

Climate-smart agriculture and value chains in Costa Rica



Objective of the project

This multi-donor action aims to support Costa Rica's national transition to low-emission, climate-resilient and sustainable agricultural production systems in the Musaceae, coffee and livestock sectors.

Background

Costa Rica has set ambitious NDC and SDG targets to become a resilient, inclusive, and carbon-neutral economy by 2050, positioning itself as a natural ally to the EU's climate neutrality ambitions and new Green Deal. As part of its green recovery efforts after the COVID-19 crisis, Costa Rica seeks to move towards climate-smart agriculture, adopting resilient low-carbon production models, green solutions for food security and the use of technological innovations.

A 2018 sectoral agreement between the Ministry of Agriculture and Livestock (MAG) and the Ministry of Environment and Energy (MINAEC) aims to reduce emissions in the range of 30-45 kilograms of carbon dioxide equivalent (CO₂) per unit of agricultural GDP by 2030. Among the five priority actions of its National Decarbonization Plan, Costa Rica plans to transform the most GHG-emitting activities. The NDP also sets the target that by 2030, the coffee, livestock and medicinal plant value chains will use emission-reducing technologies at both farm and processing levels. For this to happen, current agricultural systems must be transformed into profitable and climate-friendly agroecological systems with decent employment conditions.

By focusing on farming, agricultural innovation and knowledge systems, as well as involving scientific research in the co-design of innovations, the project will help Costa Rica achieve its transformation goals in the targeted sectors.

Theory of change to achieve the objectives

Building climate-resilient and sustainable agricultural production systems by transitioning to low-emission production schemes requires a paradigm shift in the way national and local institutions, public and private actors, and the population think and act. To achieve this shift, it is necessary to develop concrete examples of best practices that will be tested with stakeholders, put into practice, and disseminated. The project is built around a participatory call for innovation (Output 1) that will be carried out to foster the uptake and adoption of new and existing technological solutions and good practices that facilitate the urgently needed transition towards climate-intelligent agriculture and value chains.

Hence, Output 1 addresses the introduction of innovative solutions into agricultural production systems and value chains through an ideas competition open to all value chain actors in the three targeted agricultural subsectors Musaceae, coffee, and livestock. Innovation occurs primarily when applied research, in cooperation with market actors, contributes to solving concrete problems and/or exploiting existing market opportunities. To systematically strengthen cooperation between the scientific community and the primary sector, the call for innovation will support on-farm pilot projects implemented by producers in cooperation with research institutes. This demand-driven approach will strengthen the innovation capacities of farmers and academics likewise, by encouraging them to focus on developing innovations to solve practical problems in the field.

The availability of financial capital as well as consumer demand for climate-friendly agricultural products, especially in local and foreign markets with high purchasing power such as the EU, are critical for the sustainability and widespread adoption of innovative examples and best practices such as those generated by the ideas' competition of Output 1. Output 2 is therefore about identifying, scaling-up and/or establishing financing mechanisms that enable the implementation of projects that contribute to the transformation towards a sustainable and climate-resilient agricultural and livestock sector.

Output 3 concerns the implementation of measures to improve the positioning of low-carbon agricultural products on national and international markets. The project will help producers access strategically important markets, especially niche markets with a greater willingness –to pay for low-carbon products. In this context, it is important to ensure the profitability of sustainable and resilient production methods at farm level and, consequently, the willingness of farmers to replicate and expand such production methods.

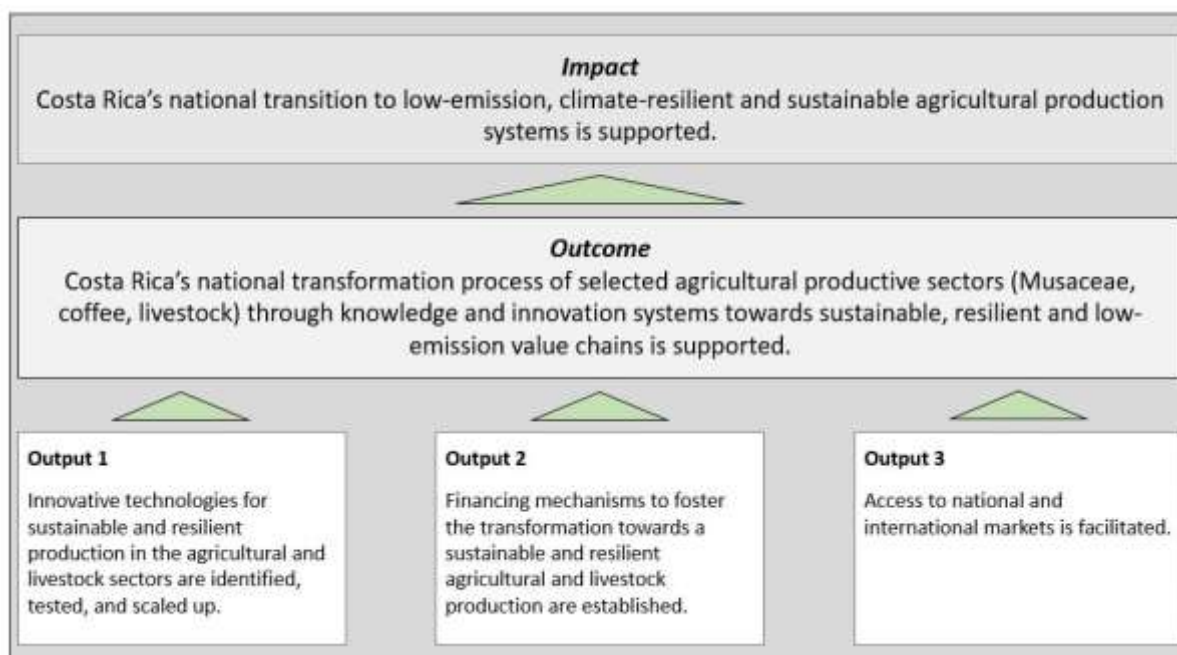


Figure 1: Graph of impact pathway (ex ante) detailing outputs, outcomes, and impacts. For activities per output, refer to the following section.

Output 1: Call for innovation

Main activities

- 1.1. Conceptualisation of criteria and guidelines for three calls for innovation, in cooperation with key stakeholders from government, academia and national chambers and associations of the different commodities.
- 1.2. Execution of ideas competitions and distribution of funds.
- 1.3. Identification of pilot farms and consolidation of their production models as technological showcases.
- 1.4. Preparation and dissemination of experiments and results.

Output 2: Improving access to and availability of finance

Main activities

- 2.1. Preparation of an inventory of existing funding mechanisms and instruments.
- 2.2. Design of a strategy to foster and mobilise private and public funding for the production models and technologies developed under Output 1.
- 2.3. Support small-scale producers and producer associations in accessing financing mechanisms.

Output 3: Facilitating access to commercial markets

Main activities

- 3.1. Facilitating the exchange of good practices between the different agricultural sectors to successfully position agricultural products on the markets.
- 3.2. Development of additional criteria recommendations for national and international standards.
- 3.3. Facilitation of the participation of private sector institutions and organisations in national and international trade fairs.
- 3.4. Development of a marketing strategy to position low-carbon agricultural products in national and international markets.

Organisation

To take advantage of synergies and increase the scope and sustainability of impacts, the project will be coupled with the initiative “Transformative Low Carbon and Climate Resilient Pathways of Costa Rica” (TRANSFORMA), financed by the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV).

The project will pursue a multi-stakeholder approach, integrating a variety of key actors (see also sections *implementing organizations* and *other main stakeholders*). Regarding project governance, at the political level, a **Project Steering Committee (PSC)**, composed by the Costa Rican Ministry of Environment and Energy (MINAE), the Ministry of Agriculture and Livestock (MAG), as well as the EU and the BMUV, will be established. In addition, a **Project Management Committee (PMC)** will be set up between the entities involved in the implementation of the project, including academia, to coordinate interventions at the technical level, review progress and exchange action plans.

Implementing organisations

The project is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. GIZ will serve as the project coordinator and will oversee the leadership and implementation of the project, including the management of relationships, funds, and subcontracting.

Project partners

The main public implementation partners in Costa Rica are MINAE and MAG, including their subordinate bodies and/or extension services. The Action works closely with and contributes to the agri-environmental platform created by the two ministries to coordinate activities supporting environmentally friendly and economically profitable agricultural production systems.

Other implementation partners include the organisations included in the consortium implementing the BMUV-funded complementary TRANSFORMA project: the Tropical Agricultural Research and Higher Education Center (CATIE), Conservation International (CI) Costa Rica, the Costa Rica United States Foundation for Cooperation (CRUSA), the Environmental Bank Foundation (FUNBAM), and the United Nations Development Program (UNDP).

Other key stakeholders

Main private sector stakeholders include, as the primary direct beneficiaries of the project, (small-scale) agricultural producers, livestock farmers, their respective associations, and local communities. Key stakeholders from the academia and research sector include, among others, the University of Costa Rica (UCR), the Costa Rica Institute of Technology (ITCR), the National Technical University (UTN), the National University of Costa Rica (UNA), EARTH University, the Costa Rica Institute of Technology (TEC), the State Distance University (UNED) and several affiliated research institutes and experimental stations (e.g. CITA, CIGRAS) as well as local technical colleges. The sectoral organisations of the selected agricultural sectors are also key stakeholders for the transformation towards climate-smart agriculture and value chains: the Costa Rican Coffee Institute (ICAFFE), the National Livestock Corporation (CORFOGA), the National Banana Corporation (CORBANA), among others.

Localisation

Musaceae, livestock, and coffee producing areas in Costa Rica.

Funding and co-funding

This multi-donor action is jointly co-financed by the European Union and the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV).

EU: € 4,150,000

BMUV: € 1,550,000

Duration: 48 months (01.11.2021 – 31.10.2025)



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