



STATE OF THE NATION REPORT **2021**



Año de las Universidades Públicas
por la conectividad como
derecho humano universal
BICENTENARIO DE LA
INDEPENDENCIA DE COSTA RICA



ESTADO
DE LA NACIÓN

Costa Rica and its human development:

Brief historical glimpse



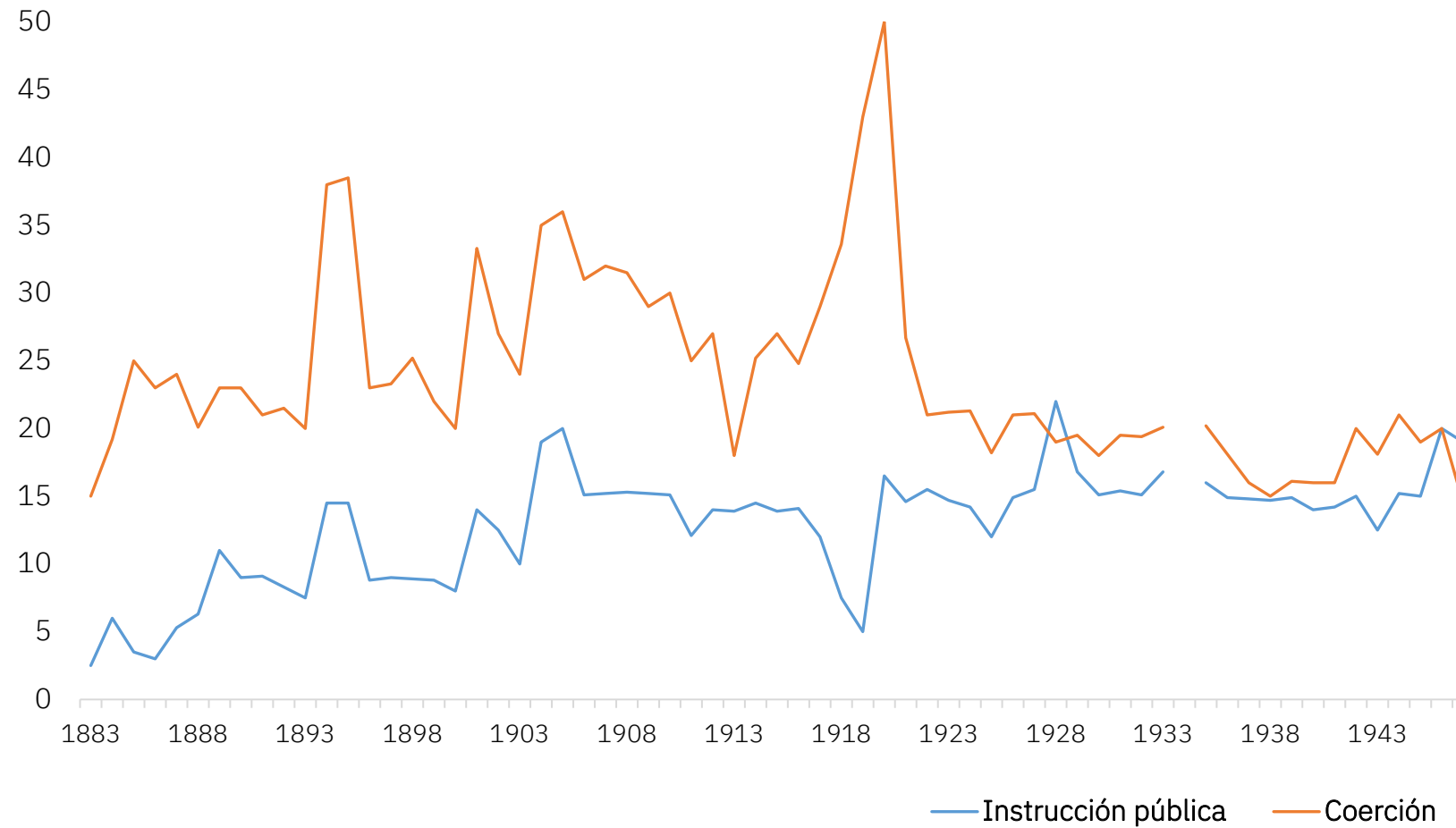
A small society that takes a big leap

Second Avenue in the 1920s



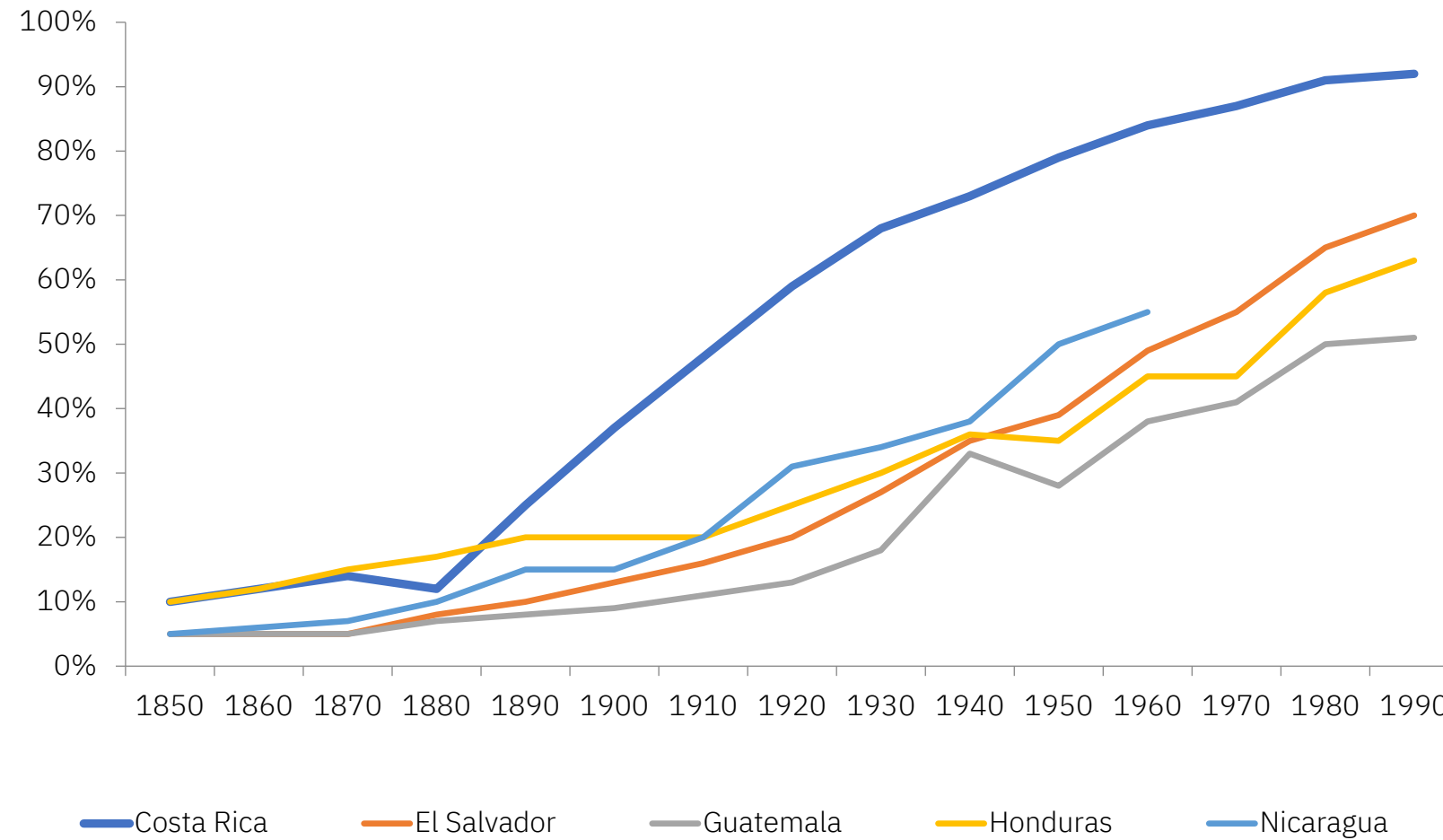
Commitment on Education versus Defense

Real GDP growth rate and new job openings



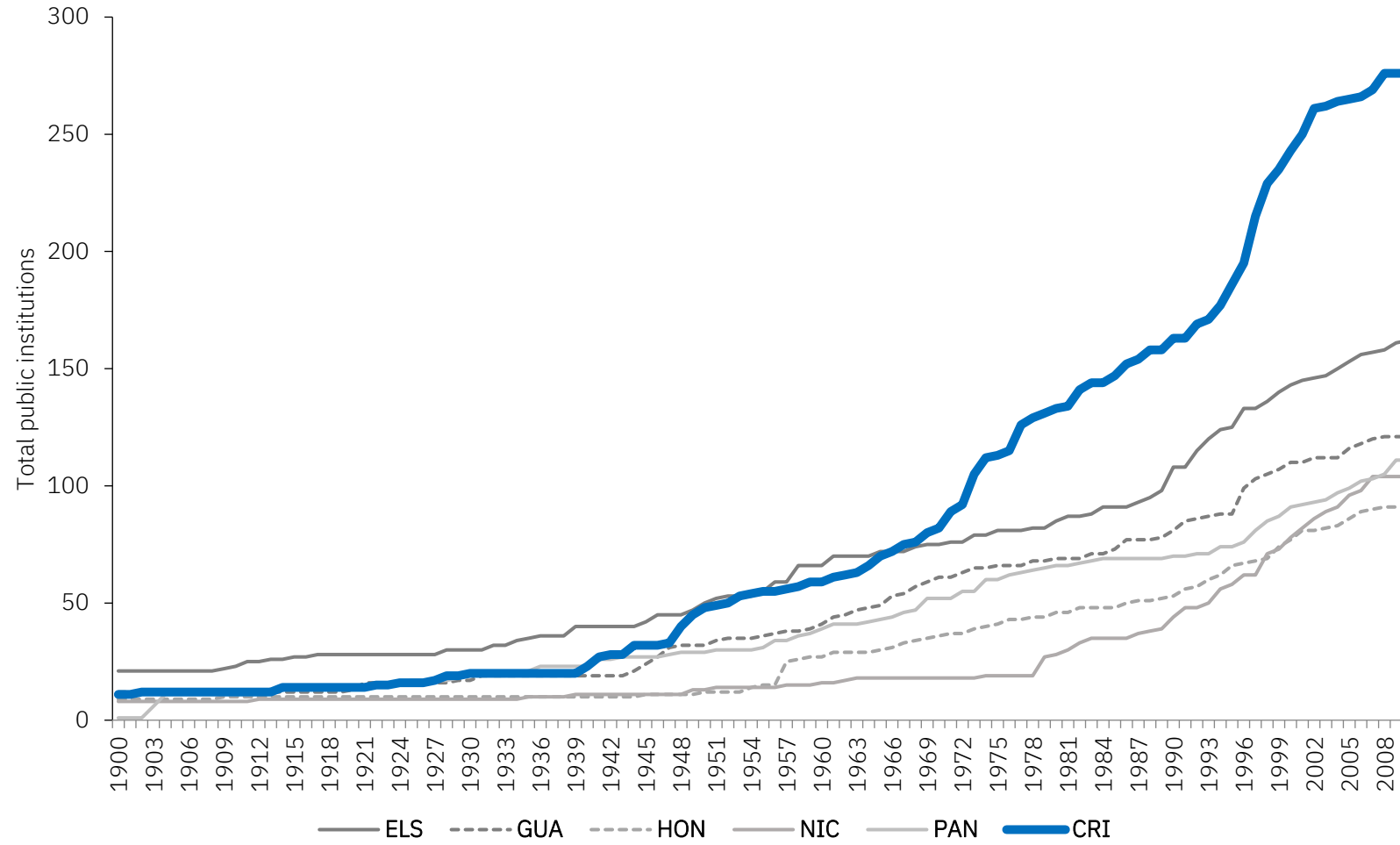
The country becomes literate

Alphabetization rate



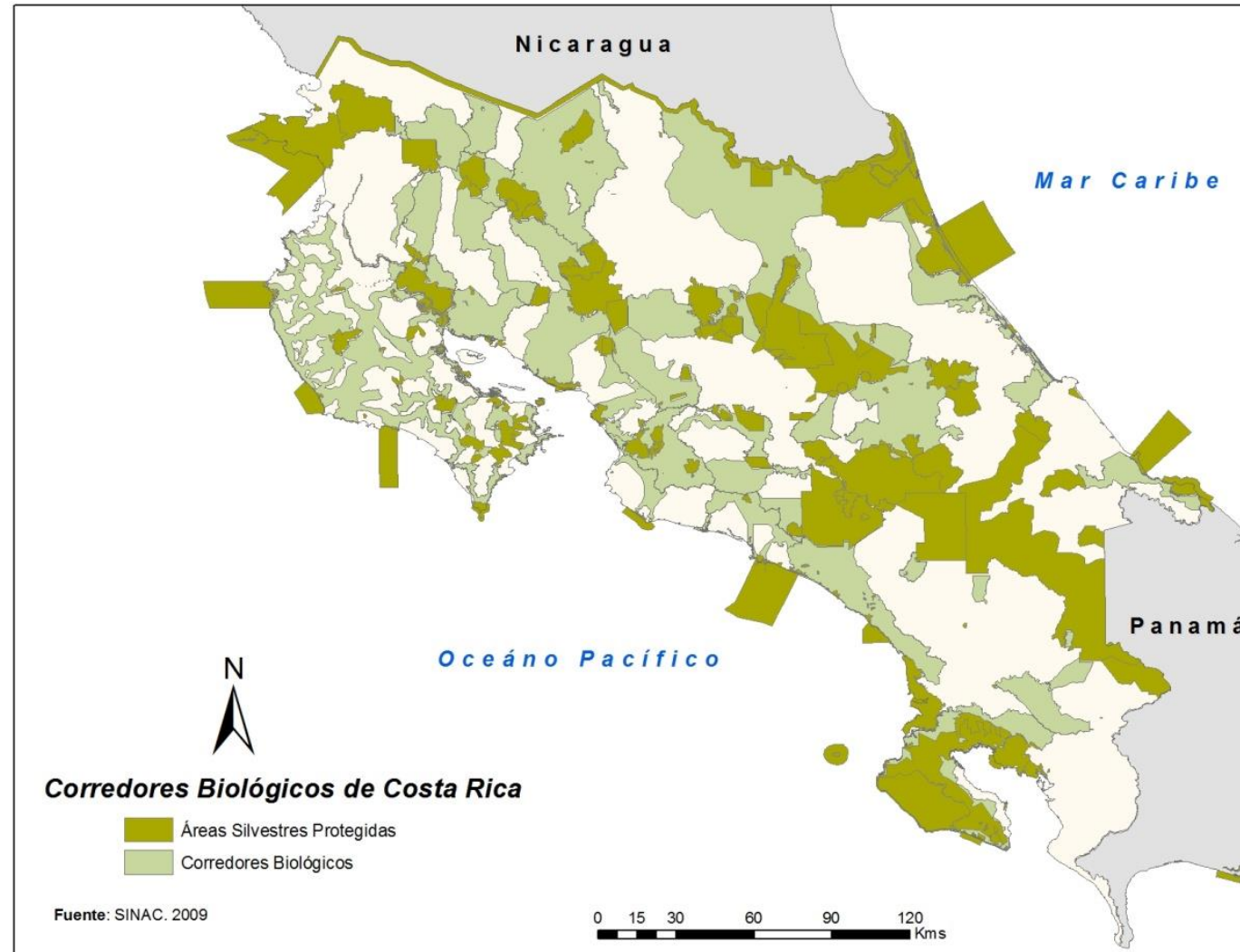
Commitment towards a great State

Historical evolution of the State's size



Commitment on conservation

Protected Wilderness Areas and Biological Corridors



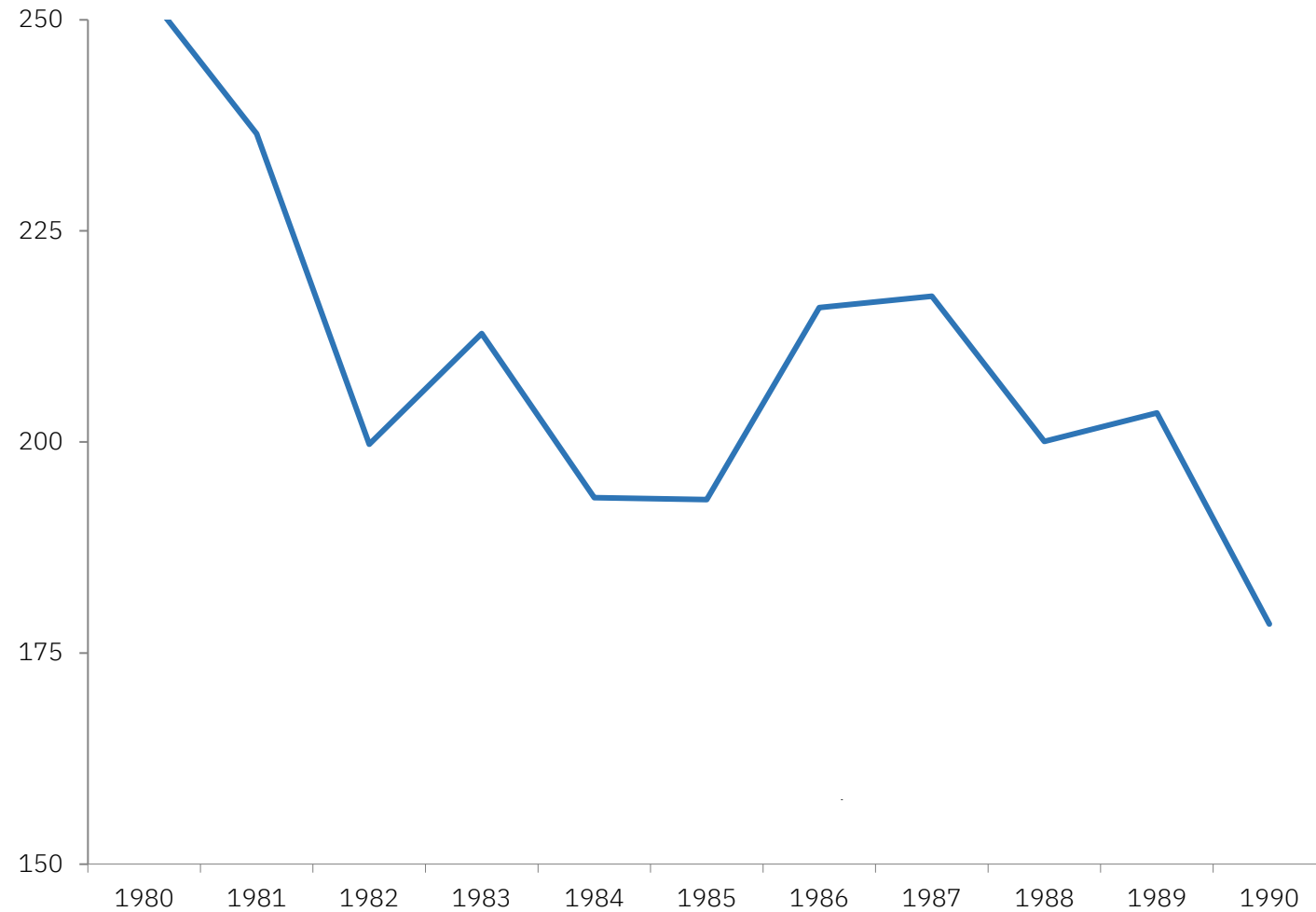
Important leap in living conditions

Protected Wilderness Areas and Biological Corridors

	1950	1980
GDP per capita	1.950	4,902
Life expectancy	57,2	73
Poverty incidence	50%	19%
Education (25 years and over)	3,1	5,9
Voter turnout (1953-1982)	67,2%	78,6%

1980: the crisis has serious consequences

Public social investment per capita
(Thousands of colones of the year 2000)



1990s

Aims and misses



Four commitments of the development style

Economic: aperture, exports, FDI



Rapid transformation of the productive structure

Structure of total exports



Four commitments of the development style

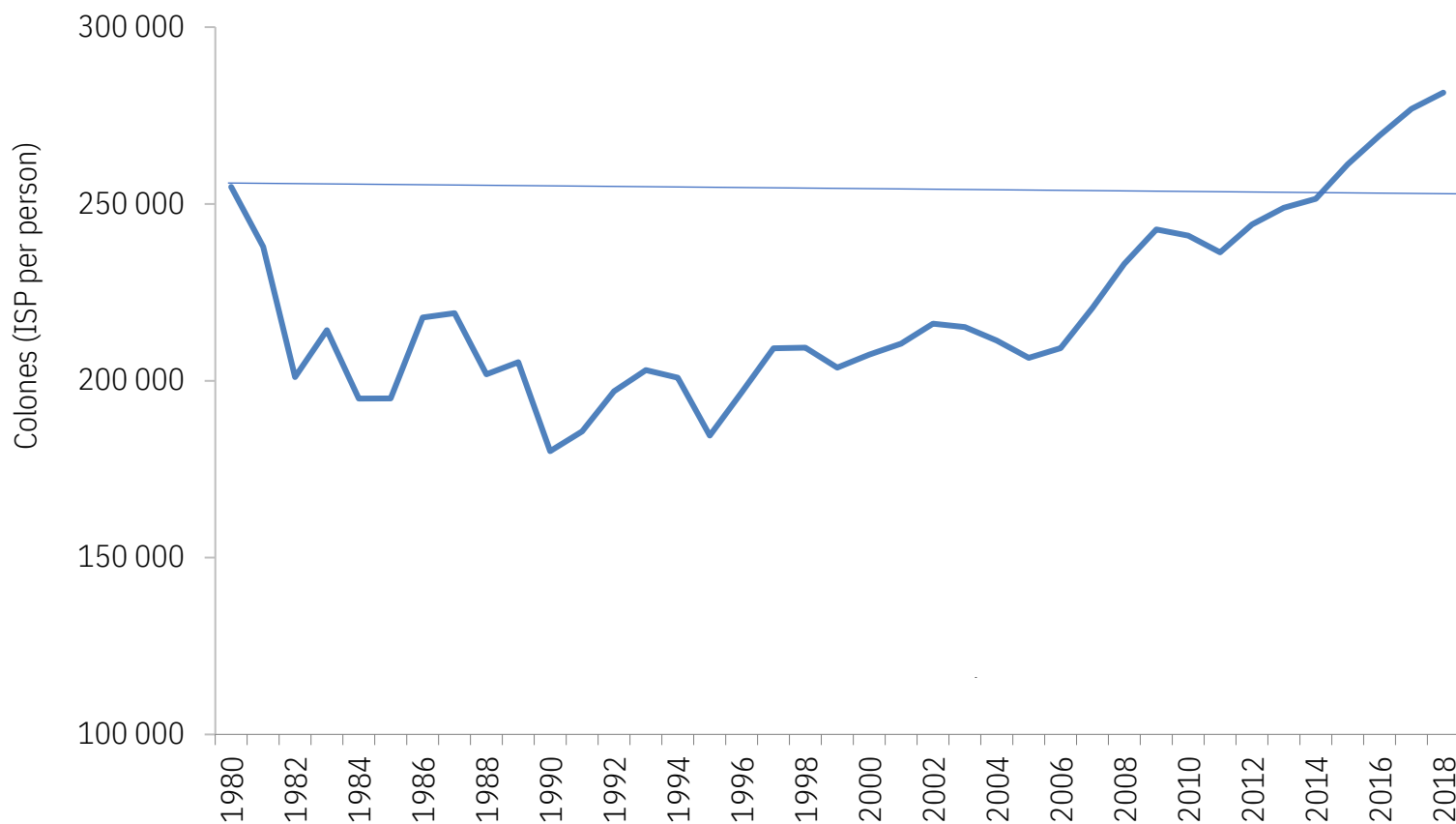
Economic: aperture, exports, FDI

Social: Public social investment



Strong expansion of social investment

Evolution of public social investment per capita
(Colones of the year 2000)



Four commitments of the development style

Economic: aperture, exports, FDI

Social: Public social investment

Environmental: conservation

Politics: “democratization of democracy”



“Blind spots” undermined potential

Economic: neglected linkages; enhanced duality

Social: did not improve efficiency; labor market problems

Environmental: neglected sustainable use of resources and territory

Politics: did not improve deliveries or reform; “democratic promise”



2021 Overview



The country experiences an economic and social **recovery**

The health emergency and its impacts have not ended: **the country continues to live with the pandemic**

Its effects begin to have **long-term implications**
and recovery is **slow and uneven**



First Idea

During the pandemic, Costa Rica
walks the path towards a greater
unequal society



First Impact (2020)

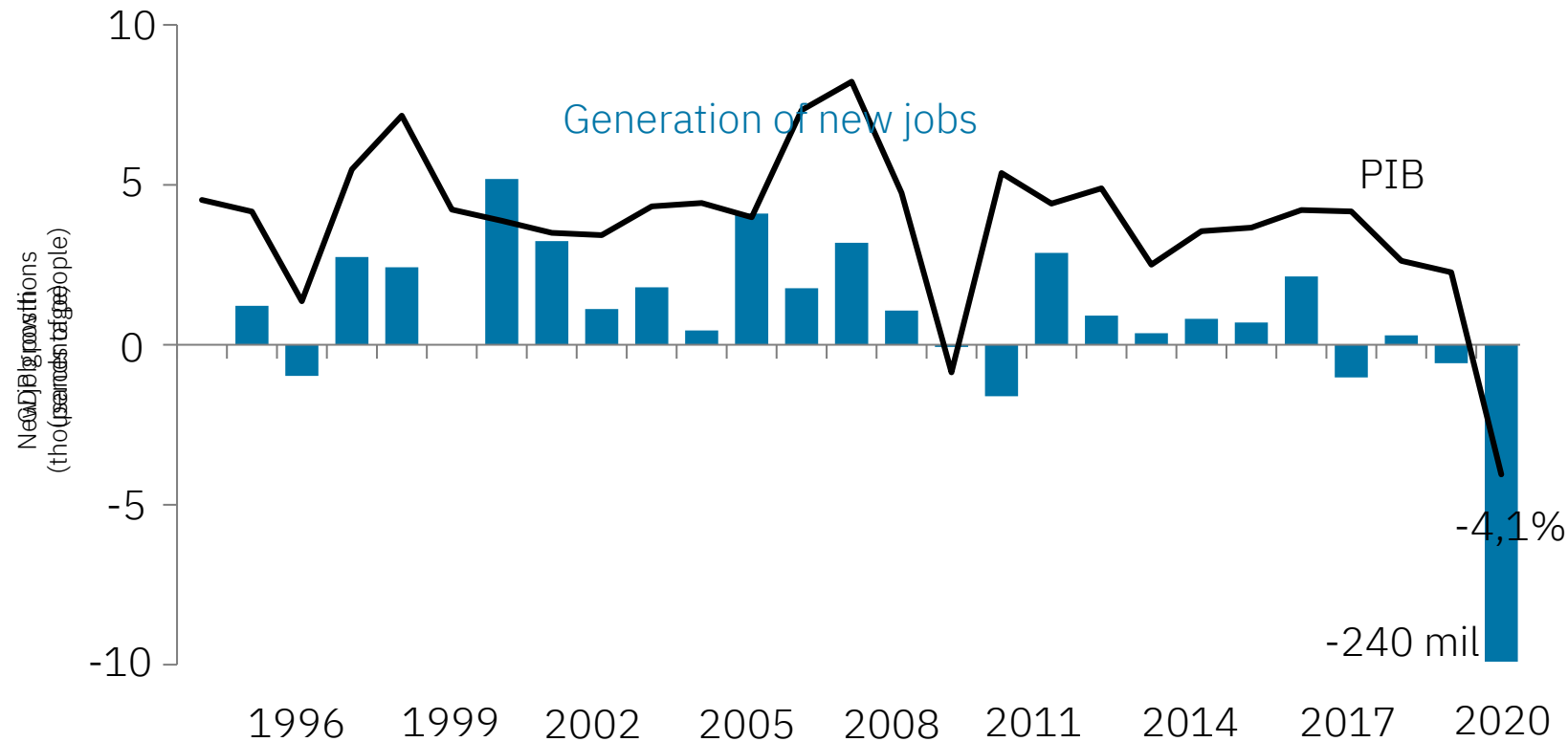
How different was the effect between the **economic and social sectors?**

Strong economic and employment contraction



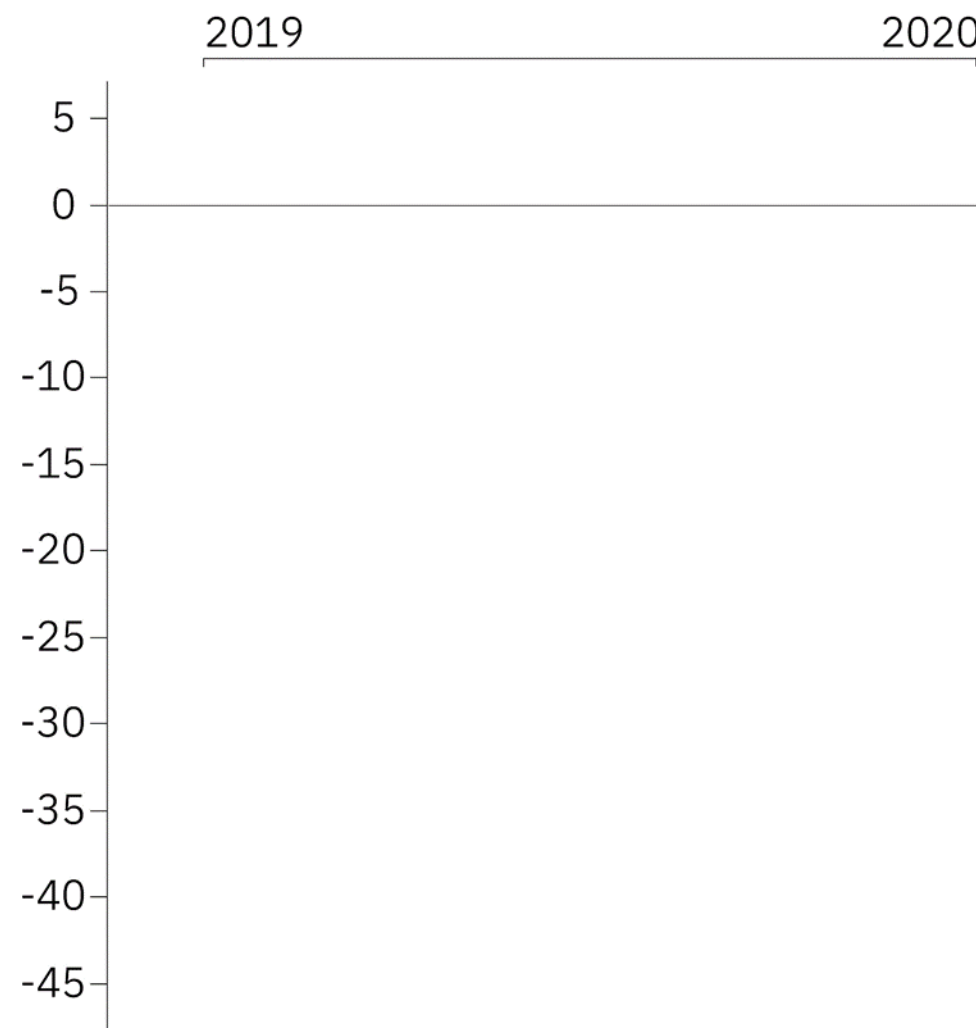
Strong economic and employment contraction

Real GDP growth rate and new job openings



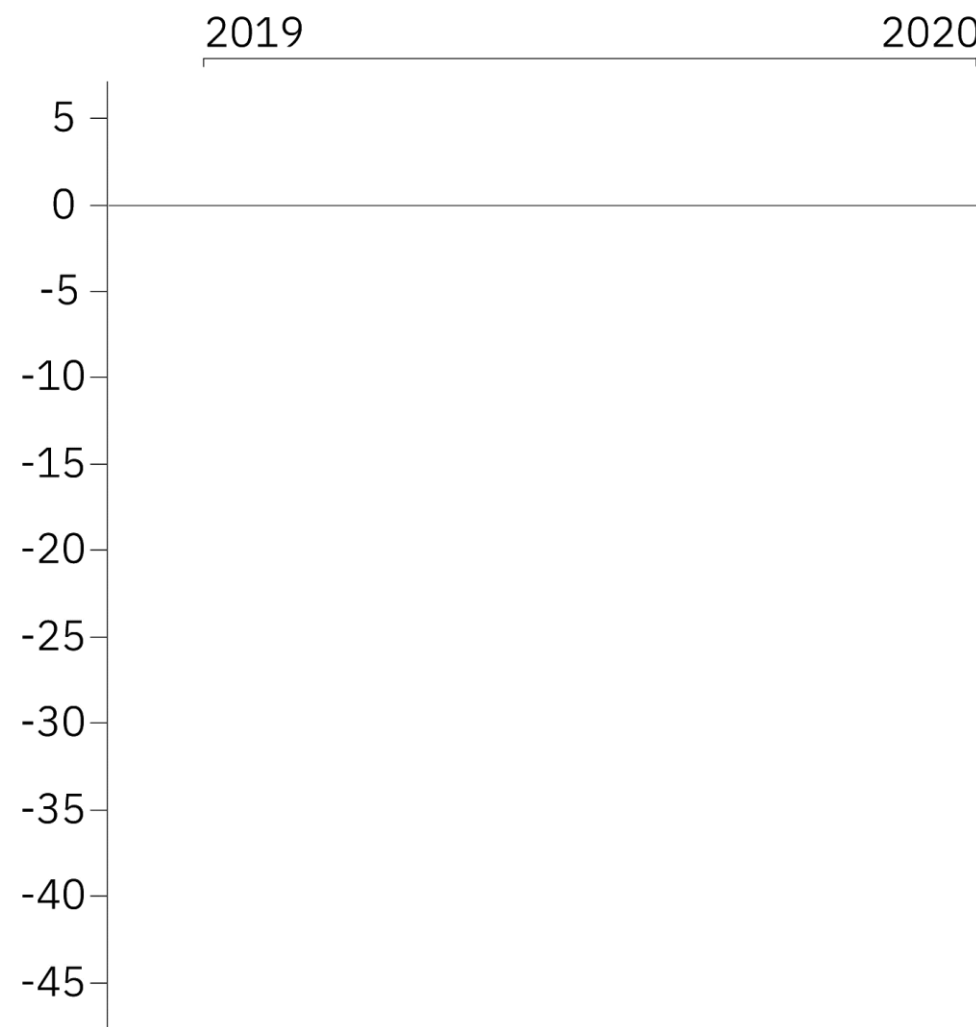
Only the manufacturing and agricultural sectors grew

Production growth rate for 2019 and 2020

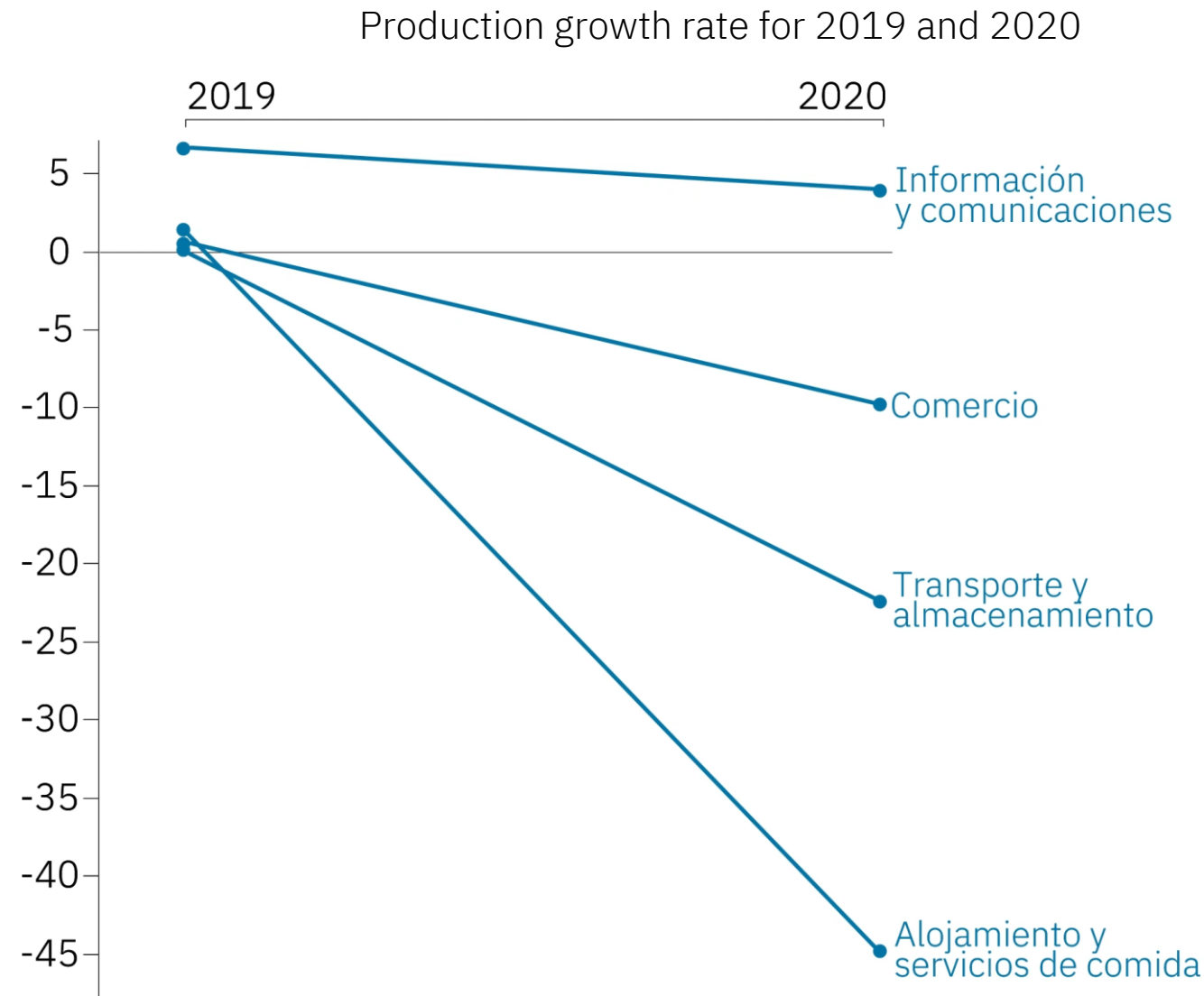


Only the manufacturing and agricultural sectors grew

Production growth rate for 2019 and 2020



Only the manufacturing and agricultural sectors grew

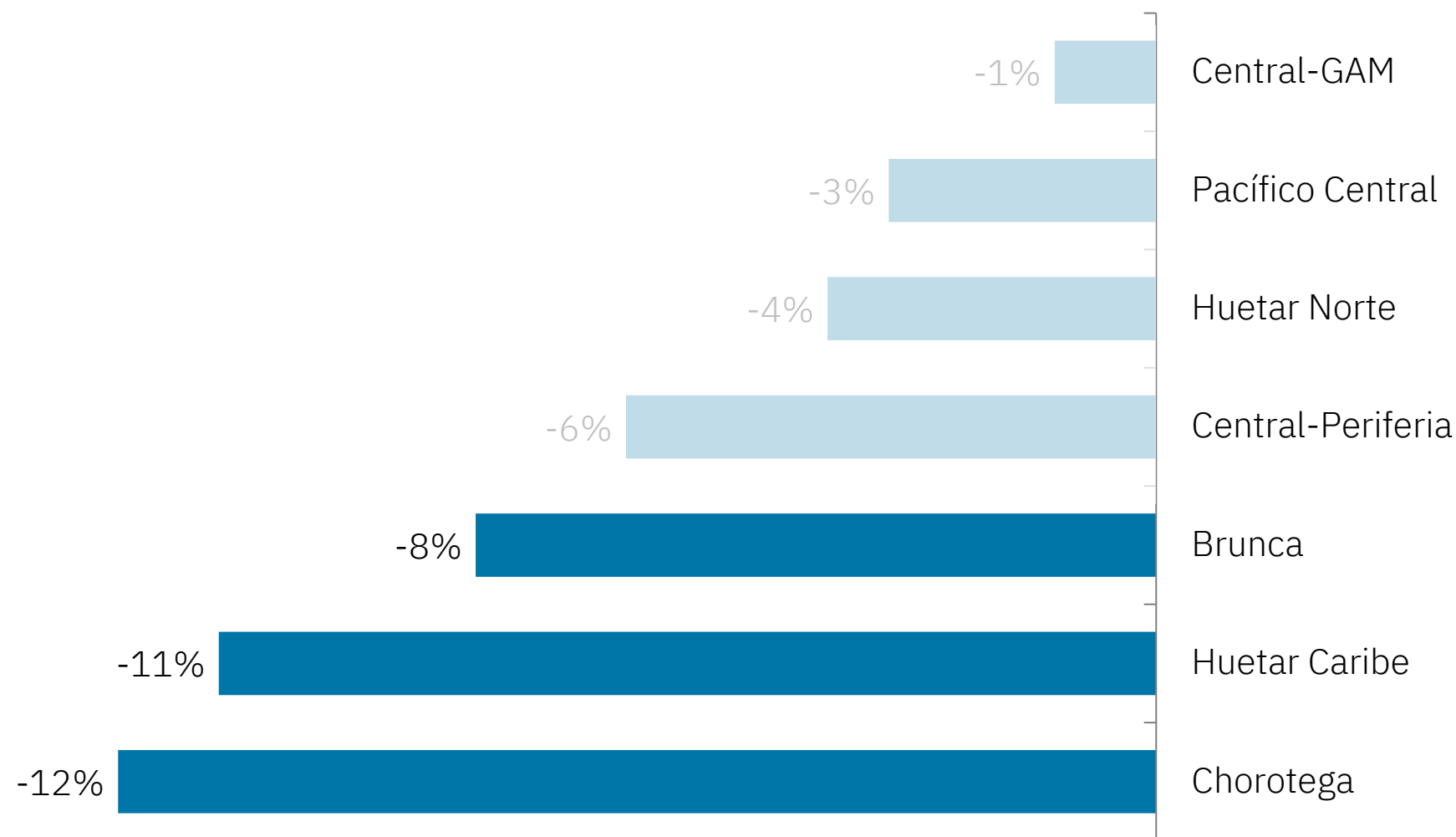


Activity was further reduced outside the Central Valley



Activity was further reduced outside the Central Valley

Average growth rate of cantonal patents. 2020

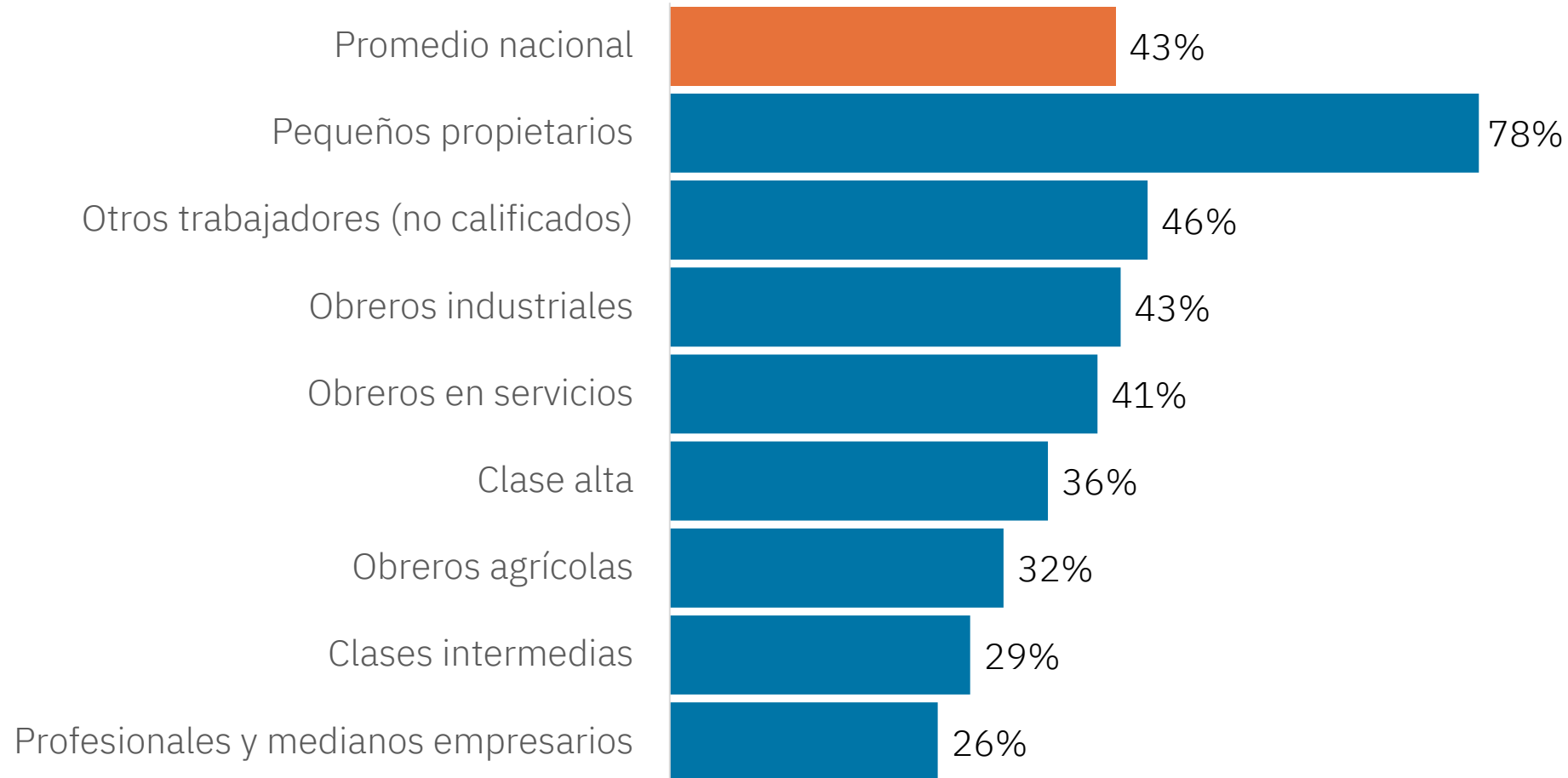


Small owners, the hardest hit labor sector



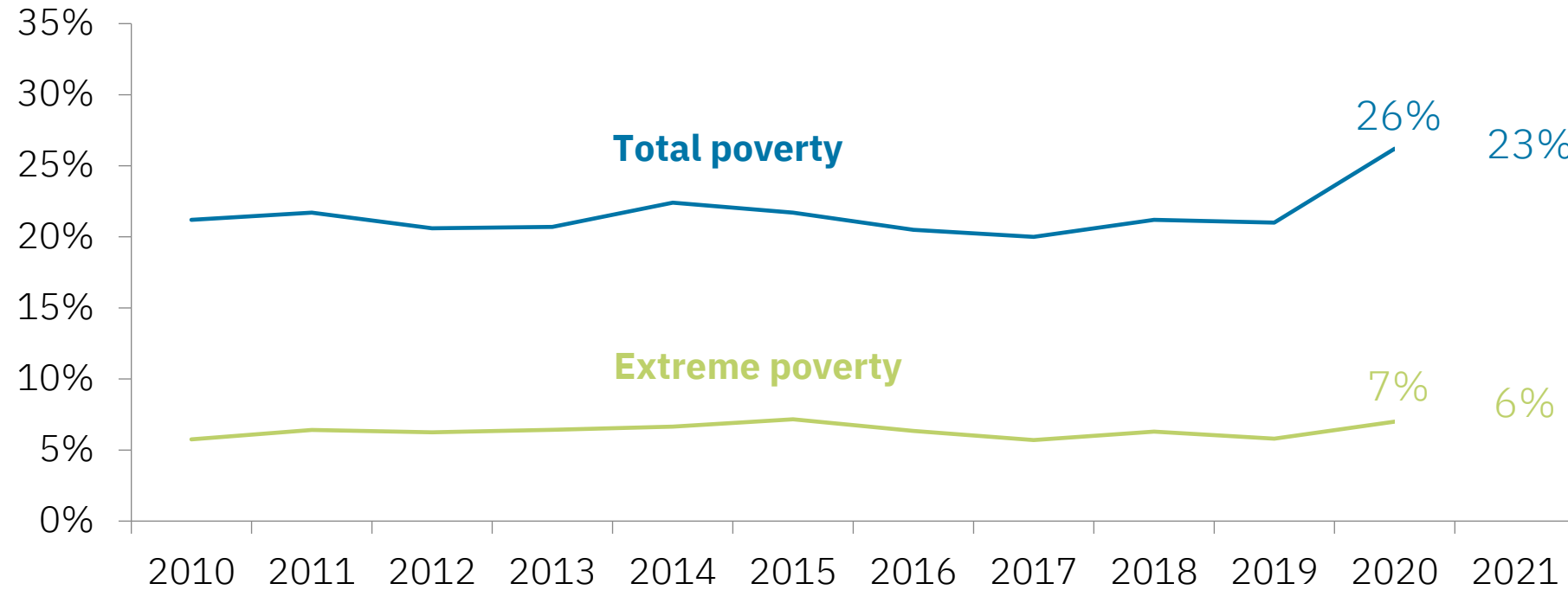
Small owners, the hardest hit labor sector

Employed people affected by the pandemic. July 2020



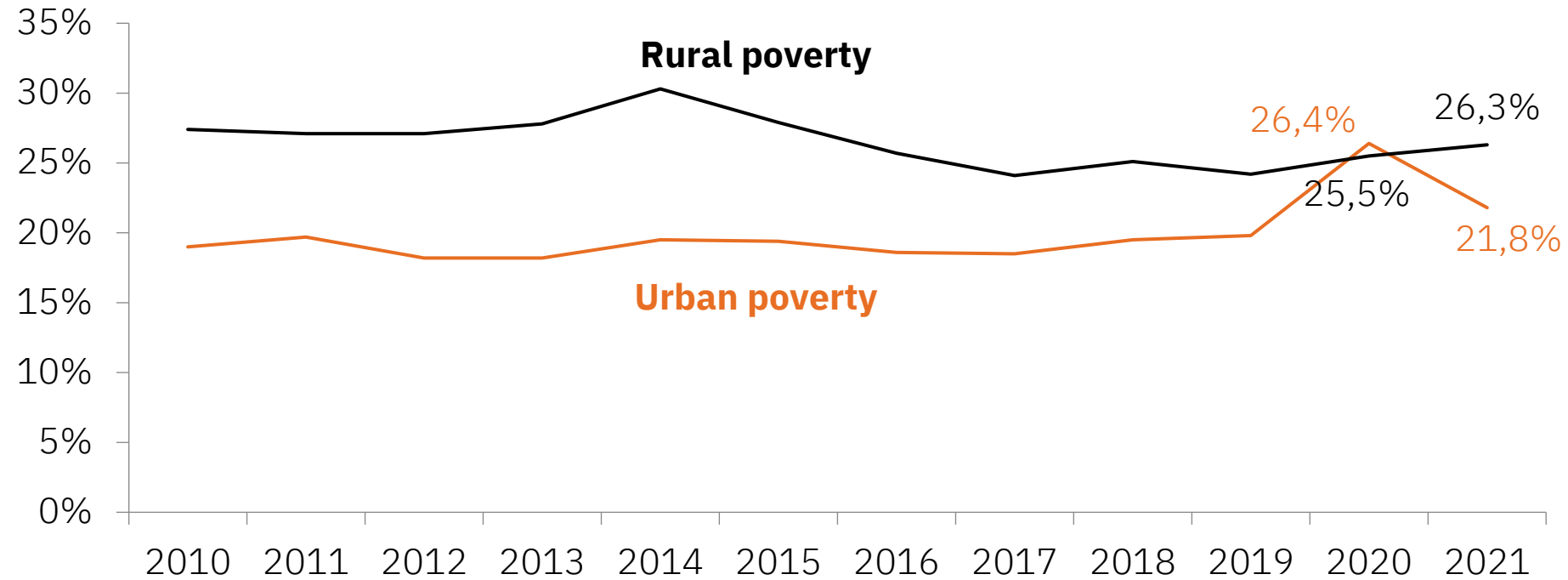
Differentiated increase and recovery in poverty

Incidence of poverty by income (percentage of households)



Differentiated increase and recovery in poverty

Incidence of poverty (percentage of households)



Recovery start (2021)

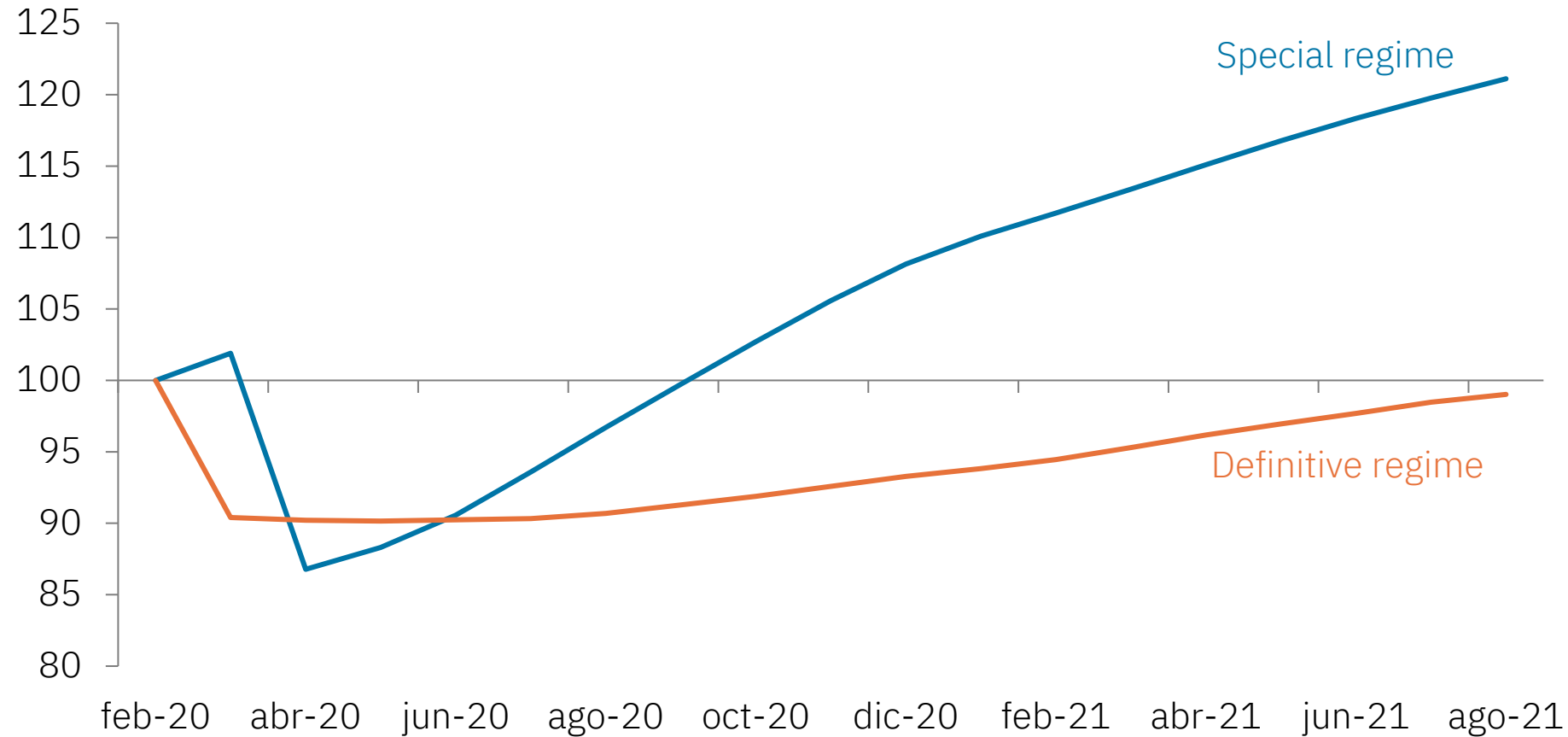
In which sectors is it concentrated, and in which sectors does it reproduce **historical gaps**?

Initial recovery is concentrated in free trade zones



Initial recovery is concentrated in free trade zones

IMAE level, according to regime (December 2019=100)



Women and millennials do not recover employment status



Women and millennials do not recover employment status

Women and millennials do not recover employment status

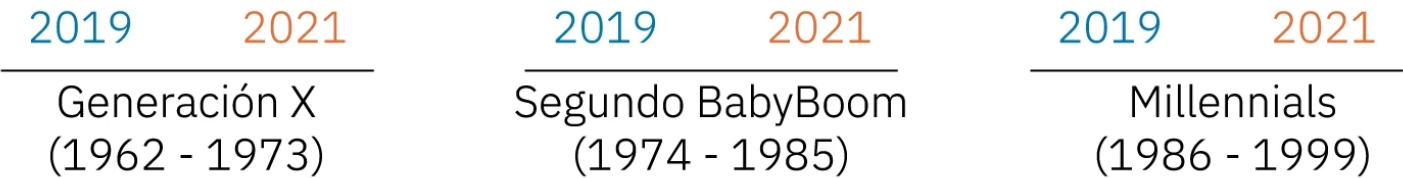
Generación X
(1962 - 1973)

Segundo BabyBoom
(1974 - 1985)

Millennials
(1986 - 1999)

Women and millennials do not recover employment status

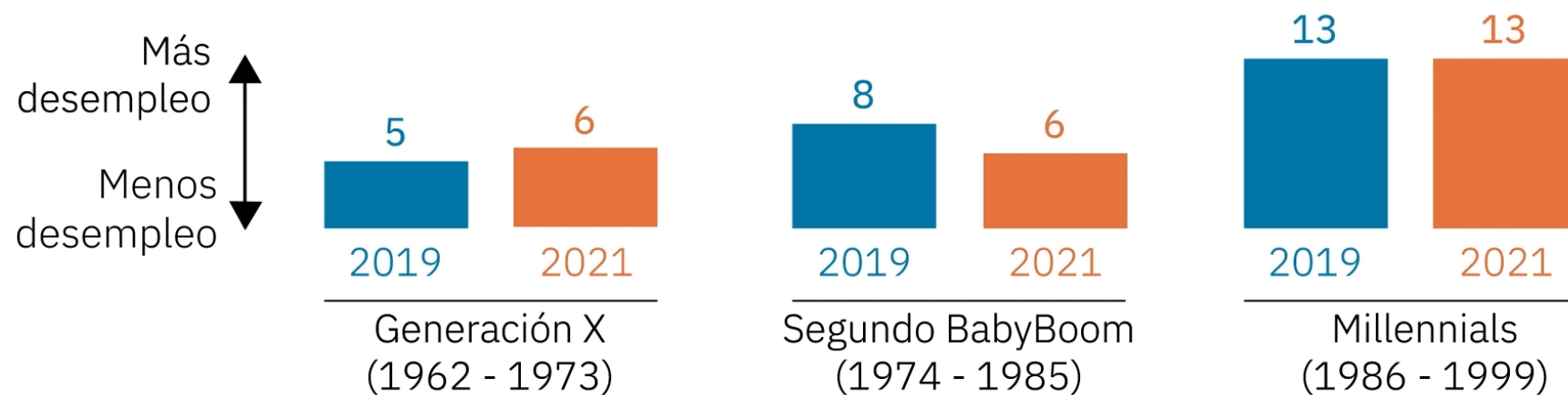
Unemployment rate (percent). 2nd trimester.



Women and millennials do not recover employment status

Unemployment rate (percent). 2nd trimester.

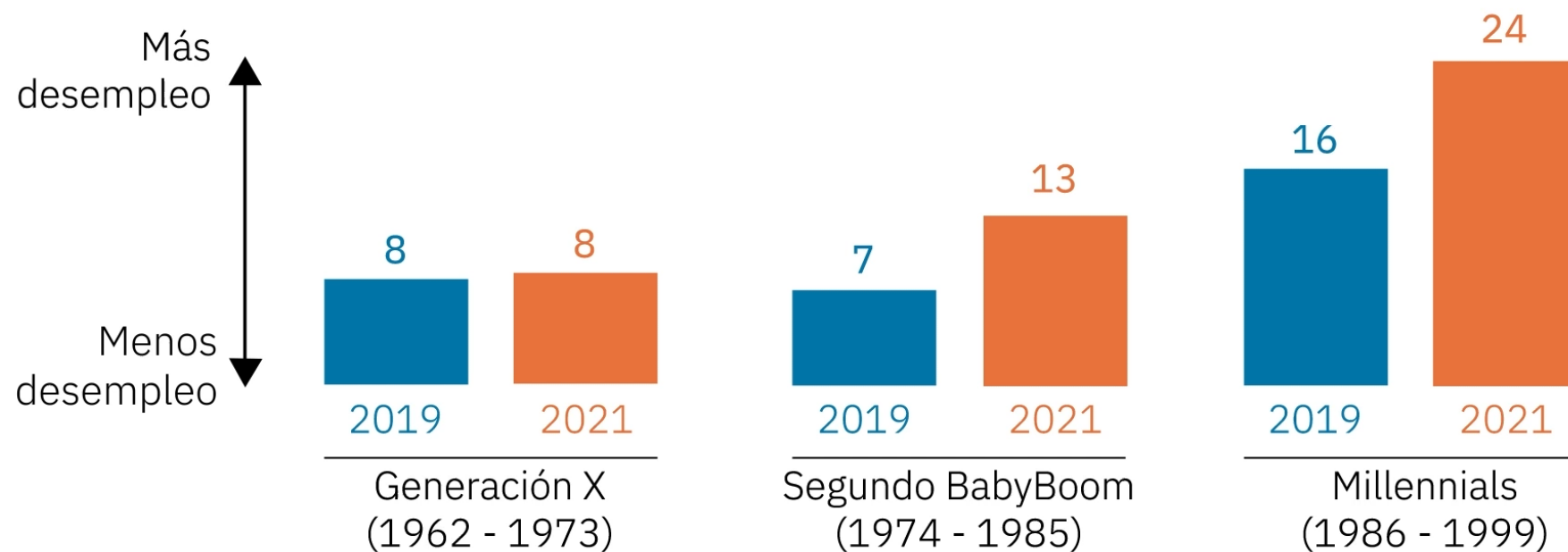
Desempleo **hombres calificados**



Women and millennials do not recover employment status

Unemployment rate (percent). 2nd trimester.

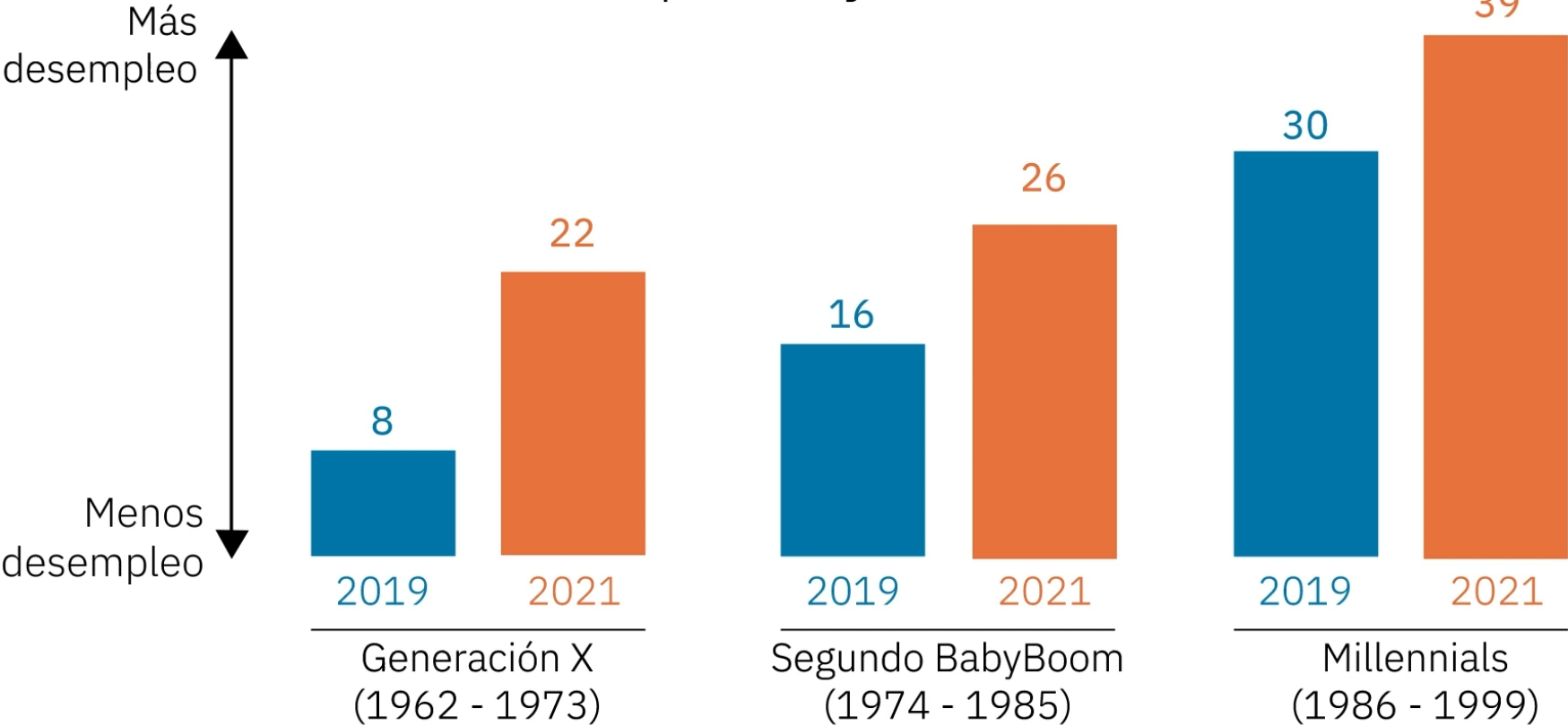
Desempleo **mujeres calificadas**



Women and millennials do not recover employment status

Unemployment rate (percent). 2nd trimester.

Desempleo **mujeres no calificadas**



Source: Jiménez Fontana and Morales, 2021, with data from the ECE, from the INEC

Two brief approaches



ZOOM 1: Why is it difficult to generate **growth and employment?**

Much of the economy does not link or increase employment

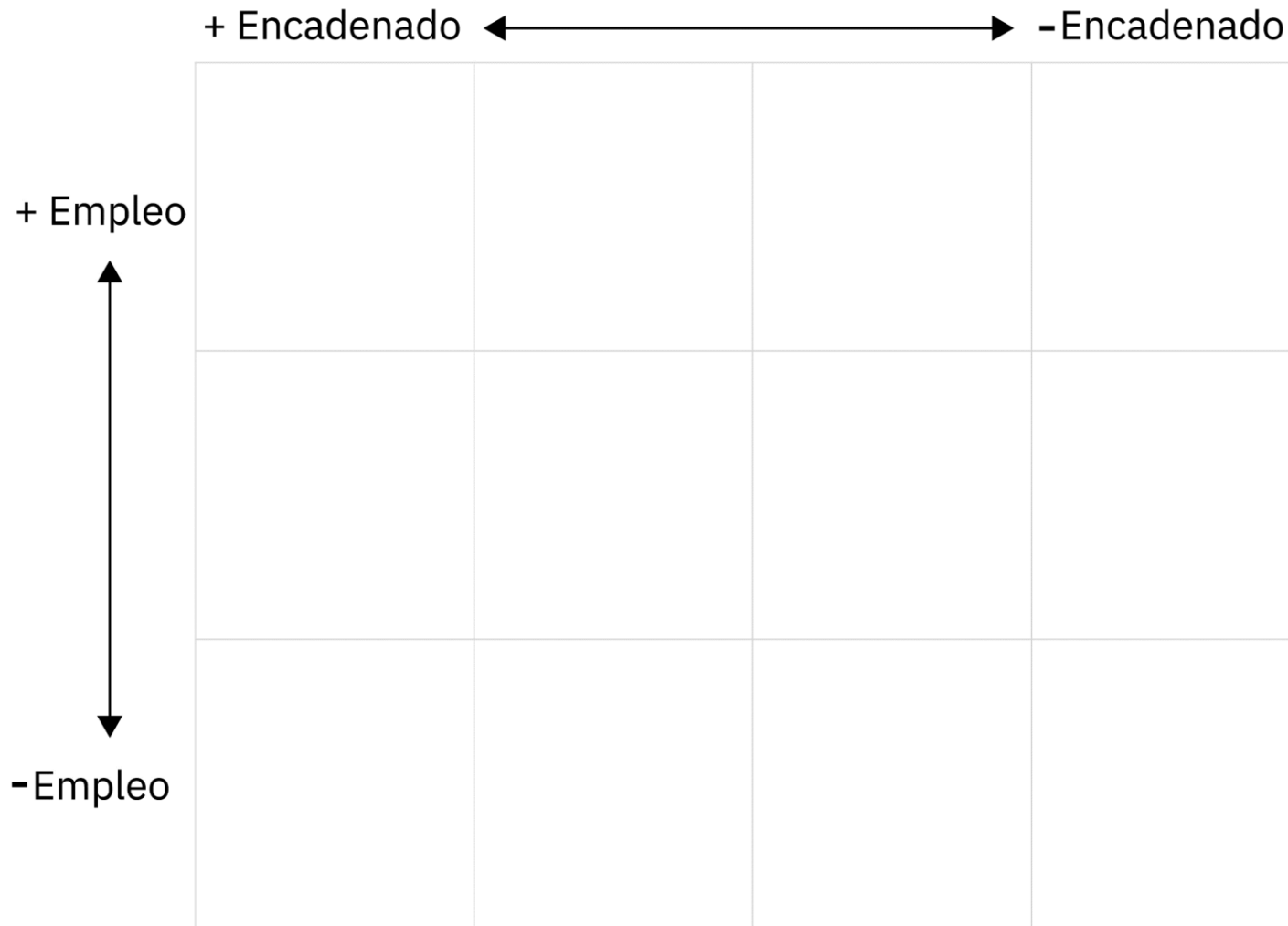
Productive structure according to characteristics

Much of the economy does not link or increase employment

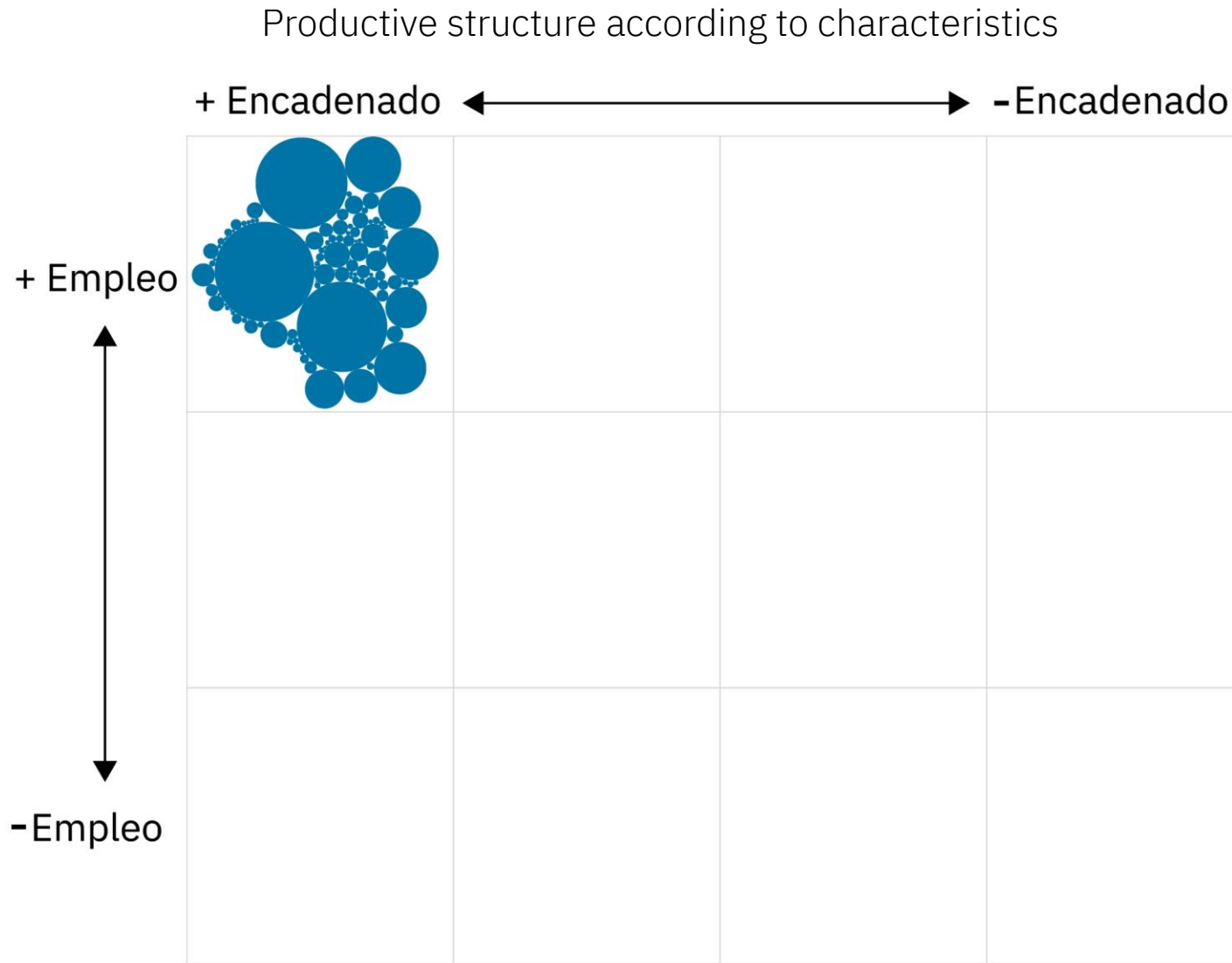
Productive structure according to characteristics

Much of the economy does not link or increase employment

Productive structure according to characteristics

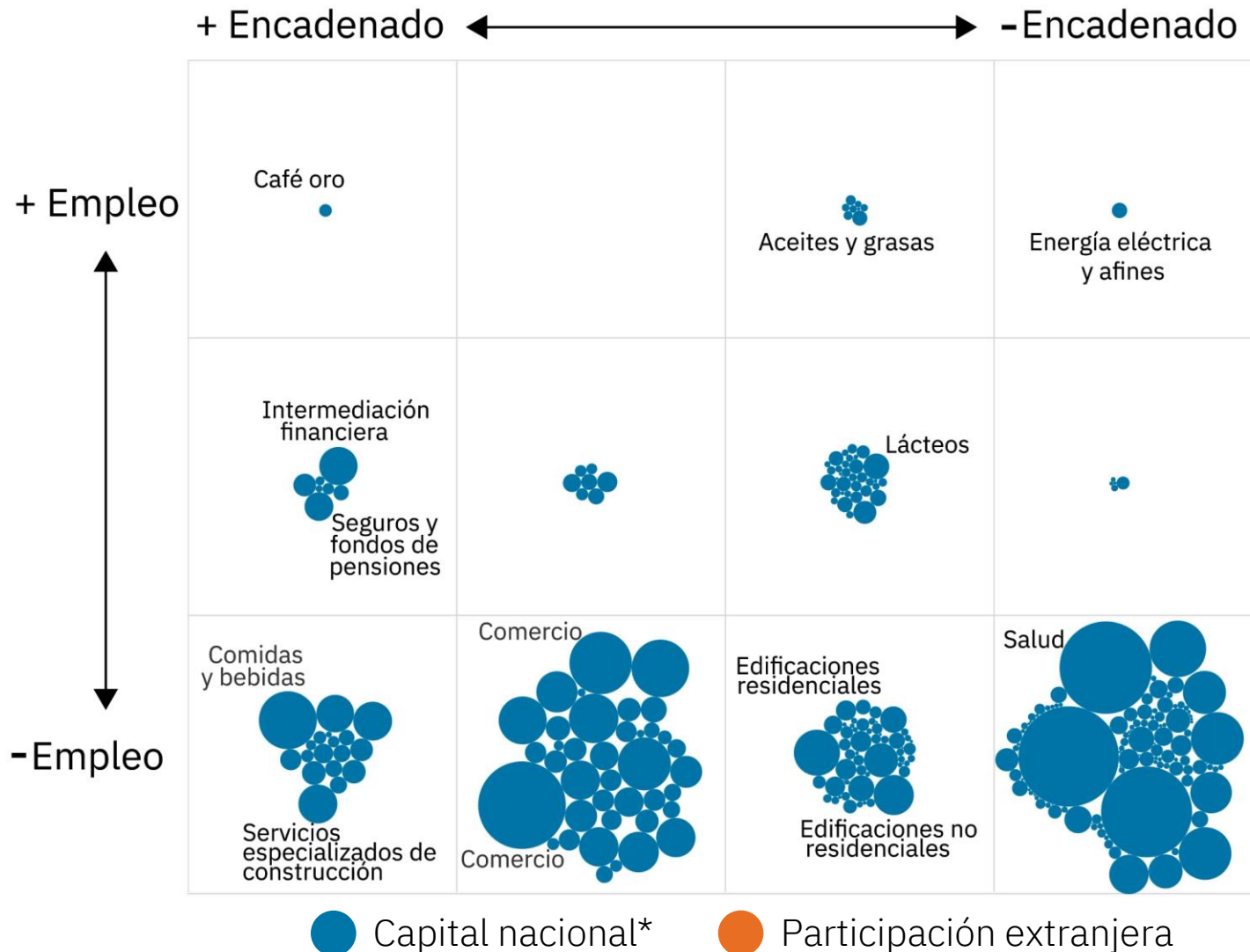


Much of the economy does not link or increase employment



Much of the economy does not link or increase employment

Productive structure according to characteristics



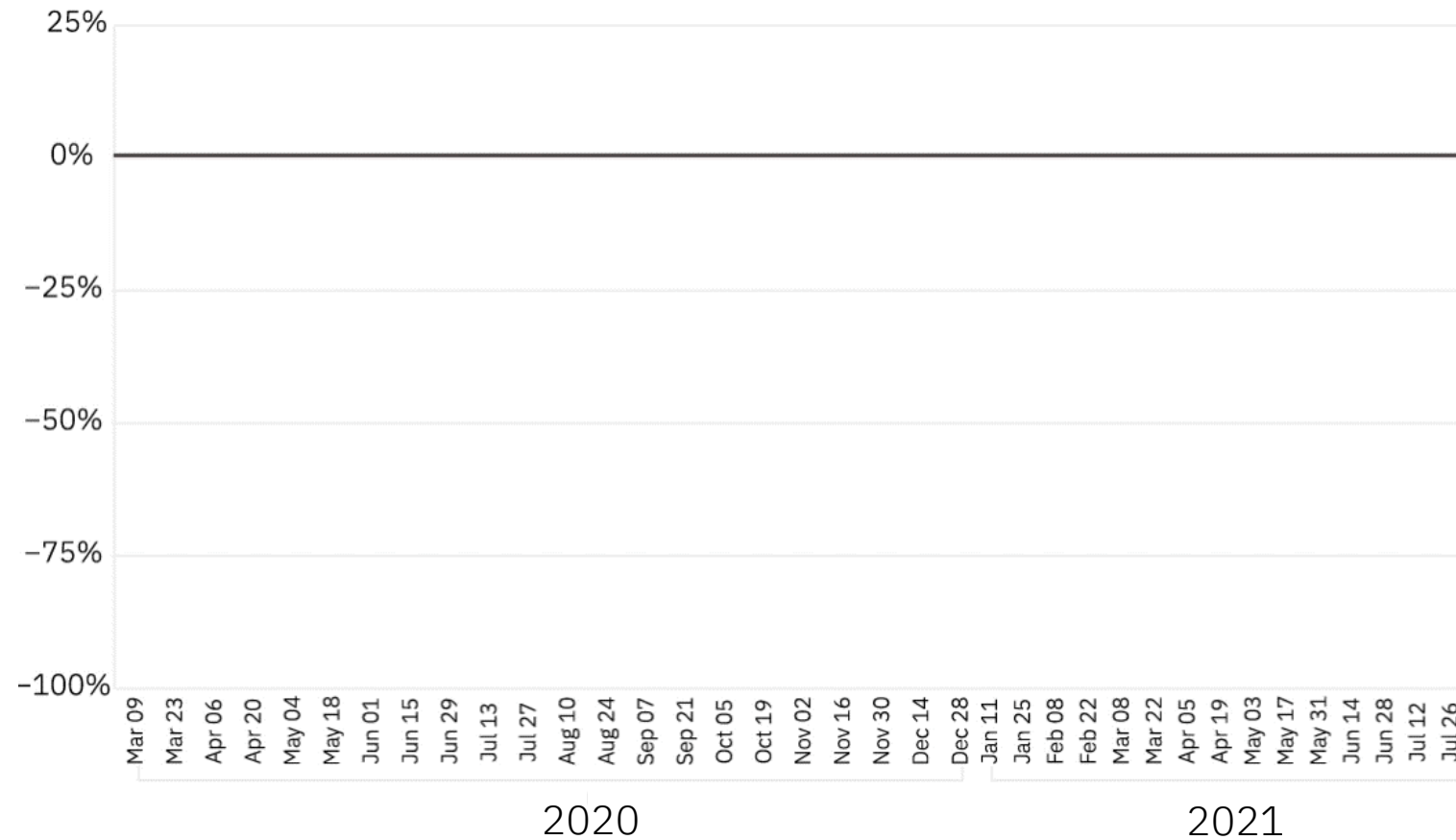
ZOOM 2: Have **transportation and mobility** issues changed?

Strong changes in mobility during the pandemic



Strong changes in public transport mobility during the pandemic

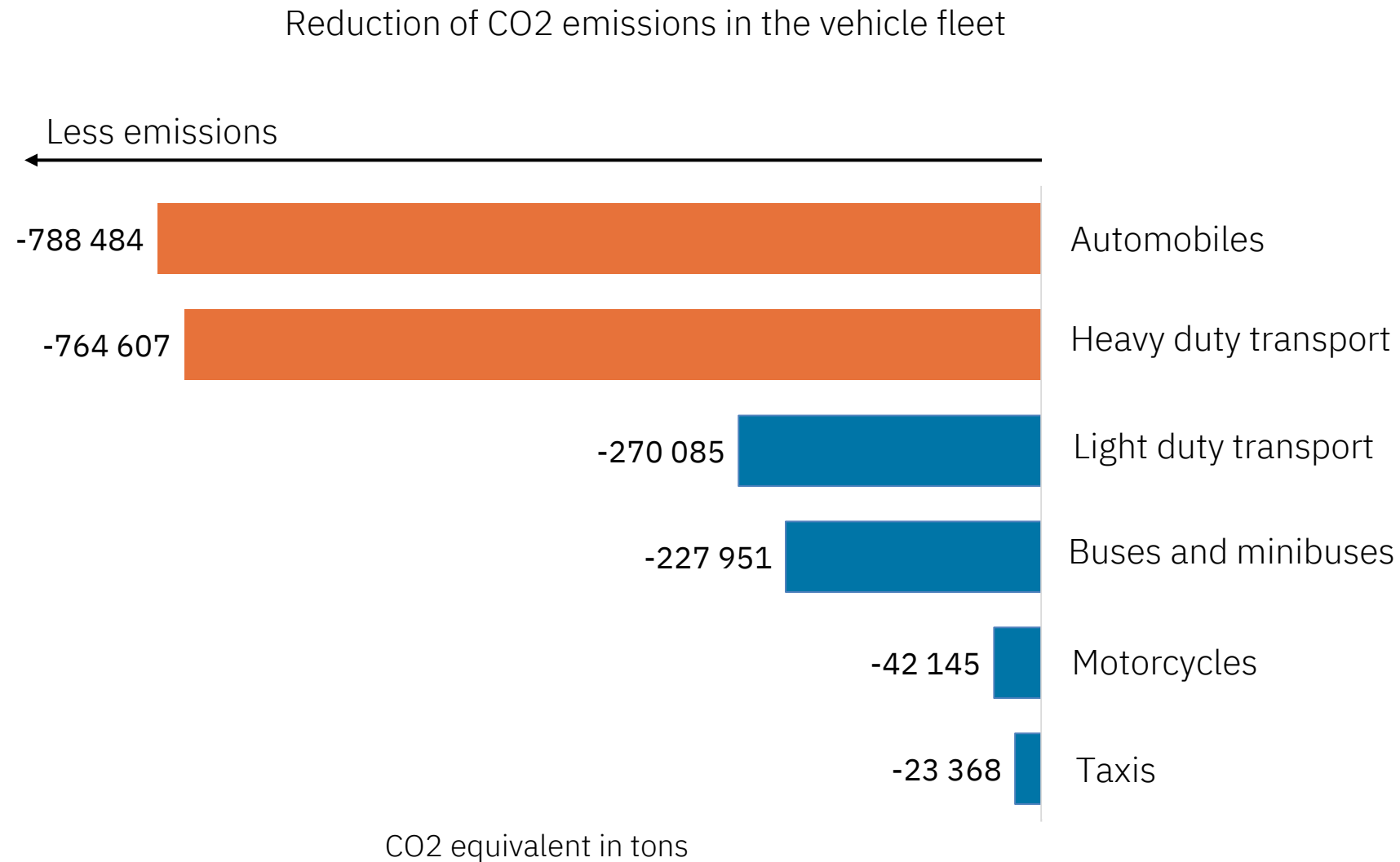
Daily percentage change in road congestion compared to January-February 2020



Less use of the vehicle fleet lowers emissions

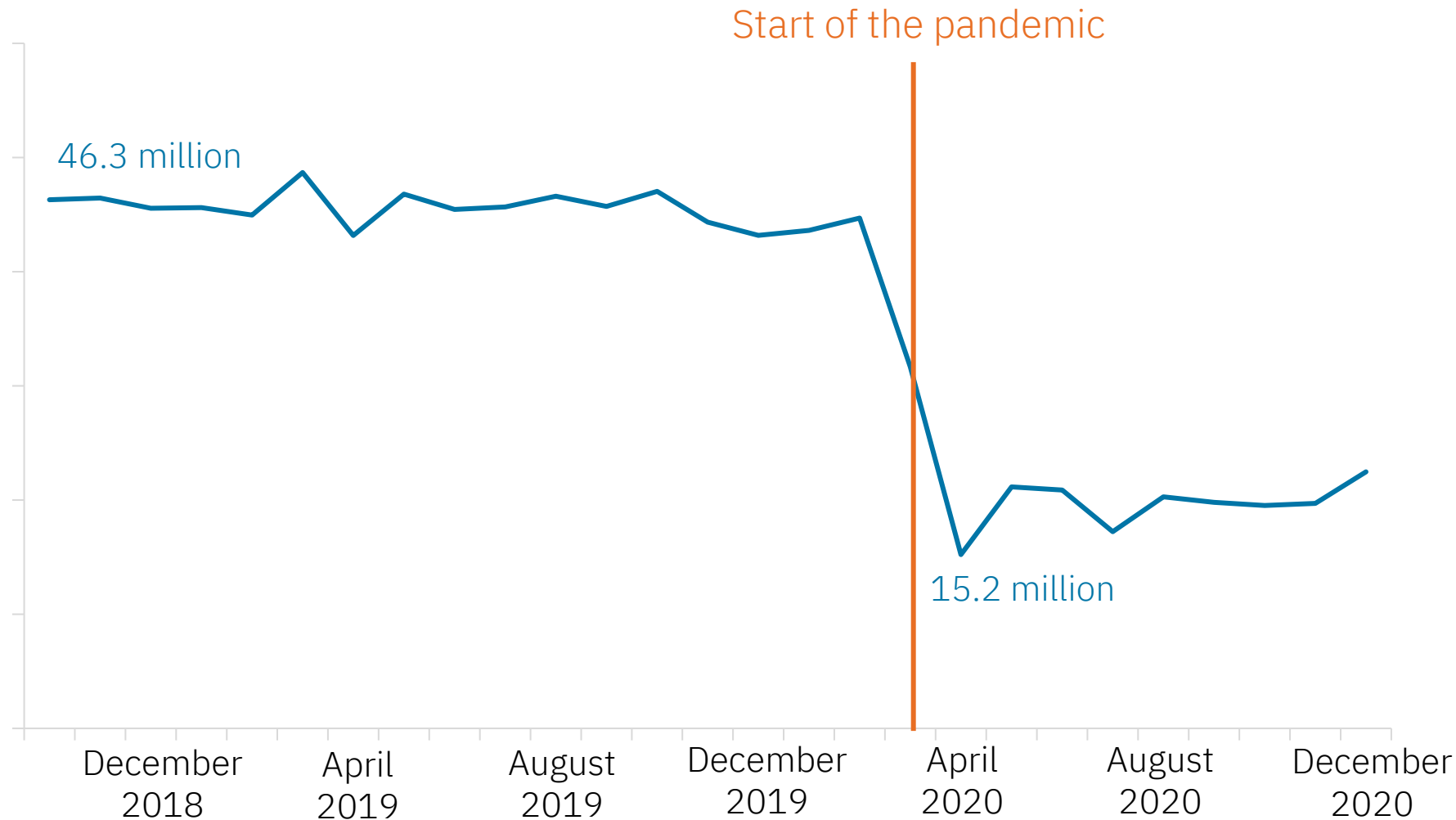


Less use of the vehicle fleet lowers emissions

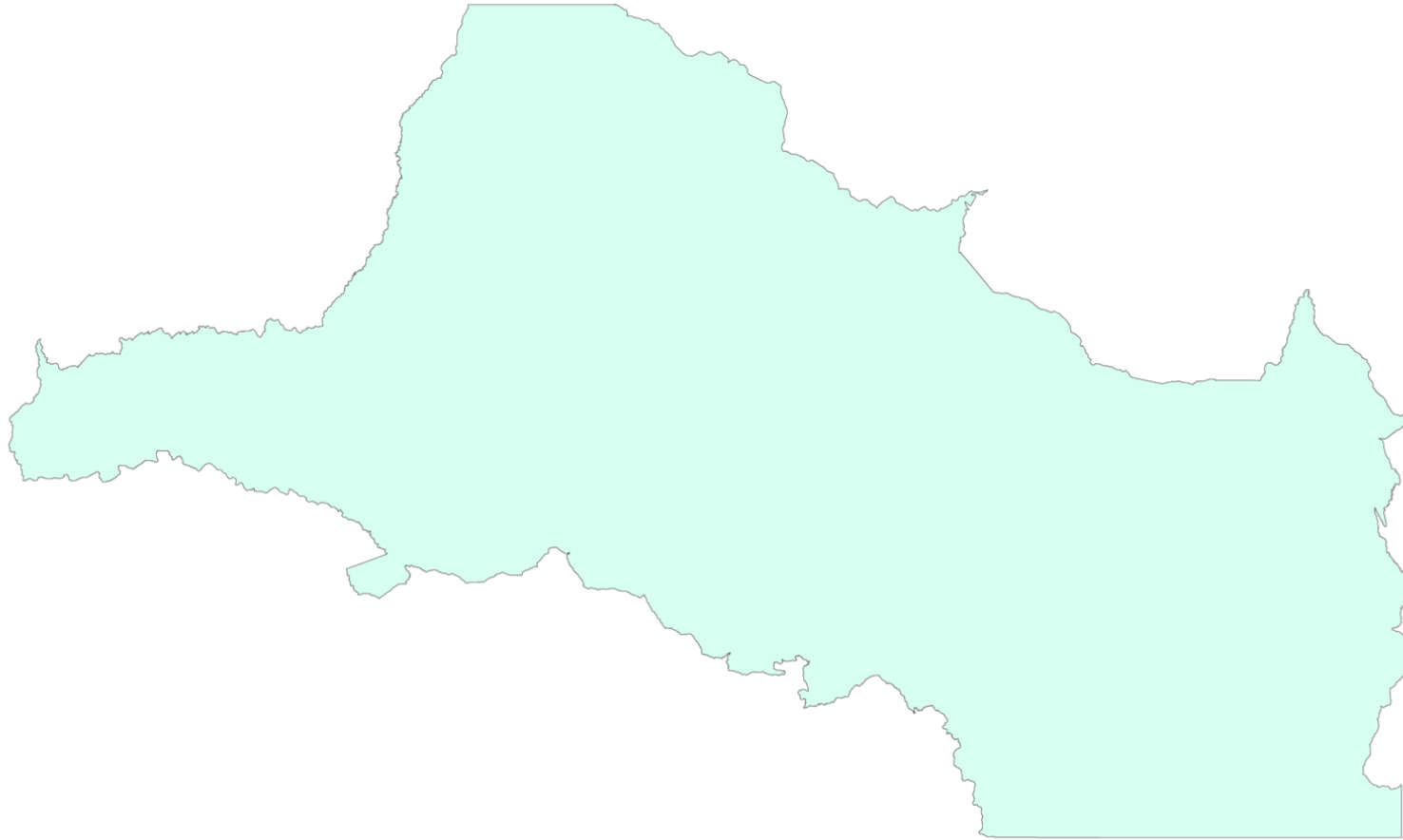


Most affected: the public transport user population

Number of monthly bus passengers

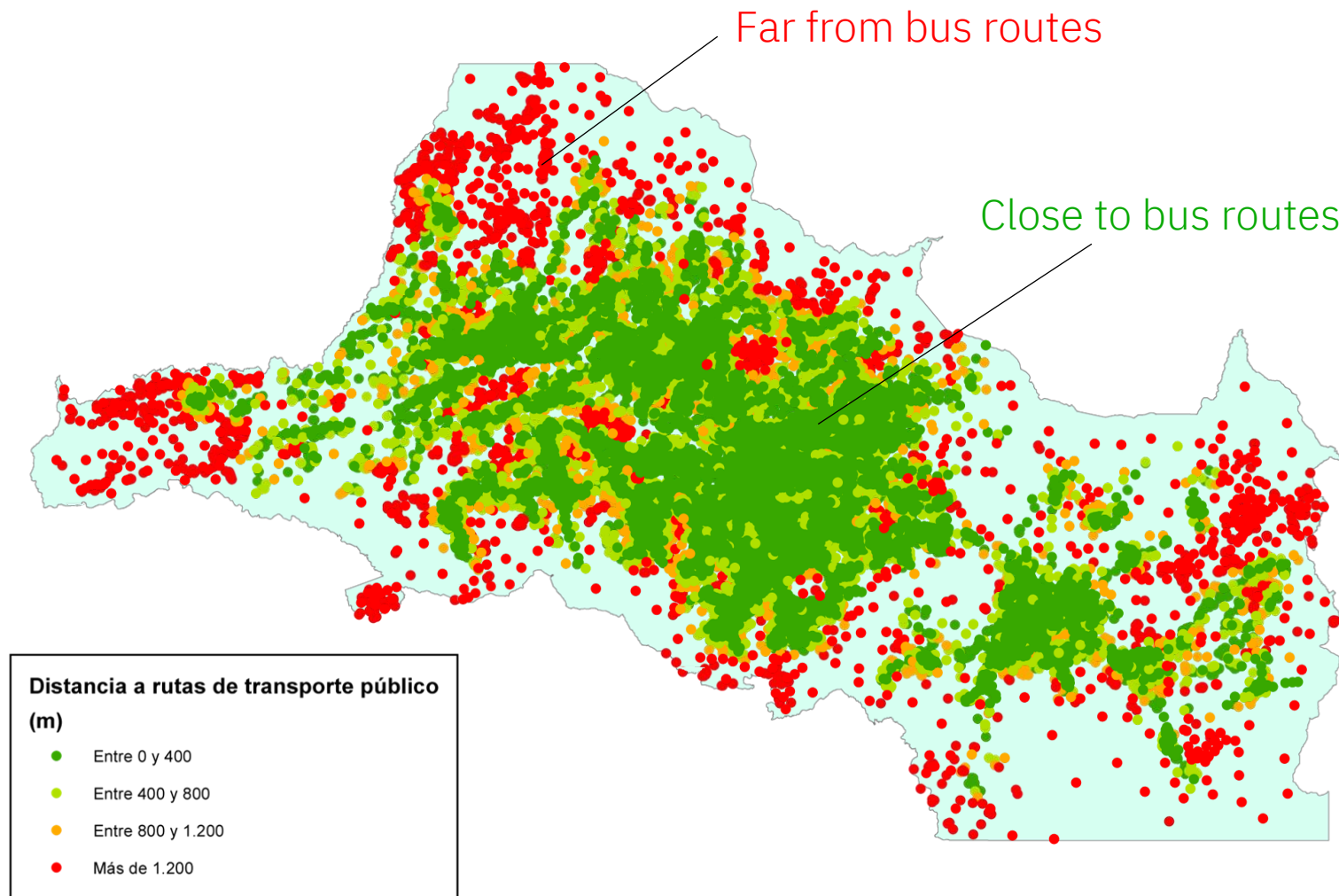


Urban growth continues without considering public transport mobility



Urban growth continues without considering mobility

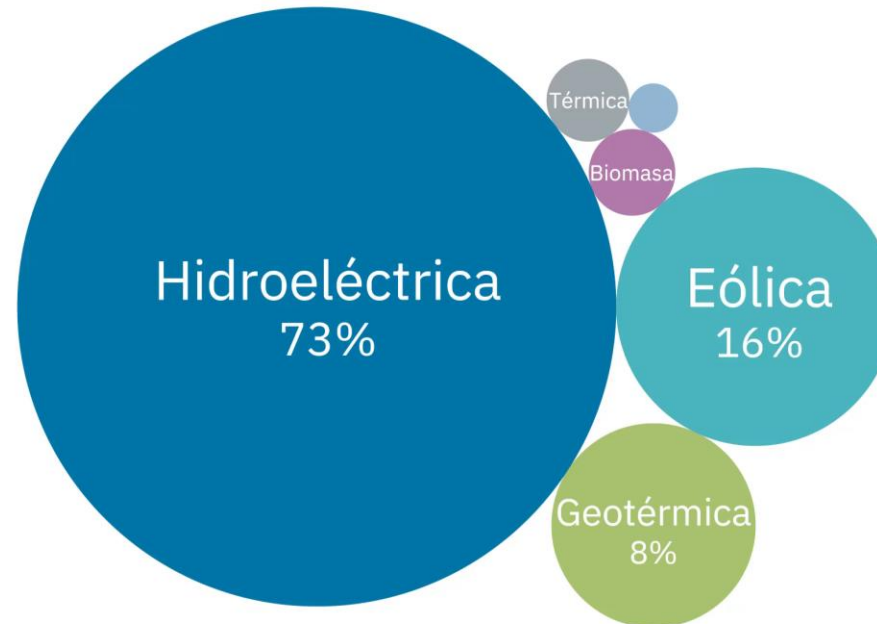
Distance of possible constructions with the bus routes in the GAM. 2016-2020



Hydrocarbon consumption is majority

Electricity generation and secondary energy consumption, by source
(Percentages)

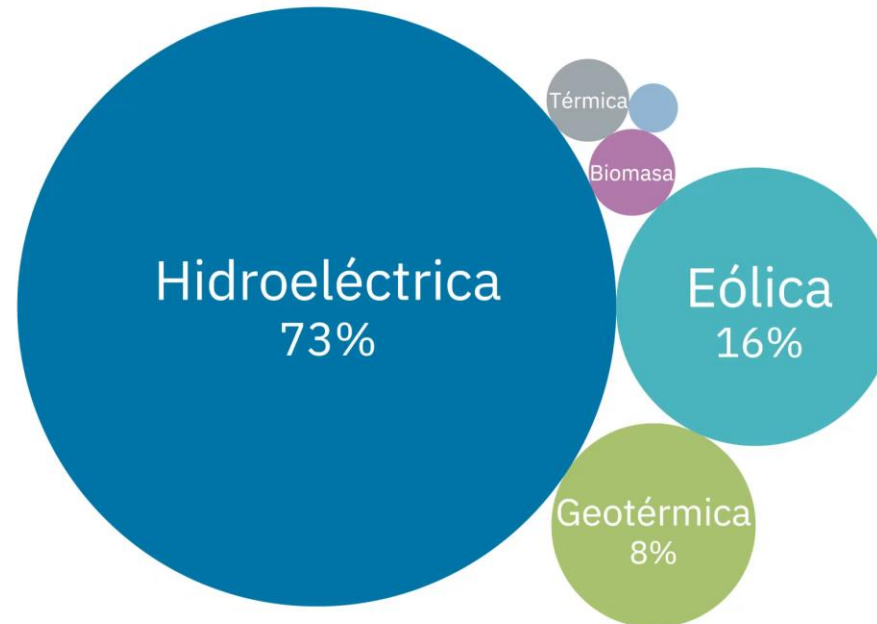
Generación de electricidad



Hydrocarbon consumption is majority

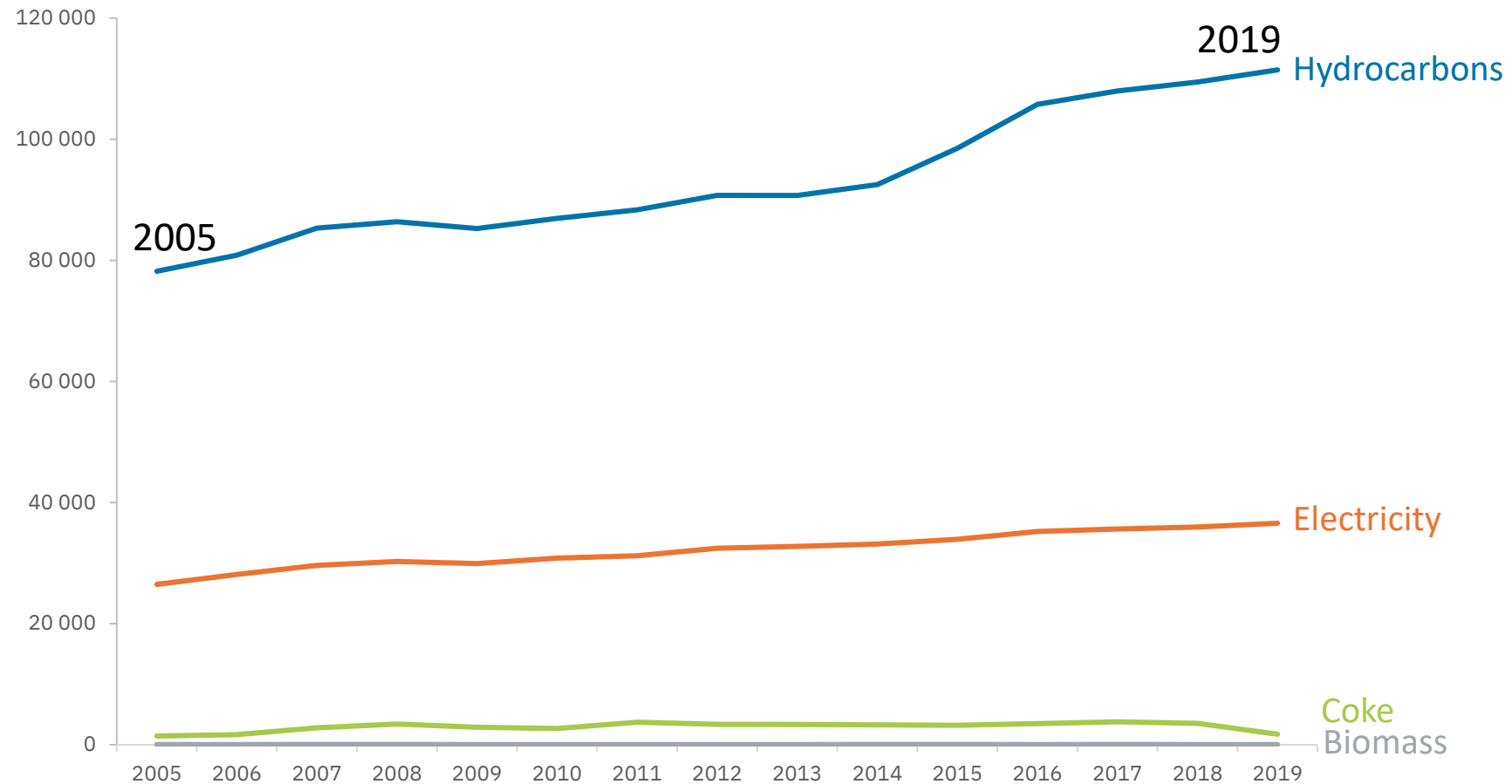
Electricity generation and secondary energy consumption, by source
(Percentages)

Generación de electricidad



Record consumption of hydrocarbons

Secondary energy consumption, by source. 2005-2019
(terajoules)



Overall

*The pandemic hit the **groups furthest behind** and pushes the country to **further deepen inequality***

Second Idea

Country experiences **erosion of capacities** to promote human development



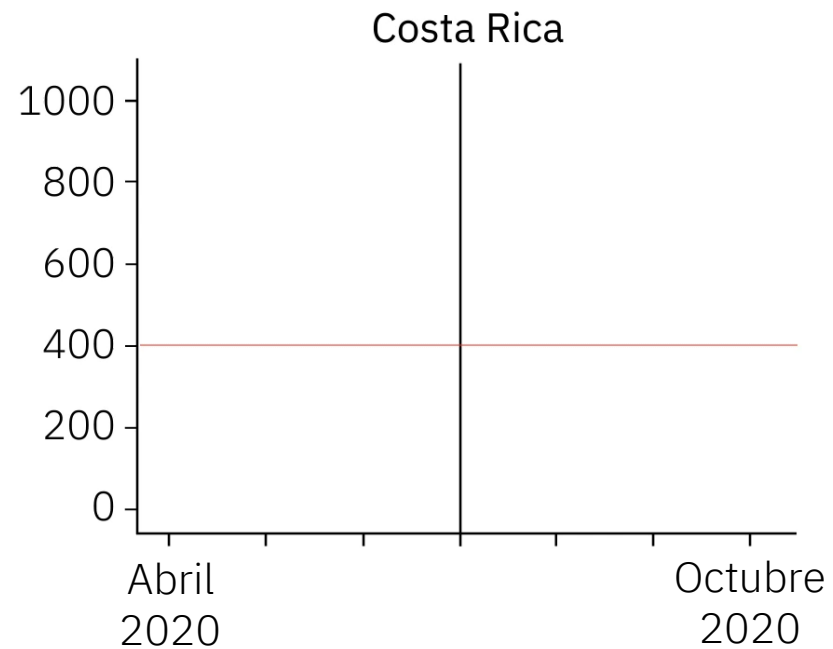
What did the political system focus on
to **contain the crisis**?

Costa Rica avoided major “peaks” of contagion



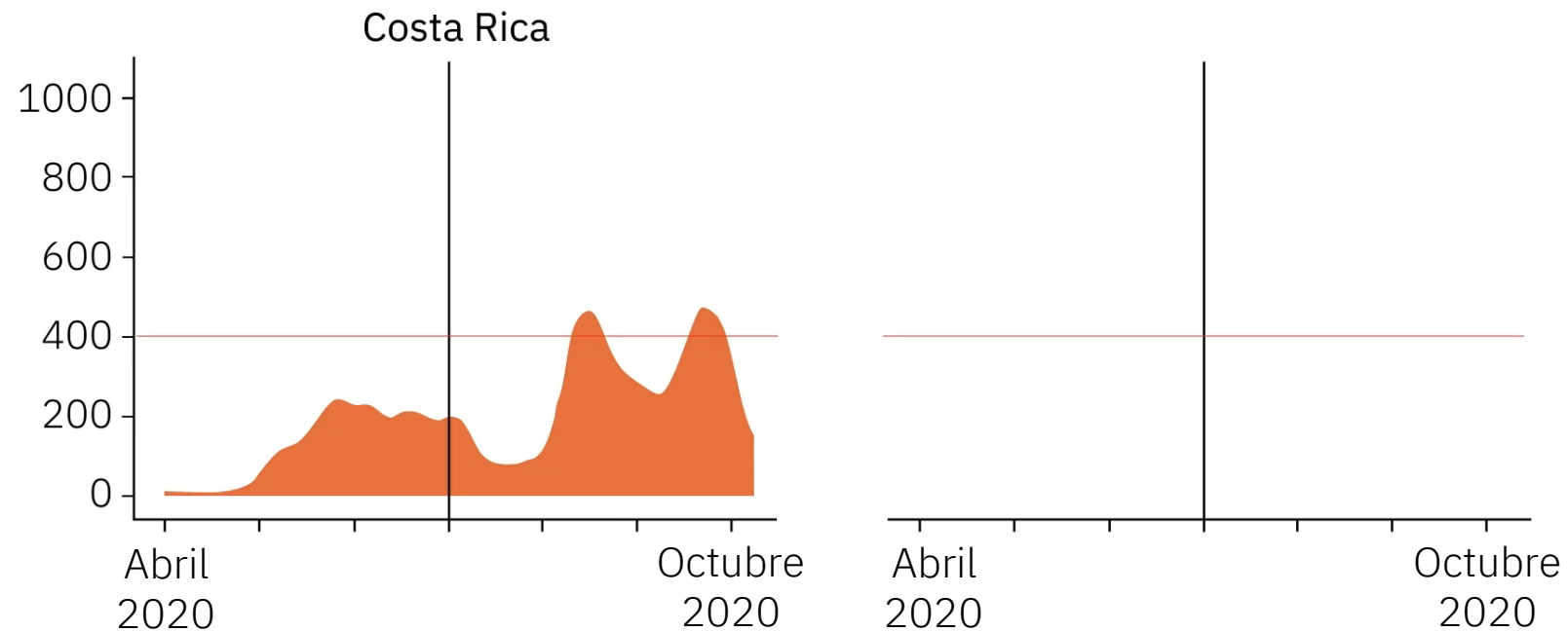
Costa Rica avoided major “peaks” of contagion

Daily cases of covid-19 per million inhabitants



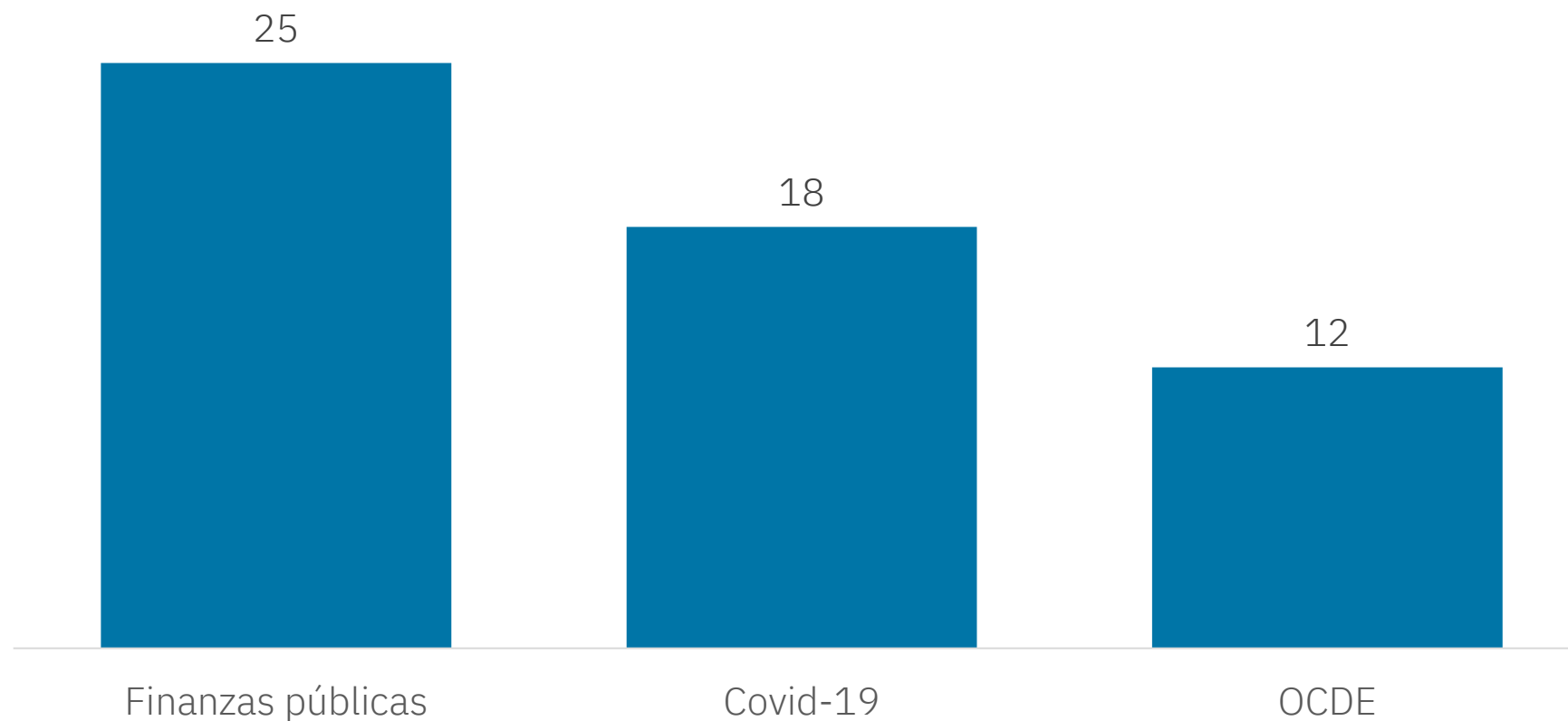
Costa Rica avoided major “peaks” of contagion

Daily cases of covid-19 per million inhabitants



Fiscal issues, pandemic and OECD dominated agenda

Number of laws on selected topics. 2018-2021



Few productive approach measures

Economic measures in response to the pandemic, by subtopic. 2020.



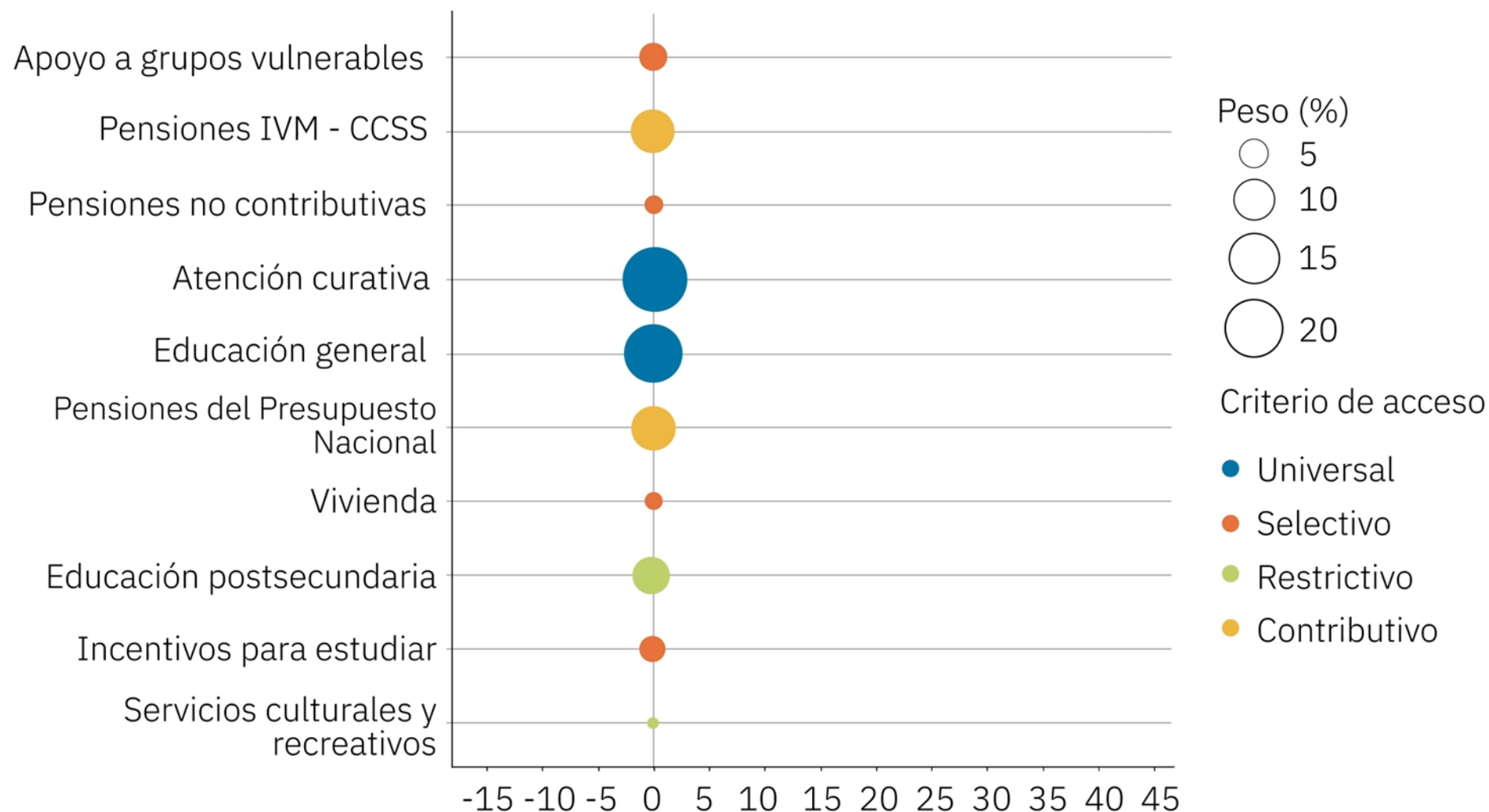
Is there **base erosion**
to relaunch human development?

Changes of different signs in public social investment



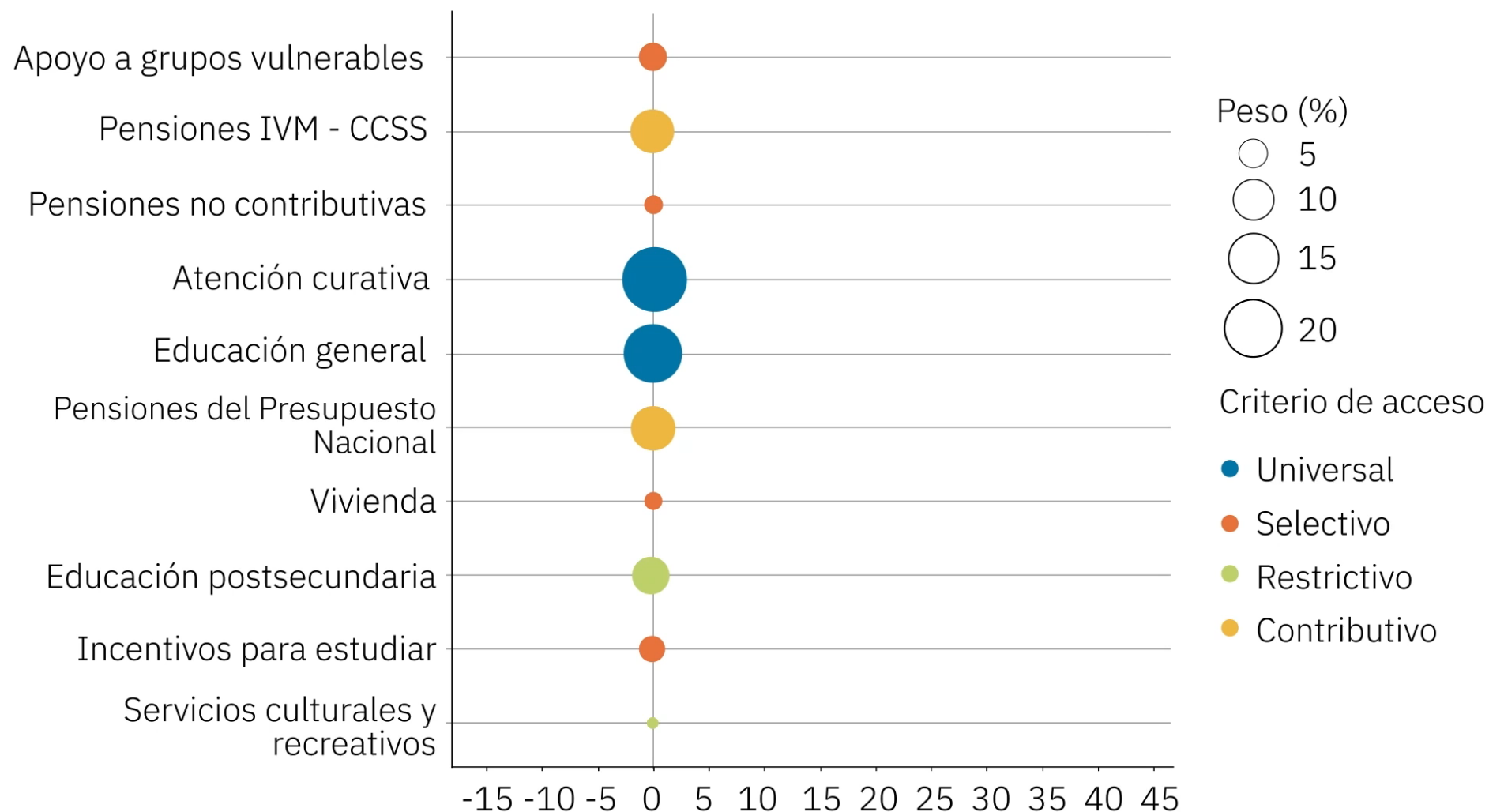
Changes of different signs in public social investment

Real variation of social investment. 2019-2020



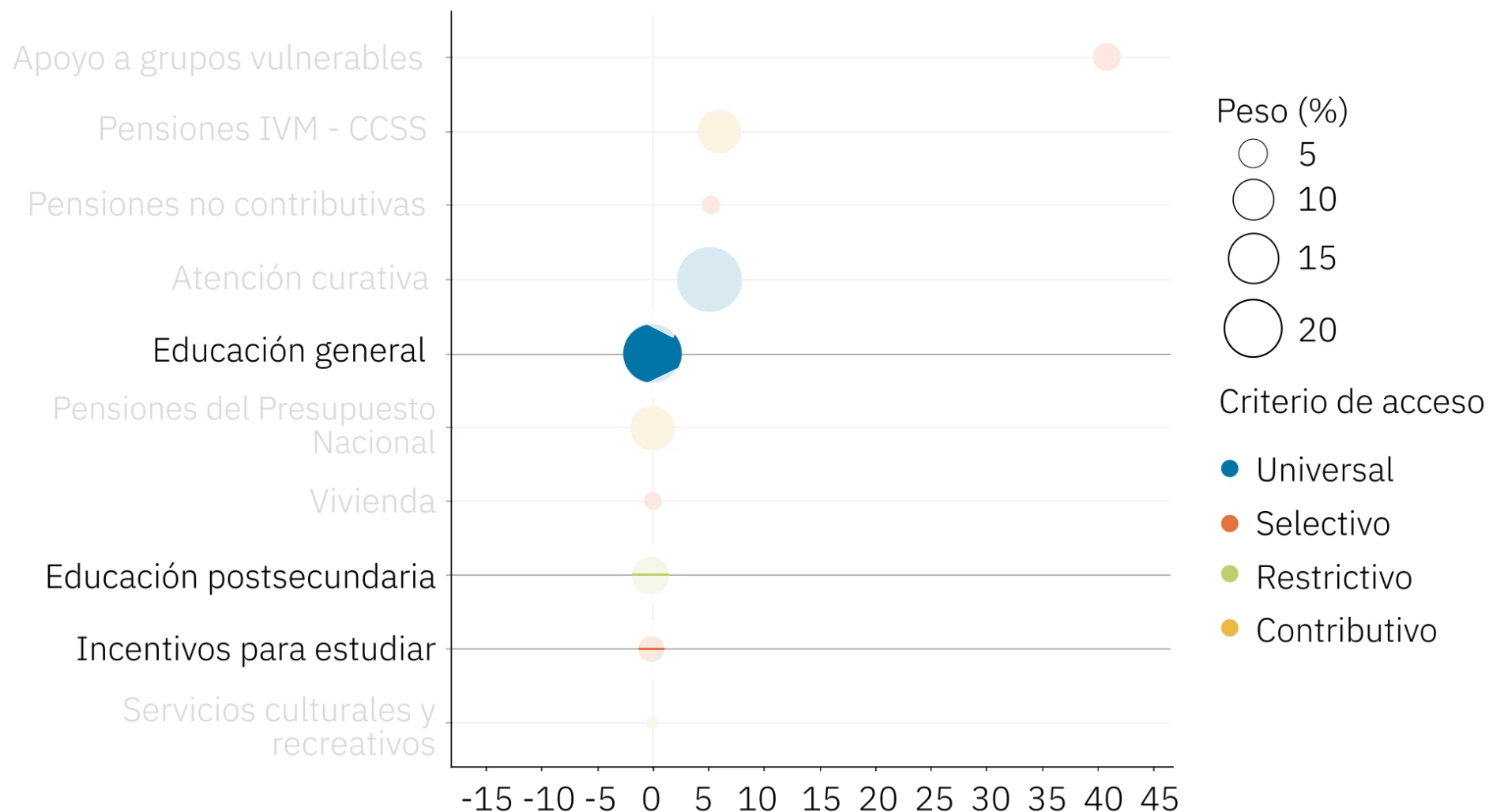
Changes of different signs in public social investment

Real variation of social investment. 2019-2020



Changes of different signs in public social investment

Real variation of social investment. 2019-2020

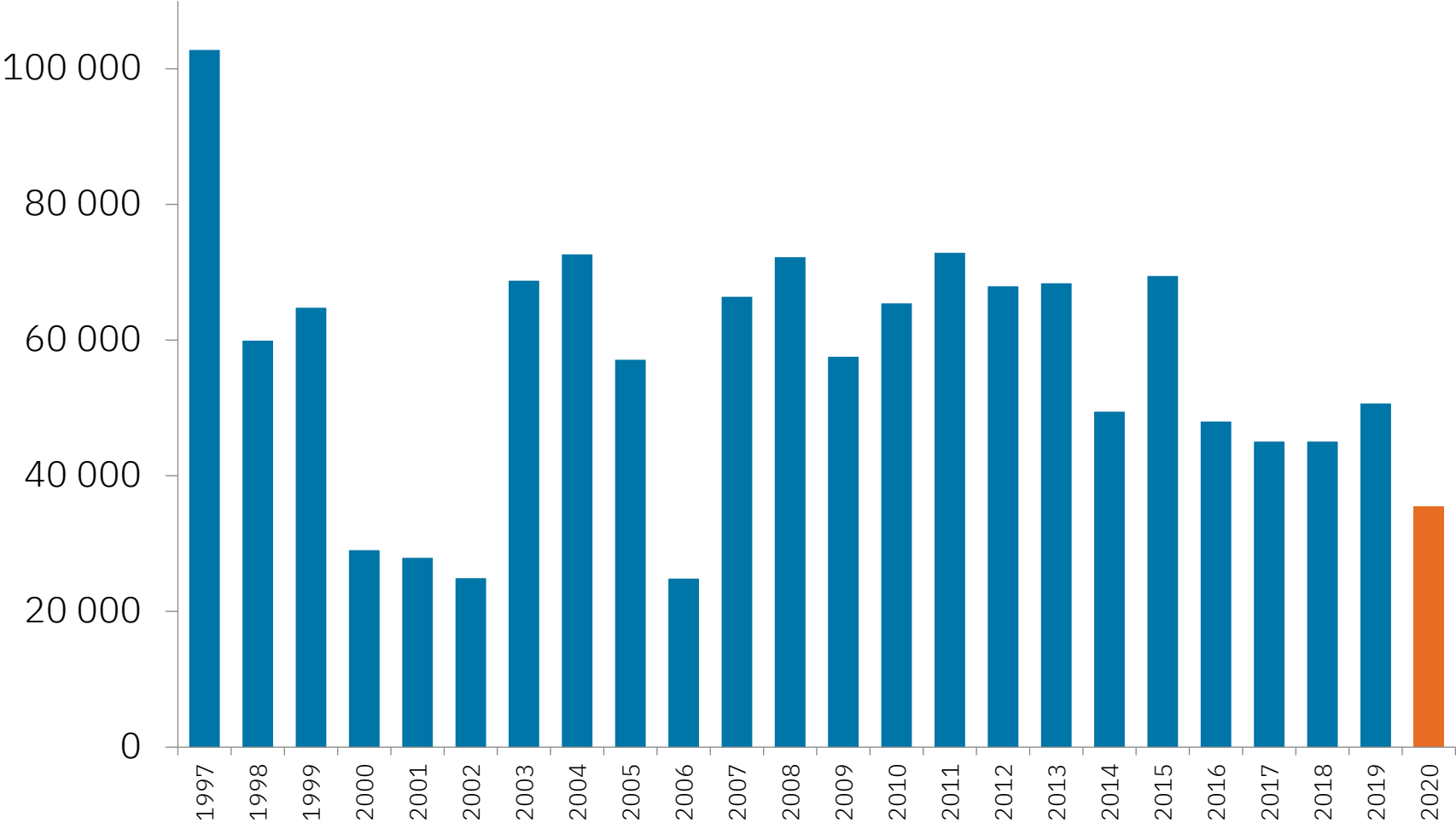


Erosion of environmental management capacities



Erosion of environmental management capacities

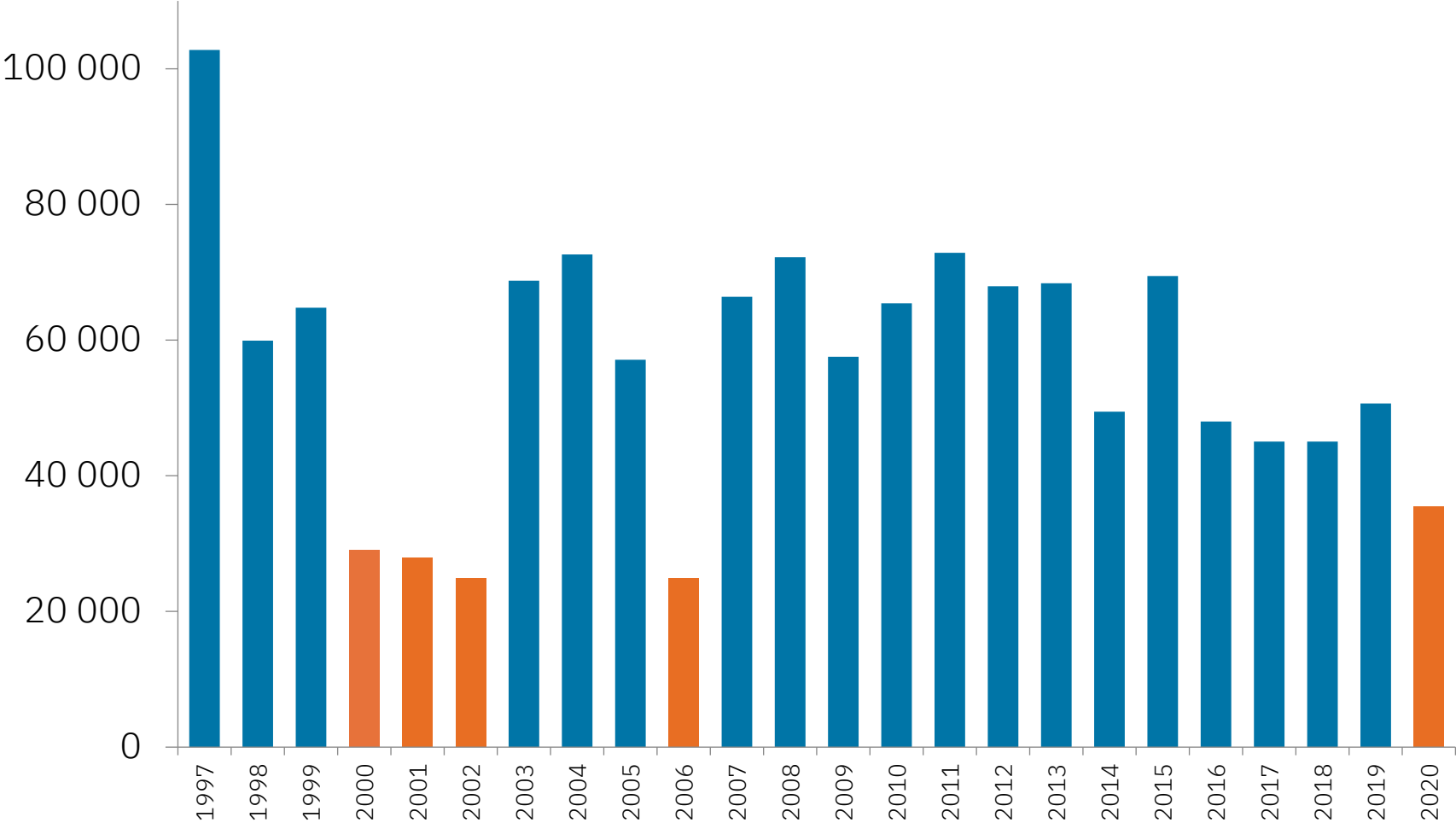
Annual hectares contracted in payment for environmental services



Source: Own elaboration with data from Fonafifo-Minae, 2021

Erosion of environmental management capacities

Annual hectares contracted in payment for environmental services



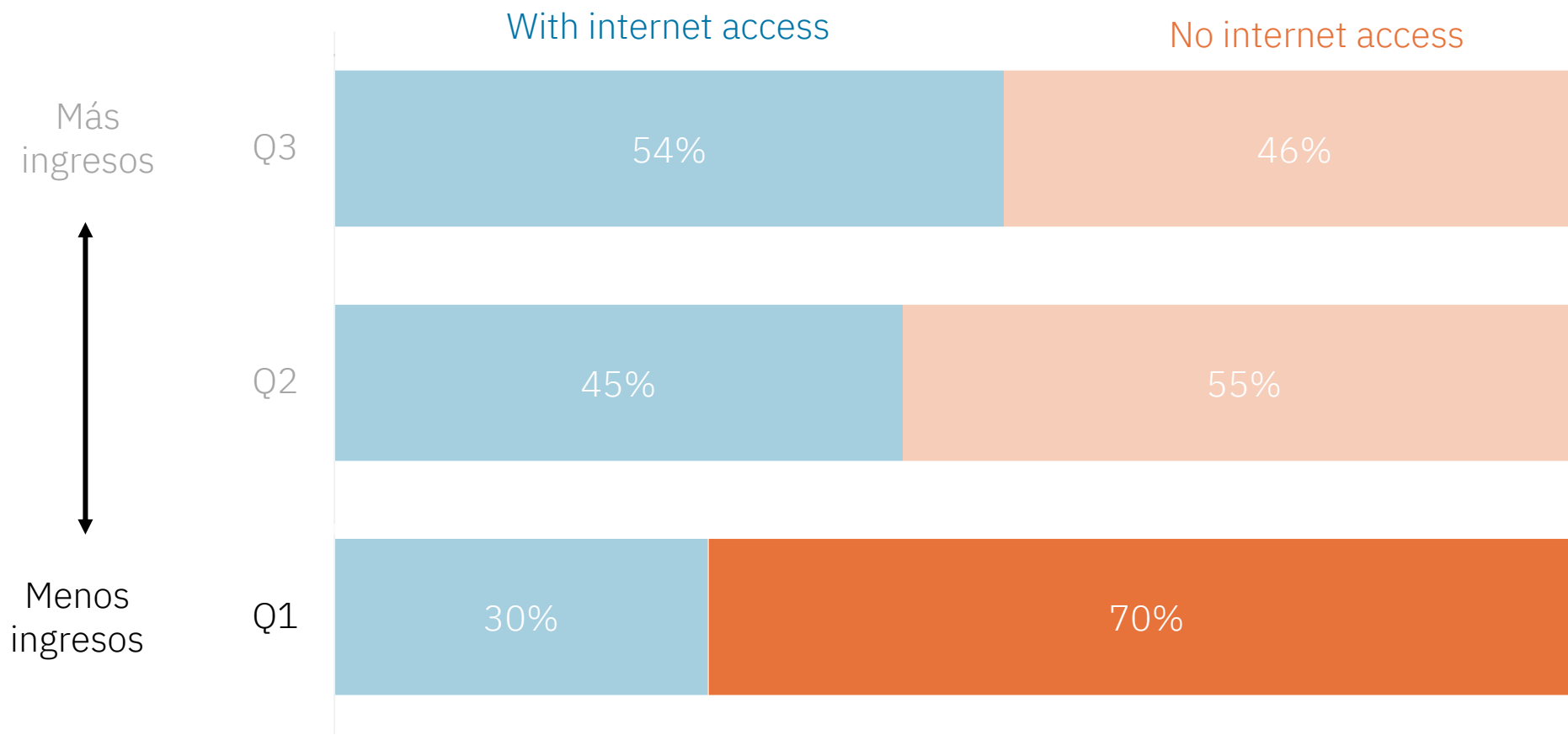
Source: Own elaboration with data from Fonafifo-Minae, 2021

Technological gap reinforces inequalities



Technological gap reinforces inequalities

Household internet access, in three income quintiles. 2020



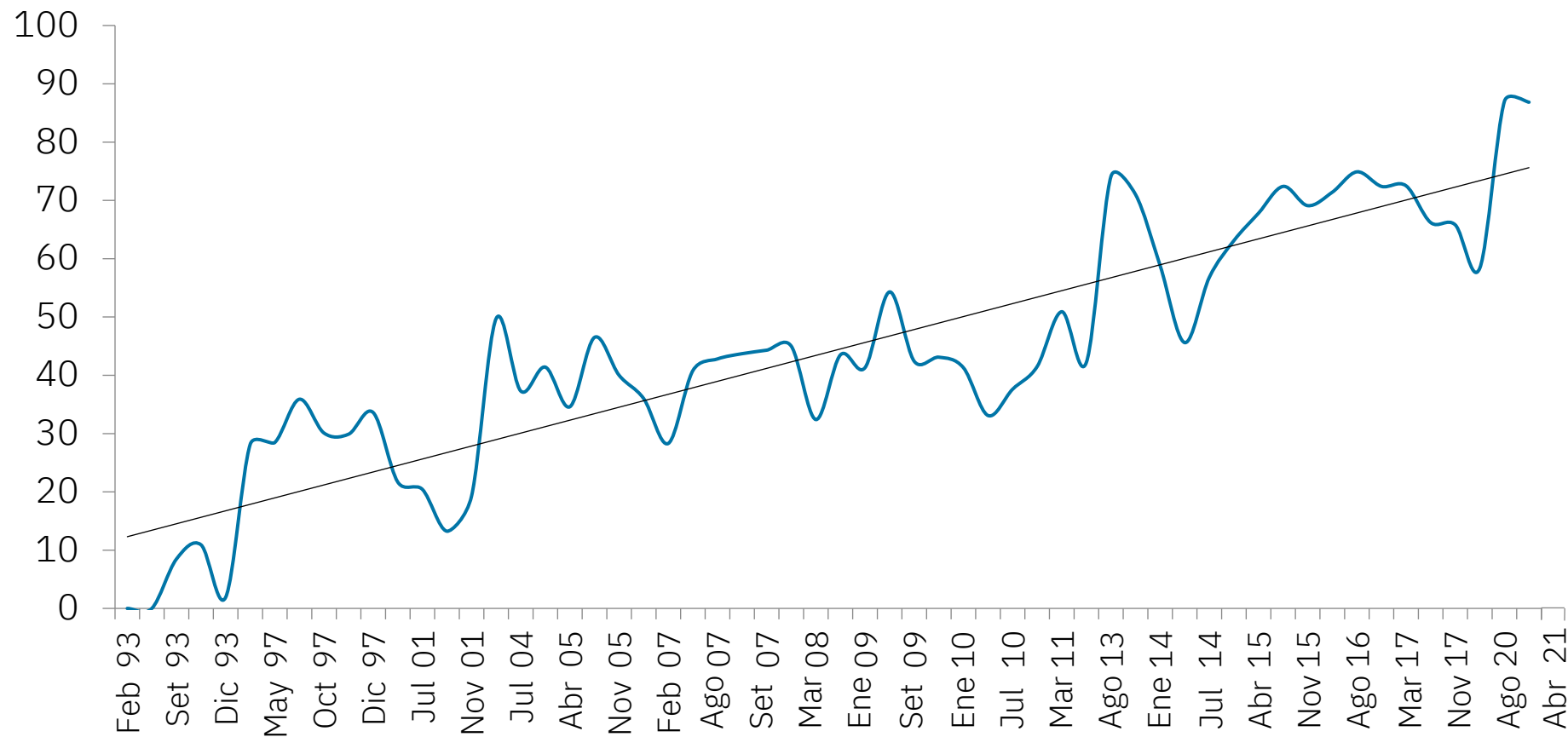
How do **legitimacy problems** affect the political system and the parties?

The disconnection between citizens and parties deepens

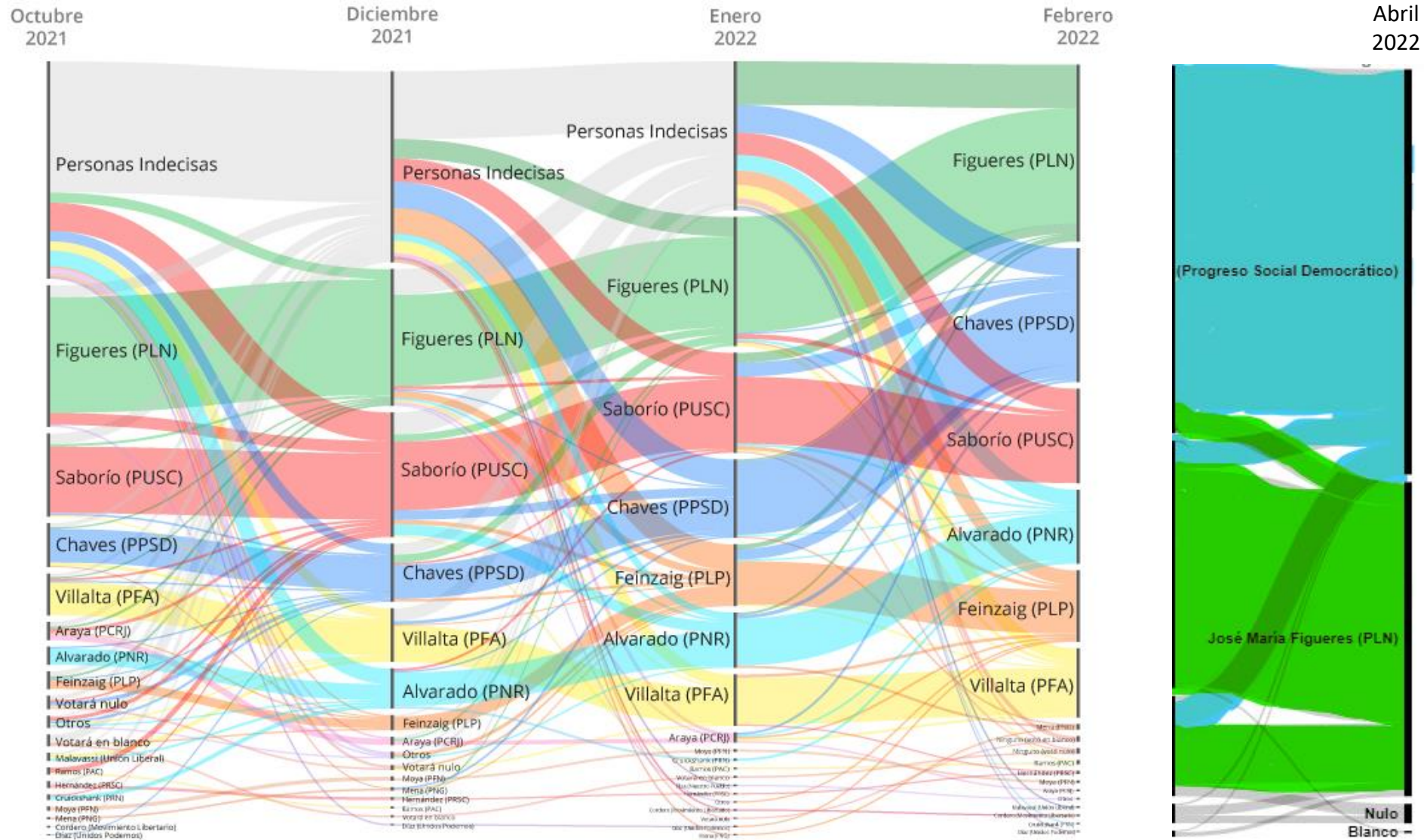


The disconnection between citizens and parties deepens

Percentage of the population that expresses no party sympathy



High intra-electoral volatility



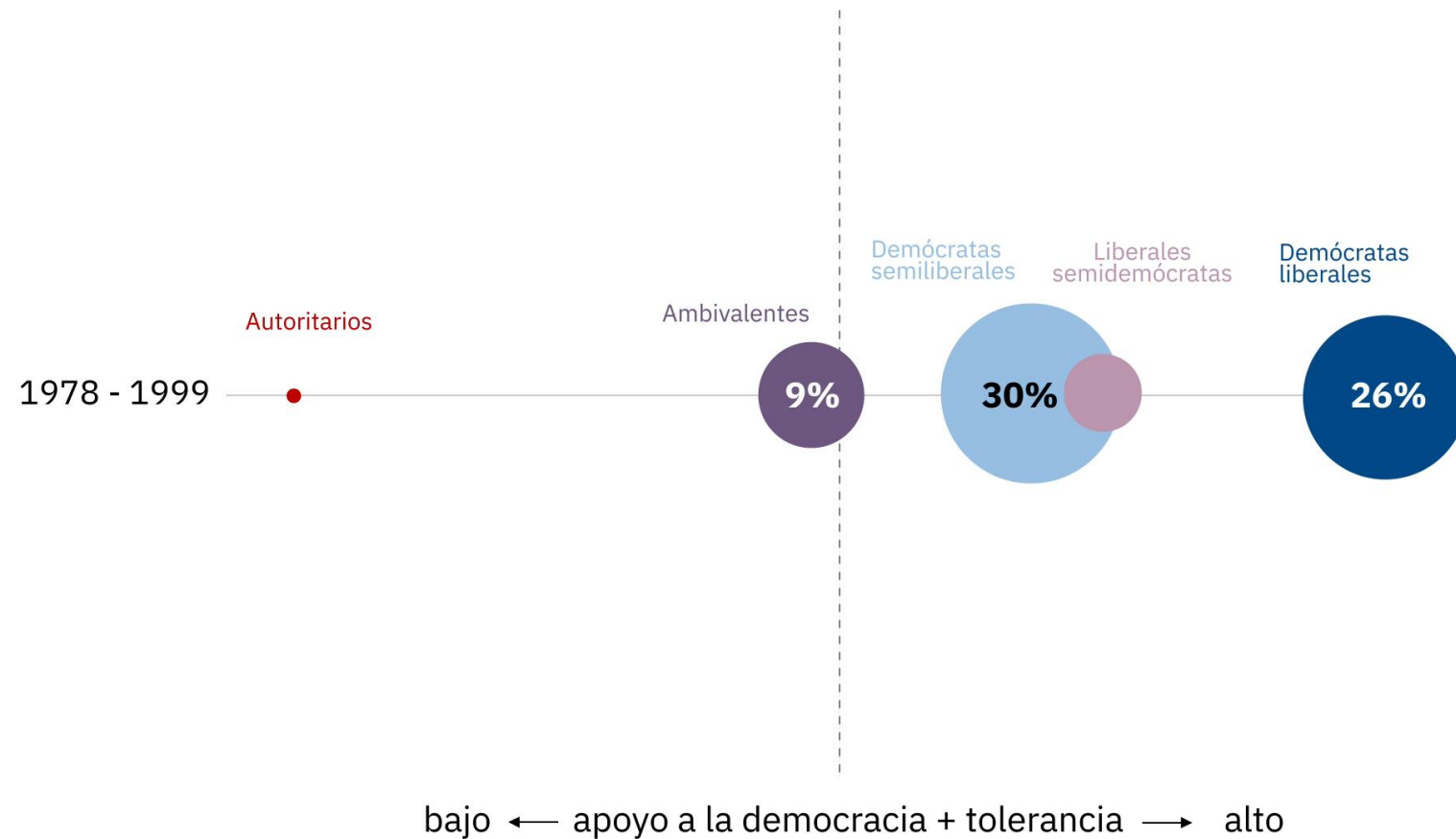
Long-term decline in support for democracy

Change in democracy support profiles (percentages)



Long-term decline in support for democracy

Change in democracy support profiles (percentages)



*Are there structural risks to protect the
achievements in conservation and forest recovery?*

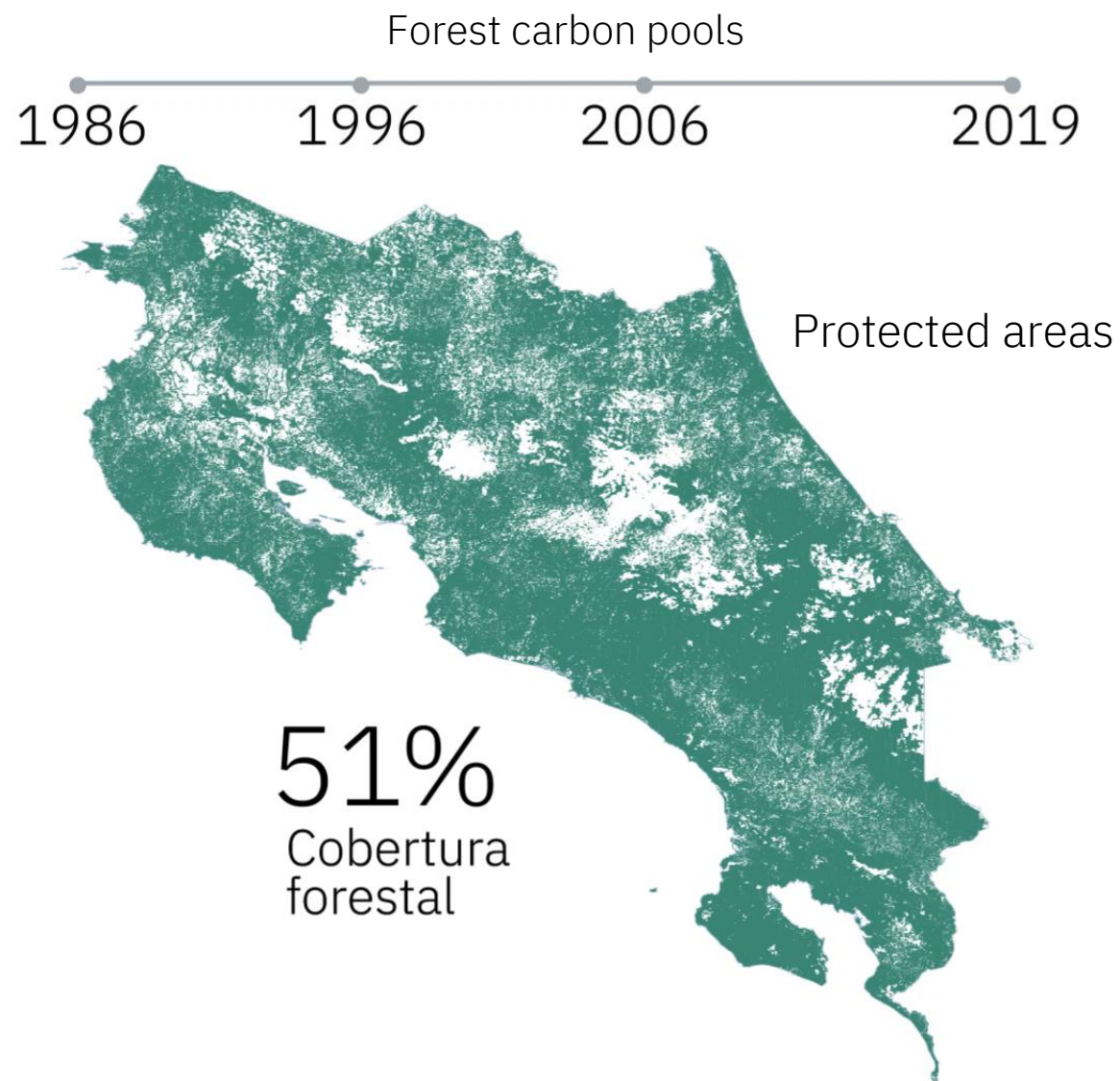
Country overcomes loss and recovers forest cover



Country overcomes loss and recovers forest cover

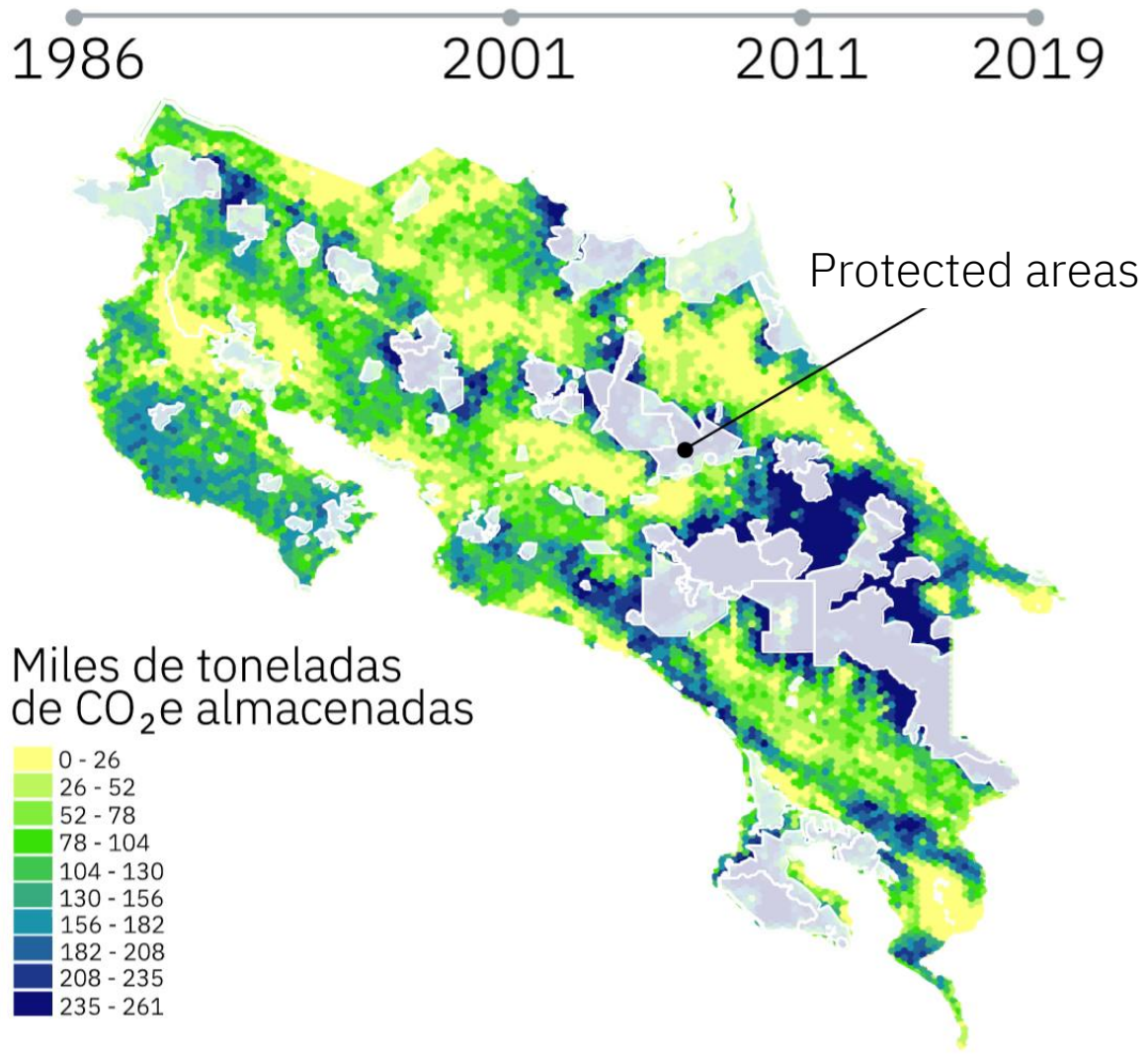
General classification of land use

Carbon deposits recover, although they are vulnerable



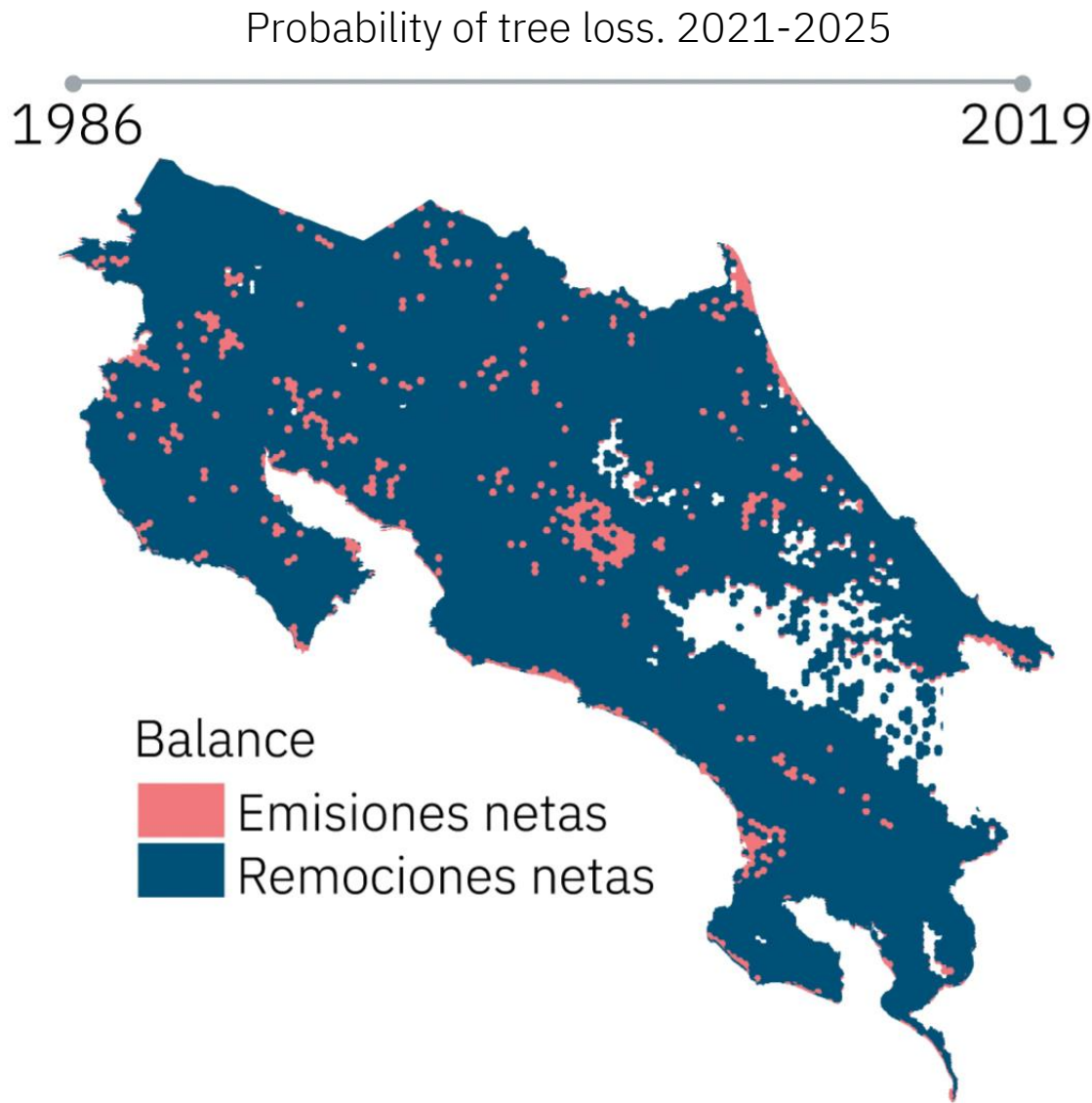
Net balance in emissions from deforestation is reversed

Balance of emissions from deforestation and carbon removals



Source: Durán Monge and Aragón, 2021, with data from Minae, 2019b

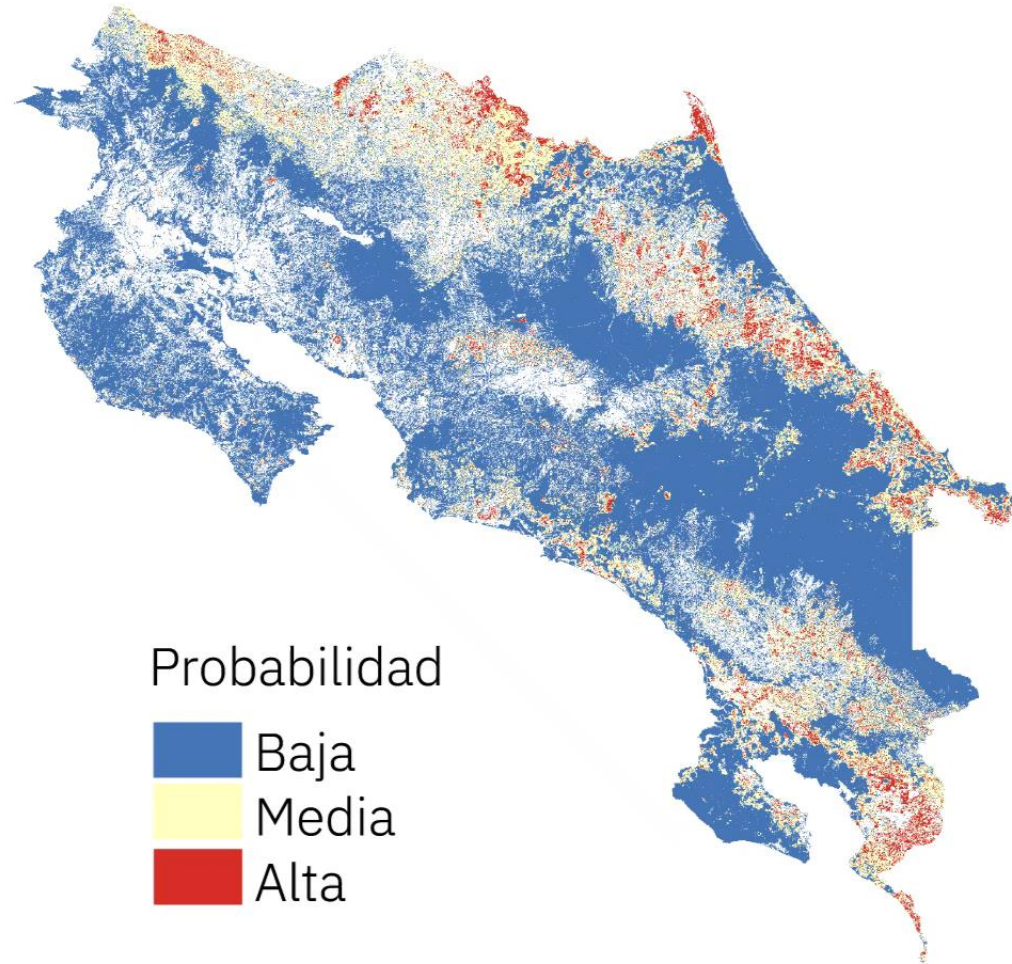
Country would lose 1.4% of tree cover by 2025



Source: Rodríguez, 2021

Highest risk: the North Zone

Probability of tree loss in the North Zone. 2021-2025



Overall

*The country faces the crisis with a **deterioration in its capacities** to address **long-term problems***

Review...



Costa Rica **reacted** and contained **worse scenarios**

Permanence of long-term **accumulated problems**

Road to an even more **unequal society**

Deterioration in **capacities** and the democratic system



New authorities preside...

An **impoverished** and more **unequal** society

A **slow and asymmetric** recovery

A fiscal situation that makes it **difficult to deal with crises**



Two parallel crises

Protracted **crisis** of social and political **representation**

Results crisis of the political system,
to improve **living and working conditions**






OUR COVER




PROGRAMA
ESTADO DE LA NACIÓN



 @EstadoNacion

 EstadoNacion

 EstadoNacion

www.estadonacion.or.cr