

Strategic Transitions: Costa Rica

Costa Rica has long distinguished itself in Latin America for its stable, democratic governance and its investments in education. As Costa Rica attained high and stable levels of human and economic development in the 1990s, the U.S. Agency for International Development (USAID) announced it would transition the country from development aid as part of a larger closeout effort, and completed the Mission closure in 1996.



From 1945 until 1995, the United States Government provided significant development aid to Costa Rica. Early initiatives focused on infrastructure, including the construction of the Inter-American Highway that revolutionized transportation within the country and is still in wide use today. Later investments focused on improving agricultural practices, education, health, clean water and sanitation, and the environment, as well as improving the country's macroeconomic stability and export opportunities. Over these years, USAID developed an exceptionally close partnership with successive government leaders, contributing to strong joint development planning and investment.

Since transitioning from development aid to a more integrated partnership with the United States, Costa Rica has continued on a stable and prosperous course. The country is ranked 66th on the UN's 2016 Human Development Index – higher than Thailand, Turkey, and Mexico – and is a world leader in conservation. Costa Rica has near-universal access to primary and secondary school, low fertility, an 80-year life expectancy, and an annual per capita income of \$14,006. Enduring partnerships between the U.S. and Costa Rica, including the Costa Rica United States Foundation for Cooperation (CRUSA) and EARTH University, continue to advance engagement and cooperation between the two countries.

How does Costa Rica's transition align with MFAN's Principles for Strategic Transitions from Development Aid?

Advance country ownership: Costa Rica's tradition of promoting education, health, and equality helped forge a close development partnership with the United States over many years and successive administrations. This partnership enabled successful joint planning and financing of aid priorities over decades, including the establishment of the EARTH University by the Government of Costa Rica, USAID, and the Kellogg Foundation in the 1980s to train developing country leaders.

Determine transition readiness by development progress: Based on the country's highest-in-the-region levels of human and economic development, USAID announced in 1994 that Costa Rica would transition from aid and closed the country Mission in 1996. However, the process of transition was hampered by "rigid instructions" from Washington, D.C. (including an "out-is-out" policy preventing re-engagement), an "accelerated" pace of closure, and an underfunded closeout assessment of USAID's activities.¹

Catalyze private sector investment for inclusive growth: U.S. Government assistance helped set Costa Rica on a sustainable path, such as in the 1980s when donor investments fostered diversification of the Costa Rican economy to manufacturing and higher-value exports such as melons and cut flowers. In 2004, Costa Rica announced its entrance into a free-trade agreement with the United States, further expanding markets for U.S. goods and services.

Safeguard gains and continue progress: As the USAID Mission closed in 1996, the United States and Costa Rica established the Costa Rica United States Foundation for Cooperation (CRUSA), a private, independent nonprofit organization that still promotes sustainable development and cooperation between the two countries today. In addition, Costa Rica continues to receive modest amounts of assistance as needed, such as for counter-narcotics to help stem the flow of illicit drugs into the U.S., law enforcement, and disaster response to Tropical Storm Nate in 2017.



Credit: University of Texas Libraries

Full Principles for Strategic Transitions from Development Aid with over 100 endorsers available here: <http://bit.ly/2mMBc0A>.

¹USAID Evaluation Special Study No. 81, "USAID Graduation: Recent Experience and Outstanding Issues" http://pdf.usaid.gov/pdf_docs/Pnac926.pdf, 1999