

## Executive summary

**I**mmigration is a significant feature in Costa Rica, with immigrants constituting 9% of the population and an even larger share of the labour force. At the same time, emigration has also been on the rise in recent decades. Together, these migration flows offers substantial potential for development. Costa Rica's national development policy is increasingly emphasising the importance of migrant integration and the nexus between migration and development. However, migration's development potential is not yet fully reflected in the policy framework. The Interrelations between Public Policies, Migration and Development (IPPMD) project – managed by the OECD Development Centre and co-financed by the European Union – was conceived to enable Costa Rica to maximise this potential. It explores:

1. how migration's multiple dimensions (emigration, remittances, return migration and immigration) affect some key sectors for development, including the labour market, agriculture, education, investment and financial services, and social protection and health
2. how public policies in these sectors enhance, or undermine, the development impact of migration.

This report summarises the findings and main policy recommendations stemming from empirical research conducted between 2013 and 2017 in collaboration with the Central American Population Center (Centro Centroamericano de Población) at the University of Costa Rica and the General Directorate of Migration (Dirección General de Migración y Extranjería) of the Ministry of Interior and Police. Data were gathered from a survey of 2 236 households, interviews and secondary data from 15 communities, and 49 in-depth stakeholder interviews. Robust analysis, accounting for Costa Rica's political, economic and social contexts, sheds new light on the complex relationship between migration and sectoral policies.

### **Policy coherence is critical to make migration work for development**

The research finds that the various dimensions of migration – emigration, remittances, return migration and immigration – have both positive and

negative effects on key sectors of Costa Rica's economy. Similarly, sectoral policies have indirect and sometimes unexpected impacts on migration and its role in development. Understanding these is critical for developing coherent policies.

### ***Labour market policies can encourage emigration***

Technical education is considered important for economic development and social cohesion in Costa Rica. Vocational training is seen as key in meeting labour market demand, and public vocational training centres have been set up across the country in order to strengthen the labour force and better match skills with jobs. This is reflected in the IPPMD analysis, which finds that Costa Rica has the highest participation rate in vocational training programmes among the ten IPPMD partner countries: 12% of the economically active population has participated in a programme in the past five years. The share is particularly high among women, at 19%. The IPPMD analysis further shows that these training programmes have an influence on migration decisions. Those who participated in vocational training programmes are more likely to have plans to emigrate than non-participants, suggesting that the new skills acquired can make participants more employable abroad. The analysis also found that while immigrants contribute significant labour to specific sectors in Costa Rica, they benefit less from labour market programmes such as vocational training and government employment agencies than the native-population.

### ***Immigrants often lack titles to their land***

Migration could help boost agriculture productivity by channelling migrant and remittance investment into productive investments in the sector. However, the IPPMD results show that return migration and remittances have very limited impact on agricultural activity in Costa Rica. They also show that immigrants, despite their important role in the rural labour force, are less likely to benefit from agriculture subsidies, or hold official land titles to their land. More than one in four immigrant households lack official titles, compared to only about one in ten native-born households.

### ***Immigrants lag behind in school attendance and access to cash-based education programmes***

Costa Rica is making significant investments in its education sector, and is leading Latin America in access to primary education. For example, student scholarships are available to all children and young people regardless of their migrant status. However, the IPPMD findings show that immigrant households with children and youth in school age benefit less from cash-based education programmes such as scholarships and conditional cash transfers than households without immigrants. Immigrant youth also lag behind in school attendance.

### **Low rates of financial inclusion and literacy are holding back investment**

Migration can stimulate productive investments in the country of origin. However, the IPPMD analysis shows that the link between migration and investments in Costa Rica are weak. Emigrant households do not seem to invest in businesses or real estate back home. Moreover, immigrant households are less likely to own real estate assets. Coverage of financial training programmes is weak, with only 5% of households having participated in the past five years. Furthermore, although the share of households with a bank account is relatively high in Costa Rica compared to other partner countries in the IPPMD sample, one in four households in rural areas still lack a bank account, thus hindering their access to the formal financial sector.

### **Immigrants are less covered by social protection and health care**

A common concern is that immigrants are net users of health and social protection services. The findings of the Costa Rica IPPMD survey show little evidence of this. Households with immigrants tend to benefit less from government social transfers than households without an immigrant, and immigrants are less likely to visit health clinics. In addition, immigrants are less likely to have formal labour contracts, or to benefit from social protection, health and pension benefits.

## **The way forward: Integrate migration into sectoral and national development strategies**

Migration can benefit economic and social development in Costa Rica, but its potential is not yet fully realised. Many sectoral policy makers do not yet sufficiently take migration into account in their areas of influence, and some policies seem to be inadvertently contributing to emigration. Migration needs to be considered in the design, implementation, monitoring and evaluation of relevant sectoral development policies. A more coherent policy framework across ministries and at different levels of government would make the most of migration. Specific actions include:

- tailor vocational training programmes to domestic labour needs and promote labour market integration of potential emigrants as well as immigrants
- ensure that agriculture programmes and land titles are available to immigrants in order to boost productivity
- expand education programmes in areas with high immigration rates, to ensure equal access and to support universal education
- increase financial literacy and entrepreneurial skills among households in communities with high emigration rates
- increase *de jure*, but also *de facto*, universal access to social protection and health, such as pension plans and medical benefits.



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