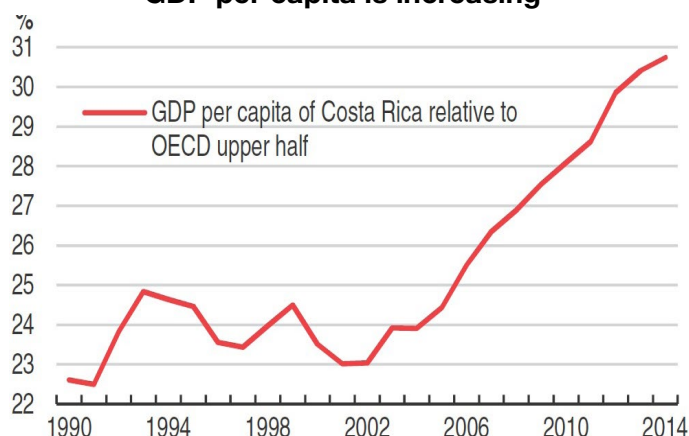


OECD Economic Assessment of Costa Rica 2016

Costa's Rica's economic, social and environmental achievements are impressive

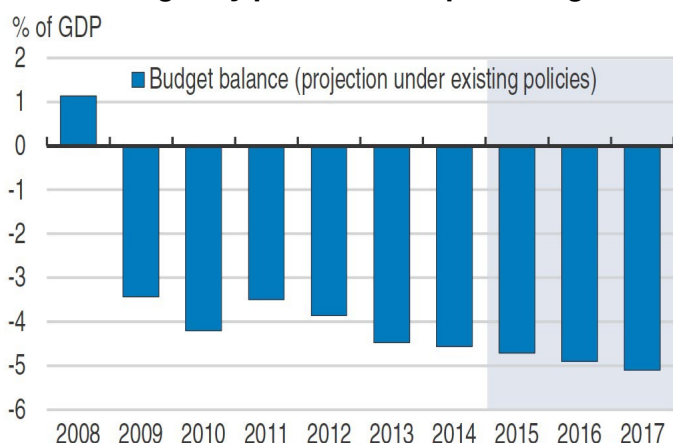
GDP per capita is increasing



Costa Rica succeeds in combining rising living standards with sustainable use of natural resources. Incomes per capita have nearly doubled in real terms over the past three decades. Almost universal access to health care, education and pensions has been achieved. Careful management of natural resources has emphasised the protection of forest and the development of renewable energy sources providing foundations for the strong eco-tourism industry. As a result, the well being of most Costa Ricans is high, as attested by long life expectancy, poverty rates low by Latin American standards and above-average perceptions of life satisfaction.

It is urgent to restore fiscal sustainability

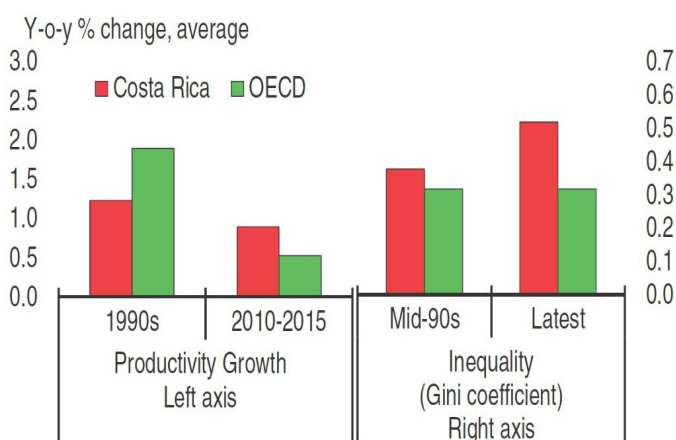
Budgetary problems are persisting



The public deficit and debt have risen since the start of the 2009 global crisis. Rating agencies have downgraded Costa Rica's debt to below-investment grade and its country risk spread has risen. To restore the fiscal balance it is urgent to raise more tax revenue and curb spending, notably the fast increasing public-sector wage bill. Improving the fiscal framework by enhancing its transparency and predictability, and reinforcing central government control over public finances would strengthen public-finance management.

Policy and institutional reforms will contribute to stronger and more inclusive growth

Inequality is rising and productivity growth slowing down



Despite strong performance, socioeconomic challenges remain. Policy reforms and institutional changes could put Costa Rica on a path of stronger and more inclusive growth. The main priority is to improve the framework of competition policy and state-owned enterprises' governance. Productivity would be enhanced by promoting innovation, access to finance and transport infrastructure. Such reforms need to go hand in hand with making Costa Rica a more inclusive society, especially for women, by improving the quality of education and enhancing the effectiveness of cash transfers in reducing poverty, thus expanding opportunities and sharing prosperity more widely.

www.oecd.org/eco/surveys/economic-survey-costa-rica.htm

