3.3	3.2	5.9	5.6	2.8	2.6
	2010-14	2017-22	2010-14	2017-22	2010-14	2017-22
Belief that science and technology will create more opportunities for the next generation (score on a scale from 1 [strongly disagree] to 10 [strongly agree])	N/A	N/A	7.3	7.2	7.6	7.2
Share of population who worry (very much or a great deal) about not being able to provide a good education for their children (%)	N/A	N/A	75.4	74.0	49.8	41.4
Fiscal position						
	2016	2021	2016	2021	2016	2021
Total tax revenues (% of GDP)	23.5	24.2	22.0	21.5	33.6	34.1
Environmentally related tax revenue (% of GDP)	2.3	2.1	1.1	0.9	2.4	2.0
Share of VAT (% GDP)	4.4	5.1	5.9	6.1	6.6	7.0
Share of PIT (% GDP)	1.3	1.6	2.0	2.0	7.8	8.3
Share of CIT (% of GDP)	2.3	2.4	3.2	3.4	2.9	3.1
Debt service (% of total tax revenue)	11.8	20.0	11.3	12.3	5.4	5.3
Social expenditure (% of GDP)	11.9	11.7	11.3	13.3	20.1	22.0
	2016	2020	2016	2020	2016	2019
Perception of tax evasion (%)	N/A	33.8	N/A	27.3	N/A	N/A

Note: See the Reader's Guide for definitions and sources.

StatLink  <https://stat.link/p253lm>



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