OECD Development Pathways

Interrelations between Public Policies, Migration and Development in Costa Rica

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UNIVERSIDAD DE COSTA RICA
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Foreword

Costa Rica is characterised by both immigration and emigration flows. Economic growth, high living standards and political stability has attracted immigrants from neighbouring countries, and Costa Rica stands out in the region for being a net immigration country. Immigrants, particularly from Nicaragua, constitute close to 9% of the population, and an even higher share of the workforce. At the same time, emigration flows have also been on the rise in the past decades. An estimated 130 000 Costa Ricans live abroad, mainly in the United States.

The significant inflows of immigrants have put integration on the political agenda. Policies related to migration have in more recent times shifted from focusing on security to an emphasis on human rights and integration. However, the development potential of both immigration and emigration flows are still not being fully incorporated into the policy framework. There is scope to further include migration in the development policy agenda. More empirically based evidence is crucial to ensure that policy responses in the field of migration and development are coherent and well-informed.

In 2013, the OECD Development Centre and the European Commission launched a project to provide empirical evidence on the interrelations between public policies, migration and development (IPPMD) in ten countries around the world, including Costa Rica. The findings from Costa Rica, outlined in this report, are the culmination of four years of fieldwork, empirical analysis and policy dialogue conducted in collaboration with the Central American Population Center (Centro Centroamericano de Población [CCP]) at the University of Costa Rica, and with strong support from the General Directorate of Migration (Dirección General de Migración y Extranjería) of the Ministry of Interior and Police.

The report explores the links between the various dimensions of migration and key policy sectors – the labour market, agriculture, education, and investment and financial services – in Costa Rica. It analyses both the impact of migration on these sectors, as well as the impact of these policy sectors on migration outcomes, such as the decision to migrate, the sending and use of remittances, the success of return migration and the integration of immigrants. The empirical analysis draws on quantitative data collected from surveys of 2 236 households and 15 communities, enriched by 49 qualitative stakeholder interviews, and discussions with key stakeholders and policy makers.

This report is published in parallel with nine other country reports – presenting the findings from the other IPPMD partner countries – and a comparative report. The comparative report provides a cross-country overview drawing on the data and

analysis in the ten partner countries. The Costa Rican report is intended as a baseline for improving understanding of the role of public policies in the migration and development nexus in Costa Rica. It also aims at fostering policy dialogue and providing guidance on how best to integrate migration into national development strategies. Building on discussions with key stakeholders and policy makers in Costa Rica, the OECD Development Centre and CCP look forward to continuing their co-operation to enhance the positive contribution of migration to the nation's sustainable development.

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and Special Advisor to the
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para la Investigación

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The team was led by David Khoudour, Head of the Migration and Skills Unit, under the guidance of Mario Pezzini, Director of the OECD Development Centre. The report was drafted by Lisa Andersson, Bram Dekker, Jason Gagnon, Hyeshin Park and Arodys Robles. Vararat Atisophon provided support for statistical work. Fiona Hinchcliffe edited the report and Laura Calvo Valdivielso translated the report into Spanish. The OECD Development Centre's publications team, led by Delphine Grandrieux, turned the draft into a publication. The cover was designed by Aida Buendía. Lisa Andersson managed the overall co-ordination of the report.

This study is based on fieldwork conducted in Costa Rica. Data collection was made possible through co-operation with a CCP team led by Arodys Robles and a team from Borge y Asociados lead by Luis Borge. The authors are grateful to Gilbert Brenes for managing the sampling process, to María Fernanda Alvarado and Jorge Barquero for co-ordinating the household survey and María José Chaves Groh for managing the community survey and qualitative interviews, and to all field supervisors and enumerators for their assistance in carrying out challenging fieldwork.

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Acronyms and abbreviations

CCP	Central American Center for Population Studies (*Centro Centroamericano de Población*)
CCSS	Costa Rican Social Security Fund
CCT	Conditional cash transfer
CRC	Costa Rican colon (currency)
DGME	General Directorate of Migration (*Dirección General de Migración y Extranjería*)
EU	European Union
FONABE	National Scholarship Fund (*Fondo Nacional de Becas*)
GDP	Gross domestic product
INA	National Learning Institute
INEC	National Statistics Office
IOM	International Organization for Migration
IPPMD	Interrelations between Public Policies, Migration and Development
ISCO	International Standard Classification of Occupations
MEP	Ministry of Education
MTSS	Ministry of Labor and Social Security
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary least square
PND	National Development Plan
PSU	Primary sampling unit
UN-DESA	United Nations Department of Economic and Social Affaires
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
USD	United States dollar

Facts and figures of Costa Rica

(Numbers in parentheses refer to the OECD average)

The land, people and electoral cycle

Population (million)[b]	4.8	Official language	Spanish
Under 15 (%)[b]	22 (18)	Form of government	Constitutional republic
Population density (per km^2)[b]	94 (37)	Last election	February 2nd 2014
Land area (thousand km^2)	51.1		

The economy

GDP, current prices (billion USD)[b]	54.1	Exports of goods and services (% of GDP)[b]	30.5 (28.5)
GDP growth[b]	3.7 (2.1)	Imports of goods and services (% of GDP)[b]	32.2 (28.2)
GDP per capita, PPP (constant 2011 international dollars)[b]	14.6 (38.0)	GDP shares (%)[b]	
Inflation rate[b]	0.8 (0.2)	Agriculture, forestry and fishing	5.5 (1.6)
General government total expenditure (% of GDP)[b]	19.3	Industry, including construction	22.2 (24.2)
General government revenue (% of GDP)[b]	13.6	Services	72.3 (74.2)

Well-being

Life satisfaction (average on 1-10 scale)[b]	6.9 (6.5)	Proportion of population under national minimum income standard (%)[b]	21.7
Life expectancy[a]	79 (80)	Unemployment rate (%)[a]	8.3 (7.3)
Income inequality (Gini coefficient)[a]	49 (32)	Youth unemployment rate (ages 15 to 24, %)[a]	19.2 (16.4)
Gender inequality (SIGI index)[a]	0.05 (0.02)	Satisfaction with the availability of affordable housing (% satisfied)[b]	45 (46)
Labour force participation (% of 15 to 64 year old)[a]	68 (71)	Enrolment rates[a]	
Employment-to-population ratio (15 and over, %)[a]	58 (55)	Primary (Net)	96 (96)
Population with access to improved sanitation facilities (%)[b]	95	Secondary (Gross)	120 (104)
Mean years of schooling[b]	8.6	Tertiary (Gross)	53 (70)

Note: a) Data for 2014; b) Data for 2015

Sources: World Bank, World Development Indicators (database), *http://data.worldbank.org/*, Washington DC; OECD, SIGI Social Institutions and Gender index, *http://www.genderindex.org/*; IMF, World Economic Outlook Database, International Monetary Fund, October 2016 edition, Washington DC; UNESCO Institute for Statistics, Data Centre, *http://data.uis.unesco.org/*; Gallup (2015), Gallup World Poll (database), Gallup Organisation.

Executive summary

Immigration 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.

Chapter 1

Integrating migration and development in Costa Rica: Overview and policy recommendations

Costa Rica has recently started seeing the potential of migration for development. However, there are still opportunities being missed to harness the full development potential embodied in its significant rates of emigration and immigration. The Interrelations between Public Policies, Migration and Development (IPPMD) project was conducted in Costa Rica between 2013 and 2017 to explore, through both quantitative and qualitative analysis, the two-way relationship between migration and public policies in five key sectors: the labour market, agriculture, education, investment and financial services, and social protection and health. This chapter provides an overview of the project's findings for Costa Rica, highlighting the potential for migration in many of its dimensions (emigration, immigration, remittances and return migration) to boost development, and analysing the sectoral policies that will allow this to happen.

Costa Rica has a unique position in Central America as both a destination for and origin of migrants. It attracts immigrants from neighbouring countries as well as from the United States, while a significant part of its own population lives abroad.

These migration flows, and the remittances sent home, bring both opportunities and challenges to the country. The key question now is how to create a favourable policy environment across all relevant sectors to enhance the positive, and minimise the negative, impacts of migration.

This report details the Costa Rican findings of a ten-country study on the interrelations between public policies, migration and development (IPPMD; Box 1.1). It aims to provide policy makers with empirical evidence on the role played by migration in policy areas that matter for development. It also explores the influence on migration of public policies not specifically targeted at migration. This chapter provides an overview of the findings and policy recommendations.

Box 1.1. **What is the IPPMD project?**

In January 2013, the OECD Development Centre launched a project, co-funded by the EU Thematic Programme on Migration and Asylum, on the **Interrelations between public policies, migration and development: case studies and policy recommendations** (IPPMD). This project – carried out in ten low and middle-income countries between 2013 and 2017 – sought to provide policy makers with evidence of the importance of integrating migration into development strategies and fostering coherence across sectoral policies. A balanced mix of developing countries was chosen to participate in the project: Armenia, Burkina Faso, Cambodia, Costa Rica, Côte d'Ivoire, the Dominican Republic, Georgia, Haiti, Morocco and the Philippines.

While evidence abounds of the impacts – both positive and negative – of migration on development, the reasons why policy makers should integrate migration into development planning still lack empirical foundations. The IPPMD project aimed to fill this knowledge gap by providing reliable evidence not only for the contribution of migration to development, but also for how this contribution can be reinforced through policies in a range of sectors. To do so, the OECD designed a conceptual framework that explores the links between four dimensions of migration (emigration, remittances, return migration and immigration) and five key policy sectors: the labour market, agriculture, education, investment and financial services and social protection and

Box 1.1. **What is the IPPMD project?** *(cont.)*

health (Figure 1.1). The conceptual framework also linked these five sectoral policies to a variety of migration outcomes (Table 1.1).

Figure 1.1. **Migration and sectoral development policies: A two-way relationship**

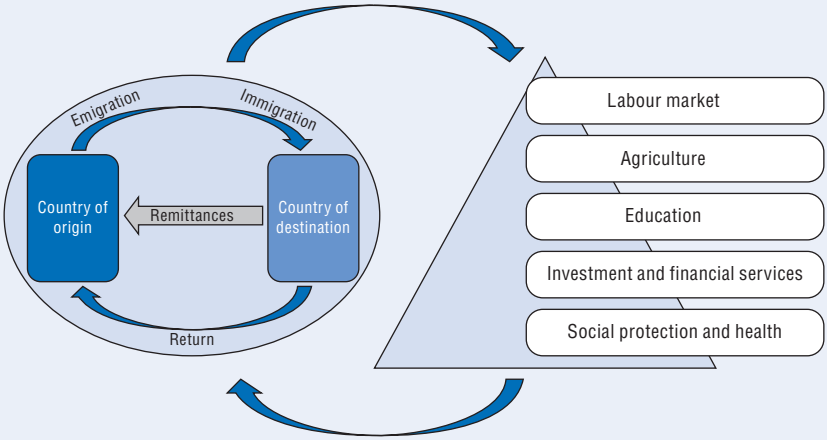


Table 1.1. **Migration dimensions and migration outcomes in the IPPMD study**

	Migration dimensions	Migration outcomes
Emigration	**Emigration** happens when people live outside of their countries of origin for at least three consecutive months.[a]	The **decision to emigrate** is an important outcome for the countries of origin, not only because it may lead to actual outflows of people in the short term, but also because it may increase the number of emigrants living abroad in the long term.
Remittances	**Remittances** are international transfers, mostly financial, that emigrants send to those left behind.[b]	The **sending and receiving of remittances** includes the amount of remittances received and channels used to transfer money, which in turn affect the ability to make long-term investments. The **use of remittances** is often considered as a priority for policy makers, who would like to orientate remittances towards productive investment.
Return migration	**Return migration** occurs when international migrants decide to go back to and settle in, temporarily or permanently, their countries of origin.	The **decision to return** is influenced by various factors including personal preferences towards home countries or circumstances in host countries. Return migration, either temporary or permanent, can be beneficial for countries of origin, especially when it involves highly skilled people. The **sustainability of return** measures the success of return migration, whether voluntary or forced, for the migrants and their families, but also for the home country.
Immigration	**Immigration** occurs when individuals born in another country – regardless of their citizenship – stay in a country for at least three months.	The **integration of immigrants** implies that they have better living conditions and contribute more to the development of their host and, by extension, home countries.

Box 1.1. **What is the IPPMD project?** *(cont.)*

The methodological framework developed by the OECD Development Centre and the data collected by its local research partners together offer an opportunity to fill significant knowledge gaps in the migration and development nexus. Several aspects in particular make the IPPMD approach unique and important for shedding light on how the two-way relationship between migration and public policies affects development:

- The same survey tools were used in all countries over the same time period (2014-15), allowing for comparisons across countries.
- The surveys covered a variety of migration dimensions and outcomes (Table 1.1), thus providing a comprehensive overview of the migration cycle.
- The project examined a wide set of policy programmes across countries covering the five key sectors.
- Quantitative and qualitative tools were combined to collect a large new body of primary data on the ten partner countries:
  1. A **household survey** covered on average around 2 000 households in each country, both migrant and non-migrant households. Overall, more than 20 500 households, representing about 100 000 individuals, were interviewed for the project.
  2. A **community survey** reached a total of 590 local authorities and community leaders in the communities where the household questionnaire was administered.
  3. **Qualitative in-depth stakeholder interviews** were held with key stakeholders representing national and local authorities, academia, international organisations, civil society and the private sector. In total, 375 interviews were carried out across the ten countries.
- The data were analysed using both descriptive and regression techniques. The former identifies broad patterns and correlations between key variables concerning migration and public policies, while the latter deepens the empirical understanding of these interrelations by also controlling for other factors.

In October 2016, the OECD Development Centre and European Commission hosted a dialogue in Paris on tapping the benefits of migration for development through more coherent policies. The event served as a platform for policy dialogue between policy makers from partner countries, academic experts, civil society and multilateral organisations. It discussed the findings and concrete policies that can help enhance the contribution of migration to the development of both countries of origin and destination. A cross-country comparative report (OECD, 2017) and the ten country reports will be published in 2017.

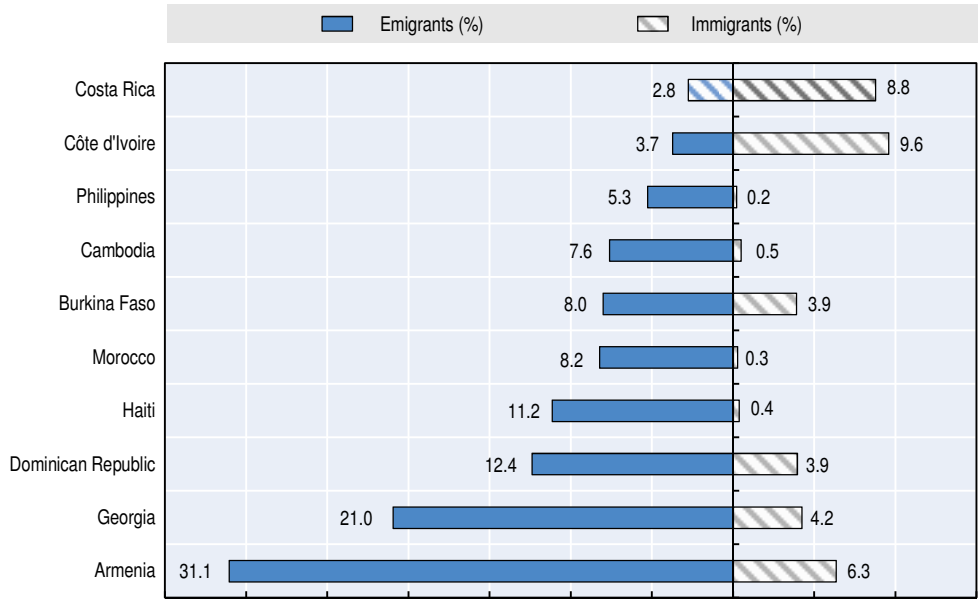
a. Due to the lack of data, the role of diasporas – which often make an active contribution to hometown associations or professional or interest networks – is not analysed in this report.
b. Besides financial transfers, remittances also include *social remittances* – i.e. the ideas, values and social capital transferred by migrants. Even though social remittances represent an important aspect of the migration-development nexus, they go beyond the scope of this project and are therefore not discussed in this report.

Why was Costa Rica included in the IPPMD project?

Costa Rica is a country of significant emigration and immigration flows. While overall it is a net immigration country, it also has one of the highest rates of emigration in the region. Close to 9% of the population were born in another country – the vast majority in Nicaragua – while nearly 3% of Costa Ricans reside abroad (Figure 1.2). The United States is the most common destination (hosing around 65% of Costa Rica's emigrants), followed by Costa Rica's neighbouring countries of Nicaragua, Panama and Honduras (UN DESA, 2015; see Chapter 2). The vast majority of immigrants originate Nicaragua: 95% of the female and 97% of male immigrants in the IPPMD dataset were born in Nicaragua (Chapter 3).

Figure 1.2. **Costa Rica has the second highest rate of immigrants of all IPPMD countries**

Emigrant and immigrant stocks as a percentage of the population, all IPPMD countries (2015)



Note: Data come from national censuses, labour force surveys, and population registers.

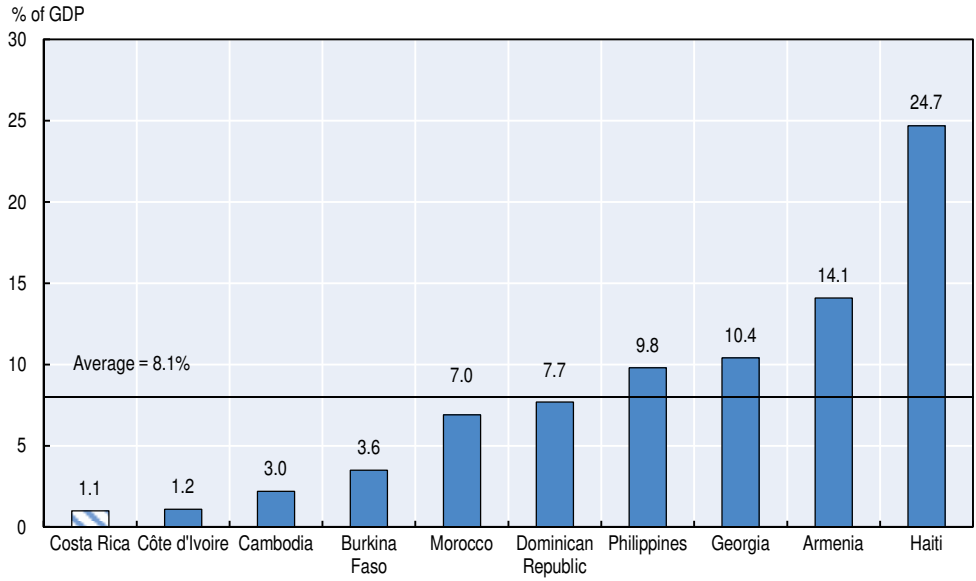
Source: UN DESA (2015), *International Migration Stock: The 2015 Revision* (database), *www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml*.

Remittances sent home by emigrants constitute an important source of income for many households in Costa Rica. These funds have the potential to improve the well-being of migrant households, and to spur economic and social development. Given that Costa Rica has the lowest share of emigrants in the IPPMD sample, the share of remittances in its gross domestic product (GDP) is relatively modest compared to the other partner countries (just over 1%; Figure 1.3).

The volumes and modes of sending remittances depend on multiple factors, including the characteristics of the migrants and the sending and receiving costs.

Figure 1.3. **Costa Rica has the lowest level of remittances as share of GDP in the IPPMD sample**

Remittances as a share of GDP (%), 2015



Source: World Bank (database), "Annual remittances data (inflows)", World Bank Migration and Remittance data, *www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data*, accessed 22 May 2017.

How did the IPPMD project operate in Costa Rica?

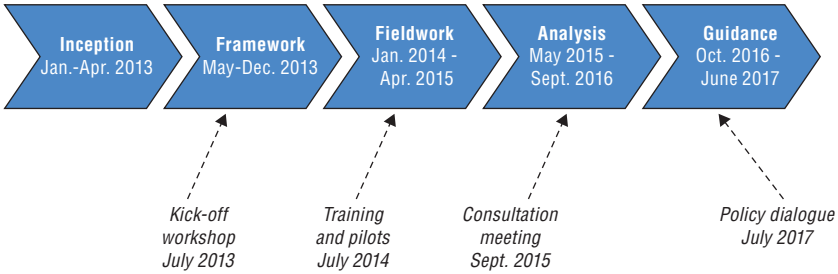
The IPPMD project team worked in Costa Rica with the General Directorate of Migration[1] (DGME) of the Ministry of Interior and Police. DGME provided information on country priorities, data and policies and assisted in organising country workshops and bilateral meetings. The IPPMD team also worked with the Central American Centre for Population Studies[2] (CCP) at the University of Costa Rica, which helped to ensure the smooth running of the project. CCP helped organise national events, contributed to the design of the research strategy, conducted the fieldwork and co-drafted the country report.

The IPPMD project team organised workshops and meetings in Costa Rica throughout the course of the project. The various stakeholders who participated, and who were interviewed during the missions to San José, also played a role in strengthening the network of project partners and setting the research priorities. A kick-off workshop in San José launched the Costa Rican project in July 2013, with support from the Delegation of the European Union to Costa Rica (see Chapter 3). The workshop served as a platform to discuss the focus of

the project with national policy makers and representatives of international organisations, employer and employee organisations, civil society organisations and academics. Following these discussions and in keeping with the overall IPPMD project design, the IPPMD project team decided to focus the analysis on five sectors: 1) the labour market; 2) agriculture; 3) education; 4) investment and financial services; and 5) social protection and health.

Following a training workshop and pilot tests led by the IPPMD project team, CCP collected quantitative data from 2 236 households and 15 communities and conducted 49 qualitative stakeholder interviews (Chapter 3). In September 2015, a consultation meeting was organised in San José to discuss the preliminary findings for Costa Rica with key stakeholders and experts. The project will conclude with a policy dialogue in July 2017 to share the policy recommendations from the findings and discuss with relevant stakeholders concrete actions to make the most of migration in Costa Rica (Figure 1.4).

Figure 1.4. **IPPMD project timeline in Costa Rica**



What does the report tell us about the links between migration and development?

The findings of this report suggest that the development potential embodied in migration is not being fully exploited in Costa Rica. Taking migration into account in a range of policy areas – not just those directly related to migration – can allow this potential to be better tapped. The report demonstrates the two-way relationship between migration and public policies by analysing how migration affects key sectors – the labour market, agriculture, education, investment and financial services and social protection and health (Chapter 4) – and how migration is influenced by policies in these sectors (Chapter 5). Some of the key findings are highlighted below.

Labour market policies can encourage emigration

How are Costa Rica's labour market policies affecting migration? It is often assumed that policies such as vocational training programmes will reduce people's incentives to emigrate by making them more employable. The IPPMD

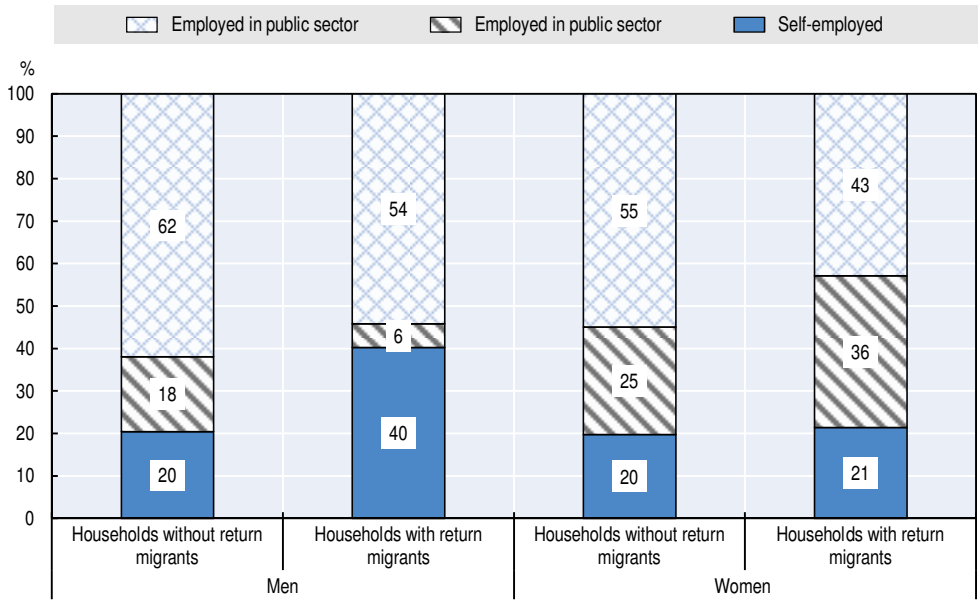
analysis, however, shows that vocational training programmes can also make would-be migrants more employable overseas. Individuals who participated in vocational training programmes are more likely to have plans to emigrate in the future (4%) than those who did not (2%). More in-depth analysis shows that the link between vocational training programmes and plans to emigrate in Costa Rica are particularly likely for women and the urban population.

Migration also has the potential to affect the labour market by contributing to employment and job creation. Return migrants often bring back financial, human and social capital accumulated abroad, which can be used to start or invest in businesses or other types of own-account work, for example. The IPPMD data show that Costa Rican return migrants are more likely to be self-employed than non-migrants (Figure 1.5) – a pattern that was confirmed by regression analysis, particularly for men.

Furthermore, the results show that while immigrants contribute low-skilled labour to specific sectors in the Costa Rican labour market, mainly construction and agriculture, they benefit less from labour market policies such as vocational training programmes and government employment agencies than the native-born population. Rectifying this would help them to integrate into the formal labour market.

Figure 1.5. **Self-employment is higher among individuals in return migrant households**

Employment types among employed people, working age population (%)



Note: The difference between households with and without return migrants is statistically significant for men but not for women (using a chi-squared test).

Source: Authors' own work based on IPPMD data.

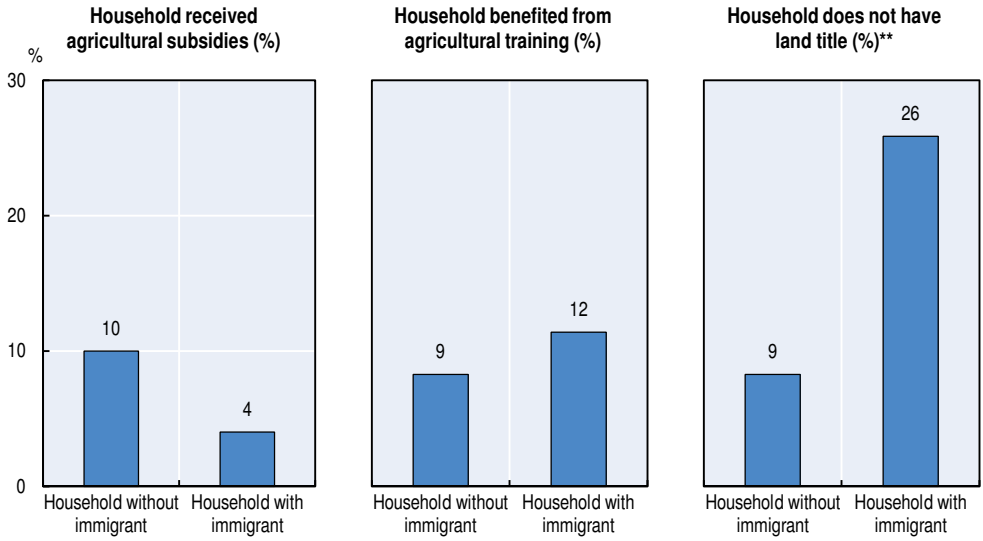
Immigrant households are less likely to have official titles to their land

In recent decades, the role of agriculture has diminished in Costa Rica. However, diversification, modernisation and export-led development have seen productivity rise in the sector. Migration has the potential to boost this process further by channelling migrant investment towards productive investments in agriculture. Alternatively, investment could be used to diversify farming households' activities outside the sector. However, the IPPMD findings suggest that return migration and immigration have very little impact on the type of agricultural activities undertaken by agricultural households in Costa Rica. Although return migrants are more likely to invest in businesses outside the agriculture sector, the results show that this is more linked to wealth than to migration *per se*. Given the small sample of agriculture households in the IPPMD sample it is hard to draw firm conclusions about the link between migration and agriculture, but the findings nevertheless suggest that Costa Rica may be missing an opportunity to harness the social, financial and human capital that return migrants and immigrants can bring.

Costa Rica has a number of agriculture policies in place, including subsidies and agricultural extension programmes. A land titling process in the 1980s defines the legal framework for land ownership, although the exact number of land titles in the country is unknown.

Figure 1.6. **Households with immigrants are much less likely to have official title to their agricultural land**

Share of households benefiting from agricultural policy coverage (%), by immigrant status



Note: A chi-squared test was used to measure the level of statistical significance between each set of groups. Results that are statistically significant are indicated as follows: ***: 99%, **: 95%, *: 90%.

Source: Authors' own work based on IPPMD data.

Immigrant workers form an important part of the rural labour force in Costa Rica. The IPPMD study asks to what extent immigrants are able to access agriculture support programmes and titles to their land in Costa Rica. Inability to access these could negatively affect their integration and their economic contribution within and outside the agriculture sector. While its seems that immigrant and non-immigrant households have roughly equal access to agriculture training programmes, immigrant households are less likely to benefit from agricultural subsidies and to hold official titles to their land. Around 25% of immigrant households lack official titles to their land, compared to only 9% of households without immigrants (Figure 1.6). Widening the reach of agricultural programmes and land titling to include immigrants could help boost immigrants' integration process as well as their agriculture productivity.

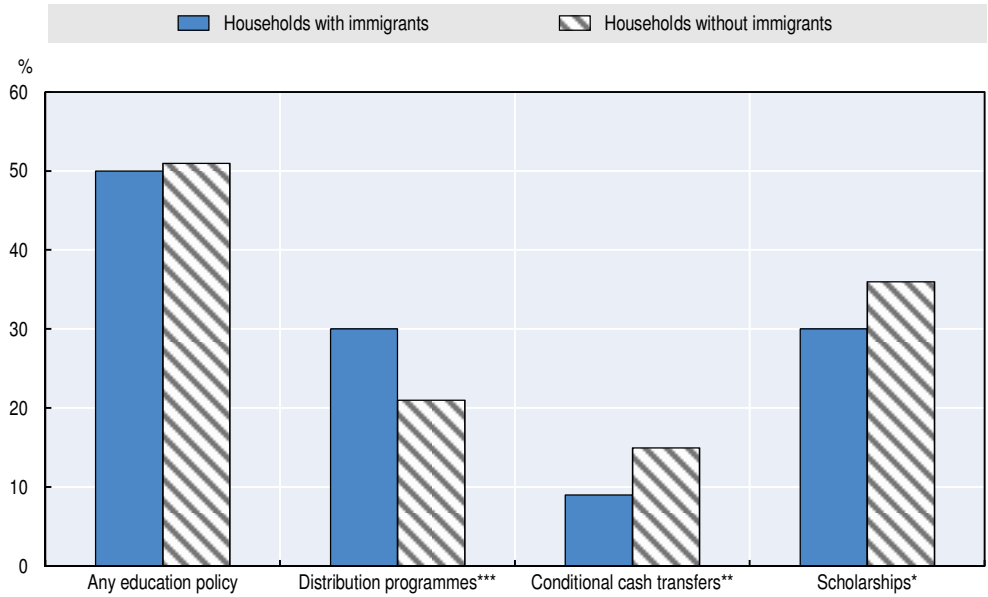
Immigrants are less likely to benefit from cash-based education programmes

Costa Rica has been a leading country in the Latin American region in access to primary education, and has the second highest spending on education in the IPPMD sample (OECD, 2017). Part of these investments has been in education programmes, particularly scholarships, to help students with limited resources to pursue education. Through the National Scholarship Fund (FONABE), Costa Rica offers scholarships for education at different levels, including students with special needs and vulnerable groups. Since 2006, the country has also had a conditional cash transfer programme in place to encourage young people from poor backgrounds to stay longer in school.

The Costa Rican legal framework offers primary and secondary education to all children and young people regardless of their migrant status, and immigrants are eligible for scholarships and conditional cash transfers. Education is a fundamental tool for the social integration of immigrant children and young people. However, the results of the IPPMD analysis show that young immigrants (between 15-17 years) are less likely to attend school than their native-born peers. The analysis explored potential contributing factors behind this and found that surveyed immigrant households have less access to cash-based education programmes (Figure 1.7), which may constitute a barrier to immigrant educational attainment and integration. Failure to provide education to immigrant children and children living in immigrant households may negatively affect their integration and future employability, as well as being a lost opportunity for the country when it comes to long-term human capital accumulation.

Figure 1.7. **Immigrant households are less likely to benefit from cash-based education policies**

Share of households benefiting from education programmes (%), by immigration status



Note: The category "Any education policy" includes all educational programmes included in the survey. The sample includes households with children in school age (6-20 years old). Distribution programmes include distribution of textbooks, uniforms and school meal programmes. Results that are statistically significant are indicated as follows: ***: 99%, **: 95%, *: 90%.

Source: Authors' own work based on IPPMD data.

Low financial literacy undermines investment

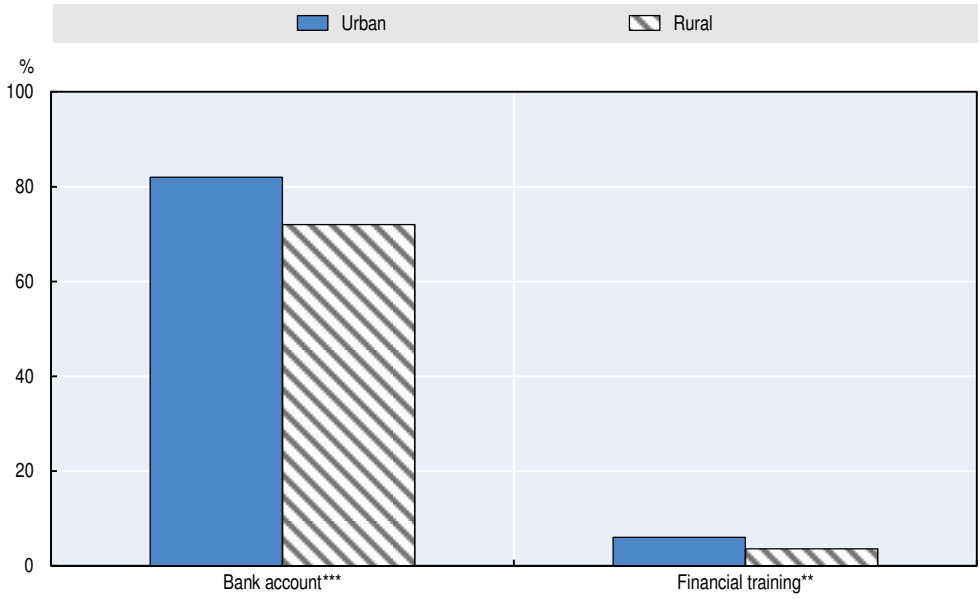
Migration, notably through return migration and remittances, can help households overcome credit constraints and encourage investments in business activities and real estate. However, analysis of the link between migration and productive investment in Costa Rica shows that the impact of migration on productive investment is limited. Emigration does not seem to stimulate business or real-estate ownership, while households with immigrants are less likely to own real estate. There was also no statistically significant link between households with immigrants and owning a business. All in all, the results indicate that the link between migration and investments in productive assets in Costa Rica is relatively weak, but that immigrants are disadvantaged when it comes to real-estate ownership.

While financial training programmes and business management courses help to build financial literacy, and can encourage investment in productive assets, the coverage of such training in Costa Rica is low. Only 5% of households in the sample had participated in a financial training programme in five years

prior to the survey (Figure 1.8). In addition, although financial inclusion[3] is relatively high in Costa Rica compared to other countries in the IPPMD sample (OECD, 2017), one in four households in rural areas are still unbanked. This might be a missed opportunity to channel remittances into more productive investments. Sectoral policies could help create a more enabling environment, for example by introducing measures to expand financial inclusion and financial literacy training so that migration and remittance funds can be used more efficiently.

Figure 1.8. **Household participation in financial training programmes is low**

Share of households with bank accounts and share of households participating in financial training programme in past 5 years (%), by geographical location



Note: Results that are statistically significant are indicated as follows: ***: 99%, **: 95%, *: 90%.
Source: Authors' own work based on IPPMD data.

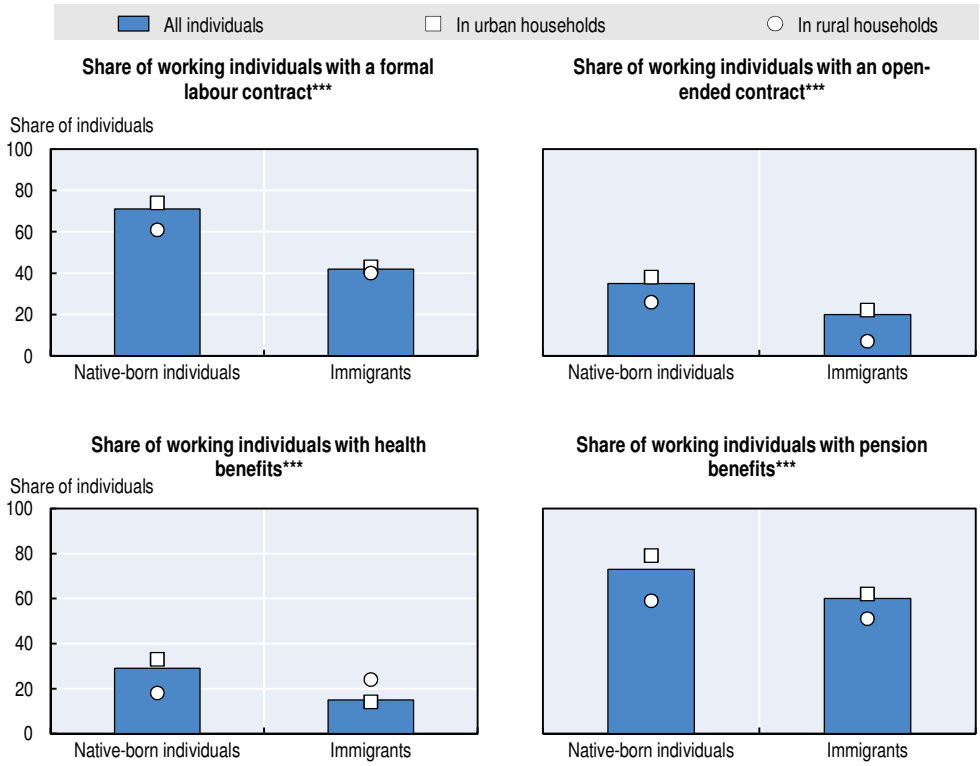
Immigrants are less covered by social protection and health care

Adequate social protection and health coverage are essential for social cohesion, well-being and productivity. Furthermore, social protection has a fundamental role in the social and economic integration of immigrants. Social protection and health are high on the Costa Rican policy agenda, and the government has acknowledged the importance of immigrants' social and economic integration by putting in place policies to provide universal healthcare and social protection insurance. There are however still barriers to immigrants' access to social protection and health services, especially since immigrants tend to be employed in the informal sector.

What does the IPPMD study tell us about the link between migration, social protection and health? The common perception that immigrants tend to be net consumers of health and other welfare system does not seem to hold in Costa Rica. The analysis finds little evidence that immigrants in Costa Rica are net beneficiaries of government transfers or health services. Households with an immigrant tend to benefit much less from government social transfers than households without an immigrant. Immigrants are also less likely to have visited a health facility in the year before the survey took place. Furthermore, immigrants are less likely to have access to employment benefits, such as health and pension benefits (Figure 1.9), largely explained by the fact that immigrants are less likely to have a formal labour contract. Closing the gap between immigrants and native-born individuals in access to formal sector jobs could support immigrant integration and enhance their economic contribution.

Figure 1.9. **Immigrants have less access to social protection than native-born individuals in Costa Rica**

Share of individuals (%) with access to social protection, by immigrant status



Note: A chi-squared test was used to measure the level of statistical significance between each set of groups, based on all individuals. Results that are statistically significant are indicated as follows: ***: 99%, **: 95%, *: 90%. The sample does not include agricultural workers.

Source: Authors' own work based on IPPMD data.

A more coherent policy agenda can unlock migration's development potential

The report suggests that the dimensions of migration analysed in the IPPMD study – emigration, remittances, return migration and immigration – can contribute to economic and social development in Costa Rica. However, this development potential does not yet seem to be fully realised. The current development agenda tends to emphasise the challenges rather than the opportunities of migration. To harness the development impact of migration, the country requires a more coherent policy framework.

The following sections provide policy recommendations for each sector studied in the IPPMD project in Costa Rica. Policy recommendations stemming from the ten-country study across different sectors and the various dimensions of migration are also contained in the IPPMD comparative report (OECD, 2017).

Integrate migration and development into labour market policies

The IPPMD study shows that vocational training programmes in Costa Rica may have indirect and unintentional impacts on migration decisions. The positive link between vocational training programmes and plans to emigrate indicate that these programmes may spur emigration, potentially by making would-be migrants more employable abroad. Furthermore, the results also show that immigrants, while contributing important low-skilled labour, do not benefiting as much from employment agencies or vocational training as their native-born peers. What do these findings suggest for policy?

- Ensure that vocational training programmes meet domestic labour needs. Mapping labour shortages and strengthening co-ordination mechanisms with the private sector are important steps.
- Expand the scope of government employment agencies' activities to reach out to immigrants so that they have a greater chance of finding a formal job. Develop better information systems, through an extended network of employment agencies, to help immigrants and native-born workers alike find jobs that best match their skills.

Leverage migration for agricultural development

The IPPMD analysis shows that return migration and immigration currently have very little impact on farming households' diversification and investments, either within or outside the agriculture sector. Furthermore, the results show that households with immigrants are less likely to benefit from agricultural subsidies and to hold official titles to their land. Bottlenecks that limit investment in rural areas are a lost opportunity to harness the potential of

emigration and immigration for rural development. These findings suggest the following policy recommendations:

- Facilitate immigrant and return migrant investments in productive agricultural activities by providing households with training in investment and financial skills and by putting in place the infrastructure to make it attractive to invest in rural areas.
- Ensure that agricultural programmes, such as subsidies and land-titling, are available to immigrants in order to boost productivity in the sector and support immigrants' integration.

Enhance the links between migration and investment in education

Education is key for immigrant integration. Costa Rica strives to offer education to all children and young people, regardless of their migrant status. However, the results of the IPPMD analysis show that young immigrants are less likely to attend school than their native-born peers. Households with immigrants are also less likely to benefit from cash-based education support programmes, which may constitute a barrier to immigrant educational attainment and integration. The findings suggest the following policy recommendations:

- Invest in educational infrastructure in areas with high immigration rates to ensure universal access to good quality education and to build social cohesion.
- Expand cash and in-kind distribution programmes in areas with high immigration rates, and make sure that immigrants have equal access to such programmes.

Strengthen the links between migration, investment, financial services and development

Migration can help increase investments in businesses and entrepreneurship. Simultaneously, a favourable investment climate and an inclusive financial sector can strengthen the development impact of remittances by encouraging more savings and investments. The IPPMD findings show that more can be done to tap into the investment and entrepreneurial opportunities on offer from migration in Costa Rica. Emigration does not currently seem to be linked to business ownership, and immigrant households are less likely to own real estate. In addition, only 5% of households in the sample have participated in a financial training programme in the past five years, and one in four households in rural areas is still unbanked. These suggest that opportunities are being misssed for promoting productive investments from emigration and immigration. The following steps could help to improve this situation:

- Increase financial literacy and entrepreneurial skills among households in communities with high emigration rates to boost remittance investment.
- Facilitate business start-ups, for example by providing business management courses and access to credit to encourage migrant investments in new businesses.

Expand the coverage of social protection and health services to improve migration and development

Adequate social protection and health coverage are essential to ensure social cohesion, contribute to well-being and improve integration. Despite the fact that Costa Rica has made social protection and health a priority, there are still barriers to immigrants' access to social protection and health services. The findings show that households with an immigrant tend to benefit less from government social transfers than households without immigrants. Immigrants are also less likely to have visited a health facility. Furthermore, immigrants are less likely to have access to benefits related to their employment, such as health and pension benefits, which is largely explained by immigrants being less likely to have a formal labour contract. Addressing these inequalities in access to employment in the formal sector is important in order to better integrate immigrants into the labour market and society at large. To achieve this, policy makers can:

- Increase *de jure*, but also *de facto*, universal access to social protection, such as pension plans, medical benefits, labour union membership and formal labour contract provisions, especially in rural areas.
- Investigate why immigrants use health facilities less frequently, and adjust investments in such facilities in neighbourhoods where there are high levels of immigration, particularly in rural areas.

Roadmap of the report

The next chapter describes the migration landscape for Costa Rica, describing how migration has evolved and reviewing the existing research on the links between migration and development. It also briefly describes the current policy context and institutional frameworks related to migration. Chapter 3 explains the implementation of the fieldwork and the analytical approaches used for the empirical research. It also summarises the broad findings of the IPPMD survey in terms of general emigration, immigration, remittances and return migration patterns. Chapter 4 discusses how the four dimensions of migration affect five key sectors in Costa Rica: the labour market, agriculture, education, investment and financial services, and social protection and health while Chapter 5 explores how the policies in these sectors can influence migration outcomes.

Notes

1. Dirección General de Migración y Extranjería.
2. Centro Centroamericano de Población.
3. i.e. possessing a bank account.

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Chapter 2

Costa Rica's migration landscape

Economic growth and high living standards have attracted immigrants from countries in the region, making Costa Rica a net immigration country in a region characterised by emigration. Immigrants constitute 8.8% of the population, and an even higher share of the labour force. At the same time, emigration has also been on the rise since the 1990s, with about 130 000 Costa Ricans living abroad, mainly in the United States. This chapter paints a broad picture of the Costa Rican migration landscape, drawing from the literature, censuses and surveys. It gives a brief overview of the country's history of migration and current trends: its drivers, who the immigrants and emigrants are and where they have gone. Finally, it lays out the legal, policy and institutional framework relevant to migration.

Costa Rica is characterised by both immigration and emigration flows. Immigrants, mainly from neighbouring countries and particularly Nicaragua, constitute an important part of the population and workforce. Emigration from Costa Rica has also been on the rise since the late 1990s (OECD, 2016). It is estimated that more than 130 000 Costa Ricans live abroad, sending home over USD 500 million in remittances in 2015. While immigrants are mainly low-skilled, emigrants – particularly those leaving to the United States – are in general highly skilled (OECD, 2009).

Research on the migration phenomenon is relatively abundant in Costa Rica. However, there are significant knowledge gaps when it comes to the overall impact of migration, both immigration and emigration. The important role played by immigrants in the labour force has caused a shift in policy focus from border control and securitisation to human rights aspects, migration integration and development (Voorend, 2016).

This chapter explores some of these issues in Costa Rica, setting the scene for the chapters and analysis that follow. It outlines current trends in migration and reviews what the existing research tells us about the key issues linked to migration in the country. It also reviews the role of migration in national development policies, and outlines specific migration-related policies and the institutional framework for managing migration.

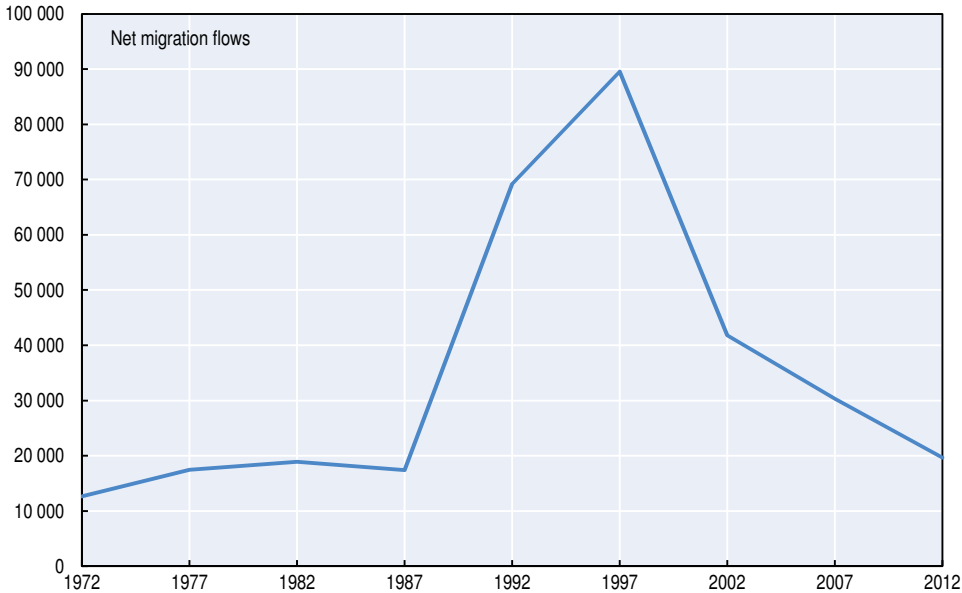
A brief overview of migration and remittance trends in Costa Rica

Due to its favourable economic development and political stability, Costa Rica has been attracting immigrants, particularly from neighbouring countries, for several decades. The country's relatively strong economic performance in the region has been an important pull factor for immigrants. In the 1980s and 1990s, political instability and safety concerns also pushed people from Nicaragua and Colombia to cross the border to Costa Rica. Improvements in Nicaragua's political situation following the end of the civil war dampened migration flows (Mazza and Sohnen, 2011), however Costa Rica still has the highest immigration rate in the region. In 2015, immigrants were estimated to constitute 8.8% of the population (UN DESA, 2015).

Despite being a net immigration country, Costa Rica also has significant emigration outflows, mainly to the United States. Figure 2.1 displays the net migration flows (immigrant flows minus emigrant flows) over time.

Figure 2.1. **Net migration flows peaked in the 1990s**

Net migration flows, 1972-2012



Note: Net migration flows is defined as the flow of immigrants minus the flow of emigrants.

Source: UN DESA (2015), *International Migration Stock: The 2015 Revision*, (database), *www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml*.

Most emigrants go to the United States

Despite being a net receiving country, Costa Rica also has a growing stock of emigrants living abroad (Figure 2.2). Some 133 000 Costa Ricans are estimated to live abroad, the large majority in the United States (Table 2.1). The number of emigrants almost doubled between 1990 and 2015 (Figure 2.2). Emigrants to the United States are in general highly skilled, and emigrate for employment reasons (OECD, 2009).

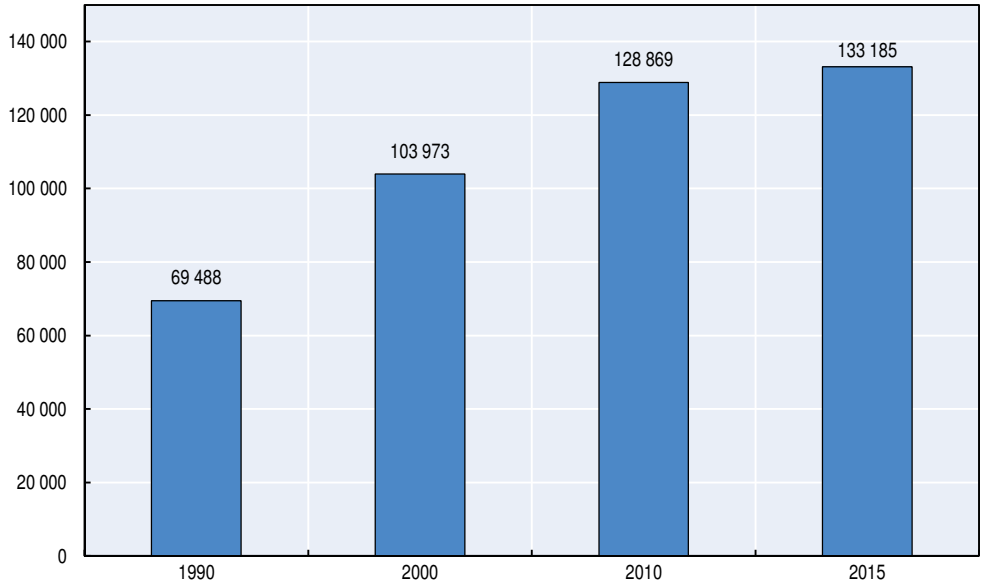
It is estimated that close to 100 000 Costa Ricans are living in the United States, representing around 65% of all emigrants (Table 2.1). There is also significant intraregional migration. Popular destination countries include neighbouring countries such as Nicaragua and Panama, together hosting close to 14% of Costa Rican emigrants. The most popular European destination country is Spain, which hosts the fifth largest share of Costa Rica's emigrant population (2.5% of emigrants).

Return migration has so far only received limited attention in studies on Latin America (CEPAL, 2014). Data on return migration are scarce. A study comparing census data from 2010/2011 across six Latin American countries shows that in absolute numbers, Mexico has the highest number of return migrants, while Costa Rica tops the list for return migrants as a share of the emigrant population (CEPAL, 2014; Table 2.2). The top three countries from which

migrants in the sample have returned are the United States, Canada and Spain. Costa Rican return migrants are most likely to have returned from the United States (about 60% of returnees), followed by Nicaragua and Canada. Most of the return migrants from the United States and Canada are male, while there is an equal share of men and women returning from Nicaragua (CEPAL, 2014).

Figure 2.2. **Emigrant numbers are steadily increasing**

Stock of emigrants, 1990-2015



Source: UN DESA (2015), *International Migration Stock: The 2015 Revision*, (database), *www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml*.

Table 2.1. **The United States is by far the most popular destination country for Costa Rican emigrants**

Number and share of emigrants by most popular migration destination countries

Countries	Number of emigrants		Share of total emigrants (%)
	1990	2015	2015
The United States	43 530	85 924	64.5
Nicaragua	5 959	10 772	8.1
Panama	3 919	7 760	5.7
Canada	1 304	5 039	3.8
Spain	644	3 339	2.5
Mexico	2 088	2 468	1.9
Germany	92	1 891	1.4
Italy	516	1 508	1.1
Guatemala	758	1 162	0.9
Venezuela	1 661	1 127	0.8

Source: UN DESA (2015), *International Migration Stock: The 2015 Revision*, (database), *www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml*.

Table 2.2. **Costa Rica has the highest share of return migration among countries where information on return is available**

Number and share of return migrants as share of emigrant stock (%) in six Latin American countries

Country	Census year	Number of return migrants	Return migrants as share of emigrant stock (%)
Brazil	2011	54 608	4.6
Costa Rica	2010	17 682	15.4
Ecuador	2010	72 272	7
Mexico	2010	860 707	7.2
Panama	2010	8 756	6.4
Uruguay	2011	17 280	5.2

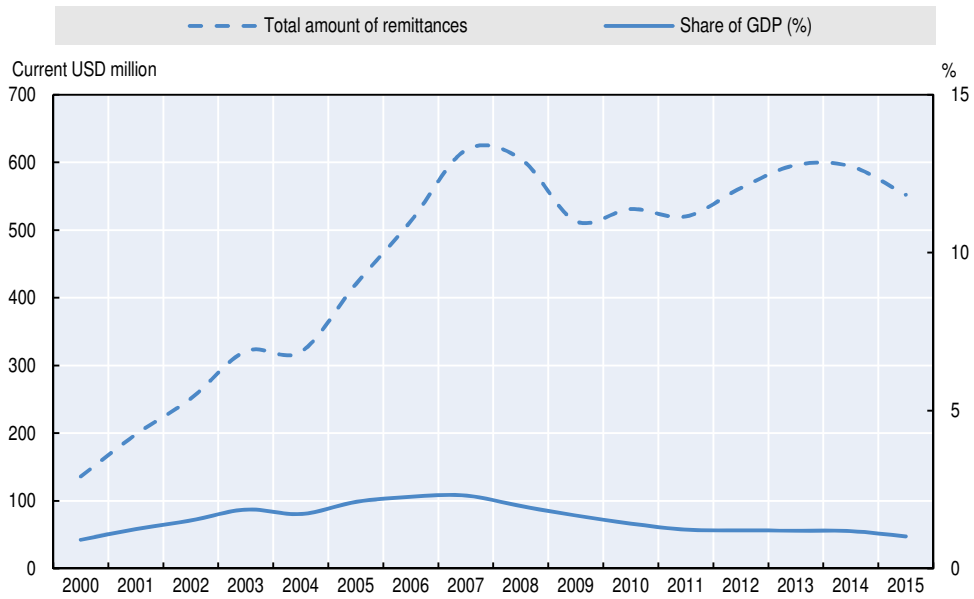
Note: Return migration for Mexico includes forced return.
Source: CEPAL (2014).

Remittances contribute a relatively small share to Costa Rica's GDP compared to other IPPMD countries

Costa Rica has the lowest share of emigrants across all partner countries in the IPPMD study (OECD, 2017). It is also has the smallest share of remittances in relation to gross domestic product (GDP), at about 1.1% (Figure 2.3). However, with the exception of the 2009 economic crises and the years that followed, remittances have in general been increasing over time. In 2015, the country received USD 552 million from emigrants abroad.

Figure 2.3. **The volume of remittances continues to grow steadily**

Evolution of remittance flows over time, in USD and as share of GDP (%), 2000-15

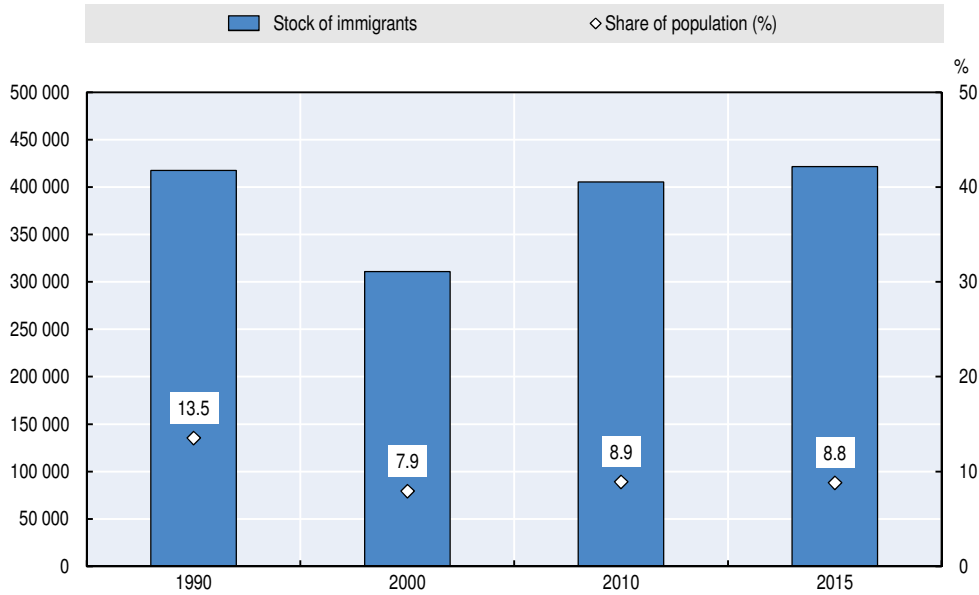


Source: World Bank (2016), *Migration and Remittance Data* (database), *http://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT* (accessed 27 March 2017)

Immigrants constitute close to 9% of the population

From the late 19th century the development of banana plantations in Costa Rica became a major draw card for foreign labour, mainly from Jamaica and Nicaragua. The share of foreign-born in the population remained stable at around 2-6% from the end of the 19th century up until the 1970s (Mazza and Sohnen, 2011). Household surveys conducted since 2000 show immigration flows to be stabilising or even decreasing, reflecting improved situations in neighbouring countries and tighter immigration policies with the introduction of a new migration law in 2005 (OECD, 2009). In 2015, the stock of immigrants in Costa Rica was estimated at about 422 000, or 8.8% of the population (Figure 2.4).

Figure 2.4. **Immigrants constitute close to 9% of the population**
Stock of immigrants and immigrants as share of population (%), 1990-2015



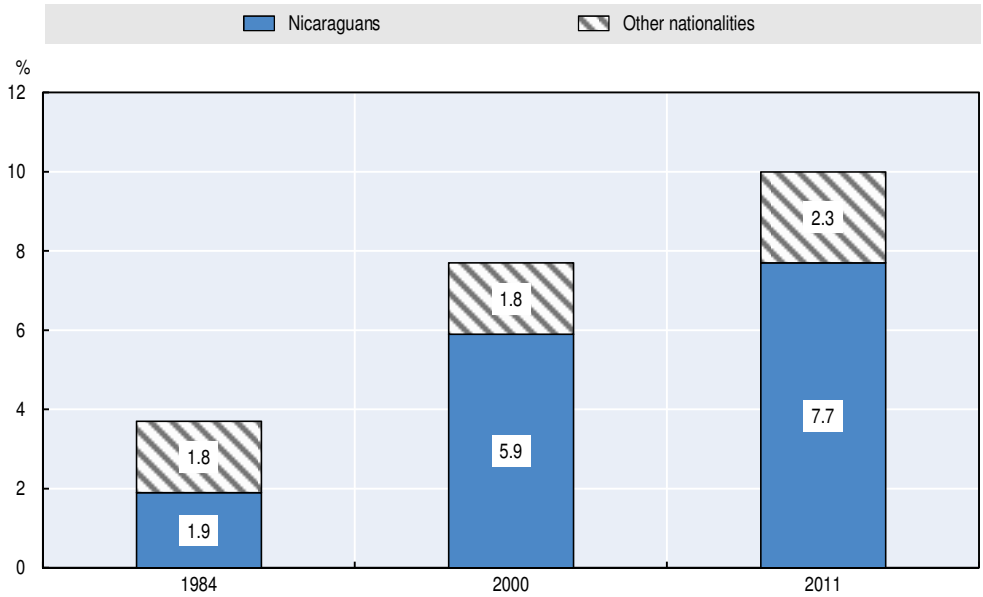
Source: UN DESA (2015), *International Migration Stock: The 2015 Revision*, (database), *www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml*.

Census data from 2011 confirm that Nicaraguans are the largest immigrant group in Costa Rica, making up 6.7% of the population in that year. While immigration from other countries has remained stable over time (1.8% in both 1984 and 2000), Nicaraguan immigration grew significantly during this period, driven by civil war and economic crises. The share of Nicaraguan immigrants

grew from 1.9% of the population in 1984 to 5.9% in 2000 (Figure 2.5). Today, Nicaraguans represent about two-thirds of all immigrants in the country. Recent immigration from Nicaragua is largely driven by economic factors, and labour force participation rates for Nicaraguan immigrants are higher than for native-born Costa Ricans. Nicaraguan immigrant workers are mainly concentrated in low-skilled occupations, and tend to work more hours and have lower wages than native-born workers (Gindling, 2008). Women tend to work in service sectors such as domestic services, hotel and restaurants, while men work in agriculture and construction.

Figure 2.5. **Census data show that Nicaraguans are the most important immigrant group**

Immigrants as share of population (%), 1984-2011



Source: Centro Centroamericano de Población, based on census data, *http://infocensos.ccp.ucr.ac.cr/index.php/grafico-poblacion-nacida-extranjero-costa-rica.html*.

In recent years, Costa Rica has also seen increasing numbers of irregular migrants entering the country, mainly from Haiti, but also from countries in Africa and Asia. Many migrants get stranded in the country on their way to the United States. The Costa Rican government has opened centres to provide basic assistance and shelter, but has struggled with sufficient capacity to host the increasing transit flows (IOM, 2016).

What are the key issues and knowledge gaps?

It is worth stressing that, although research on Costa Rican migration is relatively abundant, there are significant gaps in the overall picture. The impacts of migration on social and economic development are still not fully explored in the literature, partly due to the lack of appropriate data.

An element that has been central in developing migration statistics and studies is the inclusion of migration questions in the population census. The census data provide information on the number and identity of migrants, their social and employment characteristics, and their demographics. Other sources used to study migration in Costa Rica include household surveys and administrative data. Specific surveys on migration have the advantage of combining detailed migration data with other key information, such as socio-economic and labour characteristics. However, Costa Rica has never conducted a national migration survey. An alternative source is the annual household surveys conducted by the statistical office (INEC). These include some questions on migration, but do not provide a representative sample of the immigrant population in the country.

A limited number of studies have explored the impact of immigration and emigration

The impact of migration on the Costa Rican health and education system has received attention in recent years. A common perception is that Costa Rica is a "welfare magnet" for Nicaraguan immigrants, who are burdening the social security system. However, Voorend (2016) found very little evidence of an overrepresentation of migrants in the use of healthcare services. The study shows that most migrants contribute to health insurance, and that their use of health services is almost always lower than their share in the national population. Another study found that immigrants are also less likely to attend school than the native-born population (DGME, 2012).

As for the impact of immigration on the local labour market, Gindling (2008) finds little evidence that immigration from Nicaragua affects earnings, inequality or poverty in Costa Rica. A series of studies have also investigated the characteristics and employment dynamics of the immigrant population in Costa Rica (see for example IOM, 2001; Morales and Castro, 2006; Morales, 2008).

In addition, some attention has been devoted to remittances, both inflows and outflows. Chaves has investigated remittance patterns and the socio-economic characteristics of remittance receivers in Costa Rica in a number of studies (Chaves 2003; 2005; 2008). The project "Banking Remittances, Financial Democratization and Innovative Investment opportunities in Costa Rica and Nicaragua: South-South and South-North Comparative case" analyses remittances inflows from the United States as well as outflows to Nicaragua.

The final study compares the two types of flows, and the findings show, among other things, that remittance flows from north to south (the United States to Costa Rica) are four to five times higher than south-south flows (Costa Rica to Nicaragua) (Céspedes, Monge and Vargas, 2010).

What role does migration play in national development strategies?

The Costa Rican government has taken steps to include migration in its policy framework by developing policies specifically targeting migrants in the National Development Plan, as well as in sectoral policies related to key areas such as health, education and labour.

The policy framework has shifted focus from securitisation to integration

Migration has to some extend been included in the national development policy framework. The National Development Plan (NDP 2011-2014) focused on four main areas: social welfare, public safety and social peace, environment and land-use management, and competitiveness and innovation (MPNPE, 2010). Migration was mainly included in the first two focus areas of the NDP, and was largely concerned with social welfare and public safety. The NDP 2011-2014 outlined programmes specifically targeting vulnerable groups, including immigrants and refugees. This included the creation of nine development centres located in strategic communities to promote social integration. The current National Development Plan (NDP 2015-2018) has established several specific objectives related to migration, including a commitment to participate in international forums on the human rights of migrants and refugees, as well as establishing development programmes targeting migration in the border region with Nicaragua (MPNPE, 2014).

Costa Rican migration law has recently undergone two significant reforms. The 1986 law almost exclusively focused on border controls and other control mechanisms (López, 2012). An update of the law in 2005 treated migration as a national security issue, emphasising surveillance of the sex and drug trade. The law was heavily criticised for its lack of a human rights perspective (Voorend, 2016).

In 2009, a new migration law was approved (Law 8764) which came to effect in March 2010. The law had a much more integrated approach to migration policy, shifting focus from security to one which emphasises its role for development. The second article of the law specifically acknowledges migration as a subject of public interest for the development of the country (Voorend, 2016). A number of executive decrees to facilitate the regularisation of undocumented migrants were also adopted following the introduction of the new migration law.

Although the initial target was parents of minors and migrants with disabilities, it was later extended to include immigrants in key labour migration sectors (agriculture, construction and domestic services). However, it introduced some barriers to regularisation. These include the requirement for immigrants to sign up to the national social security system in order to obtain regular migratory status, and the imposition of fees for irregular stay in the country that need to be paid before the regularisation process can be initiated (Vorrend, 2016).

In addition, in 1995 a bilateral seasonal agricultural work permit programme for the sugar cane and coffee sectors was created between Costa Rica and Nicaragua (López, 2012; Borge, 2004). Its intention was to regulate migration flows, as well as to protect the labour rights of both immigrants and the national population (Borge, 2004). This agreement was however quite quickly abolished.

Migration is also addressed in other national social policies

Besides the national development plan and the specific migration policies, other national polices also address migration, including health. A first step to integrate migration into health policies was taken with the National Health Policy 2002-2006, which included several actions intended to improve institutional capacity to address migration and health in the country (Acuña et al., 2009). The current health policy, the National Health Policy 2011-2021, puts emphasis on diversity as a central element of society. Since its creation in the 1940s, Costa Rica's national health insurance scheme has been universal. However, there are still barriers to access. Access by immigrants depends on three factors: their migration status, their employment conditions, and the level of care they require. For foreigners to get health insurance they need a residency permit or a permit to work in the country (Voorend, 2016). The Ministry of Health has also developed awareness programs and trained care providers to adapt to multiculturalism.

Costa Rica also offers universal primary and secondary education, which is available to everyone regardless of migration status. Immigrant students have the right to educational aid, provided that their parents have a valid residency card, although immigrant students do not seem to benefit from scholarships to the same extent as their native-born peers (DGME, 2012).

What is the institutional framework governing migration?

There are several institutions and government bodies working in the area of migration in Costa Rica, and operating at a variety of levels. Most institutions are mainly oriented to labour immigration. The first-level institutions include:

- The General Directorate of Migration
- Ministry of Labor and Social Security

- Costa Rican Social Security Fund
- Ministry of Education
- Office of the Ombudsman

Besides these institutions, a number of other ministries also deal with migration directly and indirectly, including the Ministry of Interior and Police, Ministry of Public Security, Ministry of Health, Ministry of National Planning and Economic Policy and the Ministry of Foreign Affairs. This section describes only the functions of the main institutions however, as they are the most involved in serving the migrant population.

The **General Directorate of Migration (DGME)** is the institution responsible for implementing the migration policy and migration law. Its main functions are to authorise, reject and control the legal entry, stay and exit of foreigners; to approve changes in migration categories and sub-categories; and deport and expel foreigners. In addition, the institution produces statistical data on international movements. This information is exchanged with other government agencies. The DGME is responsible for including a detailed report on the implementation of migration policy and management in the Annual Report of the Ministry of Interior and Police.

The **Ministry of Labor and Social Security (MTSS)** is in charge of analysing labour demands, and a key player for immigration as it determines the need for foreign workers in the country. The MTSS provides the DGME with reports on the employment situation in the country, and authorises work permits for certain categories of migrants.

The **Costa Rican Social Security Fund (CCSS)** is an autonomous institution in charge of governing and managing social security. It manages the two main social security systems in the country: the pension and the health insurance schemes. The 2010 Migration Law stipulates that affiliation to the Costa Rican social security system is a requirement for regularisation. Consequently, CCSS plays a role in migration policy and has become a principle tool for migration control (Voorend, 2013).

The **Ministry of Public Education (MEP)** is the largest public institution, with over 24 regional directorates and about 5 000 schools of all levels and forms of education. As the coverage of primary public education is universal, the foreign population can access this service under the same conditions as nationals.

The **Ombudsman Office** has taken over a leading role in defending the rights of migrants, especially in the field of labour. This institution was created by Law N. 7319 of 17 November 1992. The Ombudsman Office institutionalised the Permanent Forum on Migrant and Refugee Population, in operation since 1995, which has representatives from government institutions, international agencies, the academia and non-governmental organisations.

The National Migration Council is the main institutional co-ordination body

The **National Migration Council** is one of the main bodies in charge of migration management, integration and co-ordination. It gathers representatives from a number of different government institutions, including the Ministry of Education, the CCSS, the Ministry of Foreign Affairs, as well as migrant associations.

The **National Network of Civil Organizations for Migration** (RNCOM), sponsored by the International Center for the Human Rights of Migrants (CIDEHUM), co-ordinates regional organisations, such as the Regional Network of Civil Organizations for Migration (RNCOM), in offering legal assistance, training, and information on the rights of migrants.

The **Joint Program on Policies for Intercultural Inclusion and Opportunity Generation**, in place from 2008 to 2010, was executed by a number of United Nations agencies (UNESCO, UNDP, FAO, UNICEF and PAHO/WHO) in Costa Rica, along with government institutions such as the Ministry of National Planning and Economic Policy, the Ministry of Culture and Youth, the Ministry of Public Education, the Ministry of Health, the Ministry of Agriculture, and the Ministry of Economy, Trade and Industry. The programme sought to include populations at risk within the Costa Rican policy context.

The **National Forum on Migrant Population**, promoted by the Ombudsman Office, is one of the initiatives working toward the inclusion of migration in development of public policies. The forum was created in 1995 and works on a regular and permanent basis with representatives of public institutions, academia, civil society and international organisations. It provides a space for dialogue, information exchange and making recommendations to support the design of policies.

Moreover, the **Technical committee for the formulation of comprehensive migration policy of Costa Rica** has operated since 2012 as an advisory body to the Executive Branch, the Ministry of Interior and Police, and the General Directorate of Migration. It supports the design and development of migration policy and monitors its effective implementation. The Technical Committee is composed of the Ministry of National Planning and Economic Policy, the Ministry of Education, the Ministry of Health, the Ministry of Interior and Police, the Ministry of Public Security, the Ministry of Foreign Affairs, the Ministry of Labor and Social Security, the Costa Rican Tourism Institute, the Costa Rican Social Security Fund, the Center for Social Rights of Migrants (CENDEROS), and the Jesuit Service for Migrants. Other organisations affiliated with the Technical Committee include the National Council of Rehabilitation and Special Education, the National Institute of Women, the National Commission for Justice Improvement and Administration, the Ministry of Justice and Peace, and the National Children's Board.

Finally, as another instance of co-ordination of migration policies, the **National Coalition Against the Smuggling of Migrants and Trafficking in Persons (CONATT)** was created in 2013 with the objective to provide, define, co-ordinate and implement a plan of action for the prevention, fight against, punishment, and eradication of any actions violating the human rights of migrants.

Conclusions

Costa Rica is a net immigration country in a region mainly characterised by emigration. Immigrants constitute a significant part of the country's population and labour force. At the same time, emigration flows have also been on the rise in recent decades. Both inflows and outflows are mainly driven by employment. Immigrants, mainly from Nicaragua, are in general low-skilled and work in primary sectors such as construction and agriculture, while emigrants tend to be more highly-skilled and leave to seek employment mainly in the United States.

The high representation of immigrants in the population and labour force has slowly generated a shift in Costa Rica's migration policy – from primarily focusing on securitisation and border control to one of immigrant integration and the nexus between migration and development. However, the importance of migration for development is not fully reflected in the country's policy framework, and immigrants still face barriers in access to social services.

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Chapter 3

Understanding the methodological framework used in Costa Rica

In order to provide an empirical foundation to the analysis of the links between migration and policy, the Interrelations between Public Policies, Migration and Development (IPPMD) project used three evidence-gathering tools: household surveys, community surveys, and interviews with representatives of public, private, non-government and international institutions to provide additional qualitative information about the migration context in Costa Rica.

This chapter explains how the sampling framework was designed and implemented, as well as the statistical approaches used in this report to analyse the link between key policy sectors and emigration, immigration, return migration and remittances. The chapter also includes descriptive statistics drawn from the survey data. It outlines some key characteristics of the migrants in the sample as well as some background on immigration, emigration, remittances and return migration.

The Interrelations between Public Policies, Migration and Development (IPPMD) project framework is empirically based. In order to provide evidence-based analysis on the interrelationship between migration and the various sectors under study (Chapter 1), the project carried out data collection in Costa Rica from February to July 2015. The OECD Development Centre developed three analytical tools for the fieldwork, each tailored to the Costa Rican context, in collaboration with the Central American Center for Population studies (*Centro Centroamericano de Población)* (CCP) at the University of Costa Rica, who conducted the fieldwork. The three tools included:

1. **A household survey**, administered to 2 236 households (see Box 3.1 for definitions). The household questionnaire gathered information about individual and household characteristics related to five key development sectors: 1) the labour market; 2) agriculture; 3) education; 4) investment and financial services; and 5) health and social protection, as well as household members' experience with immigration, emigration, remittances and return migration. It also asked about their experience of specific public policies which may affect their migration and remitting patterns. More details on the specific modules of the household survey can be found in Annex 3.A2.
2. **A community survey**, carried out in the 15 communities where the household survey took place. Respondents were community representatives with good local knowledge. The questionnaire gathered information on the community's demographic, social and economic background as well as the existence of policies and development programmes. Existing secondary data at community level were also used.[1]
3. **Stakeholder interviews:** 49 interviews were held with representatives of government ministries and other public institutions, non-government organisations, private sector institutions, academia and international organisations based in Costa Rica. These interviews were used to collect qualitative information on trends, policies, opinions and predictions related to various aspects of migration in the country. The information they provided helped enrich and interpret the quantitative data by including additional details on Costa Rica's specific context.

This chapter describes how these tools were implemented in Costa Rica. It explains the sampling design adopted for the household and community surveys, and outlines the analytical approach taken in the study. Finally, it presents basic descriptive statistics on the four migration dimensions analysed in the report: emigration, remittances, return migration and immigration.

How were the households and communities sampled?

The first step in the sampling design was to create a sampling frame. A challenge with migration surveys is to design a sampling strategy that ensures a significant representation of migrant households in the sample. Data on immigration and emigration in Costa Rica have traditionally come from two sources: census data and household surveys. Both the 2000 and 2011 censuses included questions on the mother's place of residence at the time of a person's birth, year of arrival in Costa Rica for foreign born individuals, nationality, and place of residence five years before the survey date. In the 2011 census, a question was added to estimate the number of households that had a former member living abroad. An annual household survey carried out by the National Statistics Office (INEC) also includes questions on mother's residence at the time of birth, and the respondent's place of residence two years before the survey date.

The census data show that immigrants and households with members living abroad are concentrated in certain districts. The country as a whole is divided into 472 districts – approximately 58% of the foreign-born population lives in 126 districts. The percentage of the foreign-born population in these districts ranges from 10% to 45%. Only 12 of these districts have more than 25% of the foreign-born population and 57 have more than 15%. Most of the districts with a high percentage of foreign-born people are sparsely populated. The same pattern is true for households with emigrants: almost half of the households with emigrants are located in 106 of the country's 472 districts.

The second step in the sampling involved selecting the districts for enumeration. Given the high concentration of immigrants and households with emigrants in a few districts, sample selection was done in three strata involving districts with an above-average percentage of immigrants or households with emigrants:

1. districts in the urban section of San José (Casco Central de San José in Table 3.1)
2. districts in the northern part of the country close to the Nicaraguan border, with a high percentage of immigrant households (Zona Norte fronteriza in Table 3.1)
3. districts in the southern part of the country with a high concentration of households with emigrants (Pérez Zeledón in Table 3.1).

In each of these strata, a sample of census tracts was selected. According to INEC, census tracts include approximately 60 dwellings each. In order to avoid an excessive concentration of interviews in very few tracts, each census tracts was divided into three partial tracts of approximately 20 dwellings each. The strategy followed was to randomly select one of the three partial tracts and then to visit each dwelling in that partial tract. If the number of interviews obtained after a second visit was less than 20, the interviewers could move on to another partial tract within the same census tract. Clear instructions were given to supervisors on where to begin interviews and on how to select the second census tract when it was needed.

Given the high concentration of immigrants and emigrants in the selected enumeration areas, the sampling design did not include any element of over-sampling of migrant households. The enumerators began every interview with a series of questions to identify emigrants, immigrants and return migrants in the household so as to categories the household into one of the following groups: households without migrants, households with immigrants and households with emigrants and/or return migrants (see Box 3.1 for definitions).

Box 3.1. **Key definitions of the household survey**

A **household** consists of one or several persons, irrespective of whether they are related or not, who normally live together in the same housing unit or group of housing units and have common cooking and eating arrangements.

A **household head** is the most respected/responsible member of the household, who provides most of the needs of the household, makes key decisions and whose authority is recognised by all members of the household.

The **main respondent** is the person who is most knowledgeable about the household and its members. He or she may be the head, or any other member (aged 18 or over). The main respondent answers the majority of the modules in the questionnaire, with the exception of the immigrant and return migrant modules which were administered directly to the immigrants and returnees themselves. As it was not possible to interview migrants who were abroad at the time of the survey, questions in the emigrant module were asked of the main respondent.

A **migrant household** is a household with at least one current international emigrant, return migrant or an immigrant.

A **non-migrant household** is a household without any current international emigrant, return migrant or immigrant.

An **international emigrant** is an ex-member of the household who has left to live in another country, and who has been away for at least three consecutive months without returning.

An **international return migrant** is a current member of a household who was born in Costa Rica, but had previously been living in another country for at least three consecutive months before returning to the country.

An **international immigrant** is a current member of the household who was born in another country, and has lived at least three months in Costa Rica.

International **remittances** are cash or in-kind transfers from international emigrants. In the case of in-kind remittances, the respondent is asked to estimate the value of the goods the household received.

A **remittance-receiving household** is a household that received international remittances in the past 12 months prior to the survey. Remittances can be sent by former members of the household as well as by migrants that have never been part of the household.

Household surveys

The household survey data collection took place from 11 February to 30 July 2015. Pilot tests, one in an urban area and one in a rural area, were carried out first in order to test the questionnaire. Following the pilot tests, the questionnaire was revised in order to correct wording and especially to refine the identification of inmigrants, emigrants, and return migrants. Several training sessions were held prior to beginning the fieldwork. An interviewers' manual was prepared to guide these sessions and any other training necessary during the fieldwork. Clear instructions were issued on how to cover the partial census tracts.

During the fieldwork reports were issued every week by the supervisor, detailing the census tracts visited and results for each of the census tracts. The fieldwork reports highlighted a number of challenges in the field. Certain enumeration areas, particularly in urban areas of San José, had high rates of crime, which meant that not all interviews could be carried out. In response, the number of sampled households was increased in adjacent census tracts. Another challenge in urban areas was the existence of gated residential areas which made it difficult for the interviewers to visit houses or apartments included in the sample. This occurred mainly in middle and upper middle-class areas. Difficult access due to weather and road condition in rural areas also resulted in delays of the fieldwork.

A final challenge was related to the share of migrants in the sample. While the share of immigrants in the final sample was as expected from the sampling design, the share of emigrant households was much lower than expected. This was partly due to a higher none-response rate among emigrant households, but also due to an over-estimation of emigrant households in the census data. For example, households with more distant relatives who had never been part of the household but who had emigrated abroad were sometimes incorrectly identified as emigrant households. The combination of these factors resulted in a sample with a significantly lower share of emigrant households than the original target. The final sample includes 937 migrant households (households with one emigrant, immigrant and/or return migrant), representing 42% of the total sample (Table 3.1). Among the migrant households, 757 were immigrant households, while 127 households have a return migrant, and only 95 have at least one emigrant.

Community surveys

The community questionnaire included around 75 questions designed to gather demographic, social and economic information on the communities, information about policies and programmes implemented in the localities, the share of households that currently have a family member living in another country and their most common country of residence, and the most common occupational activities of those living in the community.

Table 3.1. **Household distribution, by geographical area**

	Casco Central de San José	Zona Norte fronteriza (Northern border zone)	Pérez Zeledón	Total
Households with migrants	498	314	125	937
Households without migrants	733	286	280	1 299
Total	1 231	600	405	**2 236**
Migrant households				
Households with at least one emigrant	34	4	57	95
Households with at least one immigrant	439	300	18	757
Households with at least one return migrant	54	13	60	127

Note: The migrant household groups in the lower part of the table are not mutually exclusive, e.g. a household with an emigrant and an immigrant falls both in the category of households with emigrants, and in the category of households with immigrants.

Source: Authors' own work based on IPPMD data.

A small research team from CCP was responsible for carrying out the community survey. A total of 15 community surveys were carried out, covering the communities where the household survey was implemented. Data were collected in two steps. The first step involved searching for information in registers or other secondary data sources, such as official publications or government statistics. This included information such as population statistics and weather related data. The second step involved collecting the remaining information through interviews with local government representatives with good knowledge of the community using the questionnaire described above.

Stakeholder interviews

In order to supplement the quantitative data, semi-structured interviews with stakeholders from different backgrounds were conducted using an interview guide developed by the OECD Development Centre. The guide was divided into five topics:

1. general awareness of migration
2. actions, programmes and policies directly related to migration
3. main actions, programmes and policies likely to have a link with migration
4. perceptions of migration-related issues
5. co-ordination with other stakeholders on migration.

Questions for each topic were modified according to whether the institution interviewed was working on migration issues directly or indirectly, and its role vis-à-vis migration policy. In total, 49 qualitative interviews were carried out from 1 November to 25 March 2015. This includes interviews with 20 representatives from public institutions, such as government ministries, local governments and key public institutions; as well as with representatives from civil society, the private sector, labour unions, academia and international

organisations (Table 3.2). The interviews were conducted in Spanish by an experienced qualitative researcher at CCP.

Table 3.2. **Summary of interviewees for qualitative interviews, by type of organisation**

Type of organisation	Number of interviews
Public institutions	20
International organisations/academia	12
NGOs	8
Private sector and labour unions	9
Total	49

How were the data analysed?

Having described the tools used to collect data for the project, this section provides an overview of how the data were analysed, followed by a general overview of the key migration characteristics of the sample. The remaining chapters in the report present the results of the analysis on the links between migration and public policies.

The analysis in this report incorporates both statistical tests and regression analysis. Statistical tests determine the likelihood that the relationship between two variables is not caused by chance:

- A t-test compares the means of a dependent variable for two independent groups. For example, it is used to test if there is a difference between the average number of workers hired by agricultural households with emigrants and those without.
- A chi-squared test is used to investigate the relationship between two categorical variables, such as private school attendance (which only has two categories, yes or no) by children from two types of households: those receiving remittances and those not.

These types of statistical tests do not control for other factors. Regression analysis, on the other hand, is useful to ascertain the quantitative effect of one variable upon another while controlling for other factors that may also influence the outcome. The household and community surveys included rich information about households, their members, and the communities in which they live. This information was used to create control variables that were included in the regression models in order to single out the effect of a variable of interest from other characteristics of the individuals, households and communities that may affect the outcome, such as the household's business investments or an individual's plans to emigrate.

Two basic regression models were used in the analysis: ordinary least square (OLS) and probit models. The choice of which one to use depends on the nature of the outcome variable. OLS regressions are used when the outcome variable is continuous (i.e. can take on an infinite number of values). Probit models are used when the outcome variable can only have two values, such as owning a business or not.

The analysis of the interrelations between public policies and migration was performed at both household and individual level, though this depended on the topic and hypothesis investigated. The analysis for each sector is divided into two sections:

- The impact of a **migration dimension** on a **sector-specific outcome**

$$Y_{sector\ specific\ outcome(C)} = \alpha + \beta E_{migration\ dimension(A1)} + \gamma \mathbf{X}_{characteristics(D)} + \varepsilon$$

- The impact of a **sectoral development policy** on a **migration outcome**

$$Y_{migration\ outcome(A2)} = \alpha + \beta E_{sector\ dev.\ policy(B)} + \gamma X_{characteristics(D)} + \varepsilon.$$

The regression analysis rests on four sets of variables:

A) **Migration**, comprising: (1) **migration dimensions** including emigration (sometimes using the proxy of an intention to emigrate in the future), remittances, return migration and immigration; and (2) **migration outcomes**, which cover the decision to emigrate, the sending and use of remittances, the decision and sustainability of return migration, and the integration of immigrants.

B) **Sectoral development policies:** a set of variables representing whether an individual or household took part or benefited from a specific public policy or programme in five key sectors: the labour market, agriculture, education, investment and financial services, and social protection and health.

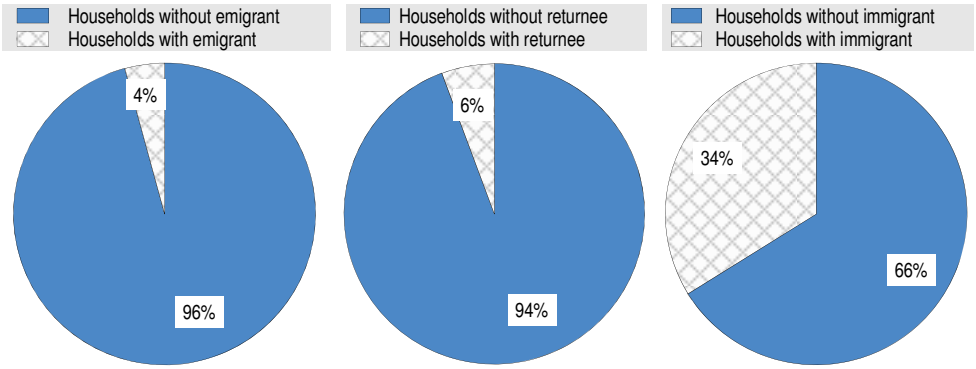
C) **Sector-specific outcomes:** a set of variables measuring outcomes in the project's sectors of interest, such as labour force participation, investment in livestock rearing, school attendance and business ownership.

D) **Household and individual-level characteristics:** a set of socio-economic and geographical explanatory variables that tend to influence migration and sector-specific outcomes.

What do the surveys tell us about migration in Costa Rica?

Overall, the 2 236 household surveys collected information on 7 847 individuals. Of these, 1 578 were immigrants living in 753 households, representing 34% of the households in the sample. Data were also collected on 113 emigrants, from 95 households, constituting 4% of the households in the sample, while 6% of the households in the sample have a return migrant (Figure 3.1).

Figure 3.1. **Share of households, by migration experience**

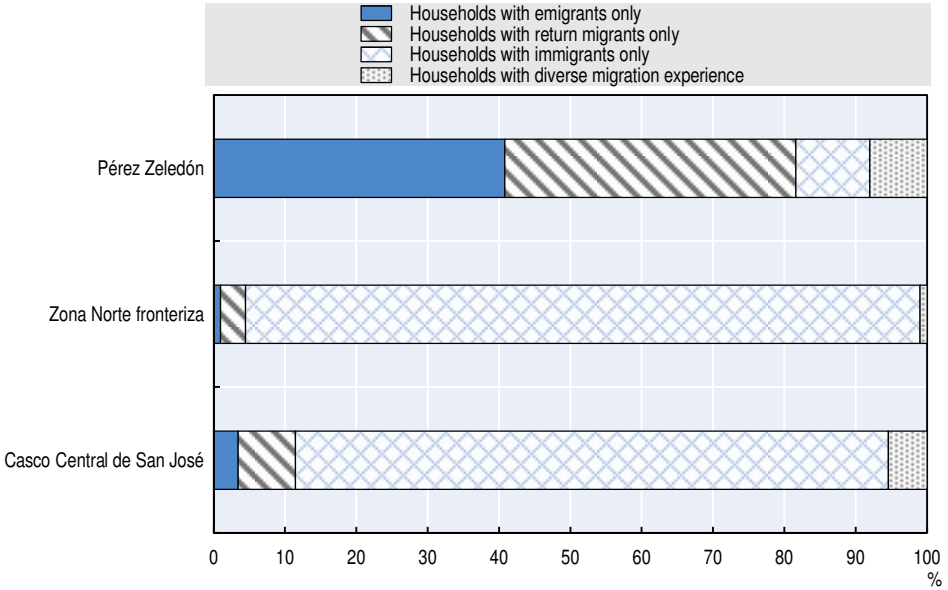


Source: Authors' own work based on IPPMD data.

The prevalence of emigrant and return migrant households in the sample varies across regions (Figure 3.2). The geographical zone of Perez Zeledón has a larger share of emigrants, whereas in Zona Norte fronteriza and Casco Central de San José a large majority of the migrant sample are immigrants.

Figure 3.2. **Pérez Zeledón has the highest shares of emigrant and return migrant households**

Relative share of migrants per geographical zone (%)



Note: The category "diverse migration experience" includes households that have at least two of the other categories, e.g. a household with both a returnee and an emigrant.

Source: Authors' own work based on IPPMD data.

Table 3.3 shows how household characteristics vary by migration experience. Households with return migrants are more likely than other household types to be in a rural area. Households with emigrants typically have fewer members than other households, especially households with immigrants. Households with immigrants are the most likely to have young children (aged 0-14); immigrant households also have a higher dependency ratio than the other household types. Female-headed households are most common among emigrant households, at 42%, and least common among return migrant households (23%). Return migrant households are the most likely to have a member who has completed post-secondary education (46%); this is far higher than the share in immigrant households (19%).

Table 3.3. **Migrant households are wealthier on average than non-migrant households**

Characteristics of sampled households

	Total sample	Households without migrants	Households with emigrants	Households receiving remittances	Households with returnees	Households with immigrants
Number of households	2 236	1 299 (58%)	95 (4%)	98 (4%)	127 (6%)	757 (34%)
Households in rural areas (%)	42	39	48	41	50	42
Household size	3.5	3.3	3.2	3.3	3.6	4.0
Dependency ratio[a]	0.57	0.54	0.54	0.51	0.56	0.62
Households with children (0-14 years, %)	45	39	31	41	37	59
Households with female heads (%)	33	34	42	42	23	30
Households with at least one member having completed post-secondary education (%)	28	32	41	36	46	19
Wealth indicator[b]	21.8	23.0	25.1	26.2	27.3	18.8
Households with members planning to emigrate (%)[c]	4.8	2.6	9.5	14.3	7.1	8.5

Note: The groups in the column headings are not mutually exclusive, e.g. an household with an emigrant and an immigrant falls both in the category of households with emigrants, and in the category of households with immigrants.
a) The dependency ratio is the number of children and elderly persons divided by the number of people of working age.
b) The wealth indicator is standardised ranging from 0 to 100, with higher scores indicating wealthier households.
c) The share of households with a member planning to emigrate is based on a direct question to all adults (15 years or older) on whether or not they have plans to live and or work in another country in the future.

Source: Authors' own work based on IPPMD data.

For the purposes of the analysis in Chapters 4 and 5, a household level wealth indicator was constructed based on questions in the household survey on the number of assets owned by the household, ranging from cell phones to real estate. The wealth indicator was constructed using principal component analysis. It suggests that households with an emigrant, return migrant, or receiving remittances are the richest, while households with immigrants are on average poorer than all other household groups (Table 3.3).

Having a member planning to emigrate is more common among households which already have migration experience. Fewer than 3% of households without migrants have a member who plans to emigrate, compared to 14% among households receiving remittances and close to 10% among households with an emigrant.

Table 3.4 summarises the characteristics of individuals from the sampled households broken down by whether they are non-migrants, returned migrants, current emigrants or immigrants. Returnees are the oldest group, with an average age of 48 years, compared to non-migrants (41 years), immigrants (39 years), and emigrants (37 years). Overall, women constitute 50% of the sample. Among emigrants the share of women is the lowest, at 28%, compared to 31% among return migrants and 52% for both non-migrants and immigrants. Immigrants have lower education levels than the native-born population in the sample: the share of immigrants with post-secondary education is 9%, compared to 19% among native-born people. Return migrants are on average the most educated: 32% have completed post-secondary education.

Table 3.4. **Emigrants and return migrants are more likely to be male**

Characteristics of adults in the sampled households

	Non-migrants	Emigrants	Return migrants	Immigrants
Number of individuals	4 456	113	140	1 474
Average age	41	37	48	39
Share of women (%)	52	28	31	52
Share (25+) having completed post-secondary education (%)	19	25	32	9

Note: Only adults (aged 15 and above) are included. The group of non-migrants includes individuals wwin households with and without migrants. To calculate education status, the analysis only included individuals aged 25 or over – the age by which they would have completed post-secondary level education.

Source: Authors' own work based on IPPMD data.

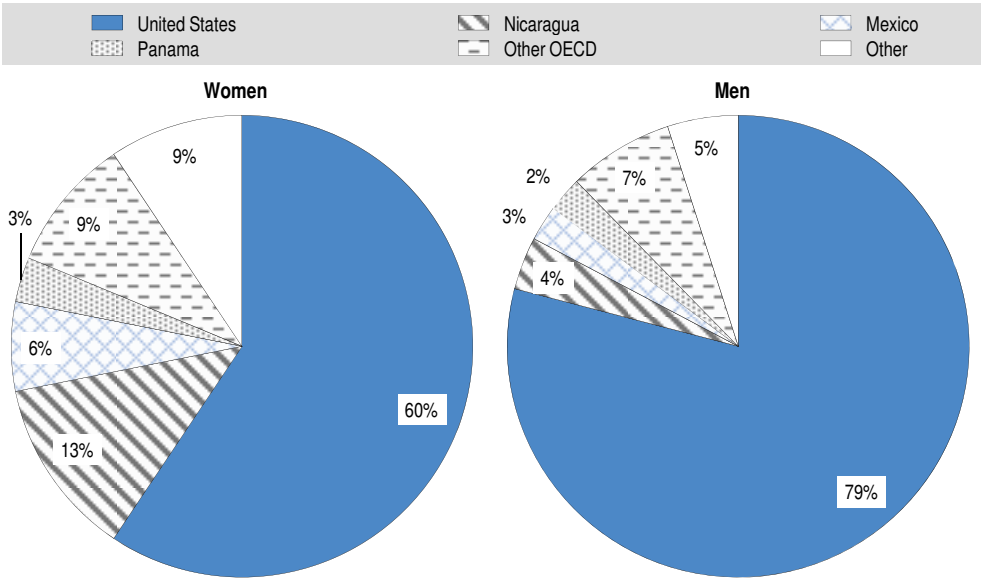
Emigration patterns are different for men and women

Data collected on emigrants include information about their current country of residence, the time since they emigrated and the reasons why they left.[2] Destination countries vary by gender, although for both men and women the main country of destination is the United States (Figure 3.3). A higher share of women (22%) than men (9%) migrate to other countries in Central America (Nicaragua, Mexico and Panama).

The main reason given for emigrating also varies by gender. Men are mainly motivated by work, while a large share of the female migrants emigrated for marriage or family reasons (Figure 3.4). About 13% of the male emigrants left to study abroad, while for women this share is slightly higher, at 16%.

Figure 3.3. **Emigrants mainly migrate to the United States**

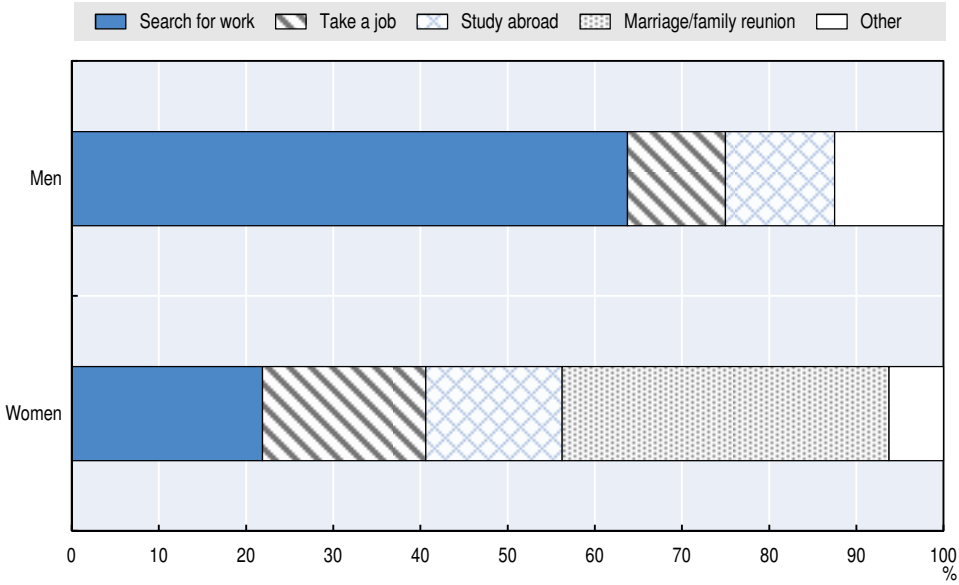
Emigrants' current country of residence (%), by gender



Source: Authors' own work based on IPPMD data.

Figure 3.4. **Most respondents emigrate for work**

Relative share of reasons emigrants left (%), by gender



Source: Authors' own work based on IPPMD data.

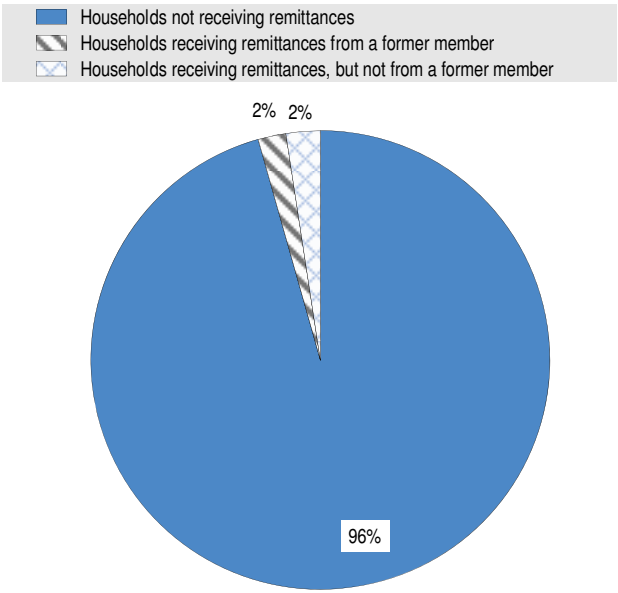
About half of the emigrants left Costa Rica more than ten years ago, 23% left between six and ten years ago and the remaining 28% left less than five years ago. About 5% of the emigrants are seasonal migrants, living only part of the year in another country. The share of seasonal migrants is similar for men and women.

Few households receive remittances

Around 43% of the emigrants in the sample have sent remittances home in the past 12 months. The average amount sent is around CRC 1 million (equivalent to USD 1 850). Overall, about 4% of the households in the sample receive remittances, and about half of them receive remittances from a former member who is currently abroad; 2% receive remittances from someone else, not previously living in the household (Figure 3.5). The low share of households receiving remittances is partially explained by the low rate of households with an emigrant, and partially by the low percentage of emigrants who send remittances home.

Figure 3.5. **Few households in the sample receive remittances**

Share of households that received remittances in the 12 months leading up to the survey (%)



Note: The category "households receiving remittances from a former member" does not imply that they solely receive remittances from a former member. This category includes households that receive remittances from other emigrants.

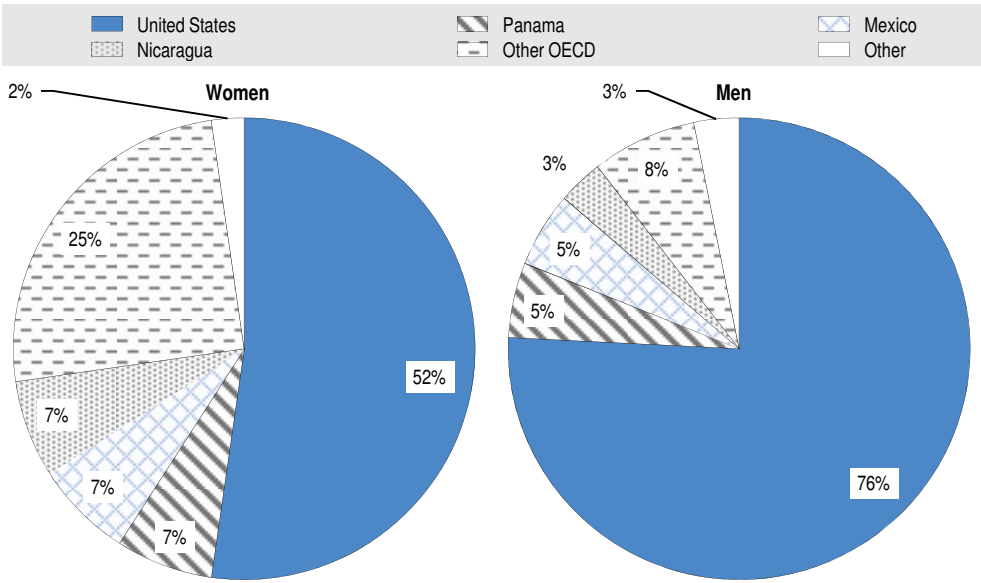
Source: Authors' own work based on IPPMD data.

Most return migrants are satisfied to be back in Costa Rica

The country from which migrants return varies for men and women (Figure 3.6). Although most male and female returnees in the sample have returned from the United States, the share is significantly higher for men (76%) than for women (52%). Fewer migrants have returned from the United States than are currently residing there – both men and women. The opposite is true for Panama and Mexico: more migrants have returned from these countries than are currently living there. This suggests that migrants in Panama and Mexico are more likely to return than migrants in the United States.

Figure 3.6. **Most return migrants have returned from the United States**

Return migrants' former countries of destination (%), by gender

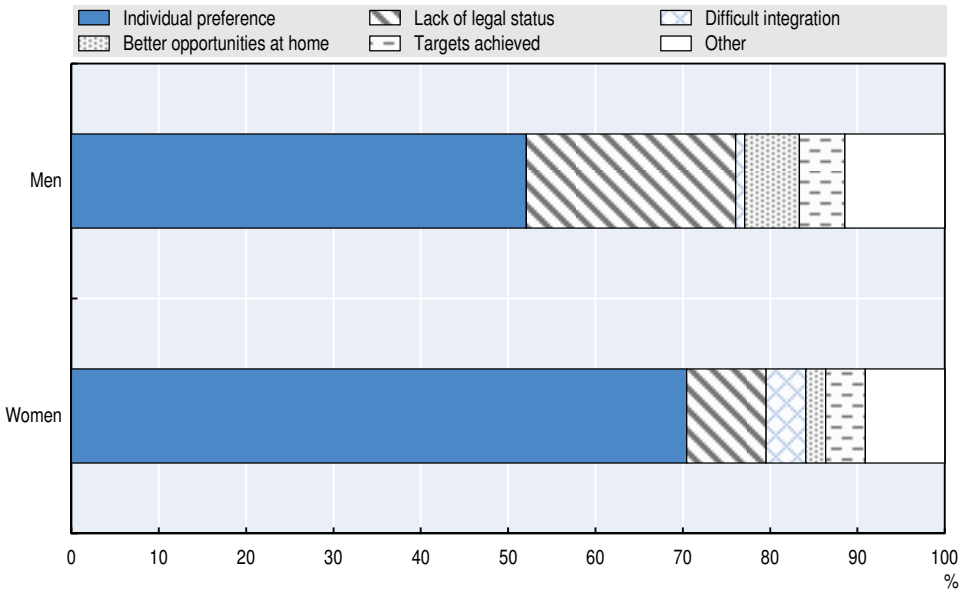


Source: Authors' own work based on IPPMD data.

Most migrants returned because they prefer to be in Costa Rica, but a significant portion, especially the men, returned because they lacked legal status in the destination country (Figure 3.7). A large majority (92%) of the return migrants are satisfied to be back in Costa Rica. Even so, around 12% had plans to emigrate again in the 12 months following the survey.

Figure 3.7. **Most return migrants returned because they prefer to be in Costa Rica**

Relative share of reasons return migrants returned (%), by gender



Note: Return migrants were given the chance to provide two reasons for returning, but only the first was taken into account.

Source: Authors' own work based on IPPMD data.

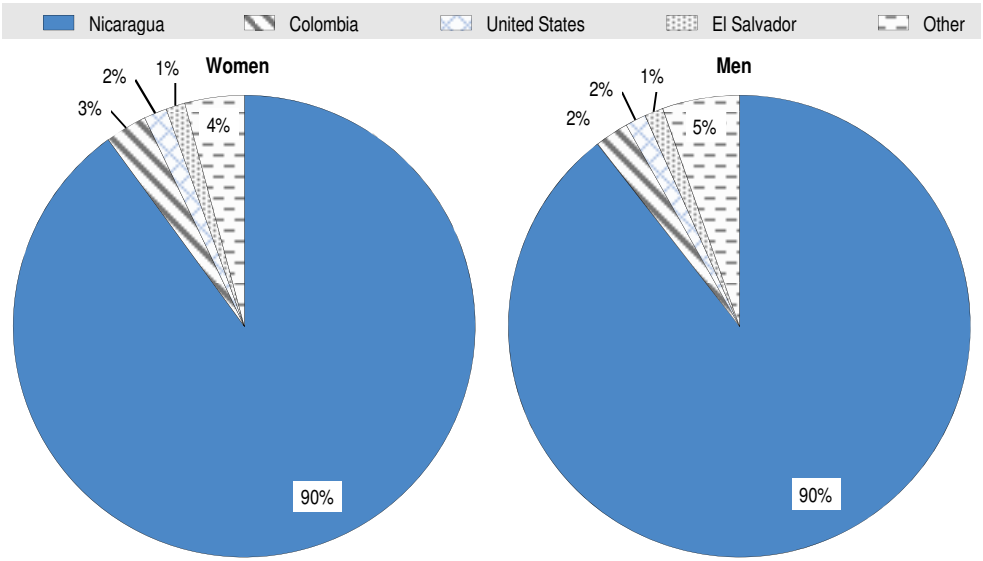
Most immigrants come from Nicaragua

The household survey included a separate module for immigrants in the sample, with specific questions on their pre-migration situation, reasons for migrating and their experiences integrating in Costa Rica. Most immigrants were born in Nicaragua (Figure 3.8), with a small share coming from Colombia (3% of the women and 2% of the men). The data show no significant differences in origin country for male and female immigrants.

The most common reason for migrating to Costa Rica was better job opportunities (Figure 3.9). Being closer to family and friends, higher wages, better education opportunities, and already knowing people in Costa Rica were other important motives for choosing Costa Rica. The reasons are very similar across male and female immigrants. About 2.5% of the immigrants are seasonal, migrating regularly to Costa Rica for work. Thirteen percent of the immigrants state that they have suffered from discrimination in their locality in the past year.

Figure 3.8. **The majority of immigrants were born in Nicaragua**

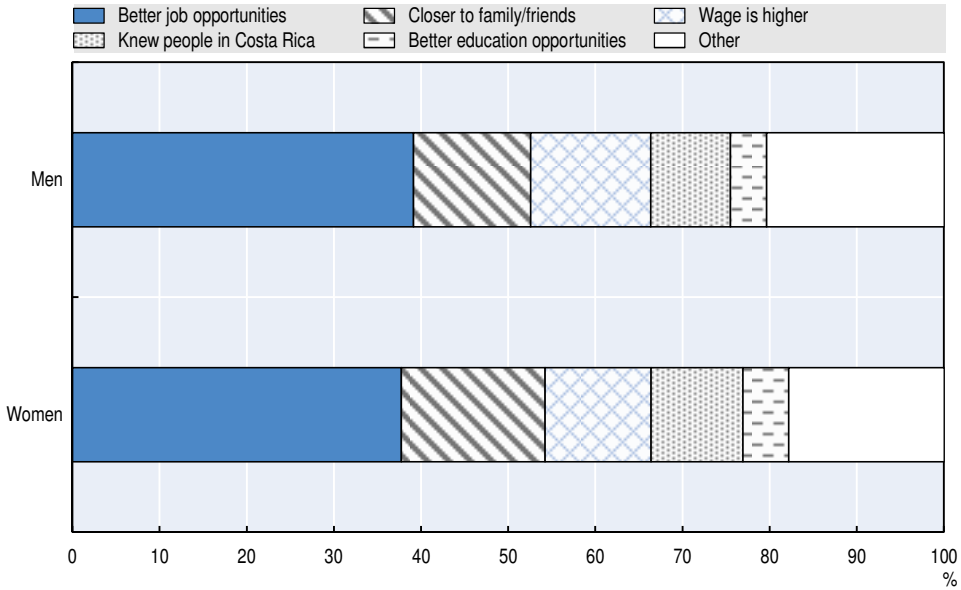
Immigrants' country of origin (%), by gender



Source: Authors' own calculation based on IPPMD data.

Figure 3.9. **Better job opportunities attract most immigrants to Costa Rica**

Reasons for migrating to Costa Rica (%), by gender

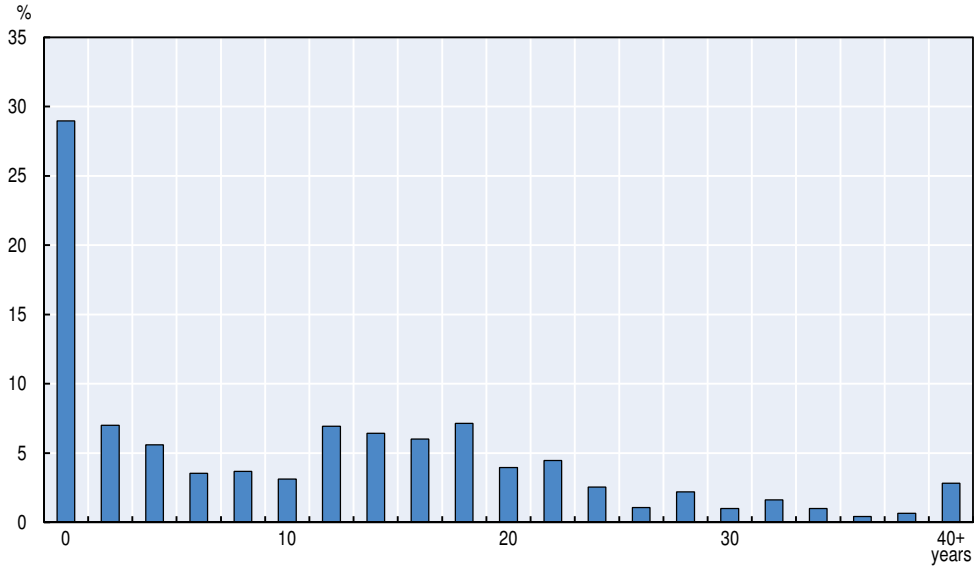


Source: Authors' own work based on IPPMD data.

On average, the immigrants in the sample have spent 12 years in Costa Rica. However, about a quarter arrived within the last two years (Figure 3.10). Overall, about half of the immigrants came in the past 10 years, 30% arrived between 10 and 20 years ago, and the remaining 20% have been in Costa Rica for over two decades. About 15% of immigrants have helped individuals from their country of origin to immigrate to Costa Rica, mainly by providing information, but also through financial aid and help with finding a job.

Figure 3.10. **More than a quarter of immigrants have arrived in the past two years**

Share of immigrants and number of years since immigration



Note: Each bar represents a two-year period; the starting time is given on the x-axis, e.g. the bar above 10 indicates the share of immigrants in the sample who arrived 10-12 years ago.

Source: Authors' own work based on IPPMD data.

This chapter has presented the three tools – the household and community surveys and the qualitative stakeholder interviews – used to collect the data required to analyse the interrelation between migration, public policies and development. The following chapters take a sector-by-sector approach to presenting the results of the data analysis: the labour market, agriculture, education, and investment and financial services.

Notes

1. For example, secondary data from the latest census (in 2011) were used for some of the questions related to the population in the community, while data from the Meteorological Institute were used to answer weather-related community questions.
2. Given the relatively low response rate among emigrant households, resulting in a low number of emigrants in the total sample, data on emigrants should be interpreted with some caution. The sample may not be representative of the overall population of emigrants and households with emigrants, even though the countries of destination of emigrants in the sample are in line with official statistics.

ANNEX 3.A1

Summary of the modules included in the Costa Rican household survey

Module 1 ***Household roster***	The household roster includes questions on household characteristics, including the number of household members, relationship to the household head, sex, age, marital status etc. The module asks about intentions to migrate internationally of all household members aged 15 and above. The module also includes questions to identify return migrants and immigrants.
Module 2 ***Education and skills***	The education module records information on child school attendance and child labour. It collects information about language skills, the educational attainment of all members, and a series of policy questions related to education. Education programmes in the questionnaire include scholarships, conditional cash transfers (CCTs) and distribution of school supplies.
Module 3 ***Labour market***	The labour market module collects information on the labour characteristics of all household members aged 15 and above. This includes employment status, occupation and main sector of activity; and means of finding jobs which include government employment agencies. It also asks if members of the household participated in public employment programmes and vocational training.
Module 4 ***Expenditures, assets, income***	This module contains questions on household expenditure patterns, asset ownership and various types of income sources.
Module 5 ***Investment and financial services***	The investment module covers questions related to household financial inclusion, financial training and information on businesses activities. It also collects information about the main obstacles the household faces to operate its business, and if the household received government support through for example subsidies and tax exemptions.
Module 6 ***Agricultural activities***	The agriculture module is administered to households involved in agricultural activities including farming, livestock husbandry and aquaculture. It records information about the agriculture plot (number of plots, size, crops grown, how the plot was acquired and the market potential) as well as information about the number and type of livestock raised. The module also collects information on whether households benefited from agricultural policies such as subsidies, agricultural related training or crop price insurance.
Module 7 ***Emigration***	The emigration module captures information on all ex-members of the household 15-years and above who currently live abroad, and their characteristics such as sex, age, marital status, relationship to the household head, language skills and educational attainment. It also collects information on destination countries, the reasons the migrant left the country and the employment status of the migrant both at the time of emigration and in the destination country.
Module 8 ***International remittances***	The remittance module collects information on remittances sent by current emigrants. It records the frequency of receiving remittances and the amount received, the channels through which remittances were sent as well as the usage of remittances.

Module 9 ***Return migration***	The return migrant module collects information on all members of the household, 15-years and above, who previously lived abroad for at least three consecutive months and returned to the country. It records information about the destination country, the duration of migration as well as the reasons for emigration and for return.
Module 10 ***Immigration***	The immigration module is administered to immigrants of the household 15-years and above, and captures information related to citizenship, reasons for immigration, employment status and occupation prior to immigration, and investments in the host country. The module also includes questions on discrimination in the host country.
Module 11 ***Health and social protection***	The module on health and social protection concerns all members of the household 15-years and above, and gathers information about health visits and health and employment protection.

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Chapter 4

What impacts does migration have on development in Costa Rica?

Despite being a country of net immigration, Costa Rica has also experienced significant emigration. These inflows and outflows are likely to have an impact on Costa Rica's economy and society. Yet the links among the various dimensions of migration and development are not well explored. This chapter uses data from the IPPMD surveys to untangle some of the complex links between emigration, remittances, return migration and immigration and five key development sectors: the labour market, agriculture, education, investment and financial services, and social protection and health.

Costa Rica is characterised by both immigration and emigration. A stable political climate, strong growth performance and rising living standards attract significant numbers of people, particularly from other countries in the region. Immigrants, mainly from neighbouring Nicaragua, constitute close to 9% of the population and an important share of the labour force, in particular in low-skilled occupations. Apart from the intraregional migration, extra-regional migration is also taking place, especially with the United States and involving both immigration and emigration. These migration flows are likely to have an important influence on Costa Rican economy and society, but the precise ways in which these impacts are felt have not been explored in detail to date.

This chapter analyses how migration affects development in Costa Rica in five policy sectors: the labour market, agriculture, education, investment and financial services, and social protection and health. The chapter presents findings from data analysis exploring the impact of four dimensions of migration: emigration, remittances, return migration and immigration.

Migration and the labour market

Since the economic crisis in 2009, Costa Rica has experienced labour market challenges including high unemployment, especially among young people, and a rising informal sector (OECD, 2016). According to the Ministry of Labour and Social Security (MTSS), the labour force participation rate in Costa Rica was 62% in the fourth quarter of 2014, remaining almost the same as in the previous year. The gender gap in the labour force participation is significant: 69% for men compared to 49% for women. Labour force participation is also higher in urban (64%) than in rural areas (57%). The employment rate was 56%, lower than the previous year. This decrease was mainly explained by a decrease in the female employment rate of 3.4 points, falling to 42.8%, while the male employment rate remained unchanged at 69.1%. Amongst the employed population, 70% work in services, 17.3% in industry and 12.7% in agriculture (MTSS, 2015).

The national unemployment rate was 9.7% in 2014, and higher for women than men (11.8% vs. 8.7%). It was also slightly higher in rural than urban areas (10.2% vs. 9.5%), and increased by 1.4 percentage points over the course of the year. National underemployment is estimated to be 14.2% (INEC, 2014).

The IPPMD survey data mostly echo these national patterns. For instance, the labour force participation rate among the survey sample (people aged 15-64) was 59%, and also higher in urban areas (64%) than in rural areas (51%).

The discrepancy between men and women's participation in the labour force is even larger than in the national statistics: 80% for men and 38% for women. The employment rate is 54%: 74% for men and 35% for women, and is higher in urban areas (58%) than in rural areas (48%). The unemployment rate in the IPPMD sample is 9%: 8% for men and 10% for women. Around 41% of the working population (aged 15 to 64) reported not being engaged in paid employment and not looking for work.

Return migration can boost self-employment

Return migrants often bring with them financial, human and social capital accumulated abroad. Savings may be invested in a business or other types of own-account work, for example. Growing evidence suggests that return migrants are more prone than non-migrants to engage in entrepreneurial activities or to be self-employed (De Vreyer, Gubert and Robilliard, 2010; Piracha and Vadean, 2009). The IPPMD data show that Costa Rican return migrants are more likely to be self-employed than non-migrants. Among the working age population (excluding immigrants), 28% of return migrants are self-employed, compared to only 10% of individuals without migration experience. This pattern is in line with the literature, which shows that non-migrants living in households with return migrants are more likely to be self-employed (Giulietti, Wahba and Zimmermann, 2013; Démurger and Xu, 2011). In the IPPMD sample, the share of self-employed among the working population is higher in households with a return migrant than in households without a return migrant. The difference is larger and statistically significant for men (Figure 4.1).

The link between return migration and self-employment was analysed further using a regression framework controlling for other factors that may affect the probability of being self-employed (Box 4.1). The results suggest that being a return migrant is associated with a higher probability of being self-employed (Table 4.1). Disaggregating the effects by gender shows that the positive association between self-employment and return migration is true only for men. The results further show that having a return migrant in the household is also positively associated with being self-employed, especially for male members of the household. This indicates that non-migrant household members, in particular men, may share in and benefit from savings accumulated by migrants returning to their household.

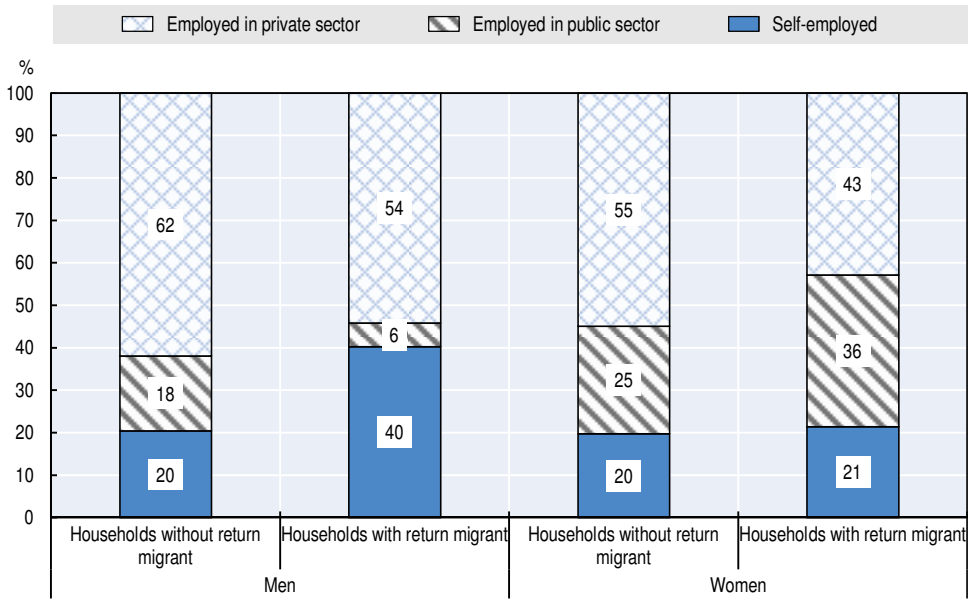
Immigrants constitute an important source of labour

Costa Rica is a net immigration country (Chapter 2). Despite the commonly perceived negative impacts of immigration on native populations' employment and wages, research on a range of countries generally finds little impact from immigration (Basso and Peri, 2015; Dustmann, Frattini and Preston, 2013; Facchini et al., 2013) other than a slightly negative impact on wage levels among

low-skilled native workers (Camarota, 1998; Orrenius and Zavodny, 2003). However, most of the literature analysing labour market impacts of immigration are based on studies of OECD countries. The impact of immigration on the labour market may differ in developing countries because of the structural differences as well as the different characteristics of immigrants (Böhme and Kups, 2017). The literature on Costa Rica finds little evidence that Nicaraguan immigration affects the wage levels of Costa Rican workers (Gindling, 2008).

Figure 4.1. **Self-employment is higher among individuals in return migrant households**

Employment types among employed people, working age population (%)



Note: The difference between households with and without return migrants is statistically significant for men but not for women (using a chi-squared test).

Source: Authors' own work based on IPPMD data.

Box 4.1. **The links between return migration and self-employment**

To explore further how return migration is associated with the employment types of household members, two probit models were used in the following form:

$$\text{Prob}(\text{self_employed}_i) = \beta_0 + \beta_1 rt_mig_i + \gamma_1 controls_i + \gamma_2 controls_{hh} + \delta_r + \varepsilon_i \quad (1)$$

$$\text{Prob}(\text{self_employed}_i) = \beta_0 + \beta_1 rt_mig_{hh} + \gamma_1 controls_i + \gamma_2 controls_{hh} + \delta_r + \varepsilon_i \quad (2)$$

where self_employed_i represents whether an employed individual *i* is self-employed. rt_mig_i (model 1) denotes whether an individual *i* is return migrant;

Box 4.1. **The links between return migration and self-employment** *(cont.)*

rt_mig_{hh} (model 2) signifies that a household has at least one return migrant; $controls_i$ stands for a set of control variables at the individual level; and $controls_{hh}$ for household level controls.[a] δ_r implies regional fixed effects and ε_i is the randomly distributed error term. Table 4.1 shows the computed marginal effects.

Table 4.1. **Return migration seems to boost self-employment, especially for men**

Dependent variable: An individual is self-employed (binary variable).

Main variables of interest: The individual belongs to a household with at least one return migrant / The individual is return migrant

Type of model: Probit

Sample: Employed people of working age (15-64).

Variables of interest	All	Men	Women
Individual is a return migrant	0.076**	0.082**	0.005
	(0.034)	(0.039)	(0.087)
Number of observations	2 174	1 442	732
Household has at least a return migrant	0.062**	0.069**	0.019
	(0.028)	(0.032)	(0.057)
Number of observations	1 932	1 261	671

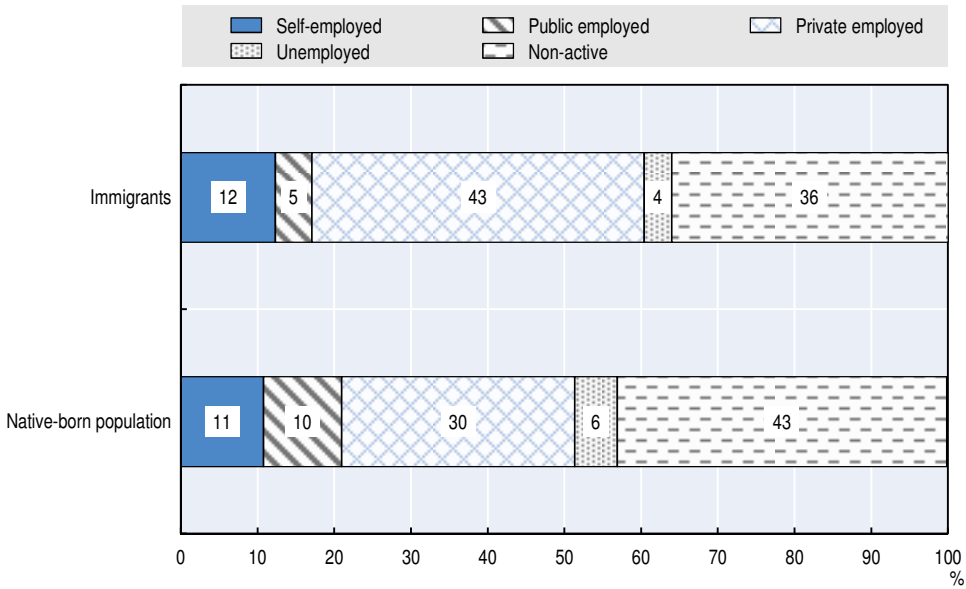
Note: Results that are statistically significant are indicated as follows: ***: 99%, **: 95%, *: 90%. Standard errors in parentheses.

a. Control variables include individuals' age, sex and education level, their households' size and its squared value, the dependency ratio, household wealth estimated by an indicator and whether it is in a rural or urban location.

According to the IPPMD data, about 87% of all immigrants surveyed in Costa Rica are of working age (15 to 64), compared to 62% of the native population. Immigrants are also more likely to be working than native-born people. Among the working age population, the share of employed and self-employed people is higher for immigrants (60%) than for native people (51%) (Figure 4.2). Likewise, the share of the economically non-active population (those who are not working and not looking for jobs) is higher among native-born people (43%) than immigrants (36%).

The skills brought by immigrants to the country can benefit specific sectors. Immigrants constitute 28% of the total labour force in the IPPMD sample. Comparing the share of immigrants in the total number of workers in four sectors – agriculture, construction, education and health – shows that immigrants are mainly concentrated in the construction and agricultural sectors (Figure 4.3, left-hand chart). This reflects the skills level of immigrants in Costa Rica, who are more likely than native-born workers to be low skilled (Figure 4.3, right-hand chart).

Figure 4.2. **Immigrant workers are largely low skilled and work in construction and agriculture**

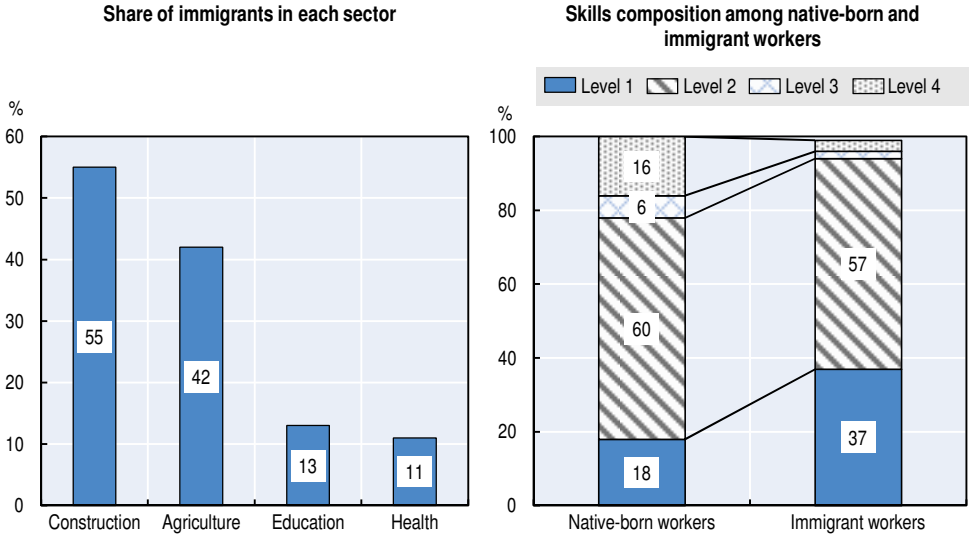


Note: The skills level of occupations has been categorised using the International Standard Classification of Occupations (ISCO) provided by the International Labour Organization (ILO, 2012). Skills level 1: occupations which involve simple and routine physical or manual tasks (includes elementary occupations and some armed forces occupations). Skills level 2: clerical support workers; services and sales workers; skilled agricultural, forestry and fishery workers; craft and related trade workers; plan and machine operators and assemblers. Skills level 3: technicians and associate professionals and hospitality, retail and other services managers. Skills level 4: Other types of managers and professionals.

Source: Authors' own work based on IPPMD data.

Figure 4.3. **A higher share of immigrants are working than native-born people**

Employment status among native-born population and immigrants, working age population (%)



Source: Authors' own work based on IPPMD data.

Migration and agriculture

Since the 1980s, the Costa Rican economy has evolved from being largely rural and based on agriculture to one involving high value-added industries linked into global value chains (OECD, 2016). Today, agriculture plays a relatively small role in Costa Rica in terms of its contribution to gross domestic product (5.5% of GDP of value-added in 2015), compared with the partner countries of the IPPMD project (World Bank, 2017a, OECD, 2017a). It also employs a small share of the country's labour force; in 2013, 13% of the employed population worked in the agricultural sector (FAO, 2016a), the lowest share of all the IPPMD partner countries.

Despite its small size, the sector has experienced important transformational growth since the 1980s. The removal of tariffs and other barriers to imports since the 1990s induced a shift in land use, from crop production concentrated on the domestic market to export-friendly crops for which the land is better suited. The volume of exports since then has increased by a factor of 18 and exports have diversified away from the previously large concentration on coffee, bananas and sugar, to more than 3 000 differentiated goods and services. The removal of tariffs and other barriers to imports significantly boosted agricultural productivity growth in Costa Rica (Trejos, 2013). Today, productivity in agriculture is still increasing, but at a slower pace. A per capita agricultural production index set at 100 in 2004-06, rose to 108 in 2013, putting Costa Rica somewhere in the middle of the pack amongst IPPMD partner countries (FAO, 2016b). In terms of absolute production, Costa Rica's agricultural production was valued at USD 2.8 billion in constant USD 2004-06, somewhere around the average for the IPPMD countries (FAO, 2016c). As agrarian farming has shifted and diversified in Costa Rica, livestock rearing has also gained a larger role. Recent data suggest that more than 45 000 livestock farms in the country employ at least 12% of the Costa Rican labour force and occupy over 36% of the country's territory (UNFCCC, 2015).

Reflecting its minor role in the country's economy, only about one-eighth of the IPPMD households are engaged in agriculture: 271 of the 2 236 households surveyed (12%).[1] Of these households, 99 (37%) cultivate land exclusively, 46 (17%) raise livestock exclusively and 126 (46%) carry out both activities.

Costa Rica aims to continue modernising its agricultural and rural sectors (MPNPE, 2014); migration can be a vector to help reach that objective. A recent report suggests that investment in agriculture in Costa Rica is a priority in order to boost productivity and make the necessary adjustments required to deal with its vulnerable exposure to climate change (OECD, 2017b). Investment can come from remittances (Böhme, 2013; Gonzalez-Velosa, 2011; Mendola, 2008; Lucas, 1987; Taylor and Wouterse, 2008; Tsegai, 2004); while return migrants and immigrants can also invest their social, human and financial capital. However,

agricultural households may choose to use this capital to diversify within the sector or move out of it altogether into other more lucrative sectors (Carletto et al., 2010; FAO and IFAD, 2008). This section examines the agricultural households in the IPPMD sample to see whether return migration and immigration are contributing to investment, diversification and expansion in the agricultural sector and the rural sector in general.

Return migration and immigration have little impact on agricultural households' activities

Return migrants and immigrants bring with them valuable social, financial and human capital that can be allocated to new activities (Wahba, 2015; OECD, 2014). This capital can help to diversify the agricultural sector by developing certain activities, or the rural sector in general, by extending it to outside activities. However, there is very little research on this theme, particularly for the rural sector.

The IPPMD survey collected data on the type of activity carried out by the household (agrarian farming and livestock rearing) and whether or not the household headed a non-agricultural business. Comparing households with or without return migrants shows little difference between the two groups in terms of agricultural activities (Figure 4.4, first three panels). However, the fourth panel suggests that households with return migrants are more likely to run a non-agricultural business than households without return migrants (32% vs. 20%). It should be noted however, that the sample size is particularly small for this analysis, as there were only 13 agricultural households with a return migrant that also happened to have a non-agricultural business (Figure 4.4). There is therefore little evidence that return migration is bringing investment into agriculture and only a little evidence that it is helping households diversify or move out of it.

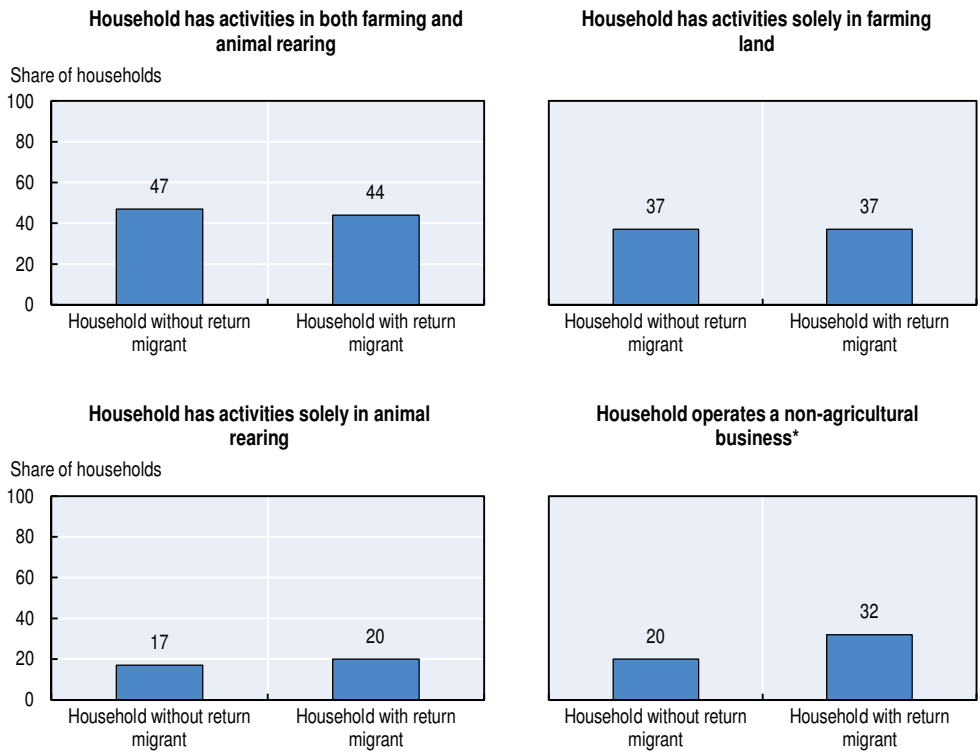
A similar comparison for immigrant and non-immigrant households did not yield any statistically significant differences (not shown). Farming households containing immigrants were slightly more likely than non-immigrant households to do arable farming exclusively (41% vs. 35%), but less likely to rear livestock (13% vs. 18%). However, neither of these differences were large enough to be statistically significant. The data for immigrant and non-immigrant farming households were very similar when it comes to combined arable and livestock farming (46% vs. 47% of households) and operating a non-agricultural business (both at 22%).

Regression analysis explored these links more precisely was used to control for several factors that may also affect the type of activities performed by the household (Box 4.2). The findings, which accounts for both return migration and immigration, confirms that both types of migration have very little impact on the type of agricultural activities undertaken by farming households (Table 4.2).

This includes the link between return migration and non-agricultural business ownership, which yielded a positive link in Figure 4.4. It seems that in controlling for other factors, wealth turns out to be the most important determinant in owning a business, rather than specifically having a return migrant in the household, although there could be a link between having a return migrant and household wealth. However, caution is required given the small sample of agricultural households in the IPPMD project sample.

Figure 4.4. **Agricultural households with return migrants are slightly more likely to have a non-agricultural business**

Types of household activity (%), by whether the household has a return migrant or not



Note: Statistical significance is tested using a chi-squared test. It is indicated as follows: ***: 99%, **: 95%, *: 90%.
Source: Authors' own work based on IPPMD data.

The findings may nevertheless suggest that Costa Rica is missing an opportunity to harness the social, financial and human capital brought in by return migrants and immigrants. In striving to lead the agricultural sector on its relatively successful path towards high growth, modernisation and diversification, Costa Rica may want to look more closely at the investment potential embodied in these migrant groups.

Box 4.2. **The links between migration and agricultural activities**

To explore the probability that an agricultural household has invested in an activity, the following regression model was estimated:

$$\text{Prob}(\text{agri_activity}_{hh}) = \beta_0 + \beta_1 return_{hh} + \beta_2 immig_{hh} + \gamma controls_{hh} + \delta_r + \varepsilon_{hh} \qquad (1)$$

where the unit of observation is the household *hh* and the dependent binary variable $agri_activity_{hh}$ in equation (1) represents the probability that the agricultural household engaged in a particular activity, taking on a value of 1 if the household did so and 0 otherwise; $return_{hh}$ represents the fact that the household has at least one return migrant; $immig_{hh}$ represents the fact that the household has at least one immigrant; $control_{hh}$ stands for a set of household-level regressors;[a] while δ_r represents regional-level fixed effects. Standard errors, ε_{hh}, are robust to heteroskedasticity. The variable $agri_activity_{hh}$ was also replaced in a subsequent model by whether the household is running a non-agricultural business.

Results are presented in Table 4.2. Column (1) presents results for whether the household combines both arable farming and livestock; column (2) for whether the household solely farms the land; column (3) for whether the household solely rears livestock; and column (4) for whether the household operates a non-agricultural business. Results also present coefficients for two variables of interest: whether the household has a return migrant (top rows); and whether the household has an immigrant (bottom rows).

Table 4.2. **Migration has little impact on the types of activities carried out in agricultural households**

Dependent variable: Type of activity ran by the household
Main variables of interest: Household has a return migrant\household has an immigrant
Type of model: Probit
Sample: Agricultural households

Variables of interest	Dependent variables			
	(1) Household has activities in both farming and animal rearing	(2) Household has activities solely in farming land	(3) Household has activities solely in animal rearing	(4) Household operates a non-agricultural business
Household has a return migrant	-0.036	-0.002	0.041	0.052
	(0.089)	(0.087)	(0.073)	(0.073)
Household has an immigrant	-0.013	0.088	-0.080	0.081
	(0.078)	(0.076)	(0.054)	(0.071)
Number of observations	271	271	271	271

Note: Statistical significance is indicated as follows: ***: 99%, **: 95%, *: 90%. Coefficients reflect marginal effects. Standard errors are in parentheses and robust to heteroskedasticity.

a. Control variables include the household's size, its dependency ratio (number of children 0-15 and elderly 65+ divided by the total of other members), the male-to-female adult ratio, its wealth estimated by an indicator (Chapter 3) and whether it is in a rural or urban region. A fixed-effect control for the household's administrative region was not included due to the low sample size.

Migration and education

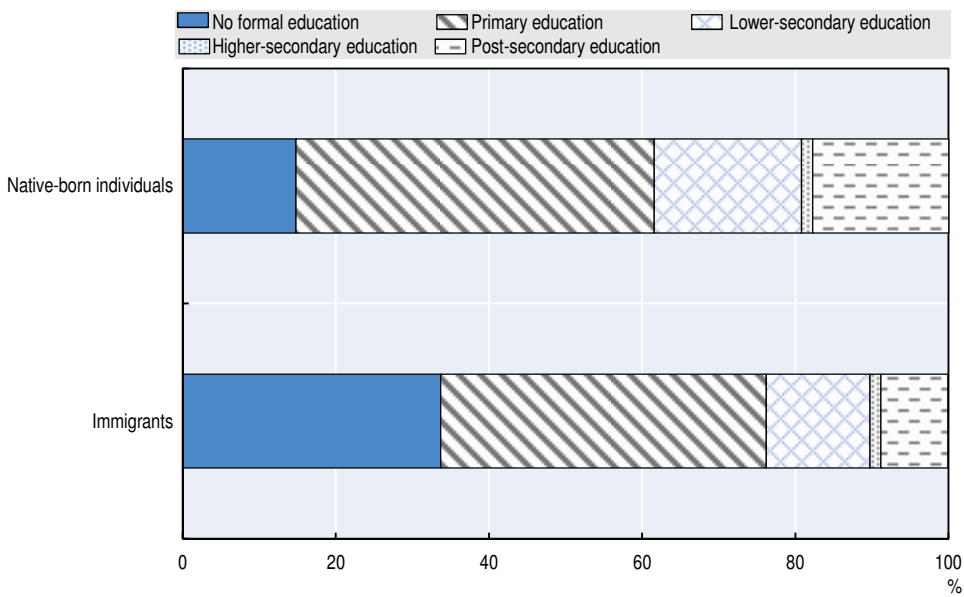
Migration and education are closely linked, and migration can play an important role in enhancing educational outcomes at both national and individual level. Education is an important driver of migration, either through migrants acquiring education abroad, or through remittances sent home to finance the schooling of members left behind in the country of origin. Education acquired abroad can also change the skills composition of the population in a country when migrants return, and access to education is crucial for immigrant integration.

Costa Rica takes the lead in Latin America in its access to primary education, which is close to universal (96% in 2015; UNESCO, n.d.). Education spending as share of GDP is at 6.9% of GDP, which is high both for OECD countries and countries in the region (OECD, 2016). The teacher-to-student ratio is the second highest in the IPPMD sample after Georgia, at 13 students per teacher (OECD, 2017a). However, there are still gaps in education outcomes and only about 40% of the workforce has completed secondary education (OECD, 2016).

Immigrants in Costa Rica tend to be less educated than the native-born population (World Bank, 2015). The IPPMD data confirm this pattern. The share of individuals without any form of formal education is 15% among the native-born adult population, compared to 34% among immigrants. Only 9% of immigrants have post-secondary education, compared to 18% of native-born adults (Figure 4.5).

Figure 4.5. **Immigrants have lower levels of education than native-born individuals**

Adult (aged 15 years and above) education level



Note: The samples include all adults 15 years old and above.

Source: Authors' own work based on IPPMD data.

Immigrant youth are less likely to attend school

Research has shown that remittances can ease financial constraints and allow households to invest in human capital (see for example Cox Edwards and Ureta, 2003; Yang, 2008). Evidence from various Latin American countries shows that children in remittance-receiving households tend to be less likely to drop out of school (Acosta et al., 2008; Hanson and Woodruff, 2003). On the other hand, international migrants often face significant challenges in accessing and succeeding in education compared to their native-born peers (Bartlett, 2015).

What do the IPPMD data tell us about these links? The descriptive data show that among children of primary school age (6-14 years) in the sample, school attendance is almost universal, at 97%. Among young people in the age ranges 15-17 and 18-22, the corresponding shares are 84% and 41% respectively. Young people in households receiving remittances are more likely to attend school (at 93% and 58% respectively in the age groups 15-17 and 18-22) than in households not receiving remittances (at 84% and 40% respectively).[2]

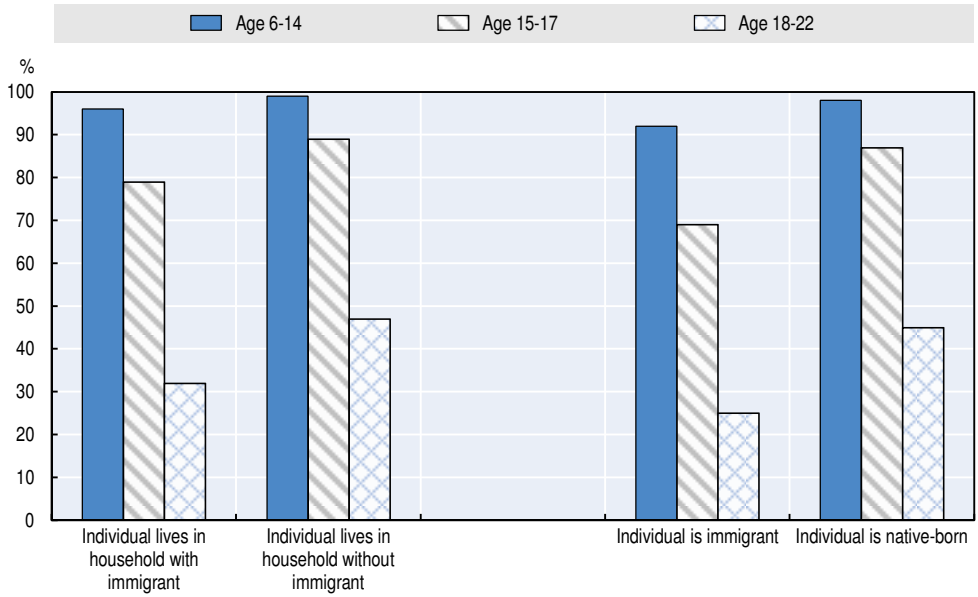
Young people in immigrant households are significantly less likely to attend school than those in non-immigrant households: 79% of youth in the age group 15-17 living in an immigrant household attend school, compared to 89% of youth in households without immigrants (Figure 4.6). The difference is larger in the age group 18-22: 32% compared to 47%. Young people born in another country, and by definition therefore immigrants themselves, are less likely to attend school than their native-born peers. In the age group 15-17, 69% of immigrant youth attend school, compared to 87 of native-born youth. The difference is larger in the older youth group (18-22), at 25% vs. 45% respectively.

More in-depth analysis of the link between migration and school attendance, controlling for household characteristics, is shown in Box 4.3. The results (Table 4.3) show a negative but weak link between youth living in a household with immigrants and school attendance in both age groups (15-17 years and 18-22 years), though the relationship is not statistically significant. The regression results confirm the negative link between immigrant youth and school attendance shown in Figure 4.6. Young people in both age groups who were born abroad are less likely to attend school than their native-born peers, and the difference is statistically significant for the 15-17 age group.

Failure to provide education to immigrant children and children living in immigrant households may negatively affect their integration and future employability, but also constitute a lost opportunity for the country when it comes to long-term human capital accumulation.

Figure 4.6. **Immigrant youth and youth in immigrant households are less likely to attend school than their native-born peers**

Share of children and youth attending school (%), by immigration status



Note: Households with an immigrant include households with at least one adult immigrant, regardless of whether the children and youth in the household are immigrants or not.

Source: Authors' own work based on IPPMD data.

Box 4.3. **The links between migration and school attendance**

A regression framework was developed to analyse the link between immigration and school attendance using the following equation:

$$Prob(education_i) = \beta_0 + \beta_1 immig_{hh} + \gamma controls_{hh} + \gamma controls_i + \delta_r + \varepsilon_i \quad (1)$$

$$Prob(education_i) = \beta_0 + \beta_1 immig_i + \gamma controls_{hh} + \gamma controls_i + \delta_r + \varepsilon_i \quad (2)$$

where $Prob(education_i)$ represents a binary variable for whether an individual is attending education or not. $immig_{hh}$ (equation 1) takes on value "1" if the child/youth lives in a household with at least one immigrant and "0" if not, while $immig_i$ (equation 2) takes on value "1"if the child/youth is an immigrant and "0" if not. $controls_{hh}$ and $controls_i$ are two sets of observed household and individual characteristics influencing the outcome.[a] δ_r represents regional-level fixed effects, standard errors, ε_{hh}, are robust to heteroskedasticity.

Box 4.3. **The links between migration and school attendance** *(cont.)*

Table 4.3. **Immigrants are less likely to attend school**

Dependent variable: School attendance
Main variables of interest: Children/youth in immigrant household, Child/youth is an immigrant
Type of model: Probit
Sample: children 6-14 years (column 1), youth aged 15-17 (column 2) youth aged 18-22 (column 3)

Variables of interest	School attendance		
	Children 6-14	Youth 15-17	Youth 18-22
Individual lives in a household with immigrants	-0.010 (0.013)	-0.028 (0.042)	-0.059 (0.038)
Individual is an immigrant	-0.015 (0.012)	-0.082* (0.047)	-0.040 (0.053)
Number of observations	1 099	377	774

Notes: Results that are statistically significant are indicated as follows: ***: 99%, **: 95%, *: 90%. Standard errors are in parentheses. The analysis of educational expenditures only includes households with children in age 6-14. Extending the sample to include all households in the sample does not change the results.

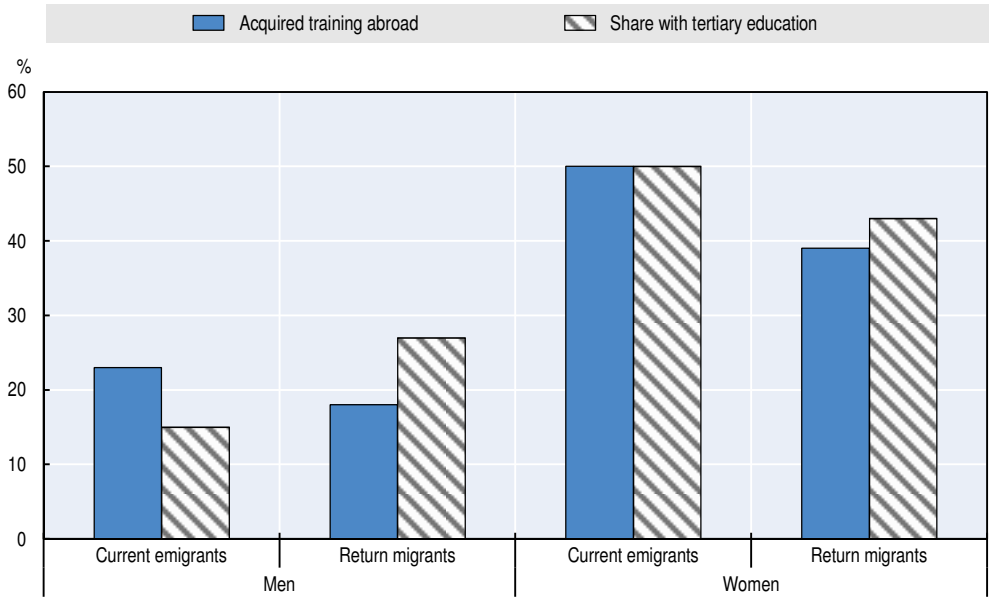
a. The set of household and individual explanatory variables included in the model are the following: age and sex of the child/youth, household having an emigrant, household size and household size squared, household dependency ratio (defined as the number of children and elderly in the household as a share of the total adult population), mean education level of the members in the household, number of children in the household, binary variables for urban location and household head being female, and finally an asset index (based on principal component analysis) that aims to capture the wealth of the household.

Emigrants often return with additional skills

Whether or not migrants acquire education and skills in the destination country affects the economic payoff of migration (Dustmann and Glitz, 2011). Migrants who acquire education abroad and return with new skills can help increase human capital back home. The extent to which this will happen depends on the degree to which emigrants improve their skills during their migration period, and whether they return to their origin countries or not. The Costa Rican emigrants in the IPPMD sample are relatively well educated compared to individuals without migration experience. Among emigrants and return migrants, 25% and 32% respectively have completed post-secondary education, compared to 19% of individuals without migration experience (Table 3.4, Chapter 3). Comparing the samples of emigrants and return migrants in more detail shows that female migrants – both current emigrants and returnees – are more likely than men to acquire education in the country of destination (Figure 4.7). Male emigrants have the lowest share of tertiary education (only 15%) and are also the least likely to acquire training abroad (Figure 4.7).

Figure 4.7. **Many female return migrants come back with new qualifications acquired overseas**

Education and skills levels of emigrants and return migrants (%)



Note: Education level refers to current education level of return migrants and education level of emigrants before leaving Costa Rica.

Source: Authors' own work based on IPPMD data.

Migration, investments and financial services

Investments and entrepreneurship contribute to growth and employment in both developed and developing countries. Migration and remittances from emigrants abroad can ease credit constraints and positively contribute to capital investments and entrepreneurial activities, such as financing the opening or expanding small businesses in the migrants' home country. For example:

- Remittances can fund investments in productive capital in the form of business and real estate.
- Return migrants can share funds, entrepreneurial skills and valuable networks in their country of origin.
- Immigrants can contribute to entrepreneurial activity and employment creation in their host countries.

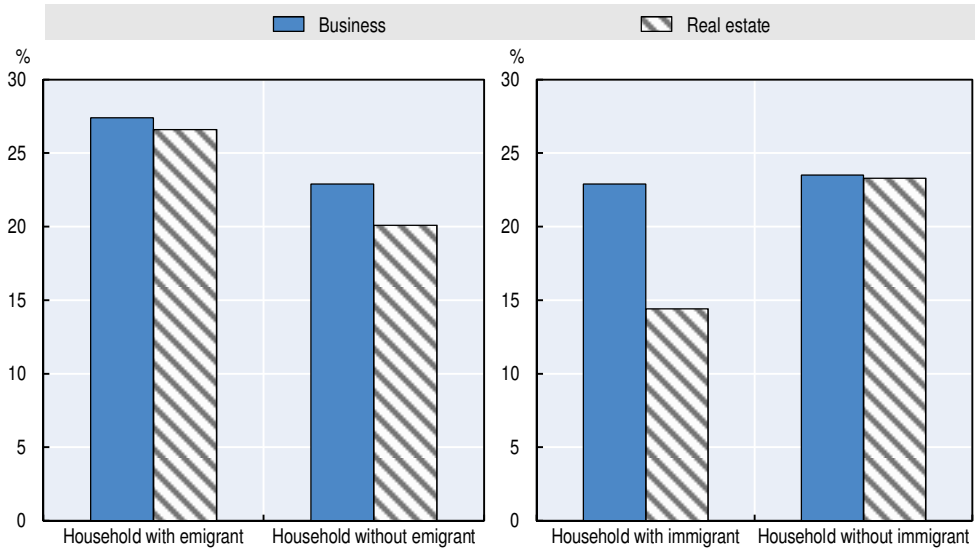
Previous studies have found that remittances are linked to higher self-employment (Funkhouser, 1992) and business investments (Yang, 2008; Woodruff and Zenteno, 2001). As discussed above, evidence also suggests that return migrants are likely to engage in self-employment. In addition, immigrant entrepreneurs can contribute to maintaining and developing economic activities and revitalising the economy of host countries by developing innovative forms of businesses and

building on their transnational linkages. In many OECD countries, immigrants exhibit higher rates of self-employment than the native-born population. Part of the explanation may be the limited employment opportunities for immigrants in their host country, especially among low-skilled immigrants. However, immigrants may face particular barriers when it comes to starting and running a business, including limited knowledge of laws and regulations in the country of destination, lack of language skills and barriers to accessing credit (OECD, 2010).

The IPPMD data show that productive asset ownership in the form of businesses and real estate (including non-agricultural land and property other than the house in which the household lives) varies according to households' migration experience. Emigrant households are more likely than non-emigrant households to own both real estate and businesses (Figure 4.8). There is no difference in business ownership between households with and without immigrants; however immigrant households are significantly less likely to own real estate: 14% compared to 23% among households without immigrants. This difference is also the only statistically significant difference across the sample.

Figure 4.8. **Immigrant households are less likely to own real estate**

Business and real estate ownership (%), by household migrant status



Note: Real estate includes non-agricultural land and property other than the house in which the household currently lives. The only statistically significant difference (using a chi^2-test) is real-estate ownership between households with and without immigrants (right-hand panel).

Source: Authors' own work based on IPPMD data.

Box 4.4 probes more deeply the link between migration experience (emigration and immigration) and investments in business and real-estate ownership, controlling for the characteristics and location of the household. This finds no link between emigration and business ownership or real-estate

ownership. However, households with an immigrant are negatively associated with real-estate ownership, while no statistically significant link was found between having an immigrant and owning a business.

Box 4.4. **The links between investments and migration**

To analyse the link between migration and business and real estate ownership, a probit regression model was run taking the following form:

$$Prob(investment)_{hh} = \beta_0 + \beta_1 immig_{hh} + \beta_2 emig_{hh} + \gamma controls_{hh} + \delta_r + \varepsilon_{hh} \quad (1)$$

where $investment_{hh}$ is either business ownership or real estate ownership (depending on the specification) undertaken by the household, taking on value "1" if a household owns at least one business/real estate property and "0" otherwise. $immig_{hh}$ represents a binary remittance variable with value "1" for households that have an immigrant and "0" otherwise; $emig_{hh}$ represents a binary variable for whether the household has a migrant or not; and $controls_{hh}$ are a set of observed household and individual characteristics that are believed to influence the outcome. ε_i is a randomly distributed error term indicating, in part, the unobservable factors affecting the outcome variable.[a]

Two different specifications were carried out. Specification 1 (column (1)) investigates the link between migration and household business ownership, controlling for household characteristics. Specification 2 (column (2)) analyses the link between migration and real-estate (land and housing).

Table 4.4. **Immigrants are less likely to own real-estate assets**

Dependent variable: Household runs a business/ owns real estate
Main variables of interest: Household has an emigrant/immigrant
Type of model: Probit
Sample: All households

Variables of interest	Dependent variable	
	(1) Business ownership	(2) Real-estate ownership
Household has at least one immigrant	0.028	-0.041**
	(0.022)	(0.021)
Household has at least one emigrant	0.048	0.007
	(0.047)	(0.040)
Number of observations	2 051	2 048

Note: Statistical significance is indicated as follows: ***: 99%, **: 95%, *: 90%. Standard errors are in parentheses and robust to heteroskedasticity.

a. The set of household and individual explanatory variables included in the model are the following: household size and household size squared, household dependency ratio (defined as the number of children and elderly in the household as a share of the total adult population), mean education level of the members in the household, number of children in the household, binary variables for urban location and household head being female, and finally an asset index (based on principal component analysis) that aims to capture the wealth of the household.

All in all, the results indicate that the link between migration and investments in productive assets in Costa Rica is relatively weak, but that immigrants are disadvantaged when it comes to real-estate ownership.

Migration, social protection and health

Adequate social protection and health coverage are essential to ensure social cohesion, contribute to well-being and improve productivity in a country. Social protection and health are high on the country's agenda. Costa Rica's 2015-18 National Development Plan discusses social aspects of the economy in its first three strategic sectors: 1) labour and social security; 2) human development and social cohesion; and 3) health, nutrition and sport (MPNPE, 2014). In Costa Rica, the share of GDP devoted to health is high, and increased from 7.1% in 2000 to about 9.3% in 2014 (World Bank, 2017b). Compared to other countries in the IPPMD project, Costa Rica also spends more on social programmes. In 2010, it devoted 15.5% of its GDP to social spending, a slight increase from 12.5% disbursed in 2000 (ILO, 2014). This total was the highest of the six IPPMD countries where data on social protection and health were collected (OECD, 2017a).

The latest data paint a positive picture. Costa Rica has almost universal access to healthcare and pensions, which has had tangible positive outcomes (low infant mortality, longer life expectancy, reduction in poverty rates). Schemes that target poor households, such as in-kind public transfers, have been particularly effective (OECD, 2016). However, there are still areas of potential improvement. Waiting times can be long for certain medical procedures for instance, which has led to a rise in private health services and out-of-pocket expenses. Moreover, a recent report recommends better targeting for social assistance programmes in the country (OECD, 2016).

One of the major concerns surrounding migration's impacts on social protection and health is whether individuals contribute more to the system than they take out. Immigrants can, for example, help to finance these systems through their taxes. Nevertheless, they are often blamed for being net users of health and welfare services. In fact, one study of Costa Rica mentions the potential existence of an "invisible population" that uses health services, but does not contribute by paying into the social security system (Marquette, 2006). The IPPMD project explored this by collecting data which identified whether households had benefited from government transfers for social services, and whether individuals had visited a health facility and, if so, how often during the past 12 months. Data on government transfers were collected at the household level and questions on use of health centres were asked of all individuals aged 15 years and over. This section compares immigrants' and native-born people's receipts of government transfers and use of health services.

Immigrants often draw less on public resources than native-born individuals

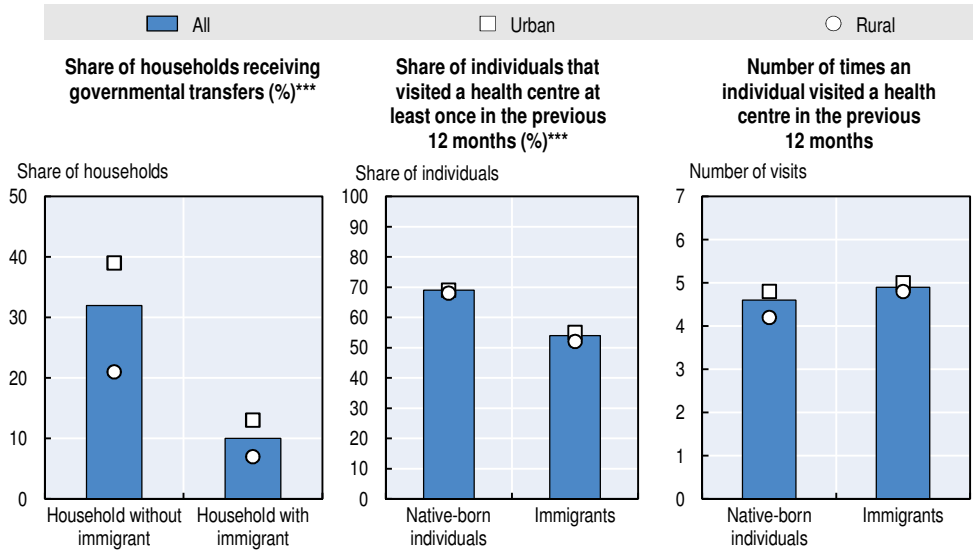
In Costa Rica, households with an immigrant tend to benefit much less from government social transfers than households without an immigrant; 32% of households without an immigrant received government transfers in the 12 months preceding the survey, compared with only 10% of households with an immigrant, a statistically significant difference (Figure 4.9). In general therefore, households with immigrants do not seem to have better access to public social funds than households without an immigrant. This may be due to the fact that households with immigrants are more likely to live in rural areas, where access to public services is more difficult and where work is often informal. However, the share of immigrant households in rural areas is similar to the share of non-immigrant households (42% vs. 41%). Moreover, households with an immigrant in rural areas are less likely to have access to government transfers than households without immigrants (7% vs. 21%); this is also the case in urban areas (13% vs. 39%) (Figure 4.9).

What can be said about immigrants' access to health services? On average, immigrants were less likely to have visited a health facility at least once in the 12 months preceding the survey than those born in the country (Figure 4.9). Overall, 69% of native-born individuals visited a health centre, compared to 54% of immigrants. This is consistent with previous findings on the subject (Marquette, 2006). In general, women tend to go to a health facility much more often than men (75% versus 55%). However, compared to their native-born counterparts, both immigrant men (44% versus 58%) and immigrant women (63% versus 79%) were generally less likely to have sought health care. In addition, both rural and urban immigrants were less likely to have visited a health facility. In rural areas, 52% of immigrants had visited a health centre compared to 68% of the country's native-born. In urban areas the proportion was 55% versus 69%. All these differences are statistically significant (Figure 4.9).

On the other hand, immigrants who do avail of health services do so more often than native-born individuals (Figure 4.9). On average across all individuals, those who visited a health facility did so 4.7 times in the 12 months preceding the survey, while on average immigrants visited 4.9 times in the previous 12 months compared to 4.6 times for native-born people (not statistically significant). Do these results differ by gender? For women, the difference between immigrants and native-born individuals was rather small (5.4 times compared to 5.1 times; not shown). The difference is slightly larger for men (4.1 times versus 3.7). In both urban and rural areas, there was also very little difference between immigrants and those born in the country (5.0 versus 4.8, for urban; 4.8 vs. 4.2 for rural), and neither were statistically

significant. Overall, this reflects the fact that although immigrants are less likely to visit a health centre, those that do so visit more often or at least as often as native-born individuals.

Figure 4.9. **People in immigrant households are less likely to receive government transfers or go to a health centre**



Note: Statistical significance (based on all households and individuals) is tested using a chi-squared test for the first (left-hand) and middle panels, and a t-test for the third (right-hand) panel. It is indicated as follows: ***: 99%, **: 95%, *: 90%.

Source: Authors' own work based on IPPMD data.

There are a number of other factors that may explain these differences, including age, gender and education levels. Regression analysis was used to probe these links more closely while accounting for these factors (Box 4.5). This found that households with immigrants are indeed significantly less likely to receive public transfers and immigrants are significantly less likely to visit a health centre. However, no statistically significant relationship was established between being an immigrant and the frequency of visits to a health facility (Table 4.5, top rows).

Regression models were also run on the sub-samples of gender and household location. These results show that neither of these variables explains the observed differences in the two groups. Rural and urban households with immigrants alike are less likely than non-immigrant households to receive public transfers – although for immigrant households the probability of receiving public transfers is higher in urban regions than in rural ones. Rural and urban and male and female immigrants are all significantly less likely to have visited a health centre than their native-born counterparts (Table 4.5, bottom rows).

Box 4.5. **The links between immigration, public transfers and use of health centres**

To estimate the probability that an immigrant is more or less likely to visit a health centre, the following probit regression model was developed:

$$\text{Prob(rec_transfers)}_{hh} = \beta_0 + \beta_1 immig_{hh} + \gamma controls_{hh} + \delta_r + \varepsilon_{hh} \quad (1)$$

$$\text{Prob(visited_centre)}_{i} = \beta_0 + \beta_1 immig_{i} + \gamma controls_{i,hh} + \delta_r + \varepsilon_{i} \quad (2)$$

where the unit of observation is either the household *hh* or the individual i, depending on the model in question. The dependent binary variable is adapted to the outcome of interest (either receiving government transfers, or visiting health centre at least once) and takes on the value of 1 if the household/individual outcome is true and 0 otherwise; *immig* represents whether the household has an immigrant, or the individual is an immigrant or not; *controls* stand for a set of individual (*i*) and household-level (*hh*) regressors;[a] while δ_r represents regional-level fixed effects. Standard errors, ε_{hh} (or ε_i), are robust to heteroskedasticity.

Table 4.5. **Immigrants are less likely to receive public transfers and to visit a health centre**

Dependent variable: Household received government transfers/Individual visited a health centre
Main variables of interest: Household has an immigrant/Individual is an immigrant
Type of model: Probit/OLS
Sample: All households (for government transfers)/Individuals aged 15 and older (for health visits)

Variables of interest	Dependent variables		
	(1) Household received a government transfer in the previous 12 months (equation 1)	(2) Individual visited a health centre at least once in the past 12 months (equation 2)	(3) Number of times individual visited a health centre (equation 2)
Household has an immigrant (col 1)	-0.165***	-0.118***	0.202
Individual is an immigrant (col 2 and 3)	(0.019)	(0.018)	(0.314)
Number of observations	2 233	5 026	3 092
Samples based on gender and household location			
Subsample of men only	n/a	-0.096***	0.153
		(0.025)	(0.580)
Subsample of women only	n/a	-0.126***	0.222
		(0.023)	(0.366)
Subsample of rural households only	-0.097***	-0.093***	0.502
	(0.027)	(0.031)	(0.500)
Subsample of urban households only	-0.209***	-0.125***	-0.010
	(0.026)	(0.022)	(0.406)

Note: Statistical significance is indicated as follows: ***: 99%, **: 95%, *: 90%. Coefficients reflect marginal effects. Standard errors are in parentheses and robust to heteroskedasticity.

Box 4.5. **The links between immigration, public transfers and use of health centres** *(cont.)*

In addition, the following OLS model was estimated:

$$\text{Number_visits}_i = \beta_0 + \beta_1 immig_i + \gamma controls_{i,hh} + \delta_r + \varepsilon_i \quad (3)$$

where *Number_visits* reflects the number of times an individual visited a health centre in the 12 months prior to the survey amongst individuals that visited one at least once. The other variables are defined as in equation (2).

Results are presented in Table 4.5. Column (1) presents results for whether a household received government transfers, column (2) for whether individuals visited a health centre and column (3) for the number of times an individual has visited a health centre. Results are also divided into two sections. The top rows present results based on the entire sample, while the bottom rows present results based on individual regressions limited to samples of only men, women, individuals living in rural households and those living in urban households (or households based in rural and urban settings, for the first column).

a. In model (1), household level control variables include the household's size, its dependency ratio (number of children 0-15 and elderly 65+ divided by the total of other members), the male-to-female adult ratio, its wealth estimated by an indicator (Chapter 3), whether it is in a rural or urban region and a fixed effect for its administrative region. In models (2) and (3), control variables include the individual's age, gender and education levels, the household's size, its wealth estimated by an indicator, whether it is in a rural or urban region and a fixed effect for its administrative region.

Conclusions

This chapter has explored how migration, in its various dimensions, affects five sectors in Costa Rica: the labour market, agriculture, education, investment and financial services, and social protection and health.

The results confirm previous research showing that immigrants in general are of working age and participate in the labour force to a greater extent than the native population. Due to their demographic characteristics, immigrants make an important contribution to the country's labour supply, especially in low-skilled sectors such as construction and agriculture. Immigrants do not draw more on public resources than native-born individuals. There is therefore no evidence that immigrants are a net user of the systems. However, the analysis indicates that immigrant youth are less likely to stay in school, which may have negative impacts on their integration and also on future national and individual human capital accumulation.

Although return migration seems to stimulate self-employment, emigration generally does not seem to be linked to productive investments in business or real-estate ownership. Return migration and immigration also have little impact

on diversification or investment in agricultural households. These findings suggest that Costa Rica is missing an opportunity to harness the social, financial and human capital embodied in return migration and immigration.

Notes

1. Households reporting to be involved in either arable farming or livestock rearing are considered to be agricultural households.
2. The sample of youth in households receiving remittances is however too small to perform any further (regression) analysis on the link between remittances and school attendance.

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Chapter 5

How do sectoral policies affect migration in Costa Rica?

Sectoral policies in key areas for development, such as the labour market, agriculture, education, financial services and investment and social protection and health can affect migration decisions, and enhance – or decrease – the positive impacts of migration on development. The IPPMD household and community surveys incorporated a wide set of policy programmes in five key sectors to identify links between sectoral policies and migration. This chapter reports on analysis of the ways in which policy programmes in these sectors in Costa Rica influence people's decision to emigrate, immigrate, return and to send remittances.

Migration is inevitably influenced by policies in the country of origin. Most countries have a set of policies which directly target migration, such as those controlling who can enter the territory and under what conditions, and those aiming to facilitate the sending and receiving of remittances. However, other policies can also have an influence on migration. The IPPMD project in Costa Rica focuses on policies in sectors that are key for development: the labour market, agriculture, education, investment and financial services, and social protection and health.

Chapter 4 showed that the impacts of the various dimensions of migration on these five sectors vary. The policy context for each of these sectors in turn influences migration outcomes, such as the decision to emigrate and return, the sending and use of remittances, and the integration of immigrants. To date, the impact of sectoral policies on migration remains largely under-researched. This chapter attempts to disentangle the link in Costa Rica between migration and a wide set of policy programmes in the five sectors (Table 5.1).

Table 5.1. **Sectoral policies and programmes covered in the IPPMD project**

Sectors	Policies / programme
Labour market	• Government employment agencies • Vocational training programmes • Public employment programmes
Agriculture	• Subsidy-type programmes • Agricultural training programmes • Insurance-based programmes • Land titling
Education	• In-kind distribution programmes • Cash-based programmes • Other types of education programmes
Investment and financial services	• Policies related to business investments • Policies related to financial inclusion and education
Social protection and health	• Policies related to health and social protection • Policies related to labour contracts

This chapter is organised by the five sectors under study. It first discusses how migration outcomes are affected by labour market policies, followed by policies governing agriculture, education, investment and financial services, and finally social protection and health.

Labour market policies and migration

While migration affects Costa Rica's labour market through various channels (Chapter 4), labour market policies can also affect households' migration decisions and the integration of immigrants. IPPMD data confirm that the search for jobs is one of the main drivers of emigration from Costa Rica. About 65% of current emigrants report that they left the country to take or search for jobs abroad (Chapter 3). Policies that improve the functioning of the domestic labour market may therefore reduce the incentive to emigrate.

One of the goals of the *Plan Nacional de Desarrollo* (PND) 2011-2014 (MPNPE, 2010), the national plan in place in Costa Rica at the time of the IPPMD survey, was to reduce unemployment. To this end, the PND actions aimed at improving people's employability and access to productive employment in an inclusive manner, and promoting programmes through the National Learning Institute (INA) and the Ministry of Labor and Social Security (MTSS). Some of the MTSS programmes include the following:

- National Program of Assistance to Microenterprises (PRONAMYPE): aims to support micro-entrepreneurs with limited economic resources. It offers training in the sustainable development of micro-enterprises.
- National Employment Program (PRONAE): created in 2000 and aims to improve the living conditions of the population living in or close to poverty. It offers temporary financial aid for participation in community development projects and training programmes, in particular to youth living in vulnerable situations, to improve their labour market insertion.
- *Programa EMPLÉATE*: targets young individuals (aged 17-24) who are not in education or working and therefore in a vulnerable socio-economic situation. It operates though conditional cash transfers to support their technical vocational training in areas which meet the needs of the labour market.

The National Learning Institute (INA) mainly provides training programmes, such as:

- *Programa Empleabilidad*: targets vulnerable groups, such as people with disabilities, young people at social risk and female household heads. It consists of training and facilities for employment insertion.
- *Programa de Fortalecimiento de las MIPYMES (micro, pequeñas y medianas empresas)*: aims to support the development of micro, small and medium enterprises, both rural and urban, through training in management development, financing and market intelligence in order to increase productivity and facilitate access to export markets.

In addition to MTSS and INA, other state institutions have created employment generation activities targeting the unemployed. For example, the Mixed Institute of Social Assistance (IMAS) offers unemployed individuals small

payments to perform public works during a limited time period through the programme "*Manos a la obra*"

The IPPMD study focuses on policies that aim to enhance labour market efficiency through government employment agencies, improve workers' skills sets through vocational training programmes, and expand labour demand by increasing public employment programmes. It investigates to what extent these policies are present in Costa Rica, and whether they have an influence on migration.

Government employment agencies are doing little to influence migration

Government employment agencies can have an indirect impact on households' migration decisions by providing better information to job seekers. If people can find jobs in the local labour market through such agencies, they may choose to stay rather than emigrate to seek work abroad.

How does the labour force in Costa Rica find jobs? The IPPMD survey asked employed people in both the public and private sector how they had obtained their current jobs. Most native-born workers had found their job either through friends and family, or by approaching potential employers directly (Figure 5.1). Together these two methods account for 81% of all surveyed native-born population with paid jobs in both the public and private sector. Only about 3% had found their jobs through government employment agencies (2% of men and 5% of women).

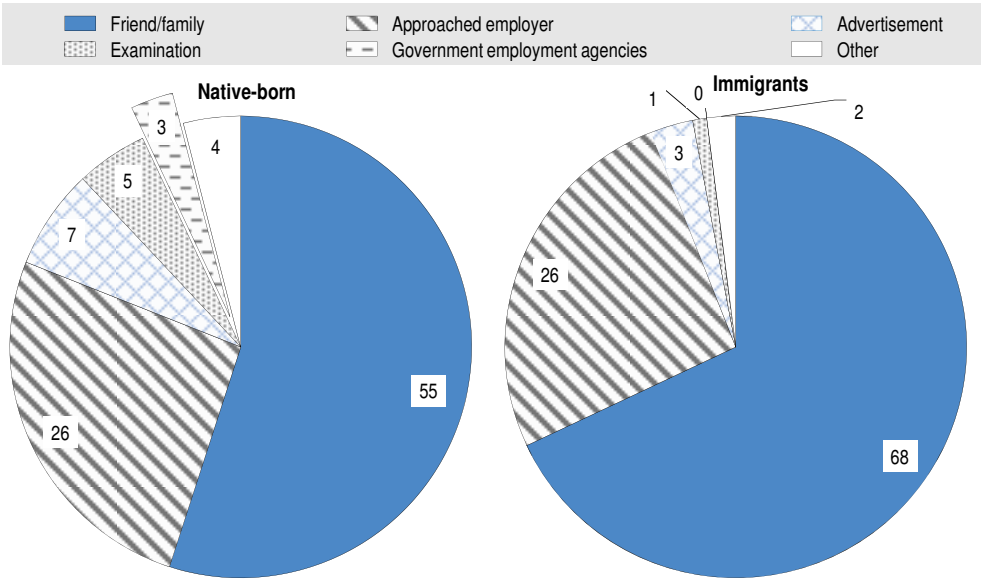
While immigrants also have access to such public services in Costa Rica, their use of employment agency services is close to zero. Only 3 of the 659 employed immigrants in the IPPMD sample had used a government employment agency service to find a job. Instead, immigrants tend to find jobs through their own networks, through direct contact with employers, or through friends and family. And they do so to a much larger extent than the native-born population (94% vs. 81%) (Figure 5.1). Government employment agencies could therefore expand their scope to better integrate immigrants into the formal labour market.

According to the comparative study of the ten IPPMD partner countries, beneficiaries of employment agency services are generally less likely to have plans to emigrate than non-beneficiaries (OECD, 2017a). This pattern is largely explained by the individual characteristics of government employment agency beneficiaries, who tend to be more highly educated than non-beneficiaries and more likely to hold jobs in the public sector, which are seen as secure occupations. A similar pattern appears in Costa Rica, although the difference is marginal and not statistically significant. Of those who found their jobs through

a government employment agency, 2% have plans to emigrate, compared to 4% for those who did not use these agencies.

Figure 5.1. **Government agencies play a minor role in job seeking among the IPPMD respondents**

Methods for finding a current job in both public and private sectors



Source: Authors' own work based on IPPMD data.

Vocational training programmes tend to encourage emigration from Costa Rica

Vocational education and training (VET) is seen in Costa Rica as a key tool to reinforce the labour force and address skills mismatches (OECD, 2015). Both the National Learning Institute (INA) and the Ministry of Public Education offer vocational training. INA runs 54 training centres across the country and has technical units that are responsible for the design of training programmes. In 2014, INA provided 246 training programmes in industry, agriculture and commerce and services. To what extent do these training programmes have an influence on Costa Ricans' emigration decisions?

The IPPMD survey found that 13% of the native-born population who are economically active had participated in a vocational training programme in the five years prior to the survey. Among the native-born population, a significantly higher share of women took part in vocational training than men: 19% versus 11%. Such training programmes are slightly more common in urban areas

(14%) than in rural areas (12%). The IPPMD survey findings indicate the most common training programmes to be computers/information technology (IT) (23%), followed by food processing (18%) and language (18%).

Vocational training programmes can affect migration in two different ways. By enhancing labour skills, people may find better jobs in the domestic labour market, thereby reducing the incentive to emigrate. On the other hand, vocational training can be a means to make would-be migrants more employable overseas. A comparative study of the ten IPPMD partner countries shows that in most countries the share of people planning to migrate is higher among those who had participated in a vocational training programme than among those who did not (OECD, 2017a). Costa Rica reflects this pattern: a higher share of those who participated in vocational training programmes have plans to emigrate (4%) than non-participants (2%). This may suggest that people participate in vocational training programmes in order to find a job abroad.

This pattern is explored more deeply using regression analysis (Box 5.1).[1] It examines the links between participating in vocational training programmes and plans to emigrate, while controlling for other factors, such as unemployment. The results (shown in Table 5.2) indicate a positive link between vocational training programmes and plans to emigrate. However, no significant results were found when the sample was disaggregated by gender. It should also be noted that the labour market outcome as a result of such training programmes will affect migration decisions.

Box 5.1. **The links between vocational training programmes and plans to emigrate**

To investigate the link between participation in vocational training programmes and having plans to emigrate, the following probit model was used:

$$Prob(plan_mig_i) = \beta_0 + \beta_1 voc_training_i + \gamma_1 controls_i + \gamma_2 controls_{hh} + \delta_r + \varepsilon_i \quad (1)$$

where $plan_mig_i$ represents whether individual i has a plan to emigrate in the future. It is a binary variable and takes a value of 1 if the person is planning to leave the country; $voc_training_i$ is the variable of interest and represents a binary variable indicating if the individual participated in a vocational training programmes in the five years prior to the survey; $controls_i$ stand for a set of control variables at the individual level and $controls_{hh}$ for household level controls;[a] δ_r implies regional fixed effects and ε_i is the randomly distributed error term. The sample is native-born population[b] and the model has been tested for two different sub-groups (men and women). The coefficients of the variables of interest are shown in Table 5.2.

Box 5.1. **The links between vocational training programmes and plans to emigrate** *(cont.)*

Table 5.2. **Participation in vocational training programmes is positively associated with plans to emigrate**

Dependent variable: Individual plans to emigrate
Main variables of interest: Individual has participated in a vocational training programme
Type of model: Probit
Sample: Labour force in working age (15-64)

Variables of interest	Sample		
	All	Men	Women
Individual participated in a vocational training programme	0.012*	0.010	0.018
	(0.007)	(0.008)	(0.015)
Household has at least one emigrant	0.027*	0.017	0.049
	(0.015)	(0.018)	(0.031)
Individual is unemployed	0.012	0.003	0.025
	(0.009)	(0.012)	(0.017)
Number of observations	2 118	1 402	601

Note: Results that are statistically significant are indicated as follows: ***: 99%, **: 95%, *: 90%. Standard errors in parentheses.

a. Control variables include age, sex, education level of individuals and whether the individual is unemployed or not. At the household level, the household's size and its squared value, the dependency ratio, a wealth indicator and its squared value are controlled for. Whether the household has an emigrant or not is also controlled for.
b. The sample excludes immigrants because the analysis explores how vocational training programmes can affect the emigration decisions of the native-born population.

Agricultural policies and migration

Chapter 4 concluded that return migration and immigration have little impact on whether farming households diversify or expand their agricultural activities. It recommended that Costa Rica could benefit by helping farming households channel their capital into the sector. The weight of agriculture in gross domestic product (GDP) in Costa Rica is low compared to other IPPMD countries, at 5.5% in 2015 (World Bank, 2017), yet the sector still plays an important role, particularly through exports (OECD, 2017b). Costa Rica's 2015-18 national development strategy's objectives for agriculture aim to boost the sector's productivity as well as reduce poverty among the rural population (MPNPE, 2014).

Costa Rica has a long tradition of supporting its farmers through subsidies. In fact, in 2010 members of the World Trade Organization (WTO) requested that it reduce its subsidies to rice farmers, as they were incoherent with WTO guidelines (Long, 2010; Cornick, Jimenez, Román, 2014). As a staple food, rice is highly protected in the country, often through guaranteed prices (Lindert et al., 2015). There is a trend, however, of reducing direct agricultural market support

in Costa Rica, partly as a result of WTO guidelines. In 2015, subsidised insurance policies for rice producers were cancelled, for instance (OECD, 2017b). According to one study, one of the reasons behind Costa Rica's tremendous growth over the last decades has been the maintenance of macroeconomic stability, partly achieved by eliminating many agricultural subsidies (Lindert et al., 2015). There are no direct subsidies for consumers related to agriculture. Input subsidies are mostly aimed at fixed capital formation and farm services (OECD, 2017b).

In addition to agricultural subsidies, Costa Rica also runs agricultural extension programmes, which involve specialised training, technical assistance and advisory services to producers. These are a major component of the agricultural sector in Costa Rica, accounting for nearly 30% of the total budget of the Ministry of Agriculture (OECD, 2017b). Finally, Costa Rica has also had issues with land titling. While the legal framework for land ownership is clear, particularly after the process of land titling was accelerated in 1982, deficiencies in property rights persist (OECD, 2017b; Ramirez and Villalobos, 2014). The exact number of land titles in the country is unknown.

Very few of the 2 236 households in the IPPMD survey were involved in agriculture: only 271 households (12% of all households) declared doing either agrarian farming or rearing livestock at the time of the survey. This makes for a small sample on which analysis can be performed. The IPPMD survey asked households which agricultural programmes they had benefited from between 2010 and 2014. According to the data collected, between 2010 and 2014 only 24 of the 271 agricultural households (9%) had benefited explicitly from an agricultural subsidy programme, 27 households (10% of all agricultural households) had benefited from an agricultural training programme and 13 households (5% of all agricultural households) from an insurance programme. In addition, according to the IPPMD data, 19 agricultural land-owning households (12% of all land-owning agricultural households) did not have the official certificate of their land.

A major concern in Costa Rica is the integration of the immigrants who have been entering the country over the past decades (OECD, 2009). To improve the chance of successful and productive integration, immigrants may need to have access to public services, including programmes that allow them to perform better in the agricultural sector. The analysis below therefore discusses whether immigrants have access to agricultural subsidies and training programmes and whether they have the titles for their land in Costa Rica, which would lower their vulnerability vis-à-vis their tenure on invested land.

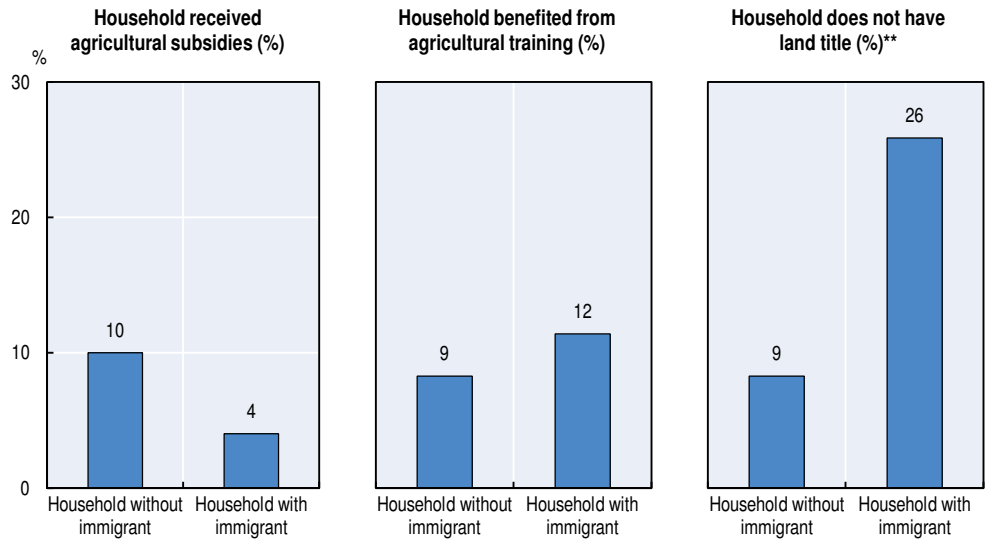
Households with immigrants generally have less access to agricultural programmes than households without immigrants

Looking across households with and without immigrants suggests that households with immigrants are less likely to have access to agricultural programmes. In fact, while 10% of households without immigrants received

agricultural subsidies, this was true for only 4% of households with immigrants (Figure 5.2). Similarly, immigrants may find it more difficult to register their land, making their tenure on it more risky and vulnerable. Indeed, while only 9% of non-immigrant households lack official land titles, more than a quarter (26%) of immigrant households lack land titles, a statistically significant difference. On the other hand, when it comes to agricultural training, households with immigrants (12%) are more likely to have benefited from than non-immigrant households (9%), although the difference is not statistically significant. It does seem then that agricultural extension programmes do reach out to immigrants, who form an important proportion of workers in rural Costa Rica.

Figure 5.2. **Households with immigrants are much less likely to have title to their agricultural land**

Share of households benefiting from agricultural policy coverage, by whether they have an immigrant or not



Note: A chi-squared test was used to measure the level of statistical significance between each set of groups. Results that are statistically significant are indicated as follows: ***: 99%, **: 95%, *: 90%.

Source: Authors' own work based on IPPMD data.

Overall, these results suggest that, at least for land titling, there is evidence that households with immigrants seem to be at a disadvantage. Regression analysis was used to account for other factors that may influence a household's access to agricultural programmes (Box 5.2). These reveal that not only are immigrant households disadvantaged when it comes to land titling, they are also less likely to receive agricultural subsidies. While the descriptive statistics on agricultural subsidies did not show a statistically significant difference between immigrant and non-immigrant households, the regression analysis accounts for the fact that larger and poorer households tend to be more likely to

access agricultural subsidies. Accounting for these facts reveals that having an immigrant in the household is negatively associated with receiving agricultural subsidies. As Costa Rica continues to rely on foreign labour for the growth of its agricultural sector (Chapter 2), it may need to consider widening the reach of its agricultural programmes to immigrants or investigating further why they are less likely to access such programmes, with the goal of improving their integration outcomes and boosting their productivity.

Box 5.2. **The links between agricultural policies and immigration**

To estimate the probability that a household has benefited from or accessed a certain agricultural programme, the following probit regression model was estimated:

$$\Pr(agri_pol_{hh}) = \beta_0 + \beta_1 immig_{hh} + \gamma controls_{hh} + \varepsilon_{hh} \quad (1)$$

where the unit of observation is the household *hh* and the dependent binary variable ($agri_pol_{hh}$) takes on a value of 1 if the household has benefited from the policy in question and 0 otherwise; $immig_{hh}$ represents a dummy variable taking the value of 1 if the household has an immigrant; $controls_{hh}$ stands for a set of household-level regressors[a]. Standard errors, ε_{hh}, are robust to heteroskedasticity. Table 5.3 presents the results.

Table 5.3. **Households with immigrants are less likely to have received agricultural subsidies or to have an official title to their agricultural land**

Dependent variable: Agricultural policy
Main variables of interest: Household has an immigrant
Type of model: Probit
Sample: Agricultural households

Variables of interest	Dependent variables		
	(1) Household has received agricultural subsidies in the past 5 years	(2) Household has benefited from agricultural training in the past 5 years	(3) Household has the official title of its agricultural land
Household has an immigrant	-0.156**	0.108	-0.289**
	(0.066)	(0.107)	(0.117)
Number of observations	271	271	155

Note: Statistical significance is indicated as follows: ***: 99%, **: 95%, *: 90%. Results reflect marginal effects. Coefficients reflect marginal effects. Standard errors are in parentheses and robust to heteroskedasticity.

a. Control variables for the model include the household's size, its dependency ratio (number of children aged 0-15 and elderly aged 65+, divided by the total of other members), the male-to-female adult ratio, its wealth estimated by an indicator (see Chapter 3), and whether it is in a rural or urban region. A fixed effect for its administrative region was not included due to the smaller sample size in Costa Rica. In addition, the specific regressions investigating whether the household has the title of its agricultural land was limited to arable farming households owning land.

Education policies and migration

The relationship between education policies and migration is multidimensional. Education policies may affect migration decisions in different, and opposing, ways. Policies that improve access to quality education may decrease emigration motivated by the desire to finance children's education. In particular, cash-based education programmes such as conditional cash transfers and scholarships could ease the pressure to earn extra income to pay for children's schooling and thus reduce incentives to emigrate. On the other hand, these types of education programmes might have the opposite effect by giving the household the financial means to allow a member to emigrate. Furthermore, receiving financial support for children's education could affect the amount and frequency of remittances sent home. For immigrants, programmes which help them send their children to school can help them integrate, and may influence their decisions to stay in the host country. This section analyses these complex links between education polices and migration patterns in Costa Rica.

As reported in Chapter 4, Costa Rica spends a relatively high share of its GDP on education: the second highest share among the IPPMD partner countries after Morocco (OECD, 2017a). Raising teachers' wages has been one important area of investment in the education system (OECD, 2016). Another prominent education programme in Costa Rica is the use of scholarships to help students with limited resources to pursue education. The Ministry of Public Education (MEP) provides scholarships through the National Scholarship Fund (*Fondo Nacional de Becas*, or FONABE) for:

- post-secondary education (through the programme "*Avancemos Más*")
- preschool, primary and special education
- working children and adolescents
- students with special educational needs, associated with disability
- indigenous children
- adolescent mothers and fathers
- student transportation

Another prominent education programme in Costa Rica is the conditional cash transfer programme *Avancemos*. The programme was introduced in 2006 to encourage young people from poor backgrounds to stay in formal schooling until they complete the secondary cycle. The monthly cash transfer amounts to between USD 26 and USD 87 per child depending on the school grade (the lowest amount for 7th grade and the highest for 12th grade).

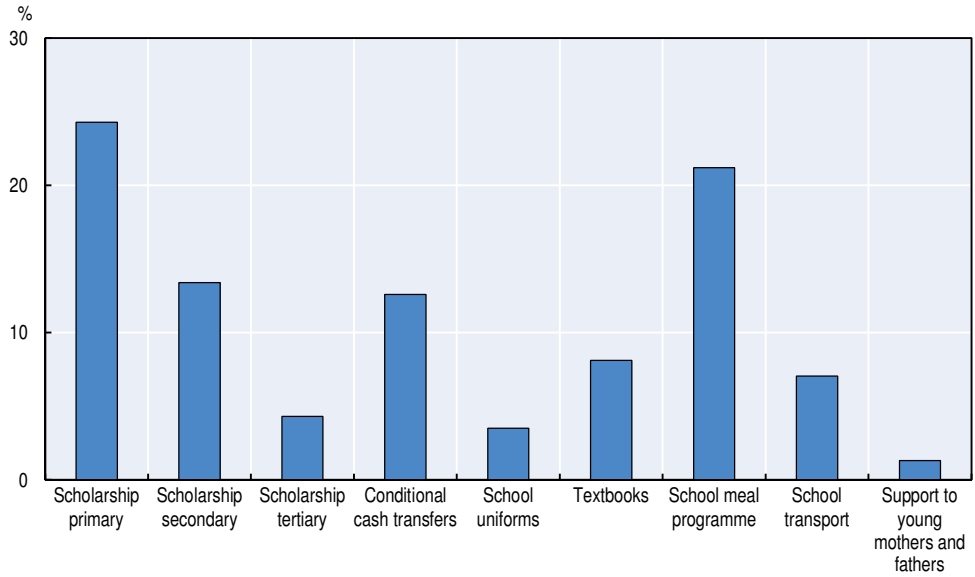
Immigrants are less likely to benefit from education programmes

The IPPMD survey gathered data on a range of educational distribution and cash-based programmes (Figure 5.3), including the programmes mentioned

above. Scholarships for primary education and school meal programmes were the most common programmes among respondent households with children of school age: about one in four households (24%) with children in school age (6-20 years) benefited from scholarships for primary education and 21% benefited from a school meal programme. Close to 13% of the households in the sample benefited from a conditional cash transfer.

Figure 5.3. **Scholarships for primary education and school meal programmes are the most common educational programmes among IPPMD households**

Share of households benefiting from education programmes (%)



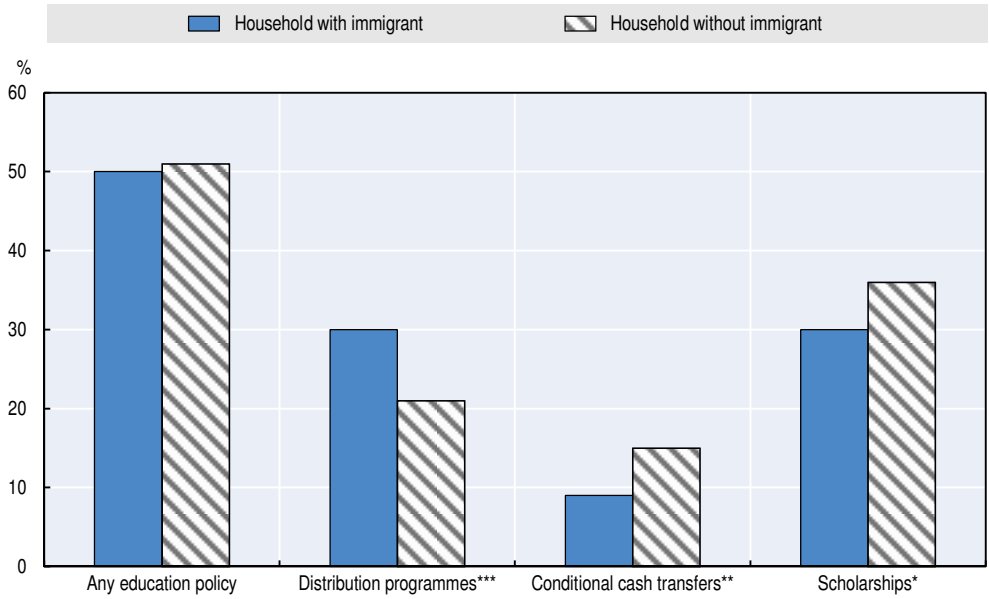
Note: The sample includes households with children of school age (6-20 years old).
Source: Authors' own work based on IPPMD data.

Education is a fundamental tool for the social integration of immigrant children and children of immigrant parents, and for human capital accumulation in host countries. Access to educational programmes may play an important role in improving school enrolment rates for the population in general, and especially for immigrant households, who often constitute a vulnerable part of the population. Hence, the way that education systems respond to migration has both economic and social impacts for the immigrant children themselves – but also for the society in which they live – as it determines future productivity and earning capacity. Costa Rica offers primary and secondary education to all children and youth regardless of their migrant status, and immigrants are eligible for scholarships through FONABE and the *Avancemos* programme. However, according to the 2011 census immigrants still lag behind when it comes

to school attendance (INEC, n.d.). Immigrant youth in secondary education in the Costa Rica IPPMD sample are also slightly less likely to attend school than their native-born peers (Chapter 4). Furthermore, a report from the General Directorate of Migration (DGME) shows that immigrants tend to benefit less from scholarships than their native-born peers (DGME, 2012). The IPPMD data also show that immigrant households have less access to cash-based education programmes in Costa Rica, but higher access to distribution programmes (such as free textbooks and school meal programmes, Figure 5.4). Lower access to cash education programmes may constitute a barrier to immigrant integration, and have negative implications for human capital accumulation.

Figure 5.4. **Immigrant households are less likely to benefit from cash-based education policies**

Share of households benefiting from education programmes (%), by immigration status



Note: The category "Any education policy" includes all educational programmes included in the survey. The sample includes households with children in school age (6-20 years old). A chi-squared test was used to measure the level of statistical significance between each set of groups. Results that are statistically significant are indicated as follows: ***: 99%, **: 95%, *: 90%.

Source: Authors' own work based on IPPMD data.

Scholarship programmes are linked to higher remittances, and make immigrants more prone to stay

Previous research from Latin America shows mixed results when it comes to the link between conditional cash transfers (CCTs) and migration and remittance decisions. Cash transfers can reduce the pressure to emigrate if they make a significant enough contribution to income, and if the conditions attached to the

cash transfer require household members to be physically present, for health check-ups for instance (Stecklov et al., 2005; Behrman, Parker and Todd, 2008). On the other hand, receiving a cash transfer can relax credit constraints enough to enable people to afford to emigrate, especially if complemented by remittances (Angelucci, 2004; Azuara, 2009).[2] CCTs may also increase emigration if the money received is not enough to cover the financial needs of the household, if the programme leads to human capital accumulation that increases the returns to migration, or if the conditions of the programme do not apply to all members of the household (Hagen-Zanker and Himmelstine, 2013). Finally, CCT programmes may affect the level of remittances received by a household. Households receiving CCTs may be less dependent on remittances for educational investments, which could decrease emigrants' incentives to send remittances home (Attanasio and Rios-Rull, 2001, for Mexico). However, several studies found no link between private transfers and CCT programmes (Teruel and Davis, 2000, for Mexico; Fajnzylber and López, 2007, for Honduras and Nicaragua).

These links between education programmes and migration were analysed for the IPPMD study using regression analysis (Box 5.3). The results show no statistically significant link between households benefiting from any education programme and having a household member emigrate in the five years prior to the study, or having a member planning to emigrate in the future.[3] On the other hand, the receipt of remittances is positively correlated with households that have benefitted from an education policy (Table 5.4). The sample of households receiving CCTs is too small to be further analysed in a regression framework. Looking more specifically at scholarship programmes, the results reveal no link between households benefitting from such programmes and future plans to emigrate. However, receiving scholarships is positively related to the probability of receiving remittances. A potential explanation could be that scholarships increase the incentives to send remittances home to finance the education of members in the household.

Box 5.3. **The link between education policies and migration**

To investigate the link between education support programmes on migration and remittance patterns, the following probit equations are applied:

$$Prob(mig_{hh}) = \beta_0 + \beta_1 edu_policy_{hh} + \gamma controls_{hh} + \delta_r + \varepsilon_i \quad (1)$$

$$Prob(immig_return_i) = \beta_0 + \beta_1 edu_policy_{hh} + \gamma controls_{hh} + \gamma controls_i + \delta_r + \varepsilon_i \quad (2)$$

where mig_{hh} represents household migration status, being a binary variable for the household either having at least one member planning to emigrate in the future (column 1 in Table 5.4), or receiving remittances (column 2). edu_policy_{hh} is the variable of interest and represents a binary variable indicating if the household has benefited from an education policy in the five years prior to the study (results presented in the

Box 5.3. **The link between education policies and migration** *(cont.)*

upper part of the table). It takes on value "1" if the household has benefited from an education policy programme and "0" otherwise. $controls_{hh}$ are set of observed household characteristics influencing the outcome.[a] δ_r represents regional fixed effects and ε_{hh} is the randomly distributed error term. Cash-based programmes in the form of scholarships are analysed separately, and these results are presented in the lower part of the table.

A second estimation explores the link between education policies and immigrants' intentions to return to their origin countries (equation 2), where *immig_return* is a binary variable taking on value "1" if an immigrant has plans to return to the country of origin, and "0"otherwise. Apart from control variables at the household level, the specification also controls for individual characteristics.[b]

Table 5.4. **Receiving scholarships is negatively linked with immigrants' intentions to return to their origin country**

Dependent variable: Household with member planning to emigrate/receiving remittances, immigrant planning to return to country of origin
Main variables of interest: Household benefited from education policy
Type of model: Probit
Sample: All households (column 1 and 2), immigrants (column 3)

Variables of interest	Dependent variable		
	(1) Plan to emigrate	(2) Household receive remittances	(3) Immigrant planning to return
Household benefited from any education policy in the past 5 years	0.013	0.032***	-0.031
	(0.012)	(0.010)	(0.020)
Number of observations	2 051	1 891	1 357
	Cash transfer programmes		
Household benefited from scholarship programme	-0.018	0.023*	-0.111***
	(0.016)	(0.013)	(0.035)
Number of observations	2 051	1 891	1 357

Note: Statistical significance is indicated as follows: ***: 99%, **: 95%, *: 90%. Standard errors are in parentheses and robust to heteroskedasticity. The analysis controls for households having an immigrant. Excluding immigrant households from the sample does not change the results.

a, b. The control variables include household size and size squared, household dependency ratio, a binary variable for urban location, the mean education level in the household, the number of children in age 6-17 and a proxy for household wealth through an asset index. In addition, the analysis in column 3 include individual level controls including age, sex and education level of the immigrant, unemployment status, years the immigrant has lived in Costa Rica, whether the immigrant is seasonal and whether the immigrant has Costa Rican citizenship.

Education programmes may affect immigrants' intentions to return to their countries of origin. For example, scholarships that enable young people to be educated in the host country may allow them to become better integrated

in the labour market later in life, thereby decreasing their incentives to return. The correlation between education policies and immigrants' intentions to return is investigated Table 5.4. The analysis shows that immigrants living in households that receive scholarships are less likely to plan to return to their country of origin than immigrants living in households that did not receive scholarships.

Investment and financial services policies and migration

Financial inclusion has been broadly recognised as critical for reducing poverty and achieving inclusive economic growth. The use of formal bank accounts, savings and payment mechanisms increases savings, empowers women, and boosts productive investment and consumption (Demirguc-Kunt et al., 2015). Financial inclusion can also strengthen the development impact of remittances by encouraging savings, as well as better matching savings with investment opportunities (UNDP, 2011). Channelling remittances through formal financial institutions is often more secure and can also contribute to the development of the financial system and make resources available to finance large-scale economic activities beyond the investments made by the recipient households. However, many households still lack access to the formal financial sector, and around 210 million individuals are still unbanked in Latin America and the Caribbean (World Bank, 2015).

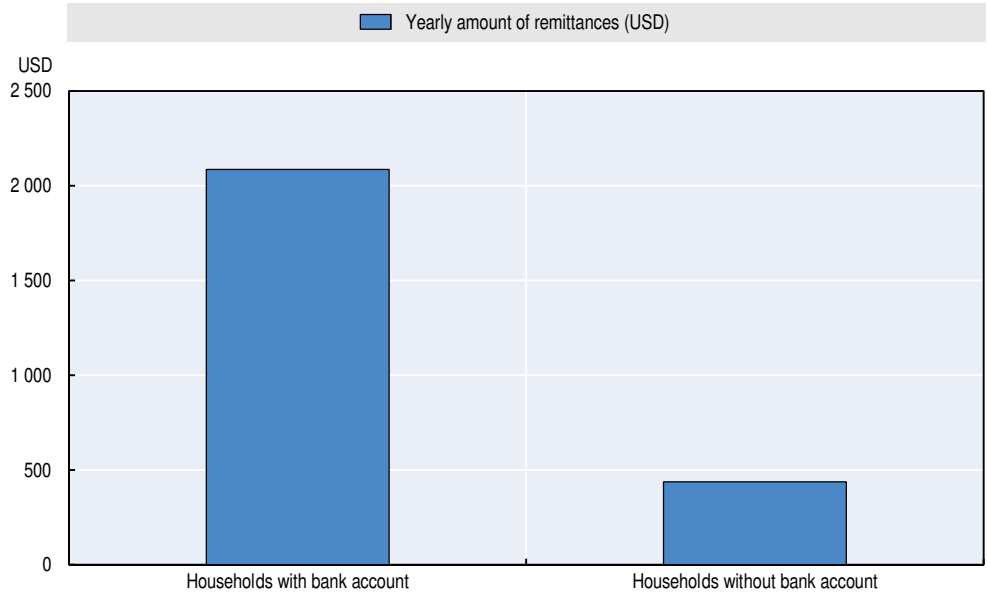
Financial inclusion is linked to higher levels of remittances

The IPPMD household survey included a number of questions on financial inclusion and financial training programmes.[4] The descriptive statistics show that overall, 76% of households in the Costa Rican sample have a bank account (Figure 5.5), which is the highest share among the IPPMD countries (OECD, 2017a). Despite this high rate, one-quarter of households in the sample are still unbanked and there is quite a gap between urban and rural households (82% versus 72%). Opportunities are possibly being missed to channel remittances into more productive investments.

Access to the formal financial sector can facilitate the sending and receiving of higher levels of remittances, and encourages the use of formal channels. The IPPMD data show that households with a bank account are more like to receive remittances (4.8%) than those without a bank account (2.9%). Remittance-receiving households with a bank account also received considerably higher amounts of remittances in the 12 months prior to the survey: on average USD 2 085 compared to USD 438 for unbanked households. It is however important to note that the sample of remittance-receiving households without a bank account is very limited, at only four households.[5]

Figure 5.5. **Households with bank accounts receive higher amounts of remittances**

Share of households receiving remittances (%) and average amount of remittances received by households in the 12 months prior to the survey (USD)



Note: yearly amount of remittances is the average amount of remittances received by households from former household members in the 12 months prior to the survey.

Source: Authors' own work based on IPPMD data.

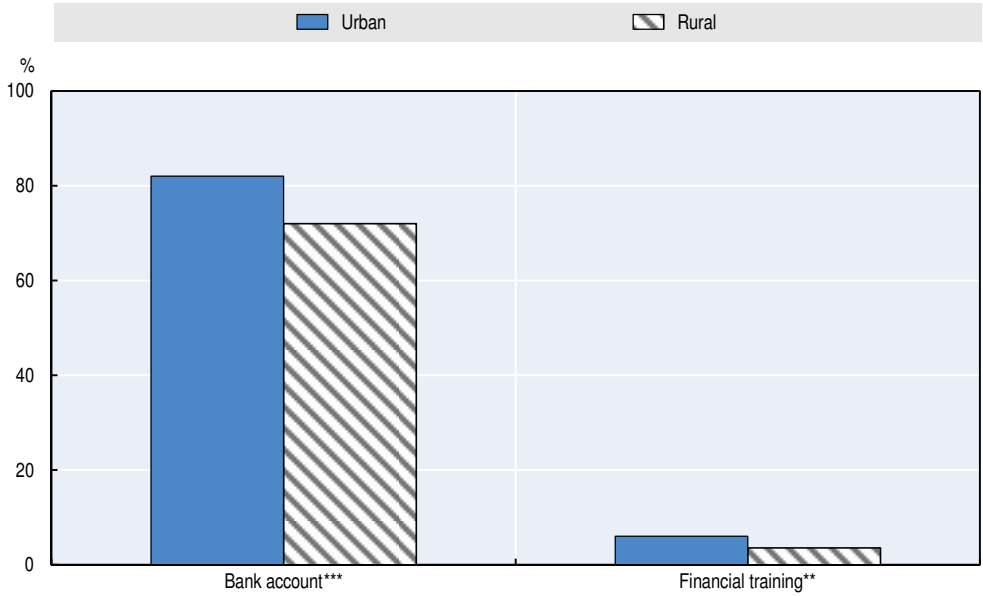
There is scope to expand financial literacy training

In order to enable households to maximise the returns to their remittance investments, they need to have information on the investment products available, as well as saving and investment opportunities. Knowledge about business management is also important for households that might want to invest in setting up a business. This applies both to households receiving remittances and households in communities where remittance inflows are high and generally benefitting the local economy. Financial training programmes and business management courses can help to build the financial literacy required for investment in productive assets. Evidence from other studies shows that training in finance and financial accounting positively affects the management practices of small businesses (Drexler, Fischer and Schoar, 2014).

The IPPMD household survey found that overall, 5% of households had participated in a financial training course in the previous five years. The share is higher in urban areas (6%) than in rural areas (4%) (Figure 5.6). Households receiving remittances had a higher rate of participation than other households, at 10%, while only 3% of immigrant households had participated.

Figure 5.6. **Household participation in financial training programmes is low**

Share of households with bank accounts and share of households participating in financial training programme in past 5 years (%), by geographical location



Note: A chi-squared test was used to measure the level of statistical significance between each set of groups. Results that are statistically significant are indicated as follows: ***: 99%, **: 95%, *: 90%.

Source: Authors' own work based on IPPMD data.

In sum, sectoral policies could help create a more enabling environment, for example by introducing measures to expand financial inclusion and provide financial literacy training so that migration and remittance funds can be used more efficiently.

Social protection and health policies and migration

Chapter 4 has examined the impact of immigration on the social protection and health sectors. It found little evidence that immigrants in Costa Rica are net beneficiaries of government transfers or health services. Social protection has a fundamental role in the social and economic integration of immigrants (GMG, 2014). The importance of social outcomes is anchored in Costa Rica's 2015-18 National Development Plan, where three of its key strategic sectors of focus on 1) labour and social security; 2) human development and social cohesion and 3) health, nutrition and sport (MPNPE, 2014). Equal access to social protection and health can improve the integration of immigrants and determine their level of contribution to the host country (OECD/EU, 2015; Huber, 2015). This section examines the influence of health and social protection policies on the integration of immigrants, although it should be noted that inadequate health

and social protection coverage may also influence other migration outcomes, for example by encouraging people to emigrate to a country where coverage is better, or where they can earn enough to help the household to remedy shortcomings in social protection or health by remitting them money.

Up until 2009, the Costa Rican Government had no general strategy for immigration. The increase in Nicaraguan immigrants since the 1990s (Chapter 2) and their inherent poverty levels have highlighted the importance of clear migration-related policies (Marquette, 2006). As immigration flows from Nicaragua to Costa Rica have stabilised, the Costa Rican Government has turned its focus to their social and economic integration. Even so, despite a regularisation programme to provide immigrant workers with greater protection, in 2015 only around 5 000 of the 75 000 agricultural immigrant workers in the country had residence permits (Sojo-Lara, 2015).

Costa Rica's 2009 Law No.8794 (General Law on Migration and Foreigners) essentially guarantees that migrants have access to social security insurance in the country. In fact, Article 7 of the law states that one of the basic requirements when processing migration documents is to ensure that the migrant is insured through the Costa Rican Social Security Fund (*Caja Costaricense de Seguro Social*, CCSS). Therefore, from a *de jure* point of view, immigrants' access to social security is pretty clear. However, access by irregular immigrants is less clear, i.e. those without legal documents authorising their stay in the country, or whose papers are no longer valid. Recent research suggests that *de facto* universal access to health services and social protection has not been the case for immigrants in Costa Rica (Voorend, 2016; Noy and Voorend, 2016).

As individuals can access health and social protection benefits through employment, access to these benefits may be contingent on being employed in the formal sector. Formal employment contracts increase the likelihood of obtaining employment-related benefits and insurance, and many of the benefits also apply to other household members. In addition, formal employment contracts ensure workers' recourse to legal systems in the event of problems between the worker and the employer (Jütting and de Laiglesia, 2009). However, not all individuals in Costa Rica benefit from formal employment contracts. Estimates indicate that in 2013, 31% of non-agricultural workers[6] in the country were employed informally (i.e. with no formal employment contract), down from 44% in 2009 (ILO, 2014). This section explores what the IPPMD survey data tell us about social protection for immigrants.

Immigrants are less likely to enjoy social protection than those born in Costa Rica

The IPPMD survey identified whether individuals had formal employment contracts and collected information on the benefits they gained through their employment. Of all the immigrant and native-born respondents working outside

the agriculture sector,[7] 63% have a formal labour contract. This is a lower rate than the 69% suggested by the International Labor Organization in 2013 (ILO, 2014). In addition, 31% of non-agricultural workers in the IPPMD survey had formal contracts of indefinite duration, 25% had health benefits attached to their jobs, and 70% had pension plans.

However, the data suggest that immigrants are much less likely to be covered by formal employment contracts or to have access to benefits related to their employment than people born in Costa Rica (Figure 5.7). Immigrants working in the non-agricultural sector are less likely to benefit from a formal employment contract (42% versus 71%), an open-ended contract (20% versus 35%), health benefits (15% versus 29%) and pension benefits (60% versus 73%). The inclusion of agricultural workers in these statistics does not alter the magnitude of the gap between immigrants and those born in the country. These differences are also significant for both men and women; the breakdown of each outcome by gender reveals significantly better access for native-born individuals than for their immigrant counterparts.

In examining the divisions between urban and rural areas, a slightly different story emerges. Immigrants living in urban households have less coverage than their native-born counterparts for all outcomes, while immigrants living in rural households are slightly more likely to have health benefits through their employment than native-born individuals (although the difference is not statistically significant). However, they are less likely than native-born individuals to be covered by a formal labour contract or have an open-ended contract. Moreover, the gap between rural immigrants and native-born individuals in rural areas in terms of access to a pension plan is much smaller than in urban areas, and not statistically significant.

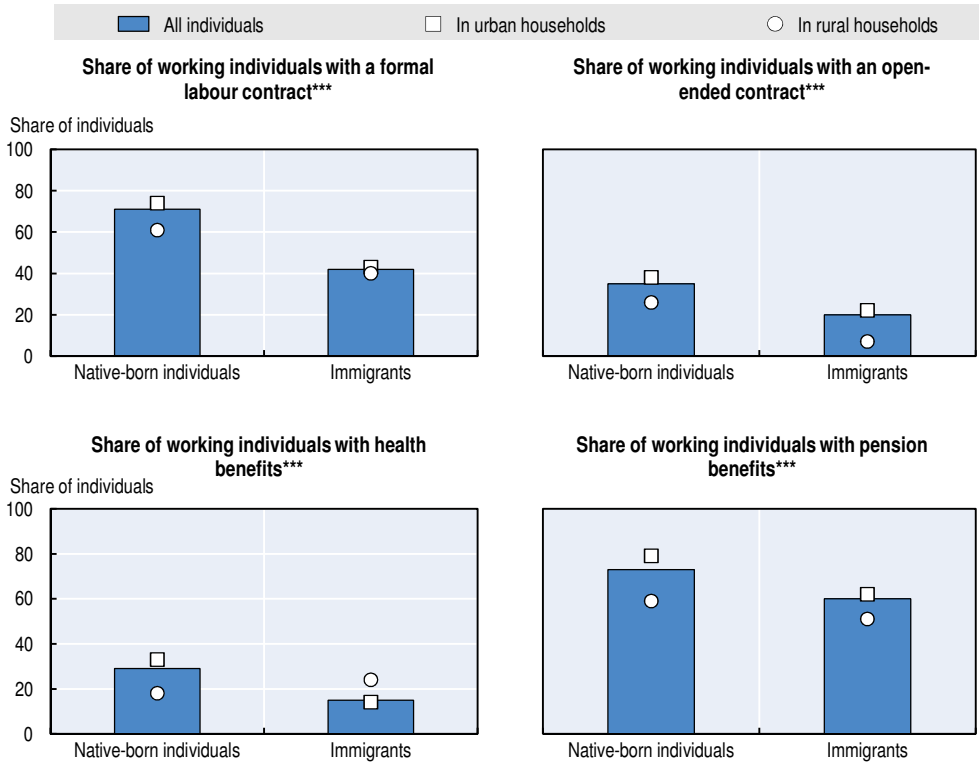
This may, however, be explained by the fact that the analysis focuses only on non-farm workers. Indeed, many agricultural workers in Costa Rica work in large banana, pineapple and coffee processing companies, where they may have a formal employment contract. Taking into account the full sample of workers, the share of rural immigrants who have health benefits through their employment is similar to native-born individuals (16%), but rural immigrants are less likely to have pension benefits (35% vs. 53%). Including agricultural workers in the sample made no difference to the gender findings.

As many other factors can determine whether an immigrant is covered by a formal employment contract or other employment-related benefits, regression analysis was used to control for these factors to get a clearer picture (Box 5.4). The results confirm that, in general, immigrants are less covered by social protection, formal employment contracts, open-ended contracts, health benefits or pension schemes (Table 5.5, top rows). In line with the descriptive statistics

shown above, immigrants overall, both men and women, are less likely to benefit from such coverage than their native-born counterparts. This was also true for urban areas, while there was no difference between immigrant and native-born individuals in terms of formal labour contract in rural areas.

Figure 5.7. **Immigrants have less access to social protection than native-born individuals in Costa Rica**

Share of individuals with access to social protection (%), depending on whether the individual is an immigrant or not



Note: A chi-squared test was used to measure the level of statistical significance between each set of groups, based on all individuals. Results that are statistically significant are indicated as follows: ***: 99%, **: 95%, *: 90%. The sample does not include agricultural workers.

Source: Authors' own work based on IPPMD data.

Regression analyses were also carried out on a sample of all workers, not just agricultural workers, in order to test the validity of the results, since it may be difficult to transmit information of a professional nature during the interviews and also because of the potentially frequent nature of formal employment contracts in the particular case of agriculture in Costa Rica. These

new results confirm the negative situation for immigrants in general for the first three outcomes (formal employment contract, open-ended contract, health benefits), but not for pension access. Moreover, this was also the case specifically for immigrant men and women and immigrants living in urban areas. In rural areas, the results show a much smaller difference between immigrant and native-born workers in possessing a formal labour contract. They also have more access to employment-related health benefits than native-born individuals. It seems therefore that many immigrant farm workers do tend to have formal contracts that include certain benefits. However, they continue to have less access to open-ended contracts.

Box 5.4. **The links between social protection, health and migration**

To estimate the probability that social protection or health coverage affect a migration-related outcome, the following probit regression model was estimated:

$$\Pr(socpro_i) = \beta_0 + \beta_1 immig_i + \gamma controls_{i,hh} + \varepsilon_i \qquad (1)$$

where the unit of observation is the individual i and the dependent binary variable ($socpro_i$) takes on a value of 1 if the individual has a particular type of social protection coverage and 0 otherwise. $immig_i$ represents a dummy variable taking the value of 1 if the individual is an immigrant. $controls_{i,hh}$ stands for a set of individual and household-level regressors.[a] Standard errors, ε_i, are robust to heteroskedasticity.

Results are presented in Table 5.5. Column (1) presents results for whether a working individual has a formal labour contract, column (2) for whether a working individual has an open-ended contract, column (3) for whether a working individual has health benefits, and column (4) for whether a working individual has pension benefits.

Table 5.5. **Immigrants are less likely to benefit from social protection**

Dependent variable: Social protection coverage
Main variables of interest: Individual is an immigrant
Type of model: Probit
Sample: Employed (non-agricultural) individuals (15+)

Variables of interest	Dependent variables			
	(1) Individual has a formal labour contract	(2) Individual has an open-ended labour contract	(3) Individual receives health benefits from employment	(4) Individual has a pension programme
Individual is an immigrant	-0.201***	-0.125***	-0.098***	-0.037
	(0.031)	(0.024)	(0.023)	(0.027)
Number of observations	1 839	1 839	1 838	1 842

Box 5.4. **The links between social protection, health and migration** *(cont.)*

Table 5.5. **Immigrants are less likely to benefit from social protection** *(cont.)*

Dependent variable: Social protection coverage
Main variables of interest: Individual is an immigrant
Type of model: Probit
Sample: Employed (non-agricultural) individuals (15+)

Variables of interest	Dependent variables			
	(1) Individual has a formal labour contract	(2) Individual has an open-ended labour contract	(3) Individual receives health benefits from employment	(4) Individual has a pension programme
	Samples based on gender and household location			
Subsample of men only	-0.180***	-0.114***	-0.099***	-0.041
	(0.041)	(0.032)	(0.031)	(0.035)
Subsample of women only	-0.229***	-0.149***	-0.089**	-0.034
	(0.048)	(0.038)	(0.035)	(0.043)
Subsample of individuals living in urban households only	-0.230***	-0.115***	-0.147***	-0.053*
	(0.033)	(0.028)	(0.025)	(0.028)
Subsample of individuals living in rural households only	-0.025	-0.181***	0.162**	0.059
	(0.072)	(0.042)	(0.070)	(0.070)

Note: Statistical significance is indicated as follows: ***: 99%, **: 95%, *: 90%. Results reflect marginal effects. Coefficients reflect marginal effects. Standard errors are in parentheses and robust to heteroskedasticity. Standard errors in regressions where the dependent variables are measured at the household level (household has an emigrant and household receives remittances) are clustered at the household level. "N/a" refers to the fact that the sample sizes are too small to analyse. The results reported do not include agricultural workers.

a. Control variables for the model include individual age, education level (Chapter 3), gender, household wealth, household size and whether the household is in a rural region. Due to the small sample sizes, a fixed effect for the household's province was not included in the model.

As mentioned above, health and pension benefits may depend on the existence of a formal contract. Indeed, regression analyses based on a subsample of people with formal employment contracts reveal that the differences between immigrants and native-born workers in all outcomes (open-ended contract, health benefits, pension plan) are no longer statistically significant. As a result, the gap between the two groups stems mainly from access to formal employment contracts. This was specifically the case when investigating the issue separately for both men and women. Immigrants in urban areas continue to have less access to employment-related health benefits, while those in rural areas continue to have less access to open-ended contracts, but more access to employment-related health benefits. Therefore, in order to better integrate and benefit from its immigrant population, Costa Rica needs to generally remedy the gap between immigrants and native-born individuals in access to formal sector jobs.

Conclusions

This chapter has identified some links between sectoral policies and migration in Costa Rica, and shows that such policies can influence migration. For example, vocational training programmes are positively linked to future plans to emigrate, potentially because they equip would-be migrants with skills that are useful in the international labour market. Education programmes do not seem to have any significant influence on households' emigration decisions, though benefiting from an education programme is positively linked to the probability of household receiving remittances. Further analysis show that this is particularly true when it comes to scholarship programmes. Furthermore, providing scholarships to immigrant households seem to reduce their incentives to return to the country of origin.

Participation in financial training programmes is very low among both migrant and non-migrant households in Costa Rica, and although a majority of the households in the sample have bank accounts, about one in four households do not, with a higher share in rural areas. There is hence scope to expand households' access to the financial sector and financial training programmes to enable households to invest remittances more productively. Encouraging more competition in the remittance market could also help decrease remittance transfer costs.

Finally, immigrants benefit to a lesser extent from many of the policy programmes included in the survey. They are less likely to benefit from education programmes, and very few immigrants found their jobs through government employment agencies. There is also evidence that households with immigrants are disadvantaged when it comes to official land titles and receiving agriculture subsidies. In addition, immigrants are less likely to have access to secure jobs though formal labour contracts. Ensuring access to formal labour contracts and policy programmes in key areas such as education, social protection and health will be important to strengthen integration and development processes.

Notes

1. See Chapter 3 for the methodological background on the regression analyses used in this project.
2. Cash-based educational support is given to finance child and youth education and may hence not directly finance migration. But receiving these funds could free up enough resources in the household budget to allow a household member to migrate.
3. The IPPMD survey collected information on households benefiting from education programmes in the five years prior to the survey, but did not ask households to specify in what precise year(s) they had benefited from a policy. In order to restrict the analysis to households that benefited from a policy and had members emigrating at around the same time, households with emigrants who left more than five years ago are excluded.

4. The household survey also included questions on policies related to business operations, such as tax subsidies. These questions were however only asked to households with businesses with more than four employees, and so the sample is too small for further analysis.
5. This small sample size meant that regression analysis could not be carried out to investigate the link between financial inclusion and remittance patterns.
6. Statistical convention measures informality rates in the non-agricultural segment of the population.
7. Agricultural occupations are defined by agricultural, forestry and fishery workers (ISCO category 6), as well as those working in elementary occupations in those fields (ISCO category 92).

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Interrelations between Public Policies, Migration and Development in Costa Rica

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Interrelations between Public Policies, Migration and Development in Costa Rica is the result of a project carried out by the Centro Centroamericano de Población (CCP) at the University of Costa Rica and the OECD Development Centre, in collaboration with the Dirección General de Migración y Extranjeria (DGME) and with support from the European Union. The project aimed to provide policy makers with evidence on the way migration influences specific sectors – the labour market, agriculture, education, investment and financial services and social protection and health – and, in turn, how sectoral policies affect migration. The report addresses four dimensions of the migration cycle: emigration, remittances, return and immigration.

The results of the empirical work confirm that migration contributes to the development of Costa Rica, but the potential of migration is not fully exploited. One explanation is that, despite the acknowledgement of the links between migration and development in recent legislation and policy, policy makers in Costa Rica do not sufficiently take migration into account in all respective policy areas. Costa Rica therefore needs to adopt a more coherent policy agenda to better integrate migration into development strategies, improve co-ordination mechanisms and strengthen international co-operation, to enhance the contribution of migration to development in the country.

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