



# Integrated Country Strategy

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## Costa Rica

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## 1. Chief of Mission Priorities

Costa Rica, a strong democracy with deep and mutually advantageous ties to the United States, is increasingly important to key U.S. goals in the region and is committed to continued close cooperation with the United States. It has an excellent trade and investment climate, is one of the strongest and most reliable voices in Latin America on human rights and rule of law, and has been a superb partner in the fight against transnational crime and drug trafficking. However, the country's political stability and civilian security are threatened by the dramatic expansion of the drug trade, significantly increased homicide rate, and surge in transnational criminal organization (TCO) activity. At the same time, fiscal challenges and falling competitiveness are undercutting both the government's and the private sector's ability to provide services, address poverty, and generate a high level of inclusive economic growth. Newly elected President Carlos Alvarado received a strong mandate to deliver change, but will need to work with a fragmented legislature and a central government in need of reform. He has directed his cabinet to move swiftly to address fiscal reform, infrastructure, poverty, insecurity, and corruption/influence peddling.

Our goals are to: (1) improve Costa Rica's security, including for American citizens, and bolster its ability to contribute to regional stability; (2) support sustained economic and commercial growth that fosters the prosperity of both countries; and (3) promote regional policy priorities on governance, prosperity, and security. Everything we do will be with an eye to being responsible stewards of U.S. taxpayer dollars while forwarding vital U.S. interests.

**Security.** Costa Rica is striving to invest more in its own security. However, U.S. assistance is essential to allow Costa Rica's law enforcement agencies to counter the dual threats of transnational organized crime and rising domestic violence. We will continue to help Costa Rica with equipment, training, and capacity building to transform its air service (with helicopters, planes, and ground based radar), its Coast Guard, and its border and immigration services. We will work closely with Costa Rican authorities to disrupt and dismantle the organizations that facilitate the transit of cocaine to the United States, as well as the smaller domestic drug trafficking gangs that are responsible for the majority of the violence. We are redoubling our efforts to strengthen community policing and promote safe communities, both in the high crime areas of the Central Valley and the vulnerable coastal areas. We continue to expand our partnership with Costa Rica's public security and judicial organizations to build investigative, prosecutorial, and corrections capability. U.S. law enforcement will build on strong relationships with their counterparts to return fugitives to the United States, to investigate crimes that affect U.S. citizens and U.S. interests, and to reduce drownings and other public safety dangers. We also will continue to emphasize work on trafficking in persons, domestic violence, environmental security, and migration.

**Prosperity and Governance.** Supporting sustained economic and commercial growth that benefits the prosperity of both countries is also a top priority. The structural reforms needed to promote inclusive and sustainable growth while addressing the country's lagging

competitiveness are critical to Costa Rica's continued stability and are important to our own prosperity. We will sharpen our efforts to promote sound economic reforms and improvements to the business climate in order to advance the U.S. economic agenda and Costa Rican prosperity. We will support projects that improve Costa Rica's ability to balance natural resource management with economic activity. We will conduct a wide range of trade promotion activities, including promoting the involvement of U.S. companies in Costa Rican infrastructure projects and discouraging the use of non-tariff barriers for protectionist ends. We will actively support and encourage Costa Rican efforts to join the OECD and to revamp its economic policies, thereby leveling the playing field for U.S. companies to compete. We will work closely with our government, academic, and private sector partners to support the needed improvements in education (particularly English language, STEAM, and higher education alliances) that will provide more youth with a gateway to economic prosperity and expand the human capital that the private sector seeks. We will focus our grants and programming on improved government services and municipal capacity, workforce skills, entrepreneurship, and small- and medium-sized businesses.

**Regional Foreign Policy Goals.** We will promote broader foreign policy goals and encourage Costa Rica to continue to expand its regional and global leadership. We will work closely with Costa Rica to promote democracy and human rights in the region, and encourage Costa Rica to play a leading role to promote shared priorities in multilateral institutions. We will support Costa Rica's efforts to forge more regional cooperation on security with Colombia, Panama, and Ecuador, and closer counter narcotics cooperation among Caribbean states. We will continue to work with Costa Rica to share its experiences with Central American neighbors on trade facilitation, education, entrepreneurship, regional energy integration, and environmental sustainability. Embassy San Jose's regional offices will promote U.S. policy priorities from humanitarian assistance for Venezuelans to compliance with U.S. food safety regulations to curbing illegal fishing.

Finally, to achieve progress on these fronts, we will work toward solving some of the limitations in our management platform, specifically shortages of workspace and ICASS positions. Our focus will be on working with Washington bureaus and agencies to find acceptable workspace solutions for the various mission sections that have outgrown their spaces with increased programs and staffing. We will improve our employee compensation by implementing Merit Based Compensation and grooming the next generation of locally employed staff as a large cadre of senior LE staff begin to retire. We will continue to advocate Washington for USDH GSO and HRO positions, without which we cannot adequately support the Chief of Mission's priorities.

To implement, review, and adjust our strategy over time, we will report on key developments on a quarterly basis and meet annually to track progress on each of the goals and related action items. In addition, we will coordinate activities and progress through regularly scheduled (weekly and biweekly) meetings including the Law Enforcement Working Group (LEWG) and the Economy, Energy, Education, and Environment (E4) working group.

## 2. Mission Strategic Framework

**Mission Goal 1:** Support Costa Rica's efforts to improve security, including for American citizens, and bolster its ability to contribute to regional stability

**Mission Objective 1.1:** Counter transnational crime and violence by strengthening and increasing Costa Rica's investigative, prosecutorial, intelligence, and law enforcement capacity and efficacy

**Mission Objective 1.2:** Strengthen Costa Rica's aviation, border, and port security to detect and interdict illicit activity and deter irregular migration

**Mission Objective 1.3:** Help increase the resilience of communities to resist the expansion of local and transnational criminal networks

**Mission Objective 1.4:** Improve protections and advocacy for U.S. citizen welfare abroad

**Mission Goal 2:** Support sustained economic and commercial growth that fosters the prosperity of both countries

**Mission Objective 2.1:** Foster prosperity by opening and maintaining markets, securing commercial opportunities, and spurring investments that contribute to U.S. job creation

**Mission Objective 2.2:** Promote inclusive and sustainable economic growth in support of U.S. prosperity and security objectives, through education, entrepreneurship, innovation, workforce development, and capacity building

**Mission Objective 2.3:** Advocate for sound economic reforms, adoption of best practices, removal of barriers to U.S. companies, infrastructure improvements, and rule of law to enhance Costa Rica's economy and U.S. business opportunities

**Mission Goal 3:** Promote regional policy priorities on democracy, prosperity, governance, and security

**Mission Objective 3.1:** Encourage Costa Rica to take a greater regional and global leadership role in support of shared policy priorities

**Mission Objective 3.2:** Advance Mission efforts to engage throughout the region on U.S. policy priorities

**Management Objective 1:** Develop a more substantial and effective management platform that is responsive to changing Mission requirements and the staffing to support them continue to grow

### 3. Mission Goals and Objectives

**Mission Goal 1** Support Costa Rica's efforts to improve security, including for American citizens, and bolster its ability to contribute to regional stability

**Description and Linkages:** In support of the State-USAID Joint Strategic Plan and the WHA/LAC Joint Regional Strategy, Embassy San Jose will improve Costa Rica's security, including for American citizens, and bolster its ability to contribute to regional stability by enhancing Costa Rica's investigative, prosecutorial, intelligence and law enforcement capacity; strengthening Costa Rica's border and port security; further building counter narcotics capacity and cooperating on operations in order to disrupt the organizations that facilitate drug trafficking; increasing the resilience of communities to resist the expansion of local and transnational criminal networks; and protecting and advocating U.S. citizen welfare abroad. Our security cooperation reinforces, and is reinforced by, our work to support economic prosperity.

**Mission Objective 1.1** Counter transnational crime and violence by strengthening and increasing Costa Rica's investigative, prosecutorial, intelligence, and law enforcement capacity and efficacy.

**Justification:** Supporting the WHA Bureau's goal to promote a prosperous, safe, and democratic region, we have forged a strong and enduring partnership with Costa Rica. Our joint security efforts are principally focused on fighting increased activity and presence of transnational criminal organizations, as well as bolstering Costa Rica's underdeveloped border controls to shut down illicit pathways to the United States to prevent illegal immigration, drug and human trafficking, and potential acts of terrorism. Costa Rica boasts strong security institutions, still free of endemic corruption (low-level cases are on the rise however). However, despite a significant increase in hiring and equipping key security services, they remain under-resourced and under-staffed in the face of a marked increase in narco-fueled crime. Costa Rica has demonstrated the ability to absorb U.S. assistance, and a newfound focus, both within the political class and the general population, on the need to address the rise in crime. As a result, the United States has significantly increased its security assistance. This has included transformative programs to equip and train security services on next-level platforms to allow them to better patrol their territory. It also focuses on sharpening Costa Rica's investigative capability – with a focus on organized crime and money laundering, increasing its ability to monitor and control cross-border movement of people and goods, and increasing intra-service cooperation and joint-operation to maximize the effectiveness of limited resources. As important, the United States is focused on addressing the root causes of the increase in violence at the community level, bringing a

whole-of-government approach to citizen security, with a strong focus on prevention and community-integrated policing. Improvements in all these areas enhance our ability to protect and support a sizeable U.S. citizen community of 120,000 resident in Costa Rica, and over 1,000,000 U.S. tourists that visit annually.

**Mission Objective 1.2** Strengthen Costa Rica's aviation, border, and port security to detect and interdict illicit activity and deter irregular migration

**Justification:** Costa Rica now ranks second for transshipment of cocaine to the United States, with 85% of U.S.-bound cocaine flowing through the country's vast Pacific maritime territory. An isthmus, Costa Rica hosts a constant flow of migrants, to include a growing number of extra-regional undocumented travelers from countries of special interest. While still aimed heavily toward Europe, smuggling of illicit items via containerized cargo is a significant and growing problem. In addition, aviation is a critical sector that enables the flow of people and goods direct from Costa Rica to U.S. airports. Costa Rica has two last point of departure airports with passenger and passenger-cargo flights direct to U.S. airports. Aviation security vulnerabilities are exploited by nefarious actors, including transnational organized crime and terrorist organizations. If aviation security vulnerabilities are not effectively mitigated, each flight to the U.S. has the potential for risk to Americans, U.S. industry, and U.S. interests.

**Mission Objective 1.3** Help increase the resilience of communities to resist the expansion of local and transnational criminal networks

**Justification:** Costa Rica suffers from a spike in homicides and other violent crimes and the most vulnerable neighborhoods have fallen under the sway of local gangs. Concern is increasing that these local gangs, to date only loosely affiliated with larger transnational gangs, will evolve into full subsidiaries, and through their hardening presence present an open door for major gangs to take root. To push against this trend, the United States is providing significant support to quickly expand a Collaborative Community Security Program that integrates community policing best practices, whole-of-government target prevention and rehabilitation efforts, and municipal and citizen-group efforts. At the center of this expansive program sits the now mature police crime tracking system established with years of U.S. investment, which has enabled the application of the Colombian AISEC mapping tool. The Costa Rican government is enthusiastically nationalizing use of both key enablers.

**Mission Objective 1.4:** Improve protections and advocacy for U.S. citizen welfare abroad

**Justification:** The protection of U.S. citizens overseas is one of the Department of State's highest priorities. Embassy San Jose estimates that over one million U.S. citizens visit Costa Rica annually and as many as 120,000 reside in the country. Many in this latter population are aged or aging. U.S. citizens present a steady demand for emergency services related to deaths, injuries, missing persons, psychiatric cases, crime victims, arrests, extraditions, and child abductions. There is a steady increase in the number and severity of crimes committed against U.S. citizens in Costa Rica, as well as a paucity of effective prosecutions by Costa Rican authorities. Resolving cases of International Parental Child Abduction (IPCA) in accordance with the timelines and principles of the Hague Convention on the Civil Aspects of International Child Abduction also remains an important area of work. While the Costa Rican Central Authority for the Hague Abduction Convention has greatly improved its performance over the last several years, procedural delays can result in decisions on IPCA cases not being handed down in a timely manner. In addition, the country is a key transit route for international trafficking organizations which has resulted in a spike in crime rates. Prisons are overcrowded and unsafe. Uniformed police, particularly outside of the Central Valley, may be poorly prepared to meet these challenges due to insufficient government investment in law enforcement institutions. Costa Rica is also vulnerable to natural disasters such as earthquakes, volcanic eruptions, landslides, droughts, forest fires, and flooding, which impact the security of both the resident population and tourists. Strong rip currents and a lack of funding or legal mandate for lifeguards on Costa Rica's beaches has resulted in Costa Rica having the second highest incidence of U.S. citizen drownings of all countries outside the United States after Mexico. Improved identification, detention, and removal to the United States of numerous fugitives from U.S. justice in Costa Rica will make communities safer and assists law enforcement in the United States. Post's plans are designed to protect U.S. citizens within Costa Rica's borders and increase the country's capacity for crisis response.

**Mission Goal 2** Support sustained economic and commercial growth that fosters the prosperity of both countries

**Description and Linkages:** Costa Rica is an important bilateral economic and commercial partner with the United States, despite its relatively small size. The U.S. has a sizable trade in goods surplus with Costa Rica and a number of U.S. companies base a portion of their operations in Costa Rica, supporting local prosperity and stability, and improving the overall competitiveness of U.S. exports. However, a series of challenges are rendering the Costa Rican economy less competitive, affecting civilian security, and



undercutting the social investments that distinguished the country for many years. In support of the State-USAID Joint Strategic Plan's goal to renew America's competitive advantage and the WHA/LAC Joint Regional Strategy goal to create a prosperous hemisphere, Embassy San Jose will build on our mutually beneficial relationship to support sustained economic and commercial growth that fosters the prosperity of both countries. Key strategies include promoting bilateral trade and investment, opening markets to U.S. companies, spurring infrastructure investments, and advocating for sound economic reforms that expand opportunities and level the playing field for U.S. businesses. Because stronger economies create markets for U.S. exports, we will also support inclusive and sustainable economic growth in support of U.S. prosperity and security objectives through education, entrepreneurship, innovation, workforce development, sustainable natural resource management, and capacity building. Improved Costa Rican prosperity will also reduce violence, drug trafficking, and corruption that negatively affect U.S. interests (Goal 1), as well as allow Costa Rica to continue and expand its leadership in the region (Goal 3).

**Mission Objective 2.1** Foster prosperity by opening and maintaining markets, securing commercial opportunities, and spurring investments that contribute to U.S. job creation

**Justification:** Growth in U.S. exports is the key to our economic prosperity. By increasing exports of goods and services to Costa Rica from the United States, we contribute to U.S. job creation. Since signing the CAFTA-DR Free Trade Agreement, the economic relationship between Costa Rica and the United States has grown significantly. The U.S. is Costa Rica's top trading partner for both imports and exports and we enjoy a trade in goods surplus with Costa Rica. Further increasing bilateral investment and trade in goods and services is necessary to spur future economic growth and ensure continued opportunities for U.S. businesses. To accomplish this goal, we will work to open markets and help U.S. companies secure commercial opportunities. Because stronger economies create market opportunities for U.S. businesses, we will help Costa Rica make its economy more attractive to investment by eliminating structural impediments to growth while also clearing the way for greater private competition in the marketplace. Finally, increased Costa Rican travel to the U.S. supports U.S. goods and services exports and increases the number of Costa Ricans that have a positive opinion of the United States.

**Mission Objective 2.2** Promote inclusive and sustainable economic growth in support of U.S. prosperity and security objectives, through education, entrepreneurship, innovation, workforce development, and capacity building.

**Justification:** Costa Rica's poverty rate has been stuck in the 20 percent range for more than two decades and income inequality has been worsening, leading many citizens to question the value of trade liberalization and Costa Rica's investment-intensive model. The country's persistently low secondary school retention rates among youth from lower- and middle-class families negatively impacts Costa Rica's workforce and contributes to the deteriorating security situation in the country. In order to reverse these trends, Costa Rica must make necessary reforms to public education and ensure it is producing graduates with the skills needed in the 21st century workforce. Post will leverage U.S. expertise in English language instruction, education, workforce development, entrepreneurship, and small and medium enterprises to reduce income inequality and ensure more of the population is fruitfully employed. More inclusive economic prosperity creates new markets for U.S. businesses and improves Costa Rica's security situation and its prospects to be a regional leader.

**Mission Objective 2.3** Advocate for sound economic reforms, adoption of best practices, removal of barriers to U.S. companies, infrastructure improvements, and rule of law to enhance Costa Rica's economy and U.S. business opportunities

**Justification:** Costa Rica's economy is facing increasing challenges, including a growing debt burden, partly due to low tax collection and rigid spending on salaries and education. Inadequate infrastructure, bureaucratic inefficiencies, weak intellectual property enforcement, lack of transparency and limited liberalization of key sectors have constrained economic growth and caused problems for U.S. companies. Economic and institutional reform would offer more opportunities for U.S. investors and exporters and help with needed multi-billion dollar investments in infrastructure.

**Mission Goal 3** Promote regional policy priorities on democracy, prosperity, governance, and security

**Description and Linkages:** The United States and Costa Rica share a foundational commitment to democratic values, making Costa Rica one of our strongest partners in the Western Hemisphere. We have a long history of successful collaboration in support of related policy priorities, with the goal of making both our countries and the region more stable, more prosperous, and more secure. We will continue to work with Costa Rica to promote democracy and human rights in Venezuela, Cuba, and elsewhere; to address regional migration; to undertake regional energy, trade, education, entrepreneurship, and environmental initiatives; and to take a leading role in regional security initiatives, such as expansion of regional counternarcotics cooperation. At the

same time, Embassy San Jose's regional offices will promote U.S. policy priorities throughout Central America and the Western Hemisphere, such as coordinating humanitarian assistance for Venezuelans; ensuring full preparedness for natural disasters; and enhancing compliance with FDA food safety regulations. Promoting rule-of-law and good governance initiatives in Costa Rica and throughout the region has the consequent effect of spurring economic development, generating investment, strengthening law enforcement capabilities, and fostering trust in public institutions. Our regional work supports the State-USAID Joint Strategic Plan and the WHA/LAC Joint Regional Strategy Framework in promoting governance, prosperity, and security initiatives throughout the region, while seeking to maintain strong support for U.S. foreign policy objectives.

**Mission Objective 3.1** Encourage Costa Rica to take a greater regional and global leadership role in support of shared policy priorities

**Justification:** Costa Rica's commitment to democracy makes it an influential advocate in regional and international fora for protecting human rights, strengthening democratic institutions, and promoting rule of law initiatives. Costa Rica is an example in the region of accountable and democratic governance. Costa Rica has demonstrated the interest and ability to play a regional and global leadership role on key issues, although budget limitations and internal bureaucracy constraints at times hinder its sustained engagement. Embassy San Jose endeavors to work with our Costa Rican counterparts to strengthen collaboration with regional and international organizations, partners, and institutions in support of shared policy priorities.

**Mission Objective 3.2** Advance Mission efforts to engage throughout the region on U.S. policy priorities

**Justification:** Embassy San Jose is host to a number of U.S. agencies that have a regional focus. These entities use Costa Rica as a base for their work to promote U.S. policy priorities throughout Latin America. Embassy San Jose is committed to supporting the efforts of its regionally-focused offices to promote security, prosperity, and governance measures that ultimately benefit both the United States and Costa Rica.

#### 4. Management Objectives

**Management Objective 1** Develop a more substantial and effective management platform that is responsive to changing Mission requirements and the staffing to support them continue to grow

**Justification:** Dating from the late 1980s, the Chancery is crowded due to continued growth of programs and staffing. In 2016, post completed a long-planned space reallocation project to consolidate INL staff scattered on three levels of the Chancery, as well as carve out workspace for the Consular Investigative Unit separate from the Consular Section. However, this project has not addressed additional projected space needs. INL plans to add three USDH and five additional LE staff in 2018, which post will accommodate by fitting in extra desks and using up its small remaining swing space. In 2019, INL will add as many as five USDH and three LE staff positions to manage big new programs, and to provide sufficient oversight of the surge in resources. There is no space in the Chancery for these expected staffing additions. In addition, INL will add 40 third party contractors by January 2019 operating outside of the Chancery. Further complicating the situation are 2018 OIG report recommendations on physical security deficiencies that affect approximately 40 Facilities Management, GSO, and INL LE staff desk positions in the nearby warehouse, Motor Pool office, local guard office and Security Engineering Office (ESO) workshop. Additionally, although the Consular Section has made use of the small vacated Investigative Unit office, that section is over-crowded as well, having added more staff into the same tight space to meet continually increasing demand for its services. Although Post continues to consider requests for additional positions carefully, the Mission programmatic requirements have outstripped both space and the ICASS support resources. Post needs a long-term and more comprehensive space plan to meet the space needs across the Mission better. On the staffing side, Management will need to increase its platform in terms of both the USDH and LE staff. Attracting and retaining the highest quality of staff is also a top priority. Given the significant number of locally employed (LE) staff with more than 30 years of service, post anticipates a large turnover of senior staff in the next five to ten years. Management must groom the next generation of LE staff leaders and devise incentives to ensure we retain them.

The risk of not fully addressing and solving the space and staffing shortages is that the Mission will not be adequately staffed, which degrades the ability to fully carry out programs, to administer U.S. taxpayer dollars in a responsible manner, and to provide sufficient customer service. This in turn has a negative ripple effect on morale, affecting our ability to attract good USDH bidders and retain the best LE staff.