



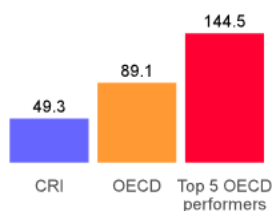
## Performance gaps

## Recommendations

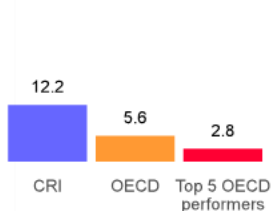
### Product and labour markets functioning

- Regulations do not take into account their impact on competition. The national competition authority remains severely under resourced, which hinders its potential to improve regulations and open up key markets that would translate into lower prices for households and lower costs for firms.
- Female labour market participation is hampered by care responsibilities, particularly in low-income families as children from disadvantaged households have lower access to early education.
- The number of STEM graduates does not meet labour market demand. University funding mechanisms lack incentives for accountability and quality in education and research.
- Provide the national competition authority with the financing set in the law.
- Conduct regulatory impact assessments when developing new regulations.
- Expand the coverage of early education for children below four years, giving priority to low-income families and using co-payment mechanisms.
- Modify universities funding mechanisms by linking additional funding for public institutions to system-wide performance goals such as increasing STEM programmes and the number of graduates.

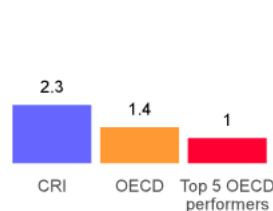
**Labour productivity**  
GDP per employee, USD  
2022



**Unemployment rate**  
%, 2022



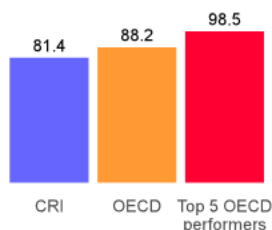
**Product Market Regulation**  
**Economy-wide**  
From least to most restrictive  
Index of 0-6, 2018 or latest available



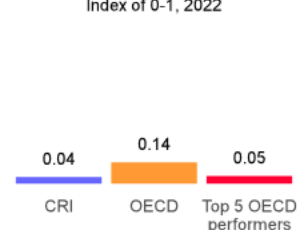
### Digital transition

- Costa Rica has made progress in mobile internet connectivity but lags in fixed broadband penetration, whose subscriptions are expensive. Excessive regulation, especially at the municipal level, causes high regulatory barriers to e-communications, hindering infrastructure deployment. Costa Rica also lags in the deployment of its 5G network.
- Streamline and harmonise regulations to facilitate infrastructure deployment and lower entry barriers for new operators.
- License the 5G spectrum through a transparent concession process.

**Households with broadband Internet access at home**  
%, 2021 or latest available



**OECD Digital Services Trade Restrictiveness Index**  
From least to most restrictive  
Index of 0-1, 2022

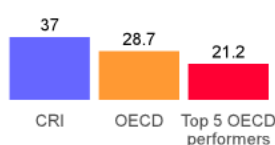


### Inclusiveness, social protection, and ageing

- The poverty rate has remained largely unchanged while inequality has trended up over the last 25 years. With unemployment rate above 10%, female labour force participation rate below the OECD average and informality affecting nearly half of employment, there is a need for reforms to improve education, training policies equality of opportunities and to reduce gender inequalities.
- Around 30% of individuals older than 65 have no pension and significant demographic changes ahead require reforms to buttress the pension system.
- Several social programmes also suffer from mistargeting.
- Link the statutory retirement age to increases in life expectancy to improve the sustainability of the pension system.
- Introduce a universal pension covering to reduce old-age poverty.
- Reduce the fragmentation of social programmes while improving targeting.
- Reduce social security charges for low-income workers. Eliminate payroll charges not allocated to finance social security.

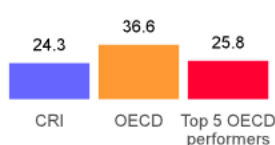
#### Mean poverty gap after taxes and transfers

Line at 60% of median disposable income  
2021 or latest available



#### Impact of socioeconomic background in PISA reading score

%, 2018

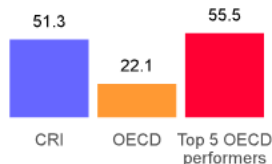


### Climate transition

- The level of GHG emission in Costa Rica is low by international standards, but it is rising due to the increase of private vehicle use. With almost 100% of the country's electricity mix stemming from renewable sources, emissions from the transport should be reduced to achieve the goal of net-zero emissions by 2050.
- The funding of the Payment of Environmental Services scheme should be changed to continue to support reforestation.
- Align taxes on vehicles with their emissions to encourage a shift towards less polluting vehicles.
- Update toll fees to ensure they reflect the cost of road use and introduce congestion charges.
- Broaden the sources of financing of the Payment for Environmental Services scheme, currently based on fuel tax revenues and will fall overtime.
- Harmonise and gradually increase the carbon tax rate once high energy prices start falling, and channel part of the revenues towards low-income households.

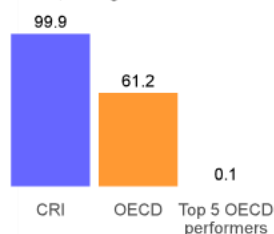
#### Share of renewables in the energy mix

%, Average over 2019-21 or latest available



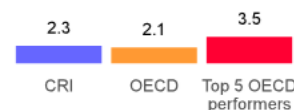
#### Share of population exposed to more than 10 µg/m3 of PM2.5

%, Average over 2017-19



#### Environmentally-related tax revenue

% of GDP  
2020 or latest available



## Overall performance

### Economy

Thousands USD per capita  
2022 or latest available

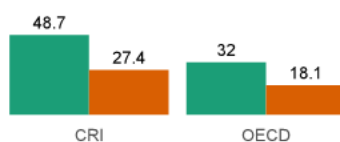
Gross Domestic Product  
Household gross adjusted disposable income



### Inequality and poverty

2021 or latest available

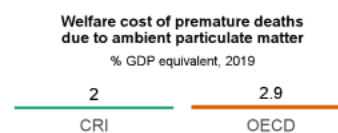
Gini coefficient after taxes and transfers (index of 0-100)  
Poverty rate, line at 60% of median disposable income (%)



### Environment and climate

1 unit of GDP, 2021

0.16 GHG emissions  
0.24 (OECD)



Welfare cost of premature deaths due to ambient particulate matter  
% GDP equivalent, 2019



From:

## Economic Policy Reforms 2023

Going for Growth

Access the complete publication at:

<https://doi.org/10.1787/9953de23-en>

### Please cite this chapter as:

OECD (2023), “Costa Rica”, in *Economic Policy Reforms 2023: Going for Growth*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/7c421e14-en>

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.