



San José, 30 July 2018

Policies encouraging the further integration of immigrant workers could enhance their contribution to Costa Rica's economy, says new ILO-OECD Development Centre report

Costa Rica is one of a few net immigration countries in the Latin America and the Caribbean region. In 2015, almost one out of ten people in the country was born abroad. National immigration policies are based on the protection of the human rights of immigrants and framed by the 2010 General Migration Law. One of the goals of this law is to promote policies that enhance immigration's contribution to national development, but empirical evidence on the degree to which immigrants affect Costa Rica's economy has been insufficient. A joint report by the OECD Development Centre and the International Labour Organisation (ILO), [*How Immigrants Contribute to Costa Rica's Economy*](#), provides new insights and makes policy recommendations to enhance that contribution to development.

The study provides an unprecedented analysis of immigrant workers' contribution in three areas of the Costa Rica's economy: labour markets, economic growth and public finance.

It shows that immigrants in Costa Rica participate more in the labour market, have a higher rate of employment and are more likely to be waged and salaried workers than the native-born. Yet they also face several challenges such as lower wages, longer working hours and are more likely to be over-qualified for their jobs. On average, the labour income of the foreign-born population is 15% below that of the native-born population. Immigrants in Costa Rica are more likely to work in elementary occupations and have, on average, a lower level of education than the native-born.

The analysis also assesses whether the presence of foreign-born workers has benefited or harmed the employment opportunities of native-born workers. It suggests that immigration may reduce the employment opportunities of native-born workers through increased competition, but does not affect their wages. While immigrants compete with the native-born population for similar jobs, they may also complement the native-born labour force. For instance, immigration seems to have a positive impact on the labour force participation of high-skilled native-born women: hiring Nicaraguan women in their region for housework allows them to join the labour market and contribute to Costa Rica's economic growth.

Immigrant workers are estimated to contribute between 11% and 12% of GDP, below their share in employment (14.3% in 2011), but above their share in the population (9.1%). This reflects their higher participation in the labour force and higher share in the working age population, but also their overrepresentation in sectors with relatively low value added, such as construction, agriculture and fishing, and hotels and restaurants.

According to the report, in 2013, the latest year for which data is available, the net fiscal impact for both immigrants and native-born population was negative, but was greater for immigrants. Public expenditure was similar for immigrants and native-born, but the fiscal contributions of immigrants in taxes on good and services and on social security were lower.



Policy recommendations

The report proposes several actions to improve existing policies and further enhance the economic contribution of immigrants:

- **Ensure the conditions are in place for everyone to seek employment opportunities.** To address the needs of individuals possibly affected by immigration, policy makers could consider a mechanism to upskill workers that does not harm immigrants.
- **Strengthen the implementation of existing educational policies.** The government of Costa Rica has made important efforts to increase enrolment in education in recent years. The country needs to maintain these efforts and integrate more immigrants and children of immigrants into these policies.
- **Protect immigrants' rights.** Reinforce the rights of immigrants and guarantee *de facto* access to public services. Protect labour rights and promote a safe and secure working environment for all workers, especially those in vulnerable employment.
- **Non-migration sectoral policies can help maximise the economic contribution of immigration.** It is important to bear immigration in mind when designing sectoral policies, e.g. on social protection or the labour market, and to improve co-ordination between ministries to aim for coherent policy goals.
- **Systematically collect and analyse data on migration,** to inform policy makers of progress and monitor integration gaps.

Background information

The share of immigrants in the Costa Rican population has increased significantly over the last 30 years. According to the latest census, 9.1% of the inhabitants were born abroad, more than twice the share in 1984. While most of them come from Nicaragua, various economic and political factors have also spurred important immigration from Colombia, Panama and the United States. Costa Rica's immigration policy is rooted in the principle of protecting human rights, last updated with the 2010 General Migration Law.

Press contacts:

For more information or to obtain a copy of the report or request an interview, journalists are invited to contact:

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How immigrants contribute to Costa Rica's economy is part of the joint International Labour Organisation - OECD Development Centre's comparative project on *Assessing the Economic Contribution of Labour Migration in Developing Countries as Countries of Destination* co-financed by the European Union. The nine other countries covered by the project are: Argentina, Côte d'Ivoire, the Dominican Republic, Kyrgyzstan, Ghana, Nepal, Rwanda, South Africa and Thailand.

Find out more about the project: <http://www.oecd.org/dev/migration-development/eclm.htm> and <http://www.ilo.org/eclm>.