FACTSHEET: ECONOMIC INCLUSION

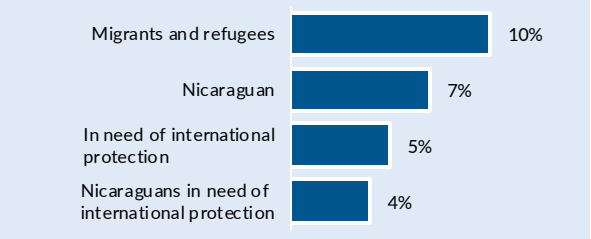
COSTA RICA: How can development actors support refugees and migrants in Costa Rica?

As of October 2023

UNHCR The UN Refugee Agency

- Costa Rica has the **second largest share of foreign-born population** in Latin America, with **more than half of those requiring international protection**. Migrants and refugees represent **10% of Costa Rica's population**.
- As of **2022**, Costa Rica was hosting about **270,600** people in need of international protection: **5% of the population**: including asylum-seekers (239,640), refugees (14,088), and 235 persons at risk of statelessness.
- **87% of asylum-seekers** are **from Nicaragua**, and others come from Venezuela, Cuba, and northern Central America countries.
- **Since 2018**, Nicaraguans have been forced to flee from the socio-political crisis; others already living in Costa Rica were forced to lodge asylum claims to prevent refoulement, for fear of repression in their country.
- In **2022**, in the context of Nicaragua's presidential elections, Costa Rica **was the world's third-largest recipient of new individual asylum claims:** over 100,000 were registered by nationals of Nicaragua.
- Contrary to other Central American countries, Costa Rica has more immigrants than emigrants.
- Costa Rica has also become a **transit country** for thousands of people engaged in **mixed movements** toward the north of the continent, the majority entering through the border with Panama.
- In September **2023**, over **350,000 people presumably crossed the border** in Paso Canoas in Costa Rica, 100 thousand higher than the record in 2022.

Percentages of refugees and migrants among Costa Rican population
(calculated over 5.2M Costa Rican inhabitants)



Source: UNDESA and ENAHOs, 2020 and 2022.

COUNTRY PROFILE

Long tradition of protection

Costa Rica has a **long tradition of hosting persons forcibly displaced** from their countries of origin. Its democratic stability, robust institutions, and tradition of respecting human rights provide conditions that are conducive for the protection of refugees and asylum.

The country has maintained open borders and an inclusive policy agenda, as defined under the **Comprehensive Regional Protection and Solutions Framework (MIRPS)**, a regional mechanism supporting the implementation of the Global Compact on Refugees.

Contributions by refugees

Having a **regular status** facilitates social and economic inclusion of refugees and migrants, allowing access to social services, engaging in productive work, creating new jobs as business owners, paying taxes, and contributing to the social security system.

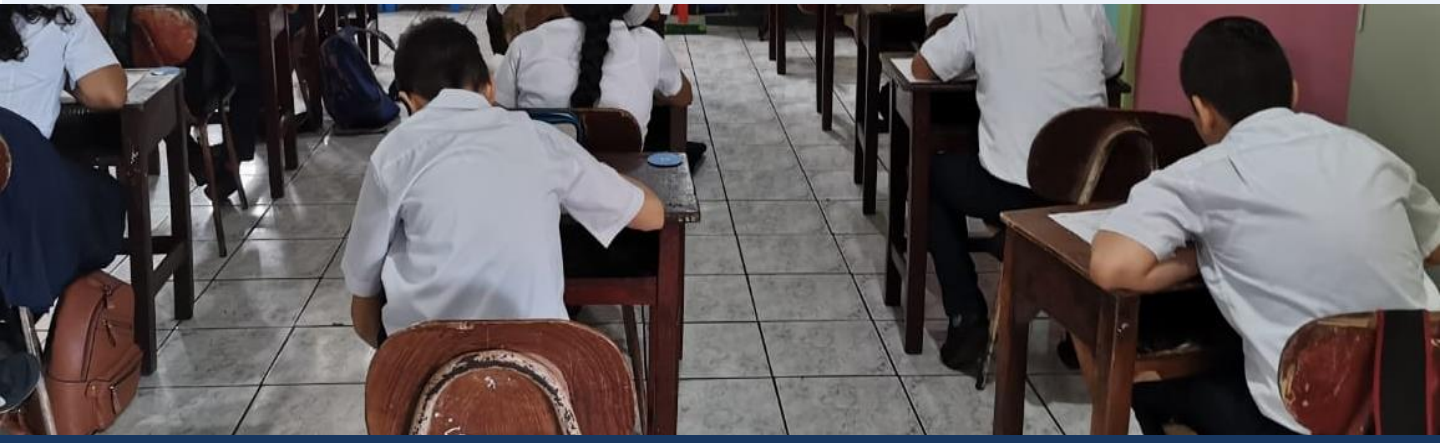
Nicaraguans in general also **contribute to reducing the demographic dependency ratio** due to their higher proportion of persons at working age.

De facto challenges

Only 5% of asylum applicants have been granted the refugee status, due to delays inherent to the asylum system. Despite favourable legal, institutional, and public policy frameworks, there often remain ***de facto* challenges to maximizing refugees' and migrants' potential contribution to the economy**, due to a lack of capacity of national response systems or integration barriers. For instance, **employers may lack information about their legal right** to hire refugees or might choose to hire employees under informal contracts. Particularly in the public sector, **health and social protection systems lack enough resources to integrate** refugees in need within their strategies.

Lack of a national economic inclusion strategy

Continued arrivals pose **important strains** on the national systems of response including health, social protection, education, and legal assistance; however, **a national economic inclusion strategy for refugees and migrants is yet to be developed**, and further efforts to integrate Nicaraguans and other refugees into local development plans would help ensure a coordinated and comprehensive response.



FACTSHEET: ECONOMIC INCLUSION

COSTA RICA: How can development actors support refugees and migrants in Costa Rica?

As of October2023

UNHCR The UN Refugee Agency

AN ECONOMIC CASE

Recent assessments about the impact of Nicaraguan refugees and migrants on the **Costa Rican economy** provide evidence of their **contribution** to the labor market mainly **complementing** natives' participation. Refugees and migrants help to mitigate the country's aging population (**87% are working-age vs 67% nationals**) while boosting economic activity and tax revenue collection. However, **Nicaraguans' socioeconomic and working conditions tend to be disadvantageous** as they face **higher poverty rates** than locals (32% vs 25%), and they mainly **work in informal and low-skilled jobs**. Estimations suggest that foreign-born workers directly contributed to about **6.5 percent of Costa Rica's GDP** on average during 2017-21.

FISCAL SITUATION

Nicaraguans' fiscal contributions to Costa Rica exceed the direct fiscal costs associated with their integration, as spending on social assistance is offset by tax revenue collection. Social security contributions, value-added and income taxes increase alongside their integration into the economy and, particularly, into the formal labor market.

LABOR MARKET

Labor complementarity is stronger than labor substitution, which is more prevalent among low-skilled workers. High-skilled Costa Rican women and low-skilled Nicaraguan women complement each other in terms of earnings and employment. As Nicaraguan women take on housekeeping and care jobs, high-skilled Costa Rican women can increase their participation in the labor market.

HOST COMMUNITIES

Although 60% of the Nicaraguan population is located in the **Central region** of the country, outside that region, the cantons that most concentrate displaced populations as a proportion of their population are the **border** ones (17% of the Nicaraguan population is in the, mainly rural, Huetar North region). Cantons that concentrate Nicaraguans in the Central region are densely populated and have a higher proportion of informal settlements. At the borders, the development social index is low, public infrastructure (connectivity, water, sanitation), and waste management are poor, and formal employment is scarce.

LOCAL INTEGRATION

Nicaraguans participate in the labor market at a higher proportion than nationals (64% vs 53%, considering persons older than 15 years) and some are integrated into the education system, as well as in the social protection programs. However, **they face significant challenges in obtaining legal resident status, integrating into the health system, and having formal jobs**. Recent laws that add restrictions to regularize asylum seekers and provide working permits; the lack of information of refugees, migrants, and even migration officers about regularization processes; and long backlogs in the migratory system complicate further the regularization.

As compared to nationals, **Nicaraguans**:

55% Are **informally employed** (42% nationals)

63% Ages 18-34 have **not completed** secondary educ. (33% nationals)

56% Lack public health insurance (28% nationals)

LABOR SKILLS

Working-age Nicaraguans participate in a segmented labor market. In urban areas, 30% of men work in construction, while in rural areas, they mostly work in agriculture (56%). Nationwide, 34% of women work in paid domestic jobs, while in rural areas, they also work in accommodation (24%).

EDUCATION

Nicaraguan children face a higher proportion of education year lags (32% of 7-17 years old vs 12% nationals), Students are more likely to be enrolled in primary schools with short curricula.

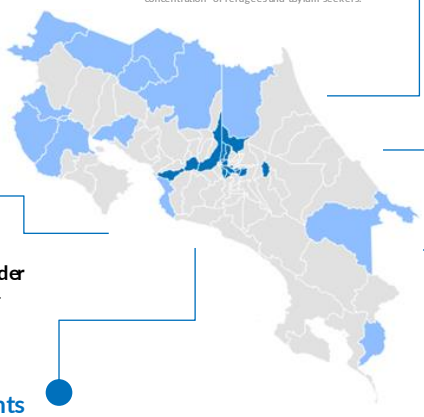
FACTSHEET: ECONOMIC INCLUSION

COSTA RICA: How can development actors support refugees and migrants in Costa Rica?

As of October2023

UNHCR The UN Refugee Agency

POLICY CONSIDERATIONS



Costa Rica: 2022, cantons with higher than average concentration of refugees and asylum seekers.

Long term approaches

Short-term humanitarian responses need to be complemented with long term development approaches to **minimize the costs and maximize the benefits** that displaced populations bring to their host communities.

Capacity building of border authorities

Enhanced capacities of states and municipalities are needed, **particularly in border regions**, to prepare for and respond to cross-border population displacements, including their access to rights, public services and social protection.

Empowerment of refugees and migrants

Strengthened mechanisms **to enhance consultation and participation of refugee and migrant population** in matters that affect their lives are essential in the construction, adaptation, and implementation of public policies.

Reaching those furthest behind first

Programs should be designed to **prioritize and target the most vulnerable** populations, such as women and low-educated workers, both in the refugee/migrant and host community populations.

Labor market inclusion policies

Strong policies in areas such as job intermediation, training, awareness regarding their legal rights, support to entrepreneurs, access to financial inclusion, and providing assistance with documentation can **enhance local socio-economic integration**.

Formalization

Job formalization will help avoid any possible substitution effect of local workers in low-skilled positions and **promote fiscal, health, and pension system sustainability**, as well as improvement in socioeconomic conditions for refugee/migrant and host community population.

UNHCR'S CONTRIBUTIONS

Legal advice and assistance. UNHCR enhances access to justice by providing legal information to individuals, legal assistance, and legal representation on refugee status determination procedure and access to rights in San José and in the northern and southern border. **Advocacy** for inclusion of refugees and internally displaced people in national systems. **SMO** Safe mobility offices where prospective immigrants, temporary workers, and refugees can access potential lawful pathways to the United States and Spain

Economic inclusion programming UNHCR supports job skills training, job placement, diploma validation, awareness raising with the private sector, access to financial services, and support to entrepreneurs. Living the Integration (*Vivir la Integración*) is UNHCR's main livelihoods and economic inclusion initiative. We also support **temporary cash assistance** for a number of vulnerable families. Regarding **health,** UNHCR and the Costa Rican Social Security Fund (CCSS) signed an agreement to provide health insurance to up to 10,000 people with and for whom UNHCR works.

Asylum System Strengthening UNHCR provides support to the Refugee Unit in San José and Upala with human resources, infrastructure assistance, and capacity building. We also provide support to the Commission on Restricted Visas and Refugees (CVRR) and the Administrative Migration Tribunal (TAM) to increase the adjudication capacity and accelerate processing times. UNHCR also advanced on a digitization project to strengthen the government's asylum system, by developing the first stage of the database to improve the processing of asylum claims.

Protection and assistance services for most vulnerable groups. We collaborate with the Government to promote safe access to territory, non-refoulement, effective registration and documentation, access to a fair and efficient asylum system, prevention of and response to statelessness, and access to basic rights and services. Activities implemented also help strengthen prevention and response to sexual and gender-based violence, child protection, and specific interventions for other people with heightened vulnerabilities.

Emergency preparedness UNHCR participates in the Municipal Emergency Committees (CME) in Upala and Los Chiles to strengthen contingency and emergency preparedness plans. In coordination with the Municipalities, UNHCR has assisted local communities during floods and further supported the renovation and improvement of Community Centers to be used as temporary shelters. Additionally, in response to the increased arrival of refugees and migrants in transit to address their most immediate basic needs, UNHCR donates food and hygiene kits to the authorities.

We offer our technical expertise to develop relevant analytical workstreams to inform programming and policies, such as joint studies, monitoring exercises, and public dashboards. **Also, we share in-depth knowledge** of the populations of concern, including profiles and humanitarian needs.

JOINT STUDIES
Characteristics and Economic Impact of Migrants and Refugees in Costa Rica

UNHCR supports the Government of Costa Rica in the implementation of its Comprehensive Refugee Response Framework locally known as **MINARE**. Through the MINARE, Costa Rica also contributes to the Regional Comprehensive Protection and Solutions Framework (MIRPS for its acronym in Spanish) which includes Mexico, Guatemala, Belize, Honduras, El Salvador, Costa Rica and Panama.

Multi-sector and multi-partner coordination for the delivery of services and interventions.

Technical advice for state and municipal authorities on refugee-inclusive public policies and implementation plans.

Social cohesion initiatives for regions impacted by inflows of refugees and other displaced populations.

FACTSHEET: ECONOMIC INCLUSION

COSTA RICA: How can development actors support refugees and migrants in Costa Rica?

As of October2023

UNHCR The UN Refugee Agency

WHAT DEVELOPMENT ACTORS CAN DO

1. **Ensure** your operations benefit refugee populations as well as nationals, considering that refugees and migrants may be systematically excluded from development opportunities;

2. **Engage** in policy dialogue at both the national and local levels, including by presenting best practices and longer-term initiatives in host communities;

3. **Design** and tap into pre-existing grant facilities using an area-based approach, benefiting both displaced populations and host communities;

4. **Contribute** to the evidence base with data, situation monitoring, and analysis.

5. **Be aware** that development investment projects in all sectors can influence addressing the impacts of forced displacement, benefiting both refugees and host communities alike:
   - **Infrastructure investments**: in water, sanitation, connectivity, education, and health infrastructure, that can expand to reach areas populated by migrants and refugees staying in the country and transit areas for mixed movements.
   - **Sector-specific investments**: in public education and health, as well as quality and affordable housing (for owning or renting). It can help governments expand services to meet demand from refugees and migrants, filling the gap to include all in need. Reducing gaps in digital access and in scholarships for refugee children.
   - **Advocacy for formalization and economic support:** For sustainable inclusion of refugees in national public systems (education, health, social security) and labor markets.
   - **Technical support:** To design systems that are inclusive of refugees and promote peaceful human sustainable development in host communities.

How does your organization see refugees contributing to the development of Costa Rica?

How can UNHCR help your organization work towards that objective?

UNHCR appreciates the contributions of donor countries that contribute to Costa Rica and global programs with unearmarked funds:

As of 4 October 2023

Belgium partner in development · Canada · German humanitarian assistance · Irish Aid Rialtas na hÉireann Government of Ireland · From the People of Japan · Schweizerische Eidgenossenschaft: Confédération suisse Confederazione Svizzera Confederaziun svizra Swiss Agency for Development and Cooperation SDC · UKaid from the British people · UNAIDS

UNHCR Costa Rica also appreciates the contributions of our private donors globally:

Australia / Japan / Italy / Republic of Korea / Spain / United Kingdom / United States

CONTACT: Valeria Lentini (lentini@unhcr.org), Economist

LINKS: UNHCR Costa Rica webpage | @ACNUR_CostaRica | Costa Rica | Global Focus | Central America & Mexico | Operational Data Portal