



## ADAPTATION FUND

AFB/PPRC.28/12  
4 October 2021

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Adaptation Fund Board  
Project and Programme Review Committee  
Twenty-eighth Meeting  
Virtual meeting, 11-13 October 2021

Agenda Item 4 f)

### **PROPOSAL FOR COSTA RICA**

## Background

1. The Operational Policies and Guidelines (OPG) for Parties to Access Resources from the Adaptation Fund (the Fund), adopted by the Adaptation Fund Board (the Board), state in paragraph 45 that regular adaptation project and programme proposals, i.e. those that request funding exceeding US\$ 1 million, would undergo either a one-step, or a two-step approval process. In case of the one-step process, the proponent would directly submit a fully-developed project proposal. In the two-step process, the proponent would first submit a brief project concept, which would be reviewed by the Project and Programme Review Committee (PPRC) and would have to receive the endorsement of the Board. In the second step, the fully-developed project/programme document would be reviewed by the PPRC, and would ultimately require the Board's approval.

2. The Templates approved by the Board (Annex 5 of the OPG, as amended in March 2016) do not include a separate template for project and programme concepts but provide that these are to be submitted using the project and programme proposal template. The section on Adaptation Fund Project Review Criteria states:

*For regular projects using the two-step approval process, only the first four criteria will be applied when reviewing the 1st step for regular project concept. In addition, the information provided in the 1st step approval process with respect to the review criteria for the regular project concept could be less detailed than the information in the request for approval template submitted at the 2nd step approval process. Furthermore, a final project document is required for regular projects for the 2nd step approval, in addition to the approval template.*

3. The first four criteria mentioned above are:

- (i) Country Eligibility,
- (ii) Project Eligibility,
- (iii) Resource Availability, and
- (iv) Eligibility of NIE/MIE.

4. The fifth criterion, applied when reviewing a fully-developed project document, is:  
(v) Implementation Arrangements.

5. It is worth noting that at the twenty-second Board meeting, the Environmental and Social Policy (ESP) of the Fund was approved and at the twenty-seventh Board meeting, the Gender Policy (GP) of the Fund was also approved. Consequently, compliance with both the ESP and the GP has been included in the review criteria both for concept documents and fully-developed project documents. The proposal template was revised as well, to include sections requesting demonstration of compliance of the project/programme with the ESP and the GP.

6. At its seventeenth meeting, the Board decided (Decision B.17/7) to approve "Instructions for preparing a request for project or programme funding from the Adaptation Fund", contained in the Annex to document AFB/PPRC.8/4, which further outlines applicable review criteria for both concepts and fully-developed proposals. The latest version of this document was launched in conjunction with the revision of the Operational Policies and Guidelines in November 2013.

7. Based on the Board Decision B.9/2, the first call for project and programme proposals was issued and an invitation letter to eligible Parties to submit project and programme proposals to the Fund was sent out on April 8, 2010.
8. According to the Board Decision B.12/10, a project or programme proposal needs to be received by the secretariat no less than nine weeks before a Board meeting, in order to be considered by the Board in that meeting.
9. The following project concept document titled “Increasing the Resilience of Vulnerable Populations in Costa Rica by Scaling Up Adapta2” was submitted for Costa Rica by the Fundecooperación para el Desarrollo Sostenible (Fundecooperación), which is a National Implementing Entity of the Adaptation Fund.
10. This is the first submission of the concept proposal using the two-step submission process.
11. The current submission was received by the secretariat in time to be considered in the thirty-seven Board meeting. The secretariat carried out a technical review of the project proposal, assigned it the diary number AF00000257, and completed a review sheet.
12. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with Fundecooperación, and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.
13. The secretariat is submitting to the PPRC the summary and, pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25.15, the proposal is submitted with changes between the initial submission and the revised version highlighted.

## ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: Regular-sized Project Concept

<b>Country/Region:</b>	Costa Rica	
<b>Project Title:</b>	Increasing the resilience of vulnerable populations in Costa Rica by scaling up Adapta2+	
<b>Thematic Focal Area:</b>	Food Security	
<b>Implementing Entity:</b>	Fundecooperación para el Desarrollo Sostenible	
<b>Executing Entities:</b>	National Ministry of Environment and Energy (MINAE), Ministry of Agriculture (MAG), Academia, NGOs, local organizations, others.	
<b>AF Project ID:</b>	AF00000257	
<b>IE Project ID:</b>	<b>Requested Financing from Adaptation Fund (US Dollars):</b> 10,000,000	
<b>Reviewer and contact person:</b>	Camila Florez	<b>Co-reviewer(s):</b> Martina Dorigo, Patricia Marcos Huidobro
<b>IE Contact Person:</b>	Carolina Reyes	

### Technical Summary

The project “Increasing the resilience of vulnerable populations in Costa Rica by scaling up Adapta2+” aims to increase the resilience of vulnerable populations in Costa Rica, particularly women, by scaling up adaptation actions and strengthening climate finance, value chains and organization based-communities. This will be done through the three components below:

Component 1: Improvement of the adaptive capacity of food systems and communities involved in the development of the territory, with a gender perspective. (USD 3,360,000).

Component 2: Strengthening access to finance for nature-based adaptation investments. (USD 2,500,000).

Component 3: Strengthening capacities for local, national and regional decision making. (USD 2,500,000).

#### Requested financing overview:

Project/Programme Execution Cost: USD 860,000

Total Project/Programme Cost: USD 9,220,000

Implementing Fee: USD 780,000

Financing Requested: USD 10,000,000

The proposal includes a request for a project formulation grant of USD 30,000 and for a project formulation assistance grant of USD 20,000.

The initial technical review raised some issues such as compliance with the Fund’s Environmental and Social Policy, the full-cost of adaptation reasoning, and the possible duplication with other projects, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Request (CAR) raised in the review.

The final technical review found that the proposal has addressed most of the CR and CAR requests. However, a few issues remain unclear; these are related to compliance with national and technical standards, and the ESP,

	the justification of full cost of adaptation reasoning, and the lack of overlap with other projects.
Date:	September 21, 2021

Review Criteria	Questions	Comments Aug 23	Comments Sep 20
Country Eligibility	Is the country party to the Kyoto Protocol?	<b>Yes.</b>	-
	Is the country a developing country particularly vulnerable to the adverse effects of climate change?	<b>Yes.</b> Costa Rica is vulnerable to extreme climatic events. Droughts, in the Pacific coasts, and floods on the Caribbean slope, affect agriculture which is a key economic sector in the country.	-
Project Eligibility	Has the designated government authority for the Adaptation Fund endorsed the project/programme?	<b>Yes.</b> As per the Endorsement letter dated August 5, 2021.	-
	Does the length of the proposal amount to no more than Fifty pages for the project/programme concept, including its annexes?	<b>Yes.</b> A minor comment on the format: There are several acronyms that have not been spelled out through the proposal. All acronyms shall be spelled out when they are mentioned for the first time. This applies for instance to ENSO, CNE, CORDEX, ABS, CBI, among others. In addition, some acronyms present inconsistencies as with SEPSA, that sometimes is referred to as Executive Secretariat for Sectoral Planning, others as Executive Secretary of Agriculture Planning.  <b>CR1:</b> Please ensure acronyms are spelled out and consistent	<b>CR1: Cleared.</b>  Please note that as the revised proposal has new tables, these should be numbered, and the previous ones updated.
	Does the project / programme support concrete adaptation actions to assist the country in	<b>Yes, but requires further information.</b> The project concept	<b>CR2: Cleared.</b> The revised proposal has improved the framing of the

	<p>addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?</p>	<p>note identifies the need to support sustainable food production and consumption, promoting change of the “business-as-usual” patterns of the food system towards a resilient one. However, the concept note lacks specification on the objective, scope, and activities to be carried out.</p> <p><b>CR2:</b> It is understood from the proposal that the project would focus on the food system/agricultural sector. If this is correct, the objective of the proposal could be more specific to the food system/agricultural sector. This would help the reader to better understand the scope of the proposal. In Part II, section A, there is a special mention of rural populations. Please also specify if the project will focus on the food systems of rural areas solely.</p> <p><b>CR3:</b> Although the concept note frames the project in the production and consumption of food in relation to agriculture and livestock, it also mentions fisheries in some sections. Will the project also address this sector? If yes, further information is needed on the climate threats and vulnerability to fisheries.</p> <p><b>CR4:</b> The geographical scope of the project is unclear. Kindly</p>	<p>project, including its aim (page 6). The project focuses on value chains of the food system linking urban and rural areas (page 10).</p> <p><b>CR3: Cleared.</b> The revised proposal has included more information on artisanal fisheries (pages 5 and 20).</p> <p><b>CR4: Cleared.</b> The revised proposal has provided the criteria and sources of information that will be used to identify and prioritize the geographical scope of the project (page 12). The prioritization process will be done during the full proposal preparation stage.</p> <p><b>CAR1: Cleared.</b> The revised proposal has provided a list of potential adaptation actions under each project component. The potential adaptation actions will be selected once the geographical scope of the project is defined and its beneficiaries.</p> <p><b>CR5: Clear.</b> Output 2.1 was re-written to include agriculture and MSMEs, consistent with the Output’s activities.</p>
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		<p>specify if it will be implemented in specific regions and if not, please outline how these will be selected or prioritized.</p> <p><b>CAR1:</b> The proposal does not include specific adaptation actions. Please outline a set of adaptation actions (or type of actions, that are to be identified in the project formulation process) that would lead to increasing adaptive capacity? Specifically, what are the potential adaptation options for the food system in Costa Rica that could be implemented? What kind of nature-based adaptation? What type of community-based adaptation actions? Please also specify how the adaptation activities will respond to the range of climate change threats identified.</p> <p><b>CR5:</b> Output 2.1 is phrased as focused only on adaptation solutions for MSMEs, but two of the activities are focused on agriculture. Please clarify.</p>	
	Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	<p><b>Yes, but requires further information.</b> The proposal has identified the agricultural productive sector as its main beneficiary, whose members are particularly vulnerable and lack access to credit. In addition, the proposal has broadly described the vulnerability of women in the agriculture sector and small and medium enterprises</p>	<p><b>CAR2: Cleared.</b> The revised proposal has outlined the social and economic benefits together (page 22). It would be best however if social and economic benefits are indicated separately.</p> <p><b>CAR3: Cleared.</b> The revised proposal has provided more information on the vulnerability of women working in food</p>

		<p>of Costa Rica, though particular benefits to them are not outlined.</p> <p>The proposal outlines environmental benefits of potential adaptation measures to be taken, that together would improve ecosystem wellbeing. Furthermore, it mentions that a resilient local market would lead to social and economic benefits but does not identify these in detail.</p> <p><b>CAR2:</b> Please outline the social and economic benefits of the project for its beneficiaries.</p> <p><b>CAR3:</b> The proposal needs to further inform how it will benefit women and indigenous communities (if present in the project area). In addition, it needs to further detail how it will mainstream gender in the project activities. An initial gender assessment is required at this stage and should be provided.</p>	<p>systems in Costa Rica (pages 7, 8 and 9). It has also presented detailed information on how it will mainstream gender considerations in project activities (pages 13, 14, and 15). However, the proposal does not indicate the project particular benefits for women and indigenous peoples (if present in the project area), which may be partially explained by the need to further specify the beneficiaries during the full proposal development.</p>
	Is the project / programme cost effective?	<p><b>Not clear.</b> The project concept note has described the selected approach building on ADAPT+2 and providing a well-rounded justification of the project approach.</p> <p>The strengthening capacities for local, national and regional decision making (Component 3) is key for the sustainability and continuity of the project. However, Component 2 on access to finance</p>	<p><b>CR6: Cleared.</b> The revised proposal has provided further information on the FUNDECOOPERACION's finance products, where it is stated that this organization is the only entity offering a climate microcredit for the agricultural sector (page 28). However, information is missing on FUNDECOOPERACION's competitiveness with other financial entities working in other economic sectors.</p>



		<p>is the key innovative feature of the project when compared to Adapta+2. To this end, please consider a possible reallocation of resources to maximize the impacts of this innovative component.</p> <p>The need for a special focus on implementing financial instruments and investment models in favour of the agricultural sector, community organizations, and small and medium-sized enterprises, as an answer to generate alliances and financial tools and mechanisms for adaptation is well described. However, there is no market study regarding the characteristics of the credit for SMEs among other private banks, cooperatives, or public banks.</p> <p><b>CR6:</b> Please provide further information that enables evaluating FUNDECOOPERACION's finance products (specifically loans) if cheaper or more expensive or if more expeditious or lengthier than its competitors, among other economic considerations.</p>	<p>It is further advised that the full proposal analyses in-depth the cost-effectiveness of the proposed finance instruments in comparison with other (financial and non-financial) measures aimed at increasing the resilience of the population involved in the Costa Rican food systems.</p>
	<p>Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?</p>	<p><b>Yes</b>, the project is aligned with national plans and strategies, including its National Adaptation Policy, its NDC, and SDG 6.</p>	-

	Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?	<p><b>Not adequately.</b> The concept note lists several national laws and sectoral policies and standards (i.e., water, agriculture) but does not state how the project will practically ensure compliance with them.</p> <p><b>CAR4:</b> Please indicate how the project complies with the identified technical standards.</p> <p><b>CR7:</b> Please clarify whether there are other technical standards in relation to food processing that should be included.</p> <p>Please also note that the first paragraph under Section E mentions building codes among others, which may be an error. Please correct if needed.</p>	<p><b>CAR4: Not cleared.</b> The revised proposal has described how the project will support the general aim of several national laws and sectoral policies (pages 32 to 38) but falls short of indicating how it complies with the technical standards.</p> <p><b>CR7: Cleared.</b> The revised proposal has included standards relating to food processing (page 38).</p>
	Is there duplication of project / programme with other funding sources?	<p><b>Unclear.</b> The concept note has identified several relevant projects that have the potential for synergies. The section highlights lessons from some of the projects identified. However, the concept note falls short of explaining complementarity and lack of overlap.</p> <p><b>CR8:</b> Adapta2+ main quantitative results/outcomes are scattered across the document making it difficult for the reader to understand the new elements proposed by this project. The proposal would benefit from a</p>	<p><b>CR8: Not cleared.</b> The revised proposal has included a table (need to be numbered) comparing the outcomes of Adapta2 and the project (page 37). However, this table does not identify the main breakthroughs of the proposed project when compared to Adapta2+ (other than the access to finance products and mechanisms). The proposal would have benefited from a more elaborated description of the quantitative results of Adapta2+ and a comparison with the expected results under the proposed project.</p> <p><b>CR9: Not cleared.</b> The revised proposal has more information</p>

		<p>comparison between the main outcomes of Adapta2+ and the proposed project, perhaps in the format of a table.</p> <p><b>CR9:</b> Please address how each identified project complements the proposed project and how it will avoid duplication with other funding sources. <b>In addition, please</b> clarify synergies and how the proposed project will avoid duplications with the project “Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)” under implementation in seven Central American countries, including Costa Rica.</p> <p><b>CR10:</b> Section I mentions a study by GIZ in 2017. If possible, please make a reference to the study and include a link to the report if publicly available.</p>	<p>regarding the complementarity with adaptation projects in Costa Rica (pages 37-41), including CAMBio. However, the document does not address the request to explain how it will avoid duplication with the projects.</p> <p><b>CR10: Cleared.</b> The reference to the GIZ study has been provided (page 44).</p>
	Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	<p><b>Yes.</b> Component 3 of the project comprises knowledge management activities including dissemination of lessons learned, knowledge exchange, and training.</p> <p>For a fully-developed proposal stage, giving the interlinkages with other projects/initiatives in the country, a more detailed explanation on the plans to learn from relevant projects, programs, initiatives and evaluations is needed, including on how lessons learned will be documented and reported periodically.</p>	-

	<p>Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p><b>Largely yes.</b>  An initial consultative process has taken place, including a workshop with key governmental actors, and a meeting to discuss the scalability potential of Adapta2+.  Nevertheless, the consultative process has not included vulnerable groups, nor has it included gender considerations. A PFG and a PFA were requested to undertake comprehensive consultations at local level.</p> <p>For the development of the fully-developed project proposal, comprehensive consultations shall be undertaken to include the interests and concerns of marginalized and vulnerable groups, including gender considerations, relevant to the project.</p> <p><b>Additional suggestions:</b></p> <p>Even though there is a good identification of key public entities, the Institute of Rural Development (Inder) is only mentioned on page 26, under a reference to "Axis 8 of the Decarbonization Plan", despite the fact that this institution is specialized to formulate and execute public policies for sustainable rural development in Costa Rica, by precisely working under a new governance form. Please consider strengthening their</p>	<p>The revised proposal has considered the given suggestions, indicating its intention to work with academia and INDER (page 43).</p>
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		<p>involvement, specifically under component, 1 in the approach for the "rural development" as this can strengthen the project.</p> <p>The academic sector should play an important role in this project, and the project may seek stronger alliances with this sector. Specifically, the project proposal would benefit from the identification of relevant universities (or actors from the academia sector), and the articulation of the expected results from a stronger synergy with this sector.</p>	
	Is the requested financing justified on the basis of full cost of adaptation reasoning?	<p><b>No.</b> The concept note provides limited explanation on the full cost of adaptation. Section I only focuses on two project topics (i.e., climate financing and market opportunities for sustainable agriculture) but not the project components or outputs.</p> <p><b>CR11:</b> Please further explain the additionality of the project to achieve adaptation.</p>	<p><b>CR 11: Not cleared.</b> The revised proposal has more information that underscores the need for enabling environments for adaptation, and for increasing the accessibility to climate finance (pages 44 and 45). However, the revisions do not address how the project activities are relevant in addressing its adaptation objectives; and how without additional funding from other donors, these activities will help achieve these objectives.</p>
	Is the project / program aligned with AF's results framework?	<p><b>Not adequately.</b> The proposal does not specify its alignment with the AF's strategic results framework.</p> <p><b>CAR5:</b> Please specify how the project is aligned with the AF's strategic results framework. Please see: <a href="https://www.adaptation-fund.org/wp-">https://www.adaptation-fund.org/wp-</a></p>	<p><b>CAR5: Cleared.</b> The project is aligned with AF's strategic results framework (pages 45, 46, and 47).</p>

		<a href="content/uploads/2019/10/Adaptation-Fund-Strategic-Results-Framework-Amended-in-March-2019-2.pdf">content/uploads/2019/10/Adaptation-Fund-Strategic-Results-Framework-Amended-in-March-2019-2.pdf</a>	
	Has the sustainability of the project/programme outcomes been taken into account when designing the project?	<p><b>Yes, but further details are needed.</b></p> <p>The proposal highlights the sustainability of the project through the built partnerships, entrepreneurial skills, and the accessibility of climate finance. The scalability of the project has also been addressed.</p> <p><b>CR12:</b> The proposal would benefit from a detailed explanation on how adaptation actions will be sustained over time, across the three components. Further clarification should be provided on how the project will ensure that new practices adopted in the food system are maintained over time and in response to changing climatic conditions (short term vs long term impacts).</p>	<b>CR12: Cleared.</b> The revised proposal has explained how adaptation actions will be sustained over time, across the three components (pages 48 and 49).
	Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	<b>No.</b> The proposal provides an overview of potential environmental and social impacts and does not find considerable risks. However, the risk findings are not substantiated given that an impact assessment was not conducted at this time. Given the lack of specification of beneficiaries and geographical scope of the	<b>CAR6: Not Cleared.</b> The revised proposal has explained the further assessments are needed to evaluate the possible impacts and risks. It has noted that an ADAPTA2 tool will be used to identify risks, and a ESMS will be put in place. Furthermore, the revised proposal has undertaken a preliminary risk screening, acknowledging to some extent

		<p>proposal, the screening provided does not consider the possibility of risks.</p> <p><b>CAR6:</b> Please revise section L after addressing CAR 1 and following the Fund's guidance on compliance with ESP <a href="https://www.adaptation-fund.org/wp-content/uploads/2016/07/ESP-Guidance_Revised-in-June-2016_Guidance-document-for-Implementing-Entities-on-compliance-with-the-Adaptation-Fund-Environmental-and-Social-Policy.pdf">https://www.adaptation-fund.org/wp-content/uploads/2016/07/ESP-Guidance_Revised-in-June-2016_Guidance-document-for-Implementing-Entities-on-compliance-with-the-Adaptation-Fund-Environmental-and-Social-Policy.pdf</a></p> <p>As the nature-based and community-based adaptation activities of component 1 have not yet been identified, please make sure that you clarify the limits of the ESP assessment and confirm if and how this will be carried out during full project preparation.</p>	<p>potential risks.</p> <p>However, the revised proposal continues to indicate that it is category C, and has marked that most principles do not require further assessment (page 50). Given that the adaptation activities of component 1 have not yet been identified (only potential ones), it is not possible to categorize the project as C, nor state that no further assessment is required in the checklist table. Please note that all 15 principles shall be assessed in the full proposal development stage when the activities are selected, as stated in the revised proposal itself.</p>
Resource Availability	Is the requested project / programme funding within the cap of the country?	<b>Yes.</b>	-
	Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?	<b>Yes.</b>	-

	Are the Project/Programme Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)?	<b>Yes.</b>  <b>CR13:</b> The table in section “Project / Programme Components and Financing” includes a column with the Amount on US\$. This is incorrect and shall be million US\$.	<b>CR13: Cleared.</b>
Eligibility of IE	Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	<b>Yes.</b>	-
Implementation Arrangements	Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?	n/a at concept stage	
	Are there measures for financial and project/programme risk management?	n/a at concept stage	
	Are there measures in place for the management of for environmental and social risks, in line with the Environmental and Social Policy and Gender Policy of the Fund?	n/a at concept stage	
	Is a budget on the Implementing Entity Management Fee use included?	n/a at concept stage	
	Is an explanation and a breakdown of the execution costs included?	n/a at concept stage	
	Is a detailed budget including budget notes included?	n/a at concept stage	
	Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data,	n/a at concept stage	



	targets and indicators, in compliance with the Gender Policy of the Fund?		
	Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	n/a at concept stage	
	Does the project/programme's results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?	n/a at concept stage	
	Is a disbursement schedule with time-bound milestones included?	n/a at concept stage	



ADAPTATION FUND

## ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY:

<b>Country/Region:</b>	Costa Rica	
<b>Project Title:</b>	Increasing the resilience of vulnerable populations in Costa Rica by scaling up Adapta2+	
<b>Thematic Focal Area:</b>	Food Security	
<b>Implementing Entity:</b>	Fundecooperación para el Desarrollo Sostenible	
<b>Executing Entities:</b>	National Ministry of Environment and Energy (MINAIE), Ministry of Agriculture (MAG), Academia, NGOs, local organizations, others.	
<b>AF Project ID:</b>	AF00000257	
<b>IE Project ID:</b>		<b>Requested Financing from Adaptation Fund (US Dollars):</b> 10,000,000
<b>Reviewer and contact person:</b>	Camila Florez	<b>Co-reviewer(s):</b> Martina Dorigo, Patricia Marcos Huidobro
<b>IE Contact Person:</b>	Carolina Reyes	

Technical Summary	<p>The project “Increasing the resilience of vulnerable populations in Costa Rica by scaling up Adapta2+” aims to increase the resilience of vulnerable populations in Costa Rica, particularly women, by scaling up adaptation actions and strengthening climate finance, value chains and organization based-communities. This will be done through the three components below:</p> <p><u>Component 1:</u> Improvement of the adaptive capacity of food systems and communities involved in the development of the territory, with a gender perspective. (USD 3,860,000).</p> <p><u>Component 2:</u> Strengthening access to finance for nature-based adaptation investments. (USD 2,000,000).</p> <p><u>Component 3:</u> Strengthening capacities for local, national and regional decision making. (USD 2,500,000).</p> <p><u>Requested financing overview:</u>            Project/Programme Execution Cost: USD 860,000            Total Project/Programme Cost: USD 9,220,000            Implementing Fee: USD 780,000            Financing Requested: USD 10,000,000</p> <p>The proposal includes a request for a project formulation grant of USD 30,000 and for a project formulation</p>
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	<p>assistance grant of USD 20,000.</p> <p>The initial technical review raises some issues such as compliance with the Fund's Environmental and Social Policy, the full-cost of adaptation reasoning, and the possible duplication with other projects, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Request (CAR) raised in the review.</p>
Date:	August 23, 2021

Review Criteria	Questions	Comments
Country Eligibility	1. Is the country party to the Kyoto Protocol?	<b>Yes.</b>
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	<b>Yes.</b> Costa Rica is vulnerable to extreme climatic events. Droughts, in the Pacific coasts, and floods on the Caribbean slope, affect agriculture which is a key economic sector in the country.
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	<b>Yes.</b> As per the Endorsement letter dated August 5, 2021.
	2. Does the length of the proposal amount to no more than Fifty pages for the project/programme concept, including its annexes?	<p><b>Yes.</b></p> <p>A minor comment on the format: There are several acronyms that have not been spelled out through the proposal. All acronyms shall be spelled out when they are mentioned for the first time. This applies for instance to ENSO, CNE, CORDEX, ABS, CBI, among others. In addition, some acronyms present inconsistencies as with SEPSA, that sometimes is referred to as Executive Secretariat for Sectoral Planning, others as Executive Secretary of Agriculture Planning.</p> <p><b>CR1:</b> Please ensure acronyms are spelled out and consistent  R/All acronyms have been included, as requested, in the project document.</p>
	3. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	<b>Yes, but requires further information.</b> The project concept note identifies the need to support sustainable food production and consumption, promoting change of the “business-as-usual” patterns of the food system towards a resilient one. However, the concept note lacks specification on the objective, scope, and activities to be carried out.

		<p><b>CR2:</b> It is understood from the proposal that the project would focus on the food system/agricultural sector. If this is correct, the objective of the proposal could be more specific to the food system/agricultural sector. This would help the reader to better understand the scope of the proposal. In Part II, section A, there is a special mention of rural populations. Please also specify if the project will focus on the food systems of rural areas solely.</p> <p>R/The proposal focuses on value chains of the food system. To clarify the linkages between the food system and the agriculture sector, a paragraph was added in the context p 6. It was also added “in the food system” in the objective to clarify the proposal scope (page 10).</p> <p>The proposal does not aim to solely focus on rural areas but work on value chains, sometimes linking urban and rural areas. Therefore, where “rural areas” were mentioned was deleted to avoid any confusion.</p> <p><b>CR3:</b> Although the concept note frames the project in the production and consumption of food in relation to agriculture and livestock, it also mentions fisheries in some sections. Will the project also address this sector? If yes, further information is needed on the climate threats and vulnerability to fisheries.</p> <p>R/The proposal does include artisanal fisheries as it will also work with communities in coastal areas. Information about artisanal fisheries was added in the context (p. 5) and in the beneficiaries’ sections (p. 20). However, it is important to mention that very little data exists about this sector in the country.</p>
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		<p><b>CR4:</b> The geographical scope of the project is unclear. Kindly specify if it will be implemented in specific regions and if not, please outline how these will be selected or prioritized.</p> <p>R/The exact geographical scope of the proposal has not been defined yet and will be identified during the development of the full proposal (clarifications added in page 12). The project exact location will be selected based on:</p> <ul style="list-style-type: none"><li>• Knowledge of key actors of the impacted sectors (during workshops and expert consultation).</li><li>• Adaptation maps produced by the NAP construction process supported by PLAN A (UNEP), project financed by the GCF (Green fund for Climate) focusing on adaptation planning at local level in the country.</li><li>• Climate projections developed by the academia,</li><li>• Different indexes developed at the national level (Human Development Index, social development index, among others),</li><li>• The location and results of Adapta2+</li><li>• The prioritized areas by the Territorial Economic Strategy for an Inclusive and decarbonized economy.</li><li>• Other criteria identified during the elaboration of the full proposal.</li></ul> <p>The previous information will be used during a participative approach through workshops with key actors of the adaptation, agricultural, public and private sectors, which will allow to identify specific populations and value chain of the food system to focus on and also allow the future close collaboration between institutions. The information was added in page 16.</p> <ul style="list-style-type: none"><li>• <b>CAR1:</b> The proposal does not include specific adaptation actions. Please outline a set of adaptation actions (or type of actions, that are to be identified in the project formulation process) that would lead to</li></ul>
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		<p>increasing adaptive capacity? Specifically, what are the potential adaptation options for the food system in Costa Rica that could be implemented? What kind of nature-based adaptation? What type of community-based adaptation actions? Please also specify how the adaptation activities will respond to the range of climate change threats identified.</p> <p>R/The proposal presented its future activities. Those activities lead to specific adaptation actions which will be identified once the exact location of the project will be defined (mentioned previously). This will allow identifying the type of agricultural activities and MSMEs the program will address. Therefore, a table was included in page 17, which presents the different components, activities and the potential adaptation actions to be implemented was added.</p> <p><b>CR5:</b> Output 2.1 is phrased as focused only on adaptation solutions for MSMEs, but two of the activities are focused on agriculture. Please clarify.</p> <p>R/Output 2.1 was re-written as "Access to existing climate finance tools to implement nature-based adaptation solutions in the agriculture sector and MSMEs part of the value chain of the food system is promoted" to avoid confusion (p14).</p>
	<p>4. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p><b>Yes, but requires further information.</b> The proposal has identified the agricultural productive sector as its main beneficiary, whose members are particularly vulnerable and lack access to credit. In addition, the proposal has broadly described the vulnerability of women in the agriculture sector and small and medium enterprises of Costa Rica, though particular benefits to them are not outlined.</p> <p>The proposal outlines environmental benefits of potential adaptation measures to be taken, that together would improve ecosystem wellbeing. Furthermore, it mentions that a resilient</p>

		<p>local market would lead to social and economic benefits but does not identify these in detail.</p> <p><b>CAR2:</b> Please outline the social and economic benefits of the project for its beneficiaries.</p> <p>R/ The social and economic benefits for the beneficiaries of the proposal were added based on the potential adaptation action in a table, page 22.</p> <p><b>CAR3:</b> The proposal needs to further inform how it will benefit women and indigenous communities (if present in the project area). In addition, it needs to further detail how it will mainstream gender in the project activities. An initial gender assessment is required at this stage and should be provided.</p> <p>R/The program will benefit women as it will work with special emphasis on farms, fisheries and MSMEs led by youth and women. Roughly, in Component 1, the approach of the project is to work with communities and implement actions at local level which will allow the program to have a tangible impact on the most vulnerable including women (information added p 13). In component 2, involvement of women and youth will increase the uptake of adaptation interventions by the community and assist the imparting and understanding of the rationale for public and finance institutions, and agricultural experts (added p 14). Finally, in component 3, women and youth are agents of change at local level and they will take the lead in dissemination of information using various strategies such as focus groups, study circles and roundtable discussions (added p 15).</p>
	<p>5. Is the project / programme cost effective?</p>	<p><b>Not clear.</b> The project concept note has described the selected approach building on ADAPT+2 and providing a well-rounded justification of the project approach.</p> <p>The strengthening capacities for local, national and regional decision making (Component 3) is key for the sustainability and continuity of the project. However, Component 2 on</p>

		<p>access to finance is the key innovative feature of the project when compared to Adapta+2. To this end, please consider a possible reallocation of resources to maximize the impacts of this innovative component.</p> <p><b>R/Resources were re-allocated (see p10).</b></p> <p>The need for a special focus on implementing financial instruments and investment models in favour of the agricultural sector, community organizations, and small and medium-sized enterprises, as an answer to generate alliances and financial tools and mechanisms for adaptation is well described. However, there is no market study regarding the characteristics of the credit for SMEs among other private banks, cooperatives, or public banks.</p> <p><b>CR6:</b> Please provide further information that enables evaluating FUNDECOOPERACION's finance products (specifically loans) if cheaper or more expensive or if more expeditious or lengthier than its competitors, among other economic considerations.</p> <p><b>R/Information about Fundecooperación's finance products (specifically loans) and the lack of offers existing in the country (based on a GIZ study) was added (page 28). While Fundecooperación is the only finance entity to implement a climate microcredit for the agricultural sector since 2019 (the PRO+CLIMA microloan), it is important to note that this sector has been neglected by the financial sector (with the exception of a few large producers). Therefore, agricultural producers have had problems accessing financing in general and a great necessity exists.</b></p>
	<p>6. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?</p>	<p><b>Yes,</b> the project is aligned with national plans and strategies, including its National Adaptation Policy, its NDC, and SDG 6.</p>



	<p>7. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?</p>	<p><b>Not adequately.</b> The concept note lists several national laws and sectoral policies and standards (i.e., water, agriculture) but does not state how the project will practically ensure compliance with them.</p> <p><b>CAR4:</b> Please indicate how the project complies with the identified technical standards.</p> <p>R/How the project complies with the identified technical standards was added from page 32 to page 38 per law groups (general environmental, agricultural, etc.) at the end of the descriptions of the legal frameworks.</p> <p>Additionally, as mentioned in the section requesting compliance with the Social and Environmental Policy, an additional process will be carried out during the preparation of the full proposal in order to validate the identified standards.</p> <p><b>CR7:</b> Please clarify whether there are other technical standards in relation to food processing that should be included.</p> <p>R/Food processing was added to page 38. As the proposal aims to work the value chain of the food system and will surely encounter food processing businesses during its implementation.</p> <p>Please also note that the first paragraph under Section E mentions building codes among others, which may be an error. Please correct if needed.</p> <p>R/The building codes were deleted (page 32).</p>
	<p>8. Is there duplication of project / programme with other funding sources?</p>	<p><b>Unclear.</b> The concept note has identified several relevant projects that have the potential for synergies. The section highlights lessons from some of the projects identified. However, the concept note falls short of explaining complementarity and lack of overlap.</p>

		<p><b>CR8:</b> Adapta2+ main quantitative results/outcomes are scattered across the document making it difficult for the reader to understand the new elements proposed by this project. The proposal would benefit from a comparison between the main outcomes of Adapta2+ and the proposed project, perhaps in the format of a table.</p> <p>R/To avoid confusion, information scattered in the proposal about Adapta2+ was deleted and the details were left to refer to its spin offs (on which are based the proposal) in page 37. A table comparing Adapta2+ and the proposal components was added on page 37.</p> <p><b>CR9:</b> Please address how each identified project complements the proposed project and how it will avoid duplication with other funding sources. <b>In addition, please</b> clarify synergies and how the proposed project will avoid duplications with the project “Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)” under implementation in seven Central American countries, including Costa Rica.</p> <p>R/After each description of adaptation projects implemented in the country, a short explanation to how the proposal complements or builds upon their results is added (p 37-41).</p> <p>Moreover, the project “Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)” was added and an explanation to how the proposal complement this project was added p 40-41.</p> <p><b>CR10:</b> Section I mentions a study by GIZ in 2017. If possible, please make a reference to the study and include a link to the report if publicly available.</p> <p>R/A foot page was added on page 44 with the link to the study.</p>
	9. Does the project / programme have a learning and knowledge management	<p><b>Yes.</b> Component 3 of the project comprises knowledge management activities including dissemination of lessons</p>

	<p>component to capture and feedback lessons?</p>	<p>learned, knowledge exchange, and training.</p> <p>For a fully-developed proposal stage, giving the interlinkages with other projects/initiatives in the country, a more detailed explanation on the plans to learn from relevant projects, programs, initiatives and evaluations is needed, including on how lessons learned will be documented and reported periodically.</p>
	<p>10. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p><b>Largely yes.</b></p> <p>An initial consultative process has taken place, including a workshop with key governmental actors, and a meeting to discuss the scalability potential of Adapta2+. Nevertheless, the consultative process has not included vulnerable groups, nor has it included gender considerations. A PFG and a PFA were requested to undertake comprehensive consultations at local level.</p> <p>For the development of the fully-developed project proposal, comprehensive consultations shall be undertaken to include the interests and concerns of marginalized and vulnerable groups, including gender considerations, relevant to the project.</p> <p><b>Additional suggestions:</b></p> <p>Even though there is a good identification of key public entities, the Institute of Rural Development (Inder) is only mentioned on page 26, under a reference to "Axis 8 of the Decarbonization Plan", despite the fact that this institution is specialized to formulate and execute public policies for sustainable rural development in Costa Rica, by precisely working under a new governance form. Please consider strengthening their involvement, specifically under component, 1 in the approach for the "rural development" as this can strengthen the project.</p> <p>The academic sector should play an important role in this project, and the project may seek stronger alliances with this sector. Specifically, the project proposal would benefit from</p>

		<p>the identification of relevant universities (or actors from the academia sector), and the articulation of the expected results from a stronger synergy with this sector.</p> <p>R/ We agree on the importance of the active participation of academia and organizations such as INDER, as well as the participation and consultation of vulnerable groups in the proposal, therefore, a short paragraph has been added to the proposal that confirms our intention to involve those institutions and population p43.</p>
	11. Is the requested financing justified on the basis of full cost of adaptation reasoning?	<p><b>No.</b> The concept note provides limited explanation on the full cost of adaptation. Section I only focuses on two project topics (i.e., climate financing and market opportunities for sustainable agriculture) but not the project components or outputs.</p> <p><b>CR11:</b> Please further explain the additionality of the project to achieve adaptation.</p> <p>R/The additionality of the project to achieve adaptation was re-written and full cost of adaptation was clarified per component (page.44-45). Thus, Component 1 will work into linking the activities in local markets, which will allow identifying where the value chain of the food system's competitive advantages or disadvantages are and focus its efforts in the gaps identified. It will permit the program to perform better. Component 2 states that there is an opportunity to update the environmental and social risk management systems and at the same time reorient focus towards a more complete vision of the significance of climate risk for financial institutions (FIs). Finally, component 3 states that investing into knowledge management is cost effective because it allows tackling issues such as knowledge leakiness and rework, speeding up access to information and knowledge, improving decision-making processes and promoting innovation and cultural change.</p>
	12. Is the project / program aligned with AF's results framework?	<p><b>Not adequately.</b> The proposal does not specify its alignment with the AF's strategic results framework.</p> <p><b>CAR5:</b> Please specify how the project is aligned with the AF's strategic results framework. Please see:</p>

		<p><a href="https://www.adaptation-fund.org/wp-content/uploads/2019/10/Adaptation-Fund-Strategic-Results-Framework-Amended-in-March-2019-2.pdf">https://www.adaptation-fund.org/wp-content/uploads/2019/10/Adaptation-Fund-Strategic-Results-Framework-Amended-in-March-2019-2.pdf</a></p> <p>R/A table was added on page 45 showing how the proposal responds to each strategic result of the AF and its eight outcomes.</p>
	<p>13. Has the sustainability of the project/programme outcomes been taken into account when designing the project?</p>	<p><b>Yes, but further details are needed.</b></p> <p>The proposal highlights the sustainability of the project through the built partnerships, entrepreneurial skills, and the accessibility of climate finance. The scalability of the project has also been addressed.</p> <p><b>CR12:</b> The proposal would benefit from a detailed explanation on how adaptation actions will be sustained over time, across the three components. Further clarification should be provided on how the project will ensure that new practices adopted in the food system are maintained over time and in response to changing climatic conditions (short term vs long term impacts).</p> <p>R/A detailed explanation on how adaptation actions will be sustained over time, across the three components, was added p. 48-49 .</p> <ul style="list-style-type: none"> <li>• Component 1: The sustainability of this component is ensured by working along the value chain of the food system.</li> <li>• Component 2 ensures farmers, MSMEs and community-based organizations access to climate finance.</li> <li>• Thanks to component 3, the proposal will build capacity at all levels in different sectors (public, private, public institutions, agriculture, community-based organization, business, amongst others), ensuring the appropriation of results by all actors and the possibility to use the knowledge created during the implementation of the program and other processes.</li> </ul>

	14. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	<p><b>No.</b> The proposal provides an overview of potential environmental and social impacts and does not find considerable risks. However, the risk findings are not substantiated given that an impact assessment was not conducted at this time. Given the lack of specification of beneficiaries and geographical scope of the proposal, the screening provided does not consider the possibility of risks.</p> <p>CAR6: Please revise section L after addressing CAR 1 and following the Fund's guidance on compliance with ESP <a href="https://www.adaptation-fund.org/wp-content/uploads/2016/07/ESP-Guidance_Revised-in-June-2016_Guidance-document-for-Implementing-Entities-on-compliance-with-the-Adaptation-Fund-Environmental-and-Social-Policy.pdf">https://www.adaptation-fund.org/wp-content/uploads/2016/07/ESP-Guidance_Revised-in-June-2016_Guidance-document-for-Implementing-Entities-on-compliance-with-the-Adaptation-Fund-Environmental-and-Social-Policy.pdf</a></p> <p>As the nature-based and community-based adaptation activities of component 1 have not yet been identified, please make sure that you clarify the limits of the ESP assessment and confirm if and how this will be carried out during full project preparation.</p> <p>R/The approach to the Fund's guidance on compliance with ESP was re-worked and a newly filled table was added in page 50. It does not identify further assessment required for compliance at this stage of the proposal, but mentions that already developed tools will be used to confirm the statement as well as other tools will be used during the implementation of the program mitigate possible risks.</p>
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	<b>Yes.</b>
	2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?	<b>Yes.</b>

	3. Are the Project/Programme Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)?	<p><b>Yes.</b></p> <p><b>CR13:</b> The table in section “Project / Programme Components and Financing” includes a column with the Amount on US\$. This is incorrect and shall be million US\$.</p> <p>R/The correction was realized and the word "million" was included in the column of amount, in page 11.</p>
Eligibility of IE	1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	<b>Yes.</b>
Implementation Arrangements	1. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?	n/a at concept stage
	2. Are there measures for financial and project/programme risk management?	n/a at concept stage
	3. Are there measures in place for the management of for environmental and social risks, in line with the Environmental and Social Policy and Gender Policy of the Fund?	n/a at concept stage
	4. Is a budget on the Implementing Entity Management Fee use included?	n/a at concept stage
	5. Is an explanation and a breakdown of the execution costs included?	n/a at concept stage
	6. Is a detailed budget including budget notes included?	n/a at concept stage
	7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?	n/a at concept stage
	8. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	n/a at concept stage
	9. Does the project/programme’s results	n/a at concept stage

	framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?	
	10. Is a disbursement schedule with time-bound milestones included?	n/a at concept stage





## **REQUEST FOR PROJECT/PROGRAMME FUNDING FROM THE ADAPTATION FUND**

The annexed form should be completed and transmitted to the Adaptation Fund Board Secretariat by email or fax.

Please type in the responses using the template provided. The instructions attached to the form provide guidance to filling out the template.

Please note that a project/programme must be fully prepared (i.e., fully appraised for feasibility) when the request is submitted. The final project/programme document resulting from the appraisal process should be attached to this request for funding.

Complete documentation should be sent to:

The Adaptation Fund Board Secretariat 1818 H Street NW  
MSN N7-700  
Washington, D.C., 20433 U.S.A  
Fax: +1 (202) 522-3240/5  
Email:

[afbsec@adaptation-fund.org](mailto:afbsec@adaptation-fund.org)

## PROJECT/PROGRAMME PROPOSAL TO THE ADAPTATION FUND

### PART I: PROJECT/PROGRAMME INFORMATION

Project/Programme Category: Regular Programme

Country/ies: Costa Rica

Title of Programme: Increasing the resilience of vulnerable populations in Costa Rica by scaling up Adapta2+

Type of Implementing Entity: National Implementing Entity

Implementing Entity: Fundecooperación para el Desarrollo Sostenible

Executing Entity/ies: National Ministry of Environment and Energy (MINAE), Ministry of Agriculture (MAG), Academia, NGO's, local organizations, others.

Amount of Financing Requested: 10 000 000 (in U.S Dollars Equivalent)

### PROJECT / PROGRAMME BACKGROUND AND CONTEXT:

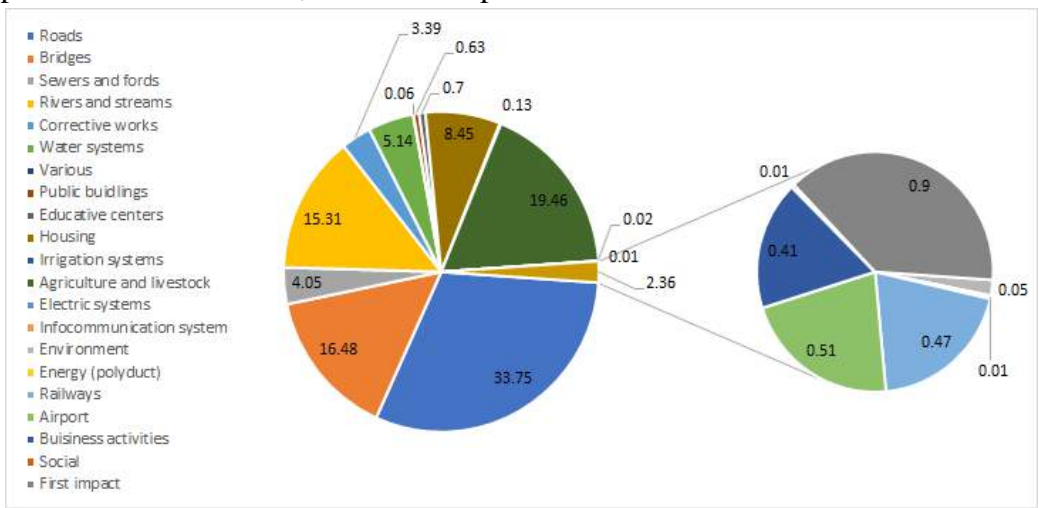
*Provide brief information on the problem the proposed project/programme is aiming to solve. Outline the economic social, development and environmental context in which the project would operate.*

**Costa Rica has been identified as one of the most vulnerable countries to climate change impacts, particularly to extreme hydro-meteorological events due to a combination of geographical location and economic factors.** Indeed, the National Meteorological Institute (IMN) stated that the country has a high vulnerability to direct climate change impacts, while the Intergovernmental Panel on Climate Change

(IPCC) projects that climate change impacts will be particularly severe in the country. In fact, Costa Rica is identified as "one of the most prominent climate change hotspots in the tropics". The particularity of the country lies in the fact that the historical records of the IMN and of extreme events of climate variability (El Niño-Southern Oscillation, ENSO) show that the Costa Rican territories do not experience the impacts of climate events in the same way throughout the country due to its topographic characteristics. It was noted that the impacts of climatic events are experienced inversely on the coasts, in other words, while droughts are experienced on the Pacific slope, floods are suffered on the Caribbean slope. It is predicted that the future climate will be similar to the climate experienced by the country during the "el Niño" phenomenon (IMN, 2019).

**Costa Rica already suffered climate change impacts and between 2005 and 2020, with 21 climatic events, including 2 droughts, which had strong impacts on infrastructure, services and products as shown in figure 1.** As it can be observed, roads have mostly been affected (33.75%), then the agriculture sector (19.46%), then bridges (16.46%).

Figure 1. Percentage of losses due to extreme weather-related events impacts on infrastructures, services and production between 2005 - 2020 in Costa Rica



Sources: CNE, 2021

In terms of projections, the IMN conducted the first regionalized climate change scenarios in 2012, updated in 2017, using the regional model Providing Regional Climates for Impacts Studies (PRECIS<sup>1</sup>). In 2020, a new exercise was carried out using regional models with the Coordinated Regional Downscaling

<sup>1</sup> The meteorological variables considered were precipitation, temperature (minimum, average and maximum), relative humidity, solar radiation (irradiance) and wind speed.

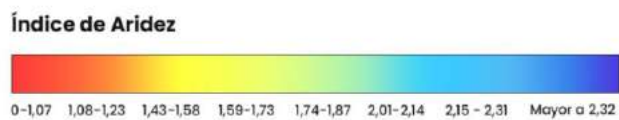
Experiment (CORDEX) experiment design. The results of the latter can be accessed through the Climate Change Scenarios of Central America<sup>2</sup>: <https://centroamerica.aemet.es> (MINAE, 2020).

On the one hand, one of the parameters that best reflects global warming in Costa Rica is the increase of the number of warm nights, defined as the number of days per year whose minimum temperature exceeds the 90th percentile of the 1971-2000 climate reference period. In the CORDEX model, with the low emissions scenario (RCP 2.6), the number of warm nights doubles by the end of the century, or triples for the same period with the high emissions scenario (RCP 8.5). The increase of warm nights has a direct negative impact in agriculture (MINAE, 2020).

On the other hand, the regional model PRECIS shows that temperatures increase between 1° C to 2° C for all time-horizons. As for the precipitation scenarios, compared to the current climate, an increase in rainfall is predicted in the short term in the Northern Caribbean and the Northern Zone. The same is observed in the Nicoya Peninsula, lower parts of the Central Pacific and the most southern sector of the South Pacific. In the other regions, in turn, a decrease in rainfall is predicted (MINAE, 2020).

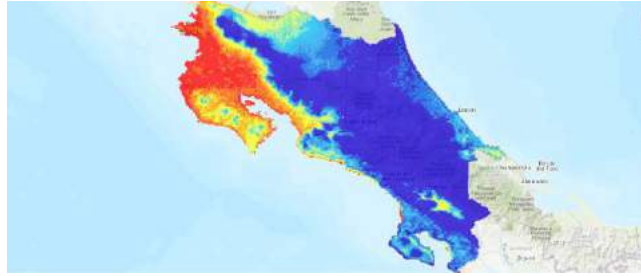
The University of Costa Rica also generated a RCP 8.5, PRECIS model, in the framework of the Plan A project (DCC MINAE - UNEP 2020) with information from the PRECIS model provided by the IMN. As a result, they mapped the different impacts of climate change and the RPC 8.5 showed as a result the following maps (from map 1 to map 6.). As it can be observed, the aridity index shows that aridity will increase in current wet zones of the country. In the short and long-term, precipitations will reduce, while in the short-term temperature will increase and slightly decrease in the long-term.

- **Aridity maps**

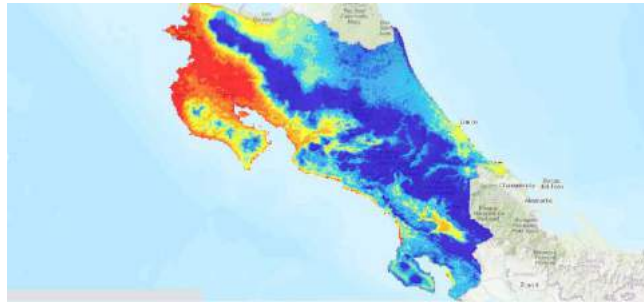


Areas with higher aridity are indicated in red and areas with lower aridity in blue.

<sup>2</sup> The time horizons of these projections are: 2010-2039, 2040-2069, 2070-2099.



Map 1. Historical climatological aridity (1971 - 2000)



Map 2. Short-term climatological aridity (1971 - 2000)

- **Precipitations maps**

**Precipitación media anual RCP 8.5**



The lowest average precipitation is indicated in light blue and the highest average precipitation in dark blue.



Map 3. Short-term mean annual precipitation average (2011 - 2040)



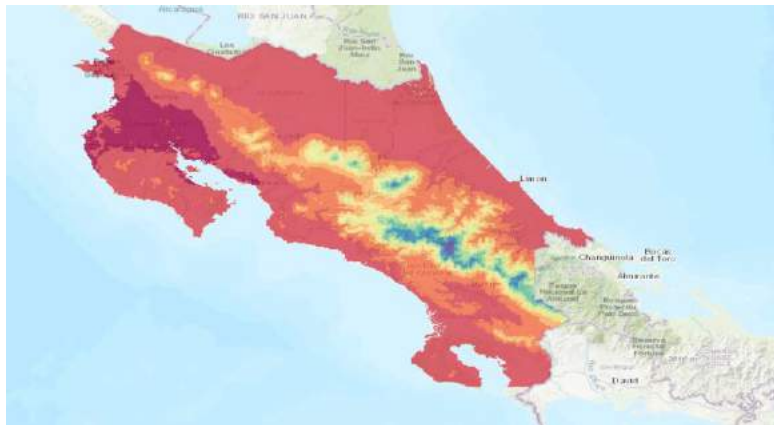
Map 4. Long-term mean annual precipitation average (2041 - 2070)

- **Temperatures maps**

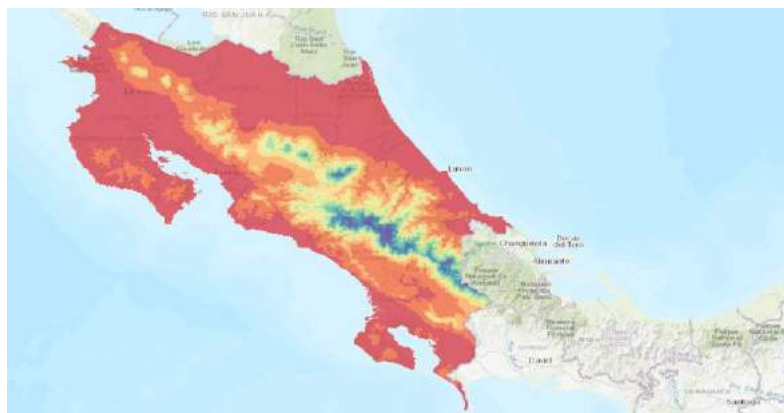
**Temperatura media anual RCP 8.5**



The lowest average temperature is indicated in blue and the highest average temperature in dark red.



Map 5 Short-term average annual mean temperature (2011 - 2040)



Map 6: Long-term average annual mean temperature (2041 - 2070).

**In this context, in Costa Rica, in 2019, the Agricultural Value Added (VAA) reached an amount of 1,410,676 million colons,** while in 2020, the agricultural sector ranked second as a generator of employment, with a 12.8% share within the total employed population (of whom about 12.5% are female). It employed on average 270 673 people, with an annual growth of 2.0%. This growth presented the highest variation rate in the employed population of the three sectors of the national economy (primary, secondary, and commerce and services). By administrative regions, the Central region has the largest number of people employed in the agricultural sector with a 35.4% share, followed by the Huetar Norte region with 20.8%, while the Central Pacific region accounts for only 4.1% of the total employed population of the agricultural sector. By age group of the employed population in the agricultural sector, 31.3% is part of the 45 to 59 age group and 16.4 % in the 60 and over age group. Hence, 47.7 % of those employed in the sector are between 45 and over; while 12.7% of the employed population is between 15 and 24 years old, showing the necessity to continue with the efforts to incorporate young people in agricultural activities (SEPSA, 2020).

**From 1988 to 2018, Costa Rica's agricultural sector experienced an estimated USD 590 million in losses due to extreme floods and droughts, representing 18% of the total economic losses across all sectors of the economy from climatic events during that time period.** Moreover, in 2020, a contraction of 0.9% of the VAA occurred due to the effects of the pandemic, the reduction of external demand, and lower exportable supply of pineapple and other agricultural products affected by hurricanes Eta and Iota. In 2018 and 2019 the banana sector was the main sector affected by the ENSO, climate phenomena which caused alteration of rainfall distribution, cold fronts and floods that reduced the exportable supply by up to 5% with respect to 2017. Rising temperatures along with shifting rainfall conditions have also led to the multiplication of pests and diseases. Climate change-induced losses in agricultural production are projected to reduce agriculture's contribution to Gross domestic product (GDP) by between 8% and 12% by 2100, relative to 2007 (MIDEPLAN, 2019). Added to rising competition for resources, such as water, and the large-scale degradation of land and water resources, these effects will significantly impact farmers and, at a larger scale, the Costa Rican economy.

**Therefore, the agricultural sector, although a key economic sector, is one of the most vulnerable to climate change impacts, and the rapid increase of extreme climate events pressures the sector to transform quicker into fully resilient one needs.** To face those impacts, the National Adaptation Policy (NAP) presents the priorities to be acted to:

- Reduction of water availability
- Loss, damage and death for flooding and landslide
- Vectors multiplication and disease spreading
- Changes in composition and distribution of pests
- Flooding and salinization of coastal areas
- Losses due to lower crop and livestock herd yields

In spite of the efforts realized by the administration and other key actors of the agricultural sector to comply with the sectoral objectives (such as the increase in added value, promoting improvements in productivity, sustainable rural development, and mitigation and adaptation to climate change), the

increasing impacts of climate change put further pressure on the sector and activities linked to it, which requires, thus, further efforts to support a quicker transformation. Moreover, agriculture and livestock sectors are at the forefront of being impacted by both the phenomena and public policies reforms to meet the national adaptation and decarbonization goals.

Moreover, Costa Rica's artisanal fishing industry is also highly vulnerable to climate change, and the poorer and less empowered the fishing regions are with respect to their resource and economic activity, the more vulnerable they are. Indeed, due to projected climate change in the mid-21st century and beyond, the global redistribution of marine species and reduction of marine biodiversity in sensitive regions will challenge the sustained provision of fisheries productivity and other ecosystem services (Moreno Diaz, Alfara, 2018). This is exacerbated by ineffective management of marine resources and lack of productive diversification. Artisanal fisheries are not very adaptive to changes in productivity or fishing distribution and to natural disasters (Ambientico 2014).

To strengthen the adaptation of the agricultural and fisheries sectors, previous national experiences have shown the need to adapt the food systems rather than only focusing on the agricultural or fishery sectors which ensures its long-term transformation. Indeed, the Adapta2+ experience has shown that the slow shift from traditional agricultural food value chains and agricultural practices to sustainable food consumption and production patterns will occur and last by engaging governments, farmers, agro-industry, retailers and consumers.

The implementation of agricultural and fisheries adaptation strategies in farms and fishing will have a long-term impact by ensuring the sustainability of each step from production to consumption for adapted products. This leads to a more integrated approach linking dimensions of the value chain of the food system, understood as the sum of actors and interactions along the food value chain, from input supply and production of crops, livestock, fish, and other agricultural commodities to transportation, processing, retailing, wholesaling, and preparation of foods to consumption and disposal.

Hence a multi-stakeholder dialogue on the sustainable consumption and production of food and built partnerships for innovative new collaborations must be carried out, while activities that increase the sustainability of intensified agro-food production, reduce food waste and losses in the food production system, and help find ways to achieve more sustainable diets, must continue to be implemented to increase the overall system resilience.

**Therefore, to transform the traditional food system into a fully resilient one, it is crucial to support the micro, small and medium producers (MSMPs), but also the micro, small and medium enterprises (MSMEs), and systems related to food production such as water management.** Amongst the key sectors to integrate, water is crucial to sustainable food production. Indeed, it is an essential resource for the agricultural sector, ecosystems and various economic activities in the country; thus, competition for its use among different actors, based on each need and priority of access and demand, is occurring. In 2019, the Executive Secretariat for Sectoral Planning (SEPSA), with the support of the Food and Agriculture Organization of the United Nations (FAO), and the Mesoamerica without Hunger



Program realized a diagnosis of the state of the access to and the use of water resources in the Costa Rican agriculture. They stated the necessity to take measures to guarantee secure access to water for people involved in family agriculture who live in vulnerable conditions, but also for small and medium-sized agricultural producers, due to their importance in food security and the local and national economy.

**Moreover, the micro, small and medium enterprises (MSMEs), who represent 97.5% of the business park (MEIC, 2021) and are also highly vulnerable to climate change and key to food systems.** Indeed, to increase the sector's overall resilience there is a need to create enabling conditions and finance products for agricultural value chains. By supporting the MSMEs, thus, it will allow promoting local markets where farmers will be able to sell their products and MSMEs benefit from the sustainable products.

**However, to allow MSMPs and MSMEs' transformation, climate finance tools and mechanisms are still currently limited.** While farmers still have limited access to financial services due to stringent requirements and are underserved by the commercial sector, MSMEs have little alternative to access credit to implement adaptation to climate change strategies.

On the one hand, agricultural credit represented only 2.5% of total loans provided through public or private banks in Costa Rica in 2015 (SEPSA, 2015), while around 14% of all farmers received credit or financial services (INEC-Censo agropecuario, 2014). Agricultural producers in general have limited access to financial services due to stringent requirements, and are underserved by the commercial sector (OCDE, 2017). However, in 2017, the total amount of new placements in the Agricultural Sector, during the period under analysis, was 1 868 629.58 million colones, with an average annual growth rate of 3.74% and 1.85% in 2017 (participation with a downward trend, if compared to 2015 and 2016) (SEPSA, 2018).

On the other hand, in the country, 21.5% of the MSMEs indicated that during 2016 and 2017 they required specific financing to operate. When analyzing the behavior by company size, 20.8% of micro companies required some type of financing, as well as 23.4% of small companies and 27.8% of medium-sized companies. Of those, 89.0% indicated that they used their own funds, 4.4% accessed loans, 7.5% personal loans, 10.5% used credit cards, 0.3% with National Trust for Development (FINADE)funds, 0.8% with the development banking system and 7.6% with suppliers (OdD, 2018).

The financing sources of the MSMEs are from both the formal sector and from unregulated entities. In 2017, 79.4% of the MSMEs indicated that their funds came from the formal sector, while 18.6% from unregulated entities. In the case of small companies, 69.3% indicated that financing came from the formal sector and 27.4% from unregulated entities; for medium-sized companies, 78.6% came from the formal sector and 20.6% from unregulated entities (OdD, 2018).

**However, credits for MSMPs and MSMEs do not necessarily take future exposure into account, and due to cumbersome requirements for credit access.** Indeed, there are very few options to access climate finance for MSMEs. On the one hand, in 2021, a credit cooperative announced the Plus Credit, both for MSMEs and individuals, aimed at efficient environmental solutions such as solar panels, changing the

refrigerator for an efficient one, buying electric bicycles or replacing luminaries with LED lights. On the other hand, Fundecooperación para el Desarrollo Sostenible announced that during 2021 to have ¢2,000 million available to finance people who are starting a business or who wish to grow the one they already have. However, efforts are still needed to popularize this type of credit and properly boost adaptation to climate change in MSMEs (Cordero Perez, 2021a, 2021b).

**In this context, the vulnerability of women and their need to access climate finance is greater than men.** Indeed, according to the Better Jobs Index report prepared by the Inter-American Development Bank (IDB), Costa Rica is the second country in Latin America with the largest labor gap between men and women. This situation is also the case in the population of the agricultural sector, where women participated in only 13.3% during the fourth quarter of 2017. Based on the 2018 National Survey of Household Microenterprises (ENAMEH) prepared by the National Institute of Statistics and Census (INEC), at the national level, 57.6% of women entrepreneurs implement it out of necessity, and 37.5% implement it out of opportunity. Added to this, due to imposed gender roles and the sexual division of labor, women dedicate less time to the development of their productive and economic activities.

According to the 2017-2018-2019 Agricultural Sector Performance reports prepared by the SEPSA, women present a lower participation in the labor market in the sector, the average unemployment rate of this population during the 2017-2019 period was 16.65%, while that of men was 7.18%. **As a consequence, women have been forced to start businesses out of necessity and under the structure of informality.** The Study with a gender approach on the state of MSMEs organizations led by women according to their potential, conducted by the National Women Institute (INAMU) in conjunction with SEPSA in 2019, reaffirms that, due to gender roles, women spend approximately four hours a day on their productive activities, unlike men, who spend eight hours a day, which limits their capacity in their productive and economic activities (SEPSA, 2019, MAG, 2020).

On the other hand, this same study indicates that 82% of the organizations led by women are in some condition of informality. It should be noted that those led by men, to a greater extent, operate as cooperatives and corporations, while those led by women mostly opt for the legal figure of the Associations Law No. 218. Based on the above, men's enterprises are viewed as businesses in most cases, while those of women are mostly seen as subsistence activities and, therefore, non-profit, which limits their economic autonomy (MAG, 2020).

Of the total number of debtors in the financial system, 56.2% are men while 43.8% are women. Women's debt delinquency is lower than men's one. For example, 91% of women's total debt is up to date, while 88% of men's total debt is up to date. Complementarily, the study with a gender focus on the status of MSMEs organizations led by women, according to their potential, indicates that there are significant differences in access to credit between organizations led by women and those led by men. This difference is present in organizations with primary production activities, of which 39% of those led by women have had access to credit, while in organizations led by men this percentage is 61% (MAG, 2020).

**The report on gaps between men and women in the access and use of the financial system in Costa Rica, prepared by INAMU, the Development Banking System (SBD) and the General Superintendence of Financial Entities (SUGEF), published in August 2019, indicates that women represent between 17% and 23% of the total credits requested for agriculture, livestock and related service activities such as: fishing and aquaculture, mining and quarrying, electricity, telecommunications, gas, water and transportation. Loans for construction, purchase and repair of real estate are granted to 89,633 women and 119,463 men nationwide. The average amounts are ₡24,767,979 for women's loans and ₡29,775,464 for men's loans. In other words, of the total housing loan portfolio (₡5,777,094,458,666), 61.6% is granted to men and 38.4% to women (MAG, 2020).**

**Regarding SMSEs, the Observatory of Development's (OdD) study (2018) shows that 79.0% of owners are men, while 19.8% are women.** It also shows that 78.4% of the owners of micro companies are men and 20.0% are women; in the case of small companies, 77.4% are men and 22.6% are women; finally, in the case of small companies, 77.4% are men and 22.6% are women. 22.6% women, and finally, in the case of medium-sized companies, 89.2% men and 22.6% women. Regarding the participation of men and women in the companies, it is interesting to note that 6.6% of the companies indicated that they did not have any men participating in their business, while 32.5% of the companies indicated that they did not have any women. In turn, 65.4% of the companies reported having between 1 and 4 men in their company, while 53.4% of the companies reported having between 1 and 4 women in their company (OdD, 2018). These percentages show the existing gender discrepancy in MSMEs.

**In this context, climate change adaptation projects are currently being implemented in the country, but do not directly address the accelerated need of transformation of the food system.** Plan A, for example, is a readiness funded by Green Climate Fund (GCF) which aims to build sustainable country capacity in identifying, prioritizing, planning, and implementing measures that address a diversity of local adaptation needs. The ultimate objective of the project is to reduce a country's vulnerability to the impacts of climate change and variability, by building adaptive capacity and resilience through the integration of adaptation into regional and municipal planning, including government entities, the private sector, and civil society. The project seeks to achieve its objective through strengthening current planning frameworks at regional and cantonal levels, recognizing the crucial role of subnational authorities in climate change adaptation; engaging key stakeholders in adaptation planning and implementation at these levels; producing cantonal risk assessments to identify adaptation needs, based on i) available and pertinent knowledge, and ii) a validated and efficient methodology; building institutional and technical capacity and promoting agreements at different levels; and developing appropriate monitoring and reporting mechanisms for adaptation at sub-national level and link them with the national initiative for Monitoring and Evaluation (M&E) of adaptation.

**Adapta2+ experiences showed successful results that are great opportunities for scaling up and replication. It has also shown the importance of enabling conditions for farmers and of the private sector to increase local resilience to ensure the long-term impacts of the adaptation strategies.** Hence, a need to reinforce local markets based on local value chains for farmers and MSMEs has been identified. Joining farmers, businesses along the value chain, community-based organizations, and local

and national governments to work together would allow strengthening local markets, which will promote low-emissions, resilient and efficient food systems that better integrate small farmers and micro, small and medium agribusinesses into value chains that recognize the added value of the product, generating decent employment, and making low-emission nutritious food available. Based on the implementation of PLAN A, which supports the planification of adaptation at local level, this proposal would support the involvement of the private sector (MSMEs) in the implementation of the adaptation and address concrete escalated actions, which could be used as further inputs to support local and national planification, including agriculture and finance sector.

**To do so, MSMPs and MSMEs, especially led by women, need financial access to implement adaptation strategies.** However, this need is impaired by the lack of, or little, options to **finance** the implementation strategy yet. Hence, to escalate the existing finance options and create new ones for the private sector would support the transformation of the agriculture sector and MSMEs. To do so, training and supporting finance institutions is key to show the rentability of financing adaptation. Building capacities in finance institutions also ensures the long-term impact of the project and its continuity after the end of the project.

**MSMPs, fishermen and MSMEs also need to be linked to local market to ensure the continuity of the adaptation strategies in farms, MSMEs and fisheries.**

**Moreover, the importance of sustainable food production and consumption must be raised among decision-makers, and stakeholders involved in the food supply chain, from producers to consumers, who will access better quality food and benefit from improved livelihoods.** To raise awareness and improve the communication strategy on the importance of sustainable food systems is therefore necessary, advocating for the inclusion of the programme on sustainable food systems. To do so, information platforms for activities on sustainable consumption and production must be used and new tools to assess the sustainability of food systems necessary and new sustainability assessment approaches and tools must be implemented.

**To reach such goals, there is also the need for strengthening further local and national institutions, knowledge and implementation capacity.** Indeed, creating capacities in the food system allows to habilitate resilient and sustainable local markets. Moreover, continuous capacity building on climate adaptation must be carried out in the public sector to ensure to fully overcome the fragmented institutional structure, in some cases, overlapping tasks, lack of updated knowledge and increasing transaction costs that have resulted in significant challenges to implement actions, guidelines and even policy objectives; and reduce further the deficit in technical capacity. Local, national and regional financial institutions also need capacity building to build efforts to focus on building local skills, along with sharing experiences of both successes and failures across countries. Furthermore, global situation related to COVID-19 has enhanced the need to further innovate in digital and adaptive capacity building processes at the level of most vulnerable stakeholders.

## PROJECT / PROGRAMME OBJECTIVES:

*List the main objectives of the project/programme.*

The project aims to increase the resilience of vulnerable populations in Costa Rica, particularly women, by scaling up adaptation actions and strengthening climate finance, value chains and organization based communities of food systems.

This goal compels to work with a wide range of actors and build capacities along the value chain, from finance and public institutions to local micro, small and medium businesses and agriculture production systems. The approach includes implementing solid capacities and climate finance mechanisms, focusing on women, increasing further the resilience of female and male farmers and entrepreneurs, promoting and supporting local markets, and building capacity in public and finance institutions for them to be able to support, replicate the project and sustain it in the long-term.

## PROJECT / PROGRAMME COMPONENTS AND FINANCING:

*Fill in the table presenting the relationships among project components, activities, expected concrete outputs, and the corresponding budgets. If necessary, please refer to the attached instructions for a detailed description of each term.*

*For the case of a programme, individual components are likely to refer to specific sub- sets of stakeholders, regions and/or sectors that can be addressed through a set of well defined interventions / projects.*

Project/Programme Components	Expected Concrete Outputs	Expected Outcomes	Amount (Million US\$)
Component 1: Improvement of the adaptive capacity of food systems and communities involved in the development of	Output 1.1 Food systems transform their practices to implement nature-based adaptation solutions. Output 1.2: Local organizations implement communities-based	Outcome 1: Food systems and communities adapt to climate effects and implement nature-based solutions that	3.36

the territory, with a gender perspective.	adaptation actions that benefit themselves and their members and promote it to stakeholders with a gender perspective. Output 1.3: In order to enhance transformation actions in adaptation with a gender perspective in the food system, a sustainable local market is promoted through the creation of local partnerships with MSMEs and other private entities in the territory.	contribute to the resilience and sustainable development of the territory with a gender perspective.	
Component 2: Strengthening access to finance for nature-based adaptation investments.	Output 2.1: Access to existing climate finance tools to implement nature-based adaptation solutions in the agriculture sector and MSMEs part of the value chain of the food system is promoted.  Output 2.2. New financial mechanisms are developed to support the implementation of climate finance in the agriculture sector and MSMEs part of the value chain of the food system, with a gender perspective.	Outcome 2: Access to climate finance products and mechanisms is facilitated in the food systems.	2.5
Component 3: Strengthening capacities for local, national and regional decision making.	Output 3.1 Tools and information with a gender perspective are developed, as well as spaces for knowledge dissemination that enhance adaptation solutions to improve decision making in adaptation actions in the food system with a gender perspective. Output 3.2: The knowledge with a gender perspective created from project results and lessons learned is disseminated and shared at local, national and regional levels to improve decision making on adaptation actions with a gender perspective.	Outcome 3: Knowledge with a gender perspective is created, strengthened and disseminated along the value chain to reinforce decision-making capacities in adaptation actions to improve resilience to climate change in the territories.	2.5
6. Project/Programme Execution cost			0.86

7. Total Project/Programme Cost	9.22
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)	0.78
<b>Amount of Financing Requested</b>	<b>10</b>

## PROJECTED CALENDAR:

*Indicate the dates of the following milestones for the proposed project/programme*

<b>Milestones</b>	<b>Expected Dates</b>
Start of Project/Programme Implementation	July 2023
Mid-term Review (if planned)	July 2026
Project/Programme Closing	December 2029
Terminal Evaluation	September 2029

## PART II: PROJECT / PROGRAMME JUSTIFICATION

- A.** Describe the project / programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience.

The increase in mean annual temperature and decrease in precipitation projected for the year 2040 and 2070 due to the effects of climate change mentioned previously has already had and will continue to have significant impacts on agriculture throughout the country. As a result, areas suitable for agriculture that support agricultural exports and farmer food security are likely to change in the future. Some cantons will gain productive suitability for certain crops, others will lose it.

The main paradigm shift lies in the integrated approach to drive the transformation in adaptation, while escalating Adapta2+ results based on its learnt lessons. Hence, the proposed project will continue to transform traditional agricultural practices, expanding its actions-range to food systems and its value chains linking nature-based and community-based with a gender approach. It will also implement further financial instruments and investment models to enhance climate resilience and create new climate finance products and mechanisms with a gender perspective which strengthen new markets and niche markets, promoting agricultural best practices and participative environmental management and biodiversity conservation, while improving the private sector and institutional capacity to promote, support, participate and manage such activities. Moreover, Adapta2+ created a wide range of robust alliances between multiple executing entities and public institutions, which have a great potential of leverage to achieve better results, with a greater degree of local ownership and commitment.

This proposal is designed to be a programme to benefit from a combination of individuals, which will contribute to increase the overall resilience. Indeed, Adapta2+ experience has allowed carrying out local actions that have had a tangible impact on communities and producers, by working with community actors and addressing specific realities. Therefore, the programme will be based on the successful results and implemented at different levels, while bottom-up and top-down approaches will feed into each other and contribute to national adaptation policies.

Thus, the program encourages the creation of enabling conditions for the female y male farmers, working in collaboration with communities, community-based organizations and micro, small and medium-sized enterprises. To do so, financial mechanisms and products as well as capacity building with a gender perspective will help them to improve their own resilience as well as the female and male farmers' one. Therefore, working in a collaborative way with existing and new initiatives on the ground for agriculture and small and medium enterprises (SMEs) development, this project will greatly improve the female and



male farmers and communities' adaptive capacity, leading to a better resilience along the value chains of food systems, which will also require capacity building and strengthening gender equality.

The project exact location will be selected during the development of the full proposal based on:

- Knowledge of key actors of the impacted sectors
- Adaptation maps produced by the NAP construction process supported by PLAN A (UNEP), project financed by the GCF focusing on adaptation planning at local level in the country.
- Climate projections developed by the academia
- Different indexes developed at the national level (Human Development Index, social development index, among others).
- The location and results of Adapta2+
- The prioritized areas by the Territorial Economic Strategy for an Inclusive and decarbonized economy.

Other criteria identified during the elaboration of the full proposal. The previous information will be used during a participative approach through workshops with key actors of the adaptation, agricultural, public, and private sectors, which will allow to identify specific populations and value chain of the food system to focus on and allow the future close collaboration between institutions.

### **Component 1: Improvement of the adaptive capacity of food systems and communities involved in the development of the territory with a gender perspective.**

**Baseline:** The results of Adapta2+ showed the necessity to further support small farm holders, particularly women, and their local market to be able to further strengthen their resilience, while other adaptation projects in the country have shown the necessity to involve the private sector in the adaptation process. Hence, this component supports the creation and/or enhances enabling environments through the coordination and capacity building of the actors in the food system and along the value chain in the territory including community-based organization, Civil and Non-Governmental Organizations (NGOs), MSMEs, and female and male farmers with a gender perspective. The integrated process allows the identification and modification of current vulnerable settings into a strong and resilient value chain and creates sustainable local markets which benefit all actors, particularly women.

The approach of the project of working with communities and implementing actions at local level allows the program to have a tangible impact on the most vulnerable, with a strong emphasis on activities led by women.

The approach considers the vision of women into a sector where women's role and work are not recognized, and often related to domestic work. Indeed, the dual role of women (as housewives and family providers) must be taken into account because it limits women's participation and actions. Once the issue is recognized and addressed, they can play a fundamental role in the value chain of food systems and generate incomes. In this proposed program, both men and women are treated equally to access resources, get organized, participate, and benefit from all activities.

Output 1.1 Food systems transform their practices to implement nature-based adaptation solutions.

- Activity 1.1.1 Promotion of adapted production practices that consider nature-based adaptation solutions and other previously validated sustainable technical options to improve the resilience of female and male producers in the agricultural system and fishery sector.
- Activity 1.1.2 Identification of new adapted productive practices that consider nature-based adaptation solutions and other validated sustainable technical options in the food system and fishery sector.
- Activity 1.1.3 Implementation of new adapted production practices that consider nature-based adaptation solutions and other sustainable technical options previously validated by experts to improve the resilience of the food system. To this end, demand will be taken into account in order to strengthen local markets.

Output 1.2: Local organizations implement community-based adaptation actions that benefit themselves and their members and promote it to stakeholders, with a gender perspective.

- Activity 1.2.1 Facilitation of the implementation of nature-based and community-based adaptation practices, such as, protection of critical ecosystems, improvement of water resources availability, and others, that support resilience of local communities
- Activity 1.2.2 Identification of new nature-based and community-based adaptation practices and previously validated sustainable technical options for community organizations.
- Activity 1.2.3 Implementation of nature- and community-based solutions in community organizations to contribute to a sustainable local market with expert support.

Output 1.3: In order to enhance transformation actions in adaptation with a gender perspective in the food system and the local organizations, a sustainable local market is promoted through the creation of local partnerships with MSMEs and other private entities in the territory.

- Activity 1.3.1 Creation of alliances between the community, community-based organizations, private sector, such as development organizations, MSMEs, Communal water and sewage systems (ASADAs), the public sector and the agricultural sector to promote a sustainable local market.
- Activity 1.3.2 Strengthening of adaptation actions in the local chain and markets, including the creation of local suppliers (MSMEs) of nature-based adaptation technologies, with special attention to youth and women.

Outcome 1: Food systems and communities adapt to climate change and implement already validated and new nature-based solutions that contribute to the resilience and sustainable development of the territory, with a gender perspective.

## **Component 2: Strengthening access to climate finance for nature-based adaptation investments.**

**Baseline:** On the one hand, Fundecooperación developed an innovative microcredit product specialized in climate actions during Adapta2+, answering the necessity of the micro, small and medium female and male farms holders to be able to adapt, reinventing their linkage, approach, alliances. Addressing the most vulnerable population in one of the most vulnerable sectors, the microcredit is adapted to the female and male producer capacity<sup>3</sup>. The necessity to escalate and replicate this process in the food system has been identified. On the other hand, financial tools and mechanisms for adaptation in the private sector still lack to strengthen adaptive capacity, awareness of climate threats and risk, and reduced exposure to climate risks. Hence, creating and implementing financial mechanisms and tools for the private sector and community-based organizations is crucial to be able to work in an integrated way. Attending to the financial necessity of the actors along the value chains generates a better replicability, scalability and sustainability of nature and community-based adaptation strategies with a gender approach.

Involvement of women and youth will increase the uptake of adaptation interventions by the community and assist the imparting and understanding of the rationale for public and finance institutions, and agricultural experts. Hence, this will enhance the implementation, enforcement and policing of adaptation actions and reduce the vulnerability of the community.

Output 2.1: Access to existing climate finance tools to implement nature-based adaptation solutions in the agriculture sector and MSMEs part of the value chain of the food system is promoted

- Activity 2.1.1 Facilitation of access to financial mechanisms for agricultural producers to implement climate change adaptation practices and/or invest in new technologies as a contingency for the impact caused by climate change.
- Activity 2.1.2 Implementation of the agricultural insurance program and other financial incentives to promote climate resilience criteria.
- Activity 2.1.3 Facilitation of access to climate finance mechanisms in the private sector through the promotion of existing products in local sustainable driven markets; with special emphasis on MSMEs led by young and women.

Output 2.2. New financial mechanisms are developed to support the implementation of climate finance in the agriculture sector and MSMEs part of the value chain of the food system, with a gender perspective.

- Activity 2.2.1 Development of credit and climate finance products for the agricultural sector, MSMEs and

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<sup>3</sup> In turn, the producer is supported in his transformation process towards resilience while improving economic conditions and wellbeing through technologies which combine both climate change adaptation and mitigation, and an insurance which covers his activity.

food systems to drive the transformation of sectors to finance nature-based solutions and validated adaptation technical options.

- Activity 2.2.2 Bridge the gap to strengthen implementation and scope of credit programs that encourage adaptation to climate change.
  - Activity 2.2.3 Generation of financial mechanisms that facilitate access to climate finance for women.
- Outcome 2: Access to climate finance products and mechanisms is facilitated in the food systems.

### **Component 3: To strengthen capacities for local, national, and regional decision making.**

**Baseline:** Knowledge creation and dissemination with gender perspective is crucial to avoid duplicating efforts, mistakes, replicate and/or escalate, exchange and/or evaluate projects or program results at local, national, and regional levels. Thus, the project will create knowledge with gender perspective on climate change adaptation in food systems, private and finance sectors, agricultural value chain and local markets, amongst others, based on communities, and institutional and non-institutional actors during the project, which will also be disseminated. Disseminating this knowledge along the value chain, in the public and private sector, at local, national, and regional level, allows strengthening resilience and supporting decision-making with gender equality of the actors at all levels. Disseminating nature-based adaptation knowledge in the finance sector will allow its actors to impulse their involvement in climate finance.

At local level, women and youth are agents of change and they will take the lead in dissemination of information using various strategies such as focus groups, study circles and roundtable discussions.

The Learning Grant request submitted by Fundecooperación to the Adaptation Fund will strengthen the availability and access to knowledge gained in previous projects.

Output 3.1: Tools and information are developed, as well as spaces for knowledge dissemination that enhance adaptation solutions to improve decision making in adaptation actions in the food system, with a gender perspective.

- Activity 3.1.1 Creation of an agricultural innovation center where national and international knowledge with gender perspective can be found, the results of the project as well as knowledge from other institutions to enable the food system to transform its activity.
- Activity 3.1.2 Support and promotion of new and existing national platforms to promote scaling up of measures for adaptation to climate change with gender perspective.
- Activity 3.1.3 Scaling up of model farms to promote adapted agricultural practices as well as best practices at community level, particularly with women.
- Activity 3.1.4 Creation of the necessary information for the country's productive sectors with gender disaggregation data to enable them to make timely decisions on nature-based adaptation.

Output 3.2: Knowledge created from project results and lessons learned are published and shared at local, national and regional levels to improve decision making on adaptation actions through the identification of

needs, barriers and the generation of tools according to the needs of each part of the value chain, with gender perspective.

- Activity 3.2.1 Dissemination of knowledge and lessons learned with gender perspective through: farm schools, platforms, agricultural innovation center.
- Activity 3.2.2 Training of actors at the local, national and regional levels in the agricultural and financial sector to improve decision-making in adaptation actions, with a gender perspective .
- Activity 3.2.3 Exchange of knowledge among female and male producers on good practices on agricultural farms through events, training, model farms and tours.
- Activity 3.2.4 Facilitation of communication and dissemination of project results, lessons learned and traditional knowledge among local sustainable market members and decision-makers, with gender perspective.
- Activity 3.2.5 Strengthening of inter-regional learning and cooperation with a gender perspective through training, information exchange and technology transfer.

Outcome 3: Knowledge is created, strengthened and disseminated along the value chain to reinforce decision-making capacities in adaptation actions to improve resilience to climate change in the territories, with a gender perspective.



Figure 3. Components, outputs, outcomes and activities of the proposed project

Due to the planification of the development of the proposal, the following table presents the potential adaptation actions related to each activity. These specific actions corresponding to each activity will be selected during the development of the full proposal.

Activity	Potential adaptation actions
Component 1	
Promotion of adapted production practices that consider nature-based adaptation solutions and other previously validated sustainable technical options to improve the resilience of female and male producers in the agricultural system and fishery sector.	<p>The adapted production actions promoted will be the successful practices identified during Adapta2+. Amongst other it can be found:</p> <ul style="list-style-type: none"> <li>● Precision farming</li> <li>● Soil conservation measures</li> <li>● Local crops use</li> <li>● Silvopastoral Practices</li> <li>● Nature based wind barriers and erosion reduction</li> <li>● Rational grazing, tree farm fences and divisions, better usage of fodder as animal feed</li> <li>● integrated pest management.</li> <li>● agroforestry arrangements</li> <li>● Increase and distribution of improved drought-tolerant varieties in different regions of the country</li> <li>● Reproduction and conservation of native materials and seedlings of basic crops</li> <li>● Development and implementation of bio-inputs and bio-irrigation in the production of vegetables, roots, tubers, and musaceae.</li> <li>● Establishment of germplasm banks of local and/or climate-adapted crops in local communities.</li> <li>● Diversification of productive activities within the farm.</li> <li>● Reforestation of mangroves and coastal reforestation.</li> <li>● Recovery of coral reefs</li> <li>● Implementation of innovative, efficient and sustainable production models.</li> <li>● Use of genetic improvement (crop and animal varieties better adapted to weather conditions).</li> </ul>
Identification of new adapted productive practices that consider nature-based adaptation solutions and other validated sustainable technical options in the food system and fishery sector.	
Implementation of new adapted production practices that consider nature-based adaptation solutions and other sustainable technical options previously validated by experts to improve the resilience of the food system. To this end, demand will be taken into account in order to strengthen local markets.	
Facilitation of the implementation of nature-based and community-based adaptation practices, such as, protection of critical ecosystems, improvement of water resources availability, and others, that support resilience of local communities	
Identification of new nature-based and community-based adaptation practices and previously validated sustainable technical options for community organizations.	
Implementation of nature- and	

<p>community-based solutions in community organizations to contribute to a sustainable local market with expert support.</p>	<ul style="list-style-type: none"> <li>● crop diversification,</li> <li>● changes in cropping pattern and calendar of planting,</li> <li>● conserving soil moisture through appropriate tillage methods,</li> <li>● improving irrigation efficiency, and</li> <li>● afforestation</li> <li>● Investment in infrastructure for the efficient use of water resources and soil</li> <li>● Water harvesting, storage and security</li> <li>● Efficient use of water resources</li> <li>● Protection of water recharging zone</li> <li>● Water source protection</li> <li>● Wastewater treatment (slurry recycling, irrigation)</li> <li>● Forest fire management and control</li> </ul> <p>Based on new target populations and tools developed during Adapta2+, amongst other, this activity leads to new researches realized in collaboration with academia and key experts from institutions which will help identify the best adapted practices to implement amongst nature-based adaptation solutions and other validated sustainable technical options in food systems.</p>
<p>Creation of alliances between the community, community-based organizations, private sector, such as development organizations, MSMEs, Asociaciones Administradoras de Sistemas de Acueductos y Alcantarillados Sanitarios (hereinafter ASADAs), the public sector and the agricultural sector to promote a sustainable local market.</p>	<p>This activity will facilitate the implementation of the adaptation actions.</p> <ul style="list-style-type: none"> <li>● Events organizations</li> <li>● Meeting organizations</li> <li>● field visits</li> </ul>
<p>Strengthening of adaptation actions in the local chain and markets, including the creation of local suppliers (MSMEs) of nature-based adaptation technologies, with special attention to youth and women.</p>	<p>This activity will be based on the successful practices identified during Adapta2+: Local procurement, promoting market opportunities for adapted farmers, and community actions .</p>



Component 2	
Scaling up access to financial mechanisms for agricultural producers to implement climate change adaptation practices and/or invest in new technologies as a contingency for the impact caused by climate change.	<p>This activity comprises:</p> <ul style="list-style-type: none"> <li>● Microcredits with adaptation incentives or value-added assistance (Pro-clima) which creates financial incentive to farmers who implement adaptation actions.</li> </ul>
Scaling up the implementation of the agricultural insurance program and other financial incentives to promote climate resilience criteria.	This activity is based on the scalability and replication of the agriculture insurance of the National Insurance Institute and other financial incentives to be identified.
Facilitation of access to climate finance mechanisms in the private sector through the promotion of existing products in local sustainable driven markets; with special emphasis on MSMEs led by young and women.	This activity is based on microcredits that present financial benefits to MSMEs that integrate climate change measures in their businesses.
Development of credit and climate finance products for the agricultural sector, MSMEs and food systems to drive the transformation of sectors to finance nature-based solutions and validated adaptation technical options.	<ul style="list-style-type: none"> <li>● Incorporation of adaptation and climate risk assessment measures in credit analysis.</li> <li>● Improving understanding of credit analysts in potential adaptation actions to be financed in the food system.</li> </ul>
Bridge the gap to strengthen implementation and scope of credit programs that encourage adaptation to climate change.	<ul style="list-style-type: none"> <li>● Integrating climate change adaptation variables in programs, norms and regulations.</li> </ul>
Generation of financial mechanisms that facilitate access to climate finance for women.	<ul style="list-style-type: none"> <li>● Integrating a gender variables in programs when possible .</li> </ul>
Component 3	
Creation of an agricultural innovation center where national and international knowledge with gender perspective can be found, the results of the project as well as knowledge from other institutions to enable the food system to transform its	<p>This is part of capacity building and knowledge dissemination about new and not-new adaptation actions including:</p> <ul style="list-style-type: none"> <li>● Technologies indicated in component 1,</li> <li>● Capacity building in different adaptation measures, i.e.. forest germination for the</li> </ul>

activity.	<p>regeneration of forested areas.</p> <ul style="list-style-type: none"> <li>• Analysis of meteorological events and communication of extreme events for prevention.</li> <li>• Analysis of appraisals and construction permits with a focus on climate change resilience</li> <li>• Infrastructure climate vulnerability analysis</li> <li>• Other</li> </ul>
Support and promotion of new and existing national platforms to promote scaling up of measures for adaptation to climate change with gender perspective.	This is part of capacity building and knowledge dissemination about adaptation actions.
Scaling up of model farms to promote adapted agricultural practices as well as best practices at community level, particularly with women.	This is part of capacity building and knowledge dissemination about adaptation actions.
Creation of the necessary information for the country's productive sectors with gender disaggregation data to enable them to make timely decisions on nature based adaptation.	This is part of capacity building and knowledge dissemination about adaptation actions.
Dissemination of knowledge and lessons learned with gender perspective through: farm schools, platforms, agricultural innovation center.	This is part of capacity building and knowledge dissemination about adaptation actions.

**B.** Describe how the project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project / programme will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

Overall, the project will contribute to the health and wellbeing, food and water security, increased resilience and enhanced livelihoods of the most vulnerable people, communities in territories of Costa Rica.

The project will directly benefit the agricultural productive sector, including the micro, small and medium agriculture and livestock sectors, food systems and MSMEs to whom the traditional banking system does

not provide services due to the informality of their productive activities, scarce guarantee, low schooling or lack of knowledge in areas of work such as climate actions.

As mentioned previously, the agriculture sector represents 12.8% share within the total employed population of whom about 12.5% are female. Of those, of the 100% of farms registered in individuals, 84.4% are run by men, while only 15.6% are run by women. Of the 2,406,418.4 hectares under cultivation in Costa Rica (including individuals and legal entities), women produce only 4.4% of the land. Of the total number of farms run by individuals (80,987 farms), female producers who receive some type of technical assistance represent only 3.1% and, in the case of male producers, it is 16.6%. The following tables show with more details the number of farms of women in the agriculture sector in comparison to the number of men.

Moreover, in 2008, 3,000 legal artisanal fishermen were listed in the country and 2,000 who carried out their practice illegally were identified (Fernández, 2013). At the national level, it is reported that 50% of men and 3.8% of women carry out this activity for their own account. Moreover, it is noteworthy that more than 30% of men do not have social security and a similar amount are self-insured or voluntarily insured in Puntarenas, while in Guanacaste, 37% are salaried insured. The insurance situation is different for women, since in Puntarenas there is a predominance of employed insured women (28.1%) and self-employed women (22.2%), which indicates that approximately half are insured.

Indeed, in both the agricultural and fisheries sectors, an additional larger population will benefit from the improved value chain and local market, such as the private sector, and outside the value chain, such as people involved in sustainable resources management, disaster risk management and sustainable agricultural practices and local micro, small and medium enterprises of the food system.

In Costa Rica, the number of microenterprises in the country increased from 102,177 in 2012 to 108,079 in 2017, according to the most recent "Report on the State of the Situation of SMEs in Costa Rica", presented by the Ministry of Economy, Industry and Commerce (MEIC), as part of the celebration of the month of MSMEs (MEIC, 2021). The study points out that small companies increased in number, going from 15,277 in 2012 to 16,900 in 2017, while medium-sized companies also grew from 4,760 in 2012 to 5,409 in 2017, representing an increase of 13.63%.

In 2017, SMEs represented 97.5% of the business park nationwide, by registering an increase from 125,198 in 2012 to 133,765 in 2017, for an increase of 6.8% (MEIC, 2021).The SMEs in the agricultural sector represent 9.60% of the SMEs, or 287.957 businesses in May 2021, identified as potential as shown in table 3 and figure 2.

Table 3 Number of businesses per sector (2021).

Sector	Number of Enterprises
<b>Agrarian</b>	278 956
<b>Industry</b>	174 287
<b>Construction</b>	399 266

<b>Services</b>	2 124 290
<b>Total</b>	2 906 799

Ref: MEIC, 2021

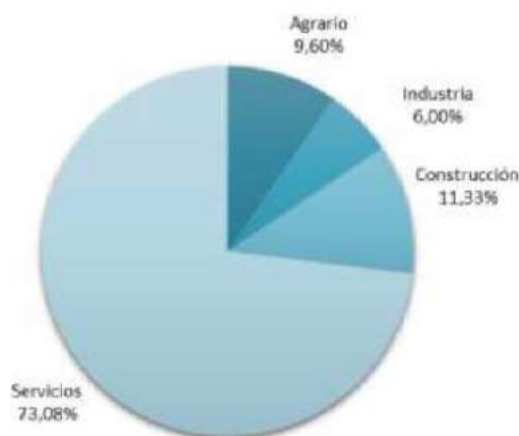


Figure 2 Percentage of businesses depending on the sector  
Ref: MEIC, 2021

The report reveals the important contribution of SMEs in terms of employment generation. Job creation by MSMEs was 34.5% (320,767 working people) in 2012, a percentage that decreased in 2013 and 2014 to 34.1%, while in 2015 they contributed to employment with 33.9%. By 2016 it went to 33.41% and in 2017 to 33.3%, for a total of 344,390 working people, which corresponds to an increase of 4.7% compared to the base year (MEIC, 2021).

The project, through the focus on the food systems, will promote and implement agricultural adapted practices, production practices that consider nature-based adaptation solutions and other previously validated sustainable technical options as the national context and climate change issues push micro small and medium agriculture producers and MSMEs along the food chain to look for alternatives to maintain their activities. The technologies financed by the program increase both resilience and adaptive capacity, while improving environmental management and protection.

The adaptation strategies are community and nature-based and allow the farmers and entrepreneurs to decrease risks to climate change impacts such as severe weather and change in precipitation pattern, increase productivity, and protect ecosystem services. For example, soil conservation or rainwater harvesting allows to increase the resource availability for agricultural activities through increasing the adaptive capacity of producers to droughts. Another example would be the genetic improvement of livestock which allows the animals to be more resistant to heat stress or lowland weather and productive, improving the resilience of the activity.

Therefore, the females and male farmers will continue to improve their economic situation and resilience through the agriculture insurance and other appropriate financial mechanisms and the implementation of

adaptation and mitigation technologies. The following table state the potential social and economic benefits per adaptation action.

Table X. Social and economic benefits per adaptation action.

Activity	Potencial adaptation actions	Social and economic benefit
Component 1		
Promotion of adapted production practices that consider nature-based adaptation solutions and other previously validated sustainable technical options to improve the resilience of female and male producers in the agricultural system and fishery sector.	<p>The adapted production actions promoted will be the successful practices identified during Adapta2+. Amongst other it can be found:</p> <ul style="list-style-type: none"> <li>• Precision farming</li> <li>• Soil conservation measures</li> <li>• Local crops use</li> <li>• Silvopastoral Practices</li> <li>• Nature based wind barriers and erosion reduction</li> <li>• Rational grazing, tree farm fences and divisions, better usage of fodder as animal feed</li> <li>• integrated pest management.</li> <li>• agroforestry arrangements</li> <li>• Increase and distribution of improved drought-tolerant varieties in different regions of the country</li> <li>• Reproduction and conservation of native materials and</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease cost of production</li> <li>• Obtain healthy, environment friendly and quality products</li> <li>• higher production of first-class products</li> <li>• Increase production</li> <li>• Increase the resilience of practices to face climate change impacts</li> <li>• More efficient water use and nutrition, and the reduction of pests and diseases</li> <li>• Reduce the impact of extreme weather and climate variability on production</li> <li>• Legalize activity</li> <li>• Improve economic conditions</li> <li>• Reach more agricultural products in a year</li> <li>• Access to better quality and quantity water.</li> <li>• with special emphasis on farms led by young and women</li> </ul>
Identification of new adapted productive practices that consider nature-based adaptation solutions and other validated sustainable technical options in the food system and fishery sector.		
Implementation of new adapted production practices that consider nature-based adaptation solutions and other sustainable technical options previously validated by experts to improve the resilience		

of the food system. To this end, demand will be taken into account in order to strengthen local markets.	seedlings of basic crops	
Facilitation of the implementation of nature-based and community-based adaptation practices, such as, protection of critical ecosystems, improvement of water resources availability, and others, that support resilience of local communities	<ul style="list-style-type: none"> <li>● Development and implementation of bio-inputs and bio-irrigation in the production of vegetables, roots, tubers, and musaceae.</li> <li>● Establishment of germplasm banks of local and/or climate-adapted crops in local communities.</li> <li>● Diversification of productive activities within the farm.</li> <li>● Reforestation of mangroves and coastal reforestation.</li> <li>● Recovery of coral reefs</li> <li>● Implementation of innovative, efficient and sustainable production models.</li> <li>● Use of genetic improvement (crop and animal varieties better adapted to weather conditions).</li> <li>● crop diversification,</li> <li>● changes in cropping pattern and calendar of planting,</li> <li>● conserving soil moisture through appropriate tillage methods,</li> <li>● improving irrigation efficiency, and</li> <li>● afforestation</li> <li>● Investment in infrastructure for the efficient use of water</li> </ul>	
Identification of new nature-based and community-based adaptation practices and previously validated sustainable technical options for community organizations.		
Implementation of nature- and community-based solutions in community organizations to contribute to a sustainable local market with expert support.		

	<p>resources and soil</p> <ul style="list-style-type: none"> <li>• Water harvesting, storage and security</li> <li>• Efficient use of water resources</li> <li>• Protection of water recharging zone</li> <li>• Water source protection</li> <li>• Wastewater treatment (slurry recycling, irrigation)</li> <li>• Forest fire management and control</li> </ul> <p>Based on new target populations and tools developed during Adapta2+, amongst other, this activity leads to new researches realized in collaboration with academia and key experts from institutions which will help identify the best adapted practices to implement amongst nature-based adaptation solutions and other validated sustainable technical options in food systems.</p> <ul style="list-style-type: none"> <li>•</li> </ul>	
<p>Creation of alliances between the community, community-based organizations, private sector, such as development organizations, MSMEs, Asociaciones</p>	<p>This activity will facilitate the implementation of the adaptation actions.</p> <ul style="list-style-type: none"> <li>• Events organizations</li> <li>• Meeting organizations</li> <li>• field visits</li> </ul>	<ul style="list-style-type: none"> <li>• Networking</li> <li>• Experiences exchanges</li> <li>• Improved knowledge of other fields and sectors</li> </ul>

<p>Administradoras de Sistemas de Acueductos y Alcantarillados Sanitarios (hereinafter ASADAs), the public sector and the agricultural sector to promote a sustainable local market.</p>		
<p>Strengthening of adaptation actions in the local chain and markets, including the creation of local suppliers (MSMEs) of nature-based adaptation technologies, with special attention to youth and women.</p>	<p>This activity will be based on the successful practices identified during Adapta2+: Local procurement, promoting market opportunities for adapted farmers, and community actionsPurchase with a cause. This will be replicated.</p>	<ul style="list-style-type: none"> <li>Improved economic conditions of both the famers and business owner benefiting from quality and adapted products and ensuring the purchase and use of the products, with special emphasis on MSMEs led by young and women</li> </ul>
<p>Component 2</p>		
<p>Scaling up access to financial mechanisms for agricultural producers to implement climate change adaptation practices and/or invest in new technologies as a contingency for the impact caused by climate change.</p>	<p>This activity comprises :</p> <ul style="list-style-type: none"> <li>Microcredits with adaptation incentives or value added assistance components (Pro-clima) which creates financial incentive to farmers who implement adaptation actions.</li> </ul>	<ul style="list-style-type: none"> <li>Improved access to agriculture finance tools and products</li> <li>Expert support to implement adaptation strategy</li> </ul>
<p>Scaling up the implementation of the agricultural insurance program and other financial incentives to promote climate resilience criteria.</p>	<p>This activity is based on the scalability and replication of the agriculture insurance of the National Insurance Institute and other financial</p>	<ul style="list-style-type: none"> <li>Covering of crops and animals by agricultural insurance</li> <li>Financial incentive to implement adaptation strategies</li> </ul>



	incentives to be identified.	
Facilitation of access to climate finance mechanisms in the private sector through the promotion of existing products in local sustainable driven markets; with special emphasis on MSMEs led by young and women.	This activity is based on microcredits that present financial benefits to MSMEs that integrate climate change measures in their businesses.	<ul style="list-style-type: none"> <li>Improved access to MSMEs finance tools and products with special emphasis on MSMEs led by young and women</li> </ul>
Development of credit and climate finance products for the agricultural sector, MSMEs and food systems to drive the transformation of sectors to finance nature-based solutions and validated adaptation technical options.	<ul style="list-style-type: none"> <li>Incorporation of adaptation and climate risk assessment measures in credit analysis.</li> <li>Improving understanding of credit analysts in potential adaptation actions to be financed in the food system.</li> </ul>	<ul style="list-style-type: none"> <li>Improved access to MSMEs finance tools and products</li> </ul>
Bridge the gap to strengthen implementation and scope of credit programs that encourage adaptation to climate change.	<ul style="list-style-type: none"> <li>Integrating climate change adaptation variables in programs, norms and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Improved access to local markets leading to the improvement of economic condition</li> </ul>
Generation of financial mechanisms that facilitate access to climate finance for women.		<ul style="list-style-type: none"> <li>Improved access to MSMEs finance tools and products with special emphasis on MSMEs led by young and women</li> </ul>
Component 3		
Creation of an	This is part of	<ul style="list-style-type: none"> <li>Improved access to</li> </ul>

<p>agricultural innovation center where national and international knowledge with gender perspective can be found, the results of the project as well as knowledge from other institutions to enable the food system to transform its activity.</p>	<p>capacity building and knowledge dissemination about new and not-new adaptation actions including:</p> <ul style="list-style-type: none"> <li>• Technologies indicated in component 1,</li> <li>• Capacity building in different adaptation measures, i.e.. forest germination for the regeneration of forested areas.</li> <li>• Analysis of meteorological events and communication of extreme events for prevention.</li> <li>• Analysis of appraisals and construction permits with a focus on climate change resilience</li> <li>• Infrastructure climate vulnerability analysis</li> <li>• Other</li> </ul>	<p>knowledge</p>
<p>Support and promotion of new and existing national platforms to promote scaling up of measures for adaptation to climate change with gender perspective.</p>	<p>This is part of capacity building and knowledge dissemination about adaptation actions.</p>	<ul style="list-style-type: none"> <li>• Improved access to knowledge</li> </ul>
<p>Scaling up of model farms to promote adapted agricultural practices as well as best practices at community level, particularly with women.</p>	<p>This is part of capacity building and knowledge dissemination about adaptation actions.</p>	<ul style="list-style-type: none"> <li>• Improved access to knowledge for farmers and experience exchange</li> </ul>

Creation of the necessary information for the country's productive sectors with gender disaggregation data to enable them to make timely decisions on nature-based adaptation.	This is part of capacity building and knowledge dissemination about adaptation actions.	<ul style="list-style-type: none"> <li>● Improved access to knowledge</li> </ul>
Dissemination of knowledge and lessons learned with gender perspective through: farm schools, platforms, agricultural innovation center.	This is part of capacity building and knowledge dissemination about adaptation actions.	<ul style="list-style-type: none"> <li>● Improved access to knowledge</li> </ul>

The support of the MSMEs will also strengthen local markets for adapted products and anchor sustainable practices along the value chain. Strengthening the local market allows:

- To decrease in Food Miles (which refers to the distance that food travels to reach the local supermarket). The more food miles collected during food transportation, the more fossil fuels are burned, allowing more harmful greenhouse gas emissions to be released into the atmosphere. Purchasing local food that does not travel thousands of miles does not cause a massive fuel consumption and pollution, and it does not involve the need for facilities such as refrigeration that consume vast amounts of energy.
- Protects Local Land wildlife. When local products are purchased, local female and male farmers are supported to successfully operate their business. When it happens, female and male farmers are compensated for their products, and will be less likely to sell their land, which would often be redeveloped for industrial or commercial use. These uses would decrease biological corridors, affect water resources protection zones, release significantly more greenhouse gas emissions than farming does and would further eliminate habitats for the wildlife living in the local area.

Moreover, the creation of partnerships at community level will help to identify adaptation needs of communities between the different sectors that will allow local development. By addressing adaptation needs at community level, such as the protection of water resources, the generation of resilient jobs, and the restoration of ecosystems, amongst others, the project will coordinate the transformation of the necessary activities to develop a resilient local market. By doing so, the project will economically, environmentally and socially impact communities, because it will address the local cause of vulnerability.

Finally, by supporting MSMEs and creating capacities in community-based organizations, existing barriers to access climate tools, finances and adaptation mechanisms will be overcome and this will allow

the strengthening of local markets making them more resilient to climate change impacts. As the project aims to work with the most vulnerable, gender issues will also be addressed.

The exact number of beneficiaries will be determined in the stage of construction of the full proposal, as mentioned previously.

**C.** Describe or provide an analysis of the cost-effectiveness of the proposed project / programme.

To achieve profitable and efficient resource management, this proposal will strengthen sustainable local markets, developing and implementing adapted practices and nature-based solutions that improve the adaptive capacity and reduce vulnerability to climate risks of communities involved in food systems while increasing economic conditions of actors along the value chain.

It is increasingly well known that communities will be the most severely affected by climate change. In this context, it has already been demonstrated that protecting ecosystem services thanks to adaptation actions such as nature-based and community-based solutions present great economic benefits. For example, a hybrid approach was applied in one study to estimate the value of ecosystem value of ecosystem services of mangrove forests in the Gulf of Nicoya, using traditional benefit transfer and benefit transfer and expert-modified benefit transfer for 11 ecosystem services. In addition, primary studies were conducted for 3 ecosystem services ecosystem services (fisheries, climate regulation, and coastal protection) and coastal protection), including the use of INVEST models in combination with benefit transfer.

Using traditional benefit transfer, the economic value of 11 ecosystem services was economic value of 11 ecosystem services of these mangroves was estimated at \$812 million mangroves was estimated at \$812 million per year (median = \$88 million per year), and the average total value of ecosystem services provided by the ecosystem services provided by the total extent of mangroves in Costa Rica at \$1.5 billion per year (median = \$88 million per year). By applying the expert-modified benefit transfer, the total average value of mangrove forests in the Gulf of Nicoya was estimated to be \$470 million per year and a median value of \$470 million per year and a median value of \$75 million per year. This shows the importance of protecting the environment as well as adapting to climate change impacts.

On the other hand, vulnerable communities are the least equipped to cope and adapt to it through climate finance tools. In this regard, the agricultural and fisheries sectors have limited financing options for adaptation, and there is a growing need to provide access to these resources applied to nature-based adaptation solutions. The cost of implementing new agricultural practices can be significant, especially in the case of small-scale agricultural production or production that has been more exposed to adverse climatic events in the past.

Access to capital has so far been one of the most prevalent barriers to innovation in climate change mitigation and, especially, adaptation, which is rarely associated with an increase in income (from its financing) in the short-term. As a result, producers often find it difficult to absorb the capital investment needed to launch new initiatives and implement improved agricultural practices.

Moreover, the agricultural sector has limited financing options for adaptation, and there is a growing need to provide access to these resources applied to nature-based adaptation solutions, and the gap is wider in women. The cost of implementing new agricultural practices can be significant, especially in the case of small-scale agricultural production or production that has been more exposed to adverse climatic events in the past. That is why in this proposal there is a special focus on implementing financial instruments and investment models in favor of the agricultural sector, community organizations and small and medium-sized enterprises, creating enabling conditions in the local market.

The problem needs to be addressed and without the program the continuous deterioration of the Costa Rican ecosystem and the increased vulnerability of livelihood systems will increase. Moreover, The implementation of this programme is highly significant because it discusses a series of key issues for Costa Rica:

- The beneficiaries of the programme are amongst the most vulnerable population of the country: communities with low human development indicators, highly dependent on natural resources. It's expected through the programme to integrate appropriate considerations of climate change and variability into strategic planning and daily practices among beneficiaries.
- Access to climate finance is extremely limited or non existent for these populations
- The participatory approach and processes (a multi-stakeholder participation) both at the time of design and implementation of the programme will allow improving capacities of governmental organizations, civil society organizations, farmers associations and NGOs.

In this context, it is important to note that the agricultural sector has been neglected by the financial sector (with the exception of a few large producers), so agricultural producers have had problems accessing financing in general. Only 3.03% of all placements by regulated FIs were in agriculture, livestock, hunting and related service activities. The problem of access to financing for the sector is accentuated with climate finance, for mitigation The problem of access to financing for the sector is accentuated with climate finance, for actions to mitigate and adapt to climate change. It is observed that very few climate finance products are targeted or designed specifically for the sector and it is reflected in the placements (GIZ, 2017).

Amongst the few climate credit options, Fundecooperación implements Tailor-Made Credit Programs. The Foundation's focuses on the niche of entrepreneurship, micro, small and medium-sized enterprises with a differentiated value approach based on the implementation of environmental, social, gender and innovation practices. The priority rural focus areas are: Talamanca, Guápiles, Sarapiquí, San Carlos, Grecia, Naranjo, Atenas, Orotina, Pérez Zeledón, Buenos Aires, Palmar Norte and Sur, Golfito,

Puntarenas, San Carlos, San Carlos, Naranjo, Atenas, Orotina, Pérez Zeledón, Buenos Aires, Palmar Norte Norte and Sur, Golfito, Puntarenas, Cóbano, Jicaral, Tarrazú, León Cortes, Acosta, Dota and Cartago.

For 2018, the expectation was to open at least four specialized credit products in order to improve the supply and provide innovative financing options at the national level, these being: Sustainable Coffee, Sustainable Livestock, Sustainable Trades and Sustainable Horticultural Producers. The interest rates are diversified for each segment with the strategy based on regionalization, which makes the supply of credit products more specific to cover niche markets. The interest rates for each segment have been diversified with the strategy based on regionalization, which makes the supply of credit products more specific to cover underserved and more specialized niches of the population.

Fundecooperación is the only finance entity to implement a climate microcredit, PRO+CLIMA microloan (since 2019). The PRO+CLIMA microloans are custom-made and allow micro, small and medium farmers to access financing options to implement sustainable practices and develop further their activity. The loan is built depending on the customer's resources flow to ensure that their repayment is adjusted to their activity type and income scheme, offering solutions and conditions adapted to each client, and may also offer guarantees for more financial inclusion. In return, PRO+CLIMA requires the female and male farmers to implement sustainable practices and a possible subscription to an agriculture insurance. The insurance covers the farmers' activities, while offering financial incentive to implement the strategies. As a result, female and male farmers improve their resilience to climate change and economic conditions. For some, this process also allows them to formalize their activities.

Therefore, the project proposes to invest in continuing transforming agriculture practices into adapted one, transforming the farms as an example for others, and improving the economic conditions of farmers. By parallelly investing in the value chain of the food system through the MSMEs, the farmers are ensured to sell their products, while the MSMEs are benefiting from quality products, adapting themselves to climate change impacts. Finally, by supporting climate finance through microcredit, the project ensures the continuity of the project and that the farmers and MSMEs who will want to adapt will be able to do so without the need of further non-reimbursable financing.

A fundamental part of the project is the creation of knowledge on climate change adaptation in order to strengthen the agricultural production value chain and local markets. Indeed, the previously described activities, related to knowledge management and capacity building, will have a multiplier effect on adaptation actions, which involve technology transfer between beneficiaries, technicians and private organizations, public institutions, communities and small and medium-sized enterprises, seeking to move from traditional uses, methods and practices of resource management to new technologies or measures that increase their resilience.

Knowledge sharing mechanisms promoted among communities and organizations, as well as capacity building, will ensure adaptation in planning processes, as well as improved decision making through stakeholder participation on issues such as climate change, resilience and adaptation in agriculture.

Knowledge sharing will reduce operational costs and increase benefits through the opportunity to replicate best practices and lessons learned among communities.

During program implementation, it is expected to count on counterparts that, by joining efforts, will make it possible to achieve a greater impact.

Describe how the project / programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national adaptation plan (NAP), national or sub-national development plans, poverty reduction strategies, national communications, or national adaptation programmes of action, or other relevant instruments, where they exist.

The project supports the national priorities of Costa Rica. Indeed, Costa Rica is currently reinforcing its efforts to increase society's resilience to the impacts of climate change and strengthening the country's capacity for decarbonized development.

**Component 1: Improve the adaptive capacity of productive systems and communities involved in the development of the territory.**

- The component contributes to axis 5 of Costa Rica's National Policy on Adaptation to Climate Change by strengthening standards and technical guidelines for the resilience of productive sectors, increasing adaptive capacity through the exchange of best practices and innovation for eco-competitiveness, raising consumer awareness and taking advantage of opportunities that favor synergies between mitigation and adaptation in climate action.
- This component contributes to the National Plan for Development and Public Investment (PNDIP), which promotes the implementation of adaptation projects to strengthen the capacities of the rural sector by promoting adaptation strategies that involve environmentally friendly technologies, such as the value of water resources, dual purpose applications such as fertigation to ensure water distribution for livestock and crops, family gardens, food security, and the implementation of strategies with adaptation technology. It also supports community organizations with the development of projects that apply adaptation actions in the communities, seeking to adapt to sustainable production and consumption patterns.
- On the other hand, component 1 contributes to the 2019-2022 Policy Guidelines for the Agricultural, Fishing and Rural Sector, in its Resilient Agribusiness Management axis, which seeks to boost agribusiness capacity for sustainable and competitive production. It is defined that technology must be used in such a way as to increase productivity, but always seeking to make efficient use of natural resources, coordinating the work between the public, private and academic sectors.
- The component also contributes to Costa Rica's Nationally Determined Condition (NDC), which presents the National Policy for Adaptation to Climate Change, including adaptation criteria in territorial planning

instruments, and also indicates that measures must be taken by 2030, considering that productive systems must reduce their Greenhouse gas emissions (GHG) emissions and considering adaptation, mitigation and resilience measures. Mention is made of the implementation of Costa Rica's National Bioeconomy Strategy 2020-2030, which seeks to assist all regions of the country in production based on the fair and equitable use of its biodiversity, involving various sectors and communities for its implementation.

- The component contributes to strategic orientations 2 and 3 of the Territorial Economic Strategy for an Inclusive and Decarbonized Economy 2020-2050 as it suggests diversifying and balancing economic activities in favor of resilience and suggests optimizing economic activity linked to ports, expanding sustainable fishing activity and developing human capital and innovation.
- This component also contributes to axis 4 of the gender equality policy for inclusive development in Costa Rica's agricultural, fishing and rural sector by facilitating rural women's effective access to climate information and advisory and training services on sustainable agricultural practices that favor their capacity to adapt to and mitigate climate change.
- Axis 8 of the Decarbonization Plan seeks to promote agrifood systems that are efficient and reduce carbon emissions; achieving sustainable and resilient agriculture will be the answer to alternatives and methods for adapting to climate change. This is achieved through board agreements in relevant institutions (National Institute for Rural Development (INDER), SBD, National Community Development Direction (DINADECO), and others) for the allocation of resources for the development of decarbonization projects, in addition to generating plans to be applied in the agri-food industry and in SMEs in the sector that seek to reduce emissions and achieve sustainable productivity.
- This component contributes to axes 1 and 5 of the national risk management policy by improving adaptive capacity, thus reducing the risk and vulnerability of communities throughout the territory. It also helps to reduce economic losses due to disaster events in the productive sector, since by strengthening adaptation mechanisms, disaster events can be prevented and mitigated.
- Finally it contributes to every axis of the Gender equality policy for inclusive development in the Costa Rican agricultural, fisheries and rural sector 2020-2030 and Action Plan I as it supports the institutional management to support women, support women economic conditions and well-being, and help them implement new technologies and adapt to climate change.

## **Component 2: Strengthen access to financing for nature-based adaptation investments.**

- This component contributes to axis 6 of Costa Rica's National Policy on Adaptation to Climate Change, facilitating access to public and private financial resources to effectively implement adaptation measures and reduce losses and damages for vulnerable populations due to the adverse impacts of climate change. This is intended to be done by identifying climate actions in annual budget exercises, strengthening financial instruments for conservation, sustainable management and recovery of natural resources and for payment by results for the provision of strategic environmental services for adaptation, incorporating



adaptation criteria in financial instruments for risk transfer, such as guarantees, insurance and reinsurance, and by incorporating adaptation criteria and reduction of current vulnerability in post-disaster reconstruction and recovery processes.

- The component contributes to strategic orientations 2 and 3 of the Territorial Economic Strategy for an Inclusive and Decarbonized Economy 2020-2050 as it suggests diversifying and balancing economic activities in favor of resilience and suggests optimizing economic activity linked to ports, expanding sustainable fishing activity and developing human capital and innovation.
- This component contributes to the PNDIP since it mentions that the demand for financial services is increasing in the country, since there was a reduction in the requirements for opening debit accounts, which seeks to increase the banking penetration of small businesses and improve the conditions for financing dynamic and traditional enterprises. In addition, the Development Bank is working to increase the annual percentage of loans granted to SMEs and is seeking to increase SME insurance and agricultural insurance as a means of mitigating climate change. The National Insurance Institute (INS), on the other hand, has already enabled access to affordable crop insurance for producers who apply climate change adaptation and mitigation standards to their crops.
- Additionally, it supports axis 4 of the 2019-2022 Policy Guidelines for the Agricultural, Fishing and Rural Sector, which promotes institutional modernization as a strategic line with the private sector and other sectors that promotes actions to facilitate public-private linkages, as this allows taking advantage of institutional services, provides access to financial resources and risk reduction instruments (insurance), which is useful for developing capacities and effective articulation with other sectors.
- It also contributes to the NDCs, which want to ensure partnerships with the financial sector, so that it is decarbonized and resilient, and also encourages investment and financing of green businesses. In this area there is also a commitment by the country to strengthen tools such as insurance and tariff instruments as adaptation and mitigation measures.
- Specifically for the agricultural sector, the idea is to develop a sectoral plan for adaptation to climate change that analyzes its main impacts, focusing on the transformation of the productive sector through the adoption of technologies to reduce emissions and adaptive policies and practices.
- The component contributes to axis 2 of the gender equality policy for inclusive development in the Costa Rican agricultural, fishing and rural sector so that women linked to the sector improve their economic autonomy through access to financial resources, increasing their capacity to access land and technology.
- The component observed in the Decarbonization Plan seeks to consolidate strategies that allow access to financing in all its axes, through financing at scale, to reduce barriers in the strategies and ensure that the actions to be implemented are carried out.
- This component contributes to axis 4 of the national risk management policy, since by strengthening

access to adaptation financing, it contributes to increasing the financial investment available to protect and secure infrastructure and public services.

- Finally it also contributes to every axis of the Gender equality policy for inclusive development in the Costa Rican agricultural, fisheries and rural sector 2020-2030 and Action Plan I as it supports the institutional management to support women, support women economic conditions and well-being, and help them implement new technologies and adapt to climate change.

### **Component 3: Strengthen capacities for local, national and regional decision making.**

- This component contributes to axis 1 of Costa Rica's National Policy on Adaptation to Climate Change by promoting the implementation of information platforms and climate services, promoting scientific research, incorporating adaptation to climate change in all educational systems, and promoting community management and participation in adaptation to reduce the vulnerability of communities and households to climate change through capacity building.
- This component contributes to the PNDIP, which proposes to create value-added products based on the knowledge that the National Center for Food Science and Technology transmits to the sector, in addition to Ministry of Science, Innovation, Technology and Telecommunications (MICITT) support to help SMEs with experimentation, digital manufacturing, prototyping and learning tools.
- In addition, the component contributes to axis 2 of the 2019-2022 Policy Guidelines for the Agricultural, Fishing and Rural Sector, establishing measures to strengthen the domestic market through productive organizations that favor the participation of stakeholders with the action of institutions linked to the sector, which help add value to products by improving access to markets and competitiveness. The knowledge and experience gained throughout the production chain can be profitably applied by forming alliances with government agencies, international organizations, producers' organizations and entrepreneurs, among others.
- It contributes to the NDCs regarding climate empowerment actions, which is sought to be implemented from primary school to university level with the help of civil society organizations and community organizations that have the capacity to implement education programs to include content related to climate change in education programs. Actions are also sought to promote community management and participation in adaptation activities in order to reduce the vulnerability of communities to climate change.
- The component also contributes to axes 2 and 3 of the gender equality policy for inclusive development in Costa Rica's agricultural, fishing and rural sector, so that capacity building can improve organizational and business management for the well-being and economic autonomy of women linked to the sector; in addition, capacity building facilitates research and technological innovation, helping to improve the competitiveness of the productive and economic activities of agricultural and rural women.
- This component is addressed in the Decarbonization Plan with a planning that seeks to generate

knowledge from various groups and actors, with the objective of making decisions that direct markets and productive sectors to generate zero emissions. The aim is to use knowledge to digitize processes and base the economy on it, since it allows accumulating, processing and analyzing data to have competitive conditions in the new context. There is also support from institutions to transmit information to the various sectors and, specifically in the agricultural sector, the aim is to provide training to guide farms under sustainability models.

- The component contributes to axis 3 of the national risk management policy, as it helps in research, observation and generation of information on risks to make the best decisions regarding actions to reduce risks and vulnerability.
- Finally it contributes to axis 4 of the Gender equality policy for inclusive development in the Costa Rican agricultural, fisheries and rural sector 2020-2030 and Action Plan I as it supports the institutional management to support women.

**D.** Describe how the project / programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.

Labor codes and the relevant sectoral laws and regulations that include adaptation measures from the inception of the project will also be taken into account. Among the aspects considered during the creation of the project have been the general regulatory framework that affect activities of the components mentioned, and that are related with the AF Environmental and Social Policy.

For the creation of this program and all its related activities, all the corresponding standards, codes and laws have been considered, in compliance with the Environmental and Social Policy of the Adaptation Fund.

General Environment:

- As a basis for this program, we have considered compliance with the Costa Rican Constitution, which establishes the importance of procuring the greatest welfare for all the country's inhabitants, organizing and stimulating production and the most adequate distribution of wealth. The State shall guarantee, defend and preserve this right. Every person has the right to a healthy and ecologically balanced environment. Therefore, he is entitled to denounce the acts that infringe this right and to claim the reparation of the damage caused, in addition to establishing that the water resource is an asset of the nation, indispensable to protect this human right.
- The Environmental Law No. 7554 is considered in this programme; it establishes the regulations and guidelines for the technical tools for an Environmental Impact Assessment and expands the right to a healthy and ecologically balanced environment that is recognized by Art. 50 of the Costa Rican Constitution. The objective of this law is to provide citizens and the Costa Rican State with the necessary instruments to achieve a healthy and ecologically balanced environment. It also stipulates that the State

must defend and preserve this right through the application of the law, in order to pursue greater well-being for all inhabitants. It also creates the National Environmental Technical Secretariat (SETENA) as the highest decentralized body of the MINAE, which is responsible for balancing conservation with the need for development, particularly by evaluating environmental impact studies and recommending remediation actions.

- The Costa Rican Labor Code (Law No. 2) establishes binding provisions for all employers, in which any waiver of the rights conferred by labor legislation is considered null and void. This law is of public order and all existing companies or establishments of any nature, public or private, are subject to its provisions.

The program aims to increase the resilience of vulnerable populations in Costa Rica, particularly women, by scaling up adaptation actions and strengthening climate finance, agricultural value chains and organization based communities of food systems. As adaptation actions are selected based on expert opinion and on bottom up approach and creates vertical and horizontal alliances in public and private sector, the program is ensured to not only respect the environmental general legislation, but also to support vulnerable populations to implement legal adaptation strategies.

Gender equality and women's empowerment

- The Costa Rican Constitution establishes the same rights, freedoms and opportunities for all individuals and prohibits any form of discrimination. Anti-discrimination laws have been created and ratified, as well as the formulation of the National Gender Equality and Equity Policy (PIEG), which establishes a series of principles and measures to ensure that women enjoy equal rights and opportunities, recognizing the exclusion and restrictions that women have suffered because of their sex. In the international context, the Charter of the United Nations (1945) is the first international instrument to establish the principle of equality between women and men, and the Universal Declaration of Human Rights (1948) establishes the prohibition of discrimination on the basis of gender.
- At the national level, among other regulations, Costa Rica has created a technical standard that will enable companies to become certified in gender equality, making it the second country to have such a tool in Latin America. The INTE 38-01-01:2013 standard is from the INAMU.
- The Committee of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in its most recent report for Costa Rica (2017/C/C/CRI/CO/7) establishes the main barriers and non-compliances that still persist to ensure women's equality. For example it states: to adopt temporary special measures at the local level to address forms of discrimination experienced by rural, indigenous, Afro-descendant, refugee, asylum-seeking women, LGBTI and women with disabilities, to strengthen the National System of Care and Prevention of Violence against Women and Domestic Violence, and to prevent gender-based violence against women at the local level, including in rural and border areas of the country, to adopt a strategy to promote the full, equal, free and democratic participation of women on equal terms with men in political and public life, to ensure the application of the principle of equal pay for work of equal value, and to strengthen strategies to prevent occupational segregation and reduce the gender wage gap, to develop a strategy to ensure access to land titles and property for rural women and to increase rural women's land tenure security, to increase the effective participation of rural women in the

benefits of rural development projects, and to further strengthen their participation in the decision-making bodies that define territorial governance, in particular the steering committees of the Territorial Council for Rural Development, to strengthen measures to eliminate stereotyped gender roles and intra-family inequality affecting rural women, and expand the "Rural Women, Land Rights and Expressions" Program, as well as capacity-building activities for rural women and to ensure effective access by rural women to appropriate agricultural technologies, Information and Communication Technology (ICTs) and mobile networks.

The program is designed to be gender sensitive. Farms, organizations and MSMEs led by women will be subject to particular attention and support to implement adaptation actions in farms or to access climate finance products will be provided considering the dual role of women (housework and paid work). Therefore, the legislation about gender equality and women's empowerment will be respected.

#### Agriculture

- The development of this program also complies with the regulatory framework for agricultural sector activities, including the Law for the Development, Promotion and Development of Ecological Agricultural Activity (No. 8591), which ensures compliance with development objectives and provides mechanisms to strengthen the quality and number of producers who market their products, as well as promoting financing products offered to micro, small, and medium-size enterprises. Third-party certification of organic products will be carried out in accordance with ISO standards. On the other hand, access to crop insurance for organic agricultural production is guaranteed, due to possible catastrophes resulting from climate change.
- The Organic Agriculture Regulation Decree No. 29782-MAG, on the other hand, specifies the principles under which organic agriculture should be developed in Costa Rica. It proposes the establishment of guidelines to regulate the production, creation and commercialization of organic agricultural products and to regulate their production and certification processes.
- The Law of Use, Management and Conservation of Soils aims to protect, conserve and improve soils in integrated and sustainable management with other natural resources, through the promotion and environmental planning. Among the specific objectives are to promote planning by means of environmental inventories, for a balanced use between the capacity of use and the productive potential, thus improving the living conditions of the population; and to promote agroecology, as a way to achieve convergence between the objectives of agricultural production and the conservation of water and soil resources. This law, in turn, suggests facilitating mechanisms for integrated actions of related institutions to promote inter-institutional planning, use capacity and productive potential, in addition to promoting the continuous improvement of practices to prevent erosion and soil deterioration, and to promote agroecology, as strategies for preservation and sustainable use. The Law promotes the increase of soil productivity, as well as the increase of the vegetal cover of the land to optimally enhance the use of the soil.
- Costa Rica, under Law 8279 of the National Quality System, guides public administration and the private

sector in conformity assessment and quality promotion activities. In addition, the country is a member of the International Organization for Standardization (ISO), where it participates in technical committees and ensures that processes carried out in the country comply with international standards. For the agricultural and water resource sectors, Costa Rica participates in the Food and Energy Management technical committee, and is a participant in the Environmental Management technical committees. Each of them issues regulations that its members must comply with, in order to create an international standard in the products or means involved to reduce trade barriers and international relations.

- An important aspect to highlight in this regard is the work done by Costa Rica in the creation and updating of standards related to environmental management, management of greenhouse gases, and adaptation to climate change, which are of special interest to the country. The standardization of good environmental practices in the production sector provides opportunities to boost the market by allowing national production to be certified and leads to sustainable, competitive, low-carbon and resilient agriculture.

The program proposes to support the implementation of adapted strategies in the food system, including in farms. The adapted agricultural strategies selected to be implemented correspond to nature based-solutions and community solutions which won't have a negative impact on the environment, on the contrary, they will support the protection and restoration of landscapes. By facilitating access to climate finance, it will facilitate the replication of the adapted strategies in the sector.

Water:

- Regarding the regulatory framework of the water resource sector, there is a wide variety of ratified international conventions that cover this resource, either as cooperation agreements, patrimonial agreements or others. However, there are three key regulations regarding water. First, it is important to highlight the 1942 Water Law. This law is considered as the regulations of the water resource ordinance in Costa Rica. It covers the differentiation of public and private domain of the resource by which it intends to define the jurisdiction to be taken into account. It also emphasizes the use of water and the supply of drinking water. The Water Law establishes the special rules for easement, the creation of users associations, the establishment of taxes, criminal measures, and institutional management, among others.
- The General Law on Drinking Water consists of a regulation to declare the public utility for the planning, projection and execution of drinking water supply works. Among the most important aspects of this Law, it establishes the institution that is in charge of ensuring the different distribution means of drinking water, as well as determining what institution is in charge of establishing the consumption fees. In regards to water resources, a new Law was designed in 2002. This draft aims at regulating the public domain of water resources, structuring the institutional framework for their protection and proclaiming their right to be used. The promotion of the Human Right to have access to water, in quality and quantity, is highlighted since it is essential to fulfill the basic needs of the human being.
- Decree N° 42582-S-MINAE's purpose is to establish a legal framework to regulate the operation of the organizations for the community management of aqueduct and wastewater sanitation services recognized in the country's legal system and their relationship with Costa Rican Institute of Water Supply Systems

and Sewerage Systems (AyA), the technical governing body. In this decree, the figure of the Asociaciones Administradoras de Sistemas de Acueductos y Alcantarillados Comunes (hereinafter ASADAs) is legally recognizes as private non-profit associations, which are solely responsible for the community management delegated by the AyA, of the public drinking water supply and wastewater sanitation services in Costa Rica, as key players in the integrated management of water resources.

The program will work along the value chain of food systems including civil organizations. By doing so, the program will help water distribution organizations to implement adaptation strategies to be able to support farms. Therefore, it will support the water organizations to implement nature-based solutions which go in line with the legislation of the water sector. By facilitating access to climate finance, it will facilitate the replication of the adapted strategies in the sector.

Small and medium enterprise:

- The strengthening of small and medium enterprise N° 8262 creates a regulatory framework that promotes an integrated strategic system of long-term development, which allows the productive development of small and medium-sized enterprises, hereinafter referred to as SMEs, and positions this sector as a leading player, whose dynamism contributes to the process of economic and social development of the country, through the generation of employment and the improvement of productive conditions and access to wealth. One of the objectives of the law is to facilitate access to markets for goods and services for SME and given the access to funds to stimulate their businesses to finance actions and activities aimed at promoting and improving management capacity and competitiveness. Hence, the proposed project complements the national legislation.
- In order to establish a mechanism for the financing of productive and feasible projects, the Development Banking System Law N°. 8634 was created. This law establishes among its objectives, to promote the development and competitiveness of the productive sectors and small and medium enterprises, in line with the PNDIP, on the other hand, establishes the financial conditions applicable to the projects, in addition to considering the equitable access of financing and non-economic resources to women, ensuring the design of policies to neutralize gender inequalities.
- Decree N°. 37168: Regulations for the Program to Strengthen Innovation and Technological Development of SMEs, regulates the mechanisms for administering resources available to small and medium-sized enterprises that want to finance projects related to the transfer of knowledge in order to achieve the development of human potential, in addition to other projects related to the improvement of equipment and infrastructure are also considered, so that SMEs can comply with certification processes in accordance with national and international standards, which allow them to access new markets.

The program will help MSMEs to implement adaptation strategies by supporting their purchasing and/or use of sustainable products. By doing so, the program will also support the MSMEs to follow the regulatory framework, access resources, and even to get legalized if needed. Therefore, the program will not only follow the regulation but also support it. By facilitating access to climate finance, it will facilitate the replication of the adapted strategies in the sector.

## Food processing

- The Costa Rican State establishes the right to health in its Political Constitution derived from Article 10, which establishes health as a good of public interest, protected under the rule of law. In the particular case of Costa Rica, the competence of veterinarians to safeguard public health in the area of food safety is embedded in two laws that are pillars of Costa Rican sanitary law.

On the one hand, the General Health Law in its articles 212 and 221, decrees that all those establishments that elaborate, transform, portion, manipulate, pack, store or distribute food of animal origin, must establish suitable sanitary conditions that guarantee their hygiene; among them, to have a veterinary medical inspector that audits the whole industrialization process. Products of animal origin are understood as all those foods derived from animal parts or secretions, derived from domestic or wild species destined for livestock exploitation (bovine, swine and ovicaprine), as well as digestible dietary substrates with a high nutritional value, coming from aquaculture, aviculture and apiculture.

On the other hand, the General Law of the National Animal Health Service (SENASA) through its Article 6, provides that the governing body in charge of planning, directing and taking the relevant sanitary measures on the control of the safety of food products of animal origin throughout the entire agro-chain, is SENASA through official veterinarians.

By supporting the MSMEs as stated previously, the program will make sure that they respect the food processing legislation when processing the agricultural adapted products, as it will also allow them to be able to sell the product at a better price.

It is considered possible that the impact and results obtained at local level could be a driving force to influence the existing legislation in relation to climate change adaptation, local development and SMEs.

- E.** Describe if there is duplication of project / programme with other funding sources, if any.

This proposal is conceptualized based on the spin offs of the Adapta2+ program implemented by Fundecooperación since 2015, as well as the current necessity already covered by adaptation projects implemented in the country. Hence, it will complement adaptation projects being currently implemented. The projects are:

- DAPTA2+ is a program funded by the Adaptation Fund to support adaptation programs in developing countries that are vulnerable to the adverse effects of climate change. The goal of the initiative in Costa Rica is to reduce the vulnerability of communities to the impact of climate change and enhance resilience in the following sectors that have been classified as critical: agriculture, water resources and coastal areas, and capacity-building. The Adapta2+ program has an impact on the agricultural sector because of its efforts to improve the technical and productive conditions of those benefiting from climate change adaptation. Adapta2+ allowed developing tools used by climate finance such as agricultural insurance

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amongst others and establishing the necessary alliances to create enabling conditions to change, which were identified as spin offs to build this new proposal. The Adapta2+ program results served as a base for this proposal and spin offs were identified and will be escalated and/or replicated. The expected outcomes will differ:

Table X. Comparison between Adapta2+ and proposal’s outcomes

Adapta2+ outcomes	Proposal’s outcomes
Outcome 1: Strengthened farming productivity in response to climate change, in order to reduce loss of soil and improve water management.	Outcome 1: Food systems and communities adapt to climate effects and implement nature-based solutions that contribute to the resilience and sustainable development of the territory with a gender perspective.
Outcome 2: The availability of water resources for human consumption is preserved and the vulnerability of coastal communities is reduced through the participation of communities in protecting critical ecosystems (For example: mangroves, watersheds and coastal areas).	Outcome 2: Access to climate finance products and mechanisms is facilitated in the food systems.
Outcome 3: stakeholders improve capacities regarding adaptation to climate change by developing and improving the information, awareness and abilities about related socioeconomic and environmental risks	Outcome 3: Knowledge with a gender perspective is created, strengthened and disseminated along the value chain to reinforce decision-making capacities in adaptation actions to improve resilience to climate change in the territories.

- herefore, while Adapta2+ focused on adaptation actions in the agriculture sector, the water sector and knowledge creation, the new proposal goes further, implementing adaptation actions linking the three components and beneficiaries along the value chain of the food system including climate finance, making sustainable the outcomes of the program.
- lan A, is an adaptation project which is implemented in the country financed by United Nations Environmental Program (UNEP). Plan A aims to build sustainable country capacity in identifying, prioritizing, planning and implementing measures that address a diversity of local adaptation needs. The ultimate objective of the project is to reduce the country's vulnerability to the impacts of climate change and variability, by building adaptive capacity and resilience through the integration of adaptation into regional and municipal planning, including government entities, the private sector, and civil society. The project seeks to achieve its objective through the strengthening current planning frameworks at regional and cantonal levels, recognizing the crucial role of subnational authorities in climate change adaptation;

engaging key stakeholders in adaptation planning and implementation at these levels; producing cantonal risk assessments to identify adaptation needs, based on i) available and pertinent knowledge, and ii) a validated and efficient methodology; building institutional and technical capacity and promoting agreements at different levels; and developing appropriate monitoring and reporting mechanisms for adaptation at sub-national level and link them with the national initiative for M&E of adaptation.

This proposal will benefit from the knowledge creation of Plan A such as the vulnerability maps, local climate scenarios and other tools created, amongst others. It will also benefit from the local capacity created at local level to facilitate the implementation of the program. As Plan A is focused on urban areas (local planning), the proposal will complement the implementation of adaptation actions in the agriculture sector.

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he Microfinance for Ecosystem-based Adaptation (MEBA) allowed the development of microcredit lines focused on sustainable development for vulnerable female and male farmers. Indeed, (MEbA) project seeks a paradigm shift through private sector engagement in adaptation finance by facilitating microfinance products aimed at small-scale farmers to invest in ecosystem-based adaptation (EbA) options, thus improving their income and resilience to climate change. MEbA builds capacity in microfinance institutions (MFIs) in the Latin American, Caribbean and African regions to i) raise client awareness on climate impacts and EbA options; ii) train staff on climate change and conservation concepts; iii) manage agro-climate risks and improve information systems; iv) develop EbA micro-loans and services, and v) foster technical partnerships to assist clients in EbA implementation. With the MEbA tools, MFIs autonomously promote EbA loans and cater to their clients' needs while improving efficiency and reducing costs. MEbA also works with governments and development banks to set an enabling environment for replication and scale-up.

The MEbA project results are a spin off for the proposal and be replicated and escalated. Therefore the proposal will go further than the MEbA project by supporting microcredit clients to sell their products in local markets, ensuring the improvement of their economic conditions.

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IOFIN by the United Nations Development Programme (UNDP) was initiated in response to the urgent global need to divert more finance from all possible sources towards global and national biodiversity goals, as highlighted during the 2010 CBD COP 10 in Nagoya. BIOFIN works with governments and the private sector to demonstrate how tailored investments and incentives in biodiversity not only protect

nature but also create jobs, reduce pandemics, and combat climate change. Hence, BIOFIN works with countries to create tailored finance solutions that will help them transition to a nature positive economy: protecting and preserving nature and boosting economies<sup>5</sup>. The proposal will complement the effort of

<sup>5</sup> Based on the evaluation of available finance alternatives, in Costa Rica, the following finance solutions have been prioritized:

- ssuance of a green bond for the acquisition of lands for protected areas, from the securitization of future income cash flows of the national system of conservation areas, for the mobilization of resources aimed to regularize the rights over lands that the CR State has expropriated for conservation purposes but have not been paid yet. I
- stablishment of a green lending facility for corporate sustainability, to support small and medium manufacturing companies willing to implement more environmentally friendly technologies for their productive processes. E
- evelopment of a concessions platform for non-essential services in protected natural areas as a mechanism for strengthening protected areas, increasing financing for biodiversity preservation and promoting a more sustainable, inclusive and equitable development. D
- mplementation of the Sustainable Tourism Impact Fund as a financing mechanism to channel technical cooperation, financing and equity investment, to support the development of sustainable tourism projects in protected natural areas, biological corridors and buffer zones, as a mechanism to strengthen those protected areas, increase employment, reduce poaching of wildlife, prevent the loss of cultural and natural capital and achieve more inclusive and equitable development for communities in areas of high importance for the protection of biodiversity. I
- stablishment of the Costa Rica ABS Challenge Fund, in order to promote the availability of a funding source for the development of new ABS projects by research institutes and other public and private organizations interested in the use of the biochemical and genetic elements and resources of biodiversity, and the sharing of benefits arising from their utilization. E
- mplementation of a crowdfunding initiative in order to provide financing for ecological monitoring and research, forest fire fighting and control of invasive alien species. I
- restructuring of the Payment for Environmental Services System (PSA 2.0) to strengthen its financial sustainability and expanding the scope of application to go beyond the forestry approach that currently prevails, towards an ecosystem services approach. R
- stablishment of a Sustainable Fishing Program to facilitate technological improvement and blue financing of working capital for the fishing of large pelagic species. This finance solution contemplates the acceptance by the beneficiaries of the program, of the use of satellite tracking devices that guarantee respect to the marine protected areas and the exclusive economic zones of other nations. E

BIOFIN by working with the agriculture sector and transform their activity into sustainable one, protecting and restoring biodiversity through the implementation of adaptation actions and nature based solutions. Therefore, farm and MSMEs activities will contribute to the effort in conserving biodiversity.

• The Productive Landscapes Project (PPP) is led by the UNDP in partnership with the MINAE, with financial support from the Global Environment Facility (GEF), for the period 2018-2023, working in both urban and rural areas to address the two main drivers of natural habitat loss: agricultural expansion and unplanned urban growth. The PPP is innovative and seeks to achieve biodiversity conservation, sustainable land management and carbon sequestration in production landscapes and interurban biological corridors, benefiting both people and biodiversity. To this end, it works on key issues such as sustainable cities and communities, sustainable agriculture and production, and land cover and land use monitoring. It promotes public policies, innovative technologies, market enabling conditions and financial mechanisms that include this approach and incorporates gender equality as a cross-cutting theme. In Costa Rica, the two strategic areas in which PPP works are: The Maria Aguilar Interurban Biological Corridor (CBIMA) in the Greater Metropolitan Area, and the La Amistad-Pacific Conservation Area in the southern part of the country.

The proposal complements the project. Indeed, as the program will work along the value chain of the food system with climate finance solutions it will allow the results of the PPP to be integrated in the adaptation strategies developed and escalated. Moreover, the proposal will also allow replicating some of the PP strategies in other parts of the country.

• Through a comprehensive approach, the Strengthening of Communal Aqueducts Project (SCAP) aims to strengthen the infrastructure and operational capacity of more than 300 ASADAS in the cantons of Liberia, La Cruz, Cañas, Carrillo, Santa Cruz, Nicoya, and Hojancha in the Chorotega region and the cantons of Los Chile, Upala and Guatuso in the North-North territory, by incorporating the adoption of ecosystem-based adaptation measures, with strong participation of communities, not only as customers of water services, but also as actors responsible for water services, Upala and Guatuso in the North-North territory, by incorporating the adoption of ecosystem-based adaptation measures, with a strong participation of the communities, not only as clients of water services, but also as actors responsible for the protection and preservation of the water resource.

The project strategy includes the generation of associative dynamics, capacity building, infrastructure improvement and knowledge development of managers, active participation of women, local communities and productive sectors, for the promotion and implementation of sustainable practices for water use, in addition to the improvement of infrastructure and operation to expand service coverage, thus promoting

• mplemented with Fundecooperación, It is a unique program in Latin America and the Caribbean, which is why Costa Rica becomes a world reference in the search for concrete actions to guarantee the link between nature, gender equality and the empowerment of women.

compliance with the 2030 Agenda and the Sustainable Development Goals (SDGs), especially SDG 6: Ensure availability and sustainable management of water and sanitation for all.

The project is led in Costa Rica by AyA, with the support of MINAE and the Climate Change Directorate (DCC). It is also financed by the GEF and receives technical support from UNDP.

The program will benefit from the SCAP results and allow replicating the successful actions in new ASADAs or to support the creation of alliance between ASADAs and agricultural actors of the region if already adapted. It will also go further by linking the adapted ASADAs to users and benefit from climate finance if needed.

- T

he Biodiver\_City implemented by German Corporation for International Cooperation (GIZ), seeks to ensure that interurban biological corridors and the benefits that nature brings to urban life are considered in the planning and management of spaces in the Great Metropolitan Area (GAM). In order to contribute to green spaces and guarantee their ecological, economic and social benefits for the inhabitants of the GAM, the project works in 3 components: 1. Capacity building and framework conditions at the GAM level: It is necessary to adjust the planning and management instruments developed under the PNCR for rural biological corridors to an urban context. At the same time, it is important to link these instruments with existing urban planning tools and to promote multi-stakeholder dialogue to develop strategies, guidelines, regulations and tools to integrate the concepts of biodiversity and nature's benefits for urban life. 2 Strengthening implementation and cooperation capacities at the level of the 2 CBIs: The project focuses on strengthening the planning, implementation and coordination capacities of National System of Conservation Areas platforms, municipal administrations, local committees and other relevant actors in the selected inter-urban biological corridors. 3. The ecological integrity and the conservation of ecosystem services of interurban biological corridors are also threatened by inhabitants who do not manage green spaces in a sustainable manner. effective communication and knowledge management tools are required for the dissemination of these concepts and experiences, as well as the sensitization of decision makers and the urban population on important issues.

This proposal will complement the project by working with the agriculture sector and implement adapted agricultural practices which sustain over time, restoring and preserving biodiversity. Therefore, it will parallelly work in a complementary sector, linking both agricultural and private sectors in urban and rural areas.

- P

roductive Investment Initiative for Adaptation to Climate Change (CAMBio II)'s objective is to increase resilience to climate change of Micro, Small and Medium-sized Enterprises (MSMEs) in Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama and the Dominican Republic by removing barriers to access financial and non-financial services for adopting and implementing climate change best adaptation measures. This initiative will provide concessional loans and technical assistance to encourage MSMEs to invest in adaptation. It is also designed to consolidate agricultural production systems adapted to climate

change. A grant component of this programme will provide financial rewards to MSMEs and intermediary financial institutions for their successful implementation of adaptation activities.

The proposal will complement the project as it will work along the value chain allowing the MSME to be able to sell their adapted product implementing ‘purchase with a cause’. Thus, it will help CAMBIO II to expand their results.

- F.** If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.

The knowledge management aspect is intrinsic in the whole proposal. However, due to its importance on the impact and sustainability of the program, it was enhanced as an independent component which responds to the third objective of the program. Hence, knowledge management is the component 3: **Strengthen capacities for local, national and regional decision making**. Hence, this component supports the strengthening of capacities through dissemination, awareness building, training and knowledge exchange mechanisms for initiatives along the value chain to promote informed decision-making at all levels.

This component builds upon previous experience with COVID-19 which obliged Fundecooperación and executing entities to apply adaptive management measures. These new strategies have led, in certain cases, to the improvement of communities and organizations’ participation in meetings, as well as to the creation of new training materials for technical support to female and male farmers, sharing projects’ results and experience exchange using different multimedia platforms. The recent COVID-19 crisis has also shown that more work is still needed, for example, the financial difficulties of a community impacts on the ASADAs, which find themselves unable to collect the funds necessary to function.

During Adapta2+’s implementation, robust capacity building has been carried out, initially on-site but then through virtual activities due to the current conditions, to continue creating enabling conditions for adaptation. During the pandemic, virtual activities and multimedia platforms have been developed to communicate with a large range of actors involved in the program and for community empowerment. The virtual activities developed are of different types: virtual fieldwork days via Facebook live; virtual talks through Zoom on specific adaptation topics; webinars through Zoom to share results<sup>6</sup>. The executing entities, which were granted a project completion date extension, have also carried out project activities and adapted to this new reality.

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<sup>6</sup> This resulted in reaching more than 1,500 individuals, which might not have been possible without those tools.

Moreover, complementing on Adapta2+ results and lessons learnt from this new phase, tools and spaces for knowledge dissemination will be developed to enhance adaptation solutions to improve decision making in the productive agricultural system and along the value chain. Hence, not only the project will create and disseminate knowledge, it will also regroup the knowledge from the different projects about adaptation and finance options for the agriculture sector and SMEs in a dedicated center and virtual platform, which will allow reaching more communities nationally and internationally.

Then, the knowledge created from project lessons learned will be published and shared at local, national and regional levels to improve decision making on adaptation actions at local, national and regional levels. Training and events at farm level, community-based organization, local SMEs, finance sector and local and national government level for decision-making in adaptation actions will be organized and tours to model farms will be carried out.

During the implementation of the project, the following material will be produced: model farms, videos, photos, PowerPoint presentations, and technical reports on adapted practices in farms and MSMEs.

- G.** Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

Fundecooperación, along with the DCC that is the country's DNA (Designated National Authority) have worked in close coordination for formulating this programme. Besides, it has been a priority to identify the country's needs regarding the three components selected for the proposal.

To realize this proposal, a meeting and a workshop has been carried out.

- T  
 he meeting was carried out with Ximena Apestegui, coordinadora de PLAN A  
 During this meeting, the objective, limits and current results of PLAN A were discussed. Hence, it was mentioned that PLAN A is focusing on the creation of planification tools and supporting the integration of adaptation at local level. Currently, maps of risk are being created, while the integration of risk in municipality planning is being realized. From this meeting, it has been concluded that there is a shortcoming concerning adaptation projects in the agriculture production and private sector.
- T  
 he workshop with key actors (July 02, 2021)  
 The objective of the workshop was to discuss the outputs and determine the activities of the new proposal for the Adaptation Fund. Participated to this workshop the following entities:
  - Ministry of Agriculture and Livestock
  - NAMA Livestock
  - Ministry of National Planning and Economic Policy
  - Institute of Water and Sewer

- Ministry of Environment and Energy
- National Institute for Innovation and Transfer of Agricultural and Livestock Technology
- National Seed Office

The following image shows the agenda of the workshop:

Table 5. Workshop Agenda

Time	Activity	Actor
9.00 – 9.05 am	Introduction	Jessica Roccard
9.05 – 9.30 am	Presentation of Adapta2+ results	Carolina Reyes
9.30 – 9.40 am	Presentation of components	Jessica Roccard
9.40 – 10.25 am	Discussion on outputs, outcomes and identification of activities: <ul style="list-style-type: none"> <li>• brainstorming of activities and</li> <li>• Suggestions for improvement in outputs or outcomes*.</li> </ul>	By group
10.25 – 10.45 am	Presentation of results	All
10.45 am	Closing of the workshop	Jessica Roccard

▪

M

meeting with executing entities

The objective of the meeting was to present the results of the Adapta2+ Program, to define the next steps and the scalability potential of initiatives and projects. Participated to this meeting the following entities:

- Executive Director, Fundecooperación
- Project Department Coordinator, Fundecooperación
- Board Representative, Fundecooperación
- National Commission of Emergency
- Dean of the Faculty of Agri-Food Sciences, University of Costa Rica
- International Affairs Unit, Ministry of Agriculture and Livestock
- Deputy Manager of Communal Systems,
- International Affairs Unit, Ministry of Agriculture and Livestock
- Climate Change Direction, Ministry of Environment and Energy
- Ministry of Agriculture and Livestock
- Planning and Administration Area, Climate Change Direction, Ministry of Environment and Energy
- Technical Coordinator, Climate Action Office, Ministry of Environment and Energy
- Advisor to the Minister of Tourism, Costa Rican Institute of Tourism

During this meeting, it was stated that:

- Some of the projects that have been successful in the field can be scaled up.
- There are links between adaptation and Risk Management that require organization between both topics. This is key so that the warning systems installed have a response from the entire institutional apparatus.
- In the area of information and communication platforms, a way must be found to articulate them with other official information systems.
- The impact that the communities are having should be communicated so that people are aware of what they are consuming. It is very important that all this is disseminated, as it may attract more alliances.



- It is key to continue working on the issue of Water Security Plans.
- It is necessary to organize the process of strategic vision in the field.
- Within the future actions, the Adapta2+ program could contribute by generating a database or information base of everything that is being done in the country in the different institutions in terms of adaptation to climate change.
- It is fundamental to make alliances with the academy.

During the development of the full proposal, more public and private institutions will be involved. It is planned to involve amongst others: the Institute of Rural Development due to their role in the development of rural areas and the academia (National University and the University of Costa Rica, leading universities in national research that already supported the developments of many adaptation strategies). Vulnerable populations will also be consulted.

#### H. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

The full cost of adaptation reasoning per component is:

##### Component 1:

Component 1 supports the transformation of the value chain supporting the implementation of adaptation strategies in farms, MSMEs, and community-based organizations in value chains of the food system.

In this context, the project will go further than Adapta2+ based on its results and spin off and improve the lives of farming communities by identifying market opportunities in the private sector for sustainable agricultural value chains adapted to climate change. Strong public-private partnership between the different actors of the value chain, such as SMEs, community-based organizations and other public institutions and private sector partners, all working together to secure market opportunities for local producer groups that connect the supply of sustainable agricultural products is necessary and innovative, while improving their own resilience to climate change.

The shared experience of the participating companies has highlighted the value of the environmentally responsible economy, and it has been pointed out that there is still a minority, but growing, market among ecologically aware consumers. Hence, linking both sectors will allow the creation of enabling conditions to strengthen local value chain and markets, promoting the transformation of Costa Rica towards a green, inclusive and innovative economy, through environmentally and socially responsible production and the productive reconversion of SMEs.

By working into linking the activities in local markets, the program will be able to identify where the value chain of the food system's competitive advantages or disadvantages are and focus its efforts in the gaps identified. The program will then perform its activities better and as production costs of adapted products are lower, it will try to perform internal activities at lower costs than competitors would do and to provide superior products, leading to better profits.

## Component 2:

In 2017, a study from the GIZ<sup>7</sup> states that the supply of climate finance still remains modest, and, it has been demonstrated that most of the financial institutions (> 90%) interviewed for the national diagnosis of the role of the sector financial in climate financing in Costa Rica have an environmental and social risk management system. However, the risk management systems currently used do not have a climate focus and require updating. In addition, its use is partial and considered a compliance issue (internal), rather than a material issue. Therefore, there is an opportunity to update the environmental and social risk management systems and at the same time reorient their focus towards a more complete vision of the significance of climate risk for financial institutions (FIs). In the same way, it offers to train bank personnel in climate financing to develop their technical knowledge in the evaluation of climate projects. While an introduction to climate finance training can be directed at staff from all FIs, a more technical training is more profitable for institutions with a current climate finance offering. The capacities can be led by the sector associations, ABC and the Chamber of Banks, possibly in conjunction with SUGEF. On the one hand, in the agriculture sector, there are, among others, three key barriers that have traditionally limited the access of smallholder farmers, SMEs and agribusiness to sufficient and adequate finance, namely: inadequate enabling environments, insufficient capacity to manage exposure to agriculture sector specific risks and high transaction costs. On the other hand, it has been identified that the main characteristic of MSMEs is that they operate in the areas closest to consumers. Therefore, their field of action is closer, and this underlines the impact of their actions.

## Component 3:

Knowledge Management is a vital factor to successfully undertake projects and programs. However, the knowledge created is often disseminated in different places and platforms and needs to be joined together in a main location. Moreover, some sectors such as the finance sector still lack knowledge about the great opportunity that represents adaptation to climate change, while others lack the opportunity to reach appropriate knowledge and support to transform. Therefore, investing into knowledge management is cost effective because it allows tackling issues such as knowledge leakiness and rework, speeding up access to information and knowledge, improving decision-making processes and promoting innovation and cultural change.

In this context, the program responds to the different AF's outcomes:

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<sup>7</sup> <https://cambioclimatico.go.cr/wp-content/uploads/2017/02/giz2018-0277es-diagnostico-sector-financiero.pdf>

Table X. Project aims AF's results framework

AF outcomes	AF output	Proposal
<p>Outcome 1: Reduced exposure to climate-related hazards and threats</p>	<p>Output 1.1: Risk and vulnerability assessments conducted and updated</p> <p>Output 1.2: Targeted population groups covered by adequate risk reduction systems</p>	<p>Risk and vulnerability assessments will be conducted and updated as they are needed to define the adaptation actions to be implemented in communities and farms.</p> <p>Moreover, as the program will support knowledge creation and national platform, Relevant threat and hazard information generated and disseminated to stakeholders on a timely basis even after the end of the program.</p> <p>Beneficiaries will be MSM farmers and MSMEs, vulnerable to climate change.</p> <p>The numbers of risk and vulnerability assessments, early warning systems and beneficiaries will be defined during the development of the full proposal.</p>
<p>Outcome 2: Strengthened institutional capacity to reduce risks associated with</p>	<p>Output 2.1: Strengthened capacity of national and sub-national centers and networks to respond</p>	<p>The third component of the program focuses on building capacities along the value chain of the</p>

<p>climate-induced socioeconomic and environmental losses</p>	<p>rapidly to extreme weather events Output 2.2: Increased readiness and capacity of national and sub-national entities to directly access and program adaptation finance</p>	<p>food system and public institutions to ensure the sustainability of the outcomes of the program and decision making based on data.</p> <p>The number of staff cacistated will be defined during the development of the full proposal.</p> <p>Because the program will work along the value chain of the food system, the institutions involved will be public and private and cover various sectors.</p>
<p>Outcome 3: Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level</p>	<p>Output 3.1: Targeted population groups participating in adaptation and risk reduction awareness activities Output 3.2: Strengthened capacity of national and subnational stakeholders and entities to capture and disseminate knowledge and learning</p>	<p>Thanks to the knowledge dissemination strategies, any interested person will be able to access national platforms and/or the innovation center about all adaptation strategies and options. The exact number of persons as well as number of news outlets in the local press and media, No. of technical committees/associations formed to ensure transfer of knowledge and No. of tools and guidelines developed (thematic, sectoral, institutional) and</p>

		shared with relevant stakeholders will be defined during the development of the full proposal.
Outcome 4: Increased adaptive capacity within relevant development sector services and infrastructure assets	Output 4: Vulnerable development sector services and infrastructure assets strengthened in response to climate change impacts, including variability	The responsiveness of development sector services to evolving needs from changing and variable climate will be increase along the value chain of the food system. Physical infrastructure improved to withstand climate change and variability-induced stress
Outcome 5: Increased ecosystem resilience in response to climate change and variability-induced stress	Output 5: Vulnerable ecosystem services and natural resource assets strengthened in response to climate change impacts, including variability	Ecosystem services and natural resource assets will be maintained or improved under climate change and variability-induced stress thanks to the agricultural best practices implemented. The No. of natural resource as will be defined during the development of

		the full proposal.
Outcome 6: Diversified and strengthened livelihoods and sources of income for vulnerable people in targeted areas	Output 6: Targeted individual and community livelihood strategies strengthened in relation to climate change impacts, including variability	The percentage of households and communities having more secure access to livelihood assets and sets created, maintained or improved to withstand conditions resulting from climate variability and change (by type and scale) and the Percentage of targeted population with sustained climate-resilient alternative livelihoods will be defined during the development of the full proposal. The No. and type of adaptation assets (tangible and intangible) created or strengthened in support of individual or community livelihood strategies will be an increased income and better economic conditions, while the type of income will come from the strengthened value chain.
Outcome 7: Improved policies and regulations that promote and enforce resilience measures	Output 7: Improved integration of climate-resilience strategies into country development plans	Climate change priorities will be integrated into national development strategy, the No. of targeted development strategies with

		incorporated climate change priorities enforced and the No. of policies introduced or adjusted to address climate change risks (by sector) will be defined during the full proposal.
Outcome 8: Support the development and diffusion of innovative adaptation practices, tools and technologies	Output 8: Viable innovations are rolled out, scaled up, encouraged and/or accelerated.	Innovative adaptation practices are rolled out, scaled up, encouraged and/or accelerated at regional, national and/or subnational level thanks to the development of climate finance strategies for the most vulnerable and its number will be defined during the full proposal. Key findings on effective, efficient adaptation practices, products and technologies generated will be disseminated through the dissemination places defined in component 3.

- I. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project / programme.

Costa Rica's National Implementing Entity and institutions has proven to be fully committed to promote female and male farmers development and have contributed to previous projects. The strong capacity development component and the reliance on strong partnerships with local institutions for the project implementation will contribute to mainstream and maintain measures beyond the duration of the project and create enabling conditions for female and male farmers to transform their activities, while the

initiative will be implemented under a concept of collective impact to ensure its institutionalization at government, academic and private levels. The project will strengthen the capacity of existing financial mechanisms to access resources and will build upon the internationally accepted better practices and emerging lessons from ADAPTA2+ contributing to sustainable outcomes, supporting private and public sector and communities to respond to and prepare for climate issues while, in other cases, the focus was on disaster recovery (for example with hurricanes Otto, Nate, Eta and Iota) which allow us to validate outcomes in community resiliency and community transformation.

Project outputs will also contribute to improving further entrepreneurial skills for more vulnerable groups and support the growth of formal and informal enterprises for resilient agricultural production and related activities (and promote the legalization of their activities), promote further disaster risk prevention, including development of early warning systems and information systems, and develop risk assessment and vulnerability mapping. Hence, the project will focus on the Food System and also ensure that community organizations, including youth and women's groups, will have enhanced and appropriate capacities to carry on best practices, sustainable approach facing an increasing climate variability. To do so, the project will be based on the knowledge created by the AF projects and continue its creation processes while sharing it on existing virtual and no-virtual platforms and events, while leaving installed capacities at the local level in strategic issues such as project development and multi-sector partnerships.

Based on traditional knowledge and practices, enhanced financial access will enable new opportunities for agricultural and no-agriculture communities. To do so, the project will strengthen the implementation of existing and new adaptation microcredit. Hence, the project will facilitate the access to adaptation credits and micro-credits to the agriculture and the private sector, which will allow female and male farmers to replicate, continue and/or expand the technologies implemented in the framework of the project, while allowing SMEs to benefit from the agriculture product improving their resilience. The project will promote entrepreneurship among communities to support the implementation of resilient and sustainable approaches to agriculture and SMEs, and the dissemination of market, climate and environmental information, closing the gap between the local markets demand and local production.

Hence, it will enable the adoption of adaptation strategies for the long-term; and capacity building and training on best resilient and adapted practices will be more effective through these locally suited and community-owned systems. It will ensure resilient processes to transform and commercialize products, creating sustainable mechanisms linking female and male farmers to local business, thus enhancing ecotourism as well. The capacity building will be carried out adapted to the community (night classes for example); and peer to peer knowledge exchange events will be organized such as school farms, amongst others). The restrictions related to COVID-19 have deepened the need to innovate in transformation and capacity building methodologies and processes, and this project will contribute to solving such challenges and finding ways to be more effective on it.

The engagement of communities' organizations in ecologically produced, climate smart, sustainable and low-emissions products and the facilitation of the integration of these products in private sector markets will increase livelihood options, and income sources and generation in the long term. In turn, the



involvement of these new raising markets will create linkages with farmers communities beyond the project lifetime. The strengthened environment through enhanced institutional coordination and collaboration, and information and data sharing, will, in addition, incentivize such mechanisms and sustain an enabling environment. Overall, the process will lead to strengthened value chains for agriculture, improved ecosystems, enhanced climate information, and increased private sector investments.

Finally, the creation of capacity at all levels and alliance creation is a lesson learned from Adapta2+, where it has been noted that it is key to ensure alliances and long-term impacts. Resources will also be invested in building capacities for climate-resilient, integrated solutions for agriculture following sustainable approaches based on resilient solutions along the value chain allowing a greater impact of the local adaptation strategies implemented. To do so, the project will join all knowledge in one location and collaborate with existing institutional platforms ensuring thus the possibility to consult the knowledge disseminated in the long term. It will build further capacities in communities, especially focusing on youth and women, farmers and micro enterprises in rural areas to engage these strategies in their community.

The creation of capacities will also continue in public institutions to ensure the long-term support of the strategies. To reach this goal, the project will continue to facilitate institutional vertical coordination and collaboration across authorities and farmers, and communities, ensuring communities' members financial viability post-project through a facilitated access to microcredit, and a strong involvement at every level of planning and execution through accompanying mechanisms for public institutions and local entities.

More particularly, the sustainability of the program will be ensured in each component.

Component 1: The sustainability of this component is ensured by working along the value chain of the food system. Indeed, once the adapted agriculture practices are implemented in farms, the project ensures the farmers will be able to sell their product by supporting and implementing adaptation strategies in MSMEs and community-based organizations involved in the production, processing until the final use of the product. In other words, farmers are supported to implement adaptation actions, community based organizations such as ASADAs are also supported to be able to provide water for their subscribers and farmers, and MSMEs are helped to be able to purchase and sell the adapted products, while increasing their own resilience buying adapted agricultural products.

In the short term, people will benefit from capacitations and expert help to transform their activity, while in the long term, they will ensure the purchasing and consumption of their product.

Component 2: To be able to adapt, farmers, MSMEs and community-based organizations need to be able to access climate finance. However, climate finance at such a level for such a vulnerable population is limited if it exists. Hence, the sustainability of this component lies in the creation, implementation, replication of climate finance products and mechanisms in finance institutions, showing them the necessity and benefit of such instruments.

In the short-term, farmers, MSMEs and other organizations and vulnerable populations will benefit from access to climate finance, while in the long-term, the climate finance products will be consolidated, replicated and escalated by other finance institutions due to their proven relevance.

Component 3: The sustainability of component 3 does not only lie in the creation of knowledge, but also the creation of a place to be able to make its access easier, as well as other means of information consultation such as national platforms. By building capacity at all levels in different sectors (public, private, public institutions, agriculture, community-based organization, business, amongst others), the program ensures the appropriation of results by all actors and the possibility to use the knowledge created during the implementation of the program and other processes.

In the short-term, capacity building will allow to put on board actors from different sectors, while in the long-term it will allow to create a base to build on a more resilient future.

- J.** Provide an overview of the environmental and social impacts and risks identified as being relevant to the project / programme.

The programme should be categorized as Category C as it does not have adverse environmental or social impacts. On the contrary, the nature-based solutions and community-based strategies promoted by the programme support the protection of natural resources and restoration of landscapes, while helping the most vulnerable to adapt to climate change impacts.

The project will comply with all legal, and environmental and social systems requirements. The vast social and environmental legislation of Costa Rica provides for environmental protection, access to human rights, gender and equitable access to resources.

The project will also comply with Environmental and Social principles of the Adaptation Fund. As a first step, an existing methodology developed during Adapta2+ to verify whether there are risks or not will be implemented. It will allow realizing preliminary environmental and social impact assessment and identify the impacts of project activities on the people and the environment if existing. The tool can be found: <https://fundecooperacion.org/transparencia-y-politicas/>

An environmental and social management system (ESMS) will then be put in place to mitigate any negative project consequences and enhance project benefits. This system will include an impact monitoring framework to record, monitor and control the occurrence of both expected and unexpected impacts and implement corrective action as appropriate.

A preliminary screening of potential impacts and risks was conducted against the national legal framework and environmental and social principles of the AF. The following table indicates areas which will need further assessment during the full project proposal.

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks[1]
Compliance with the Law	X	The proposal complies and will seek to fully comply with national laws, especially when coordinating with the different national plans and strategies. However, special attention to some national laws should be considered especially when working with the agricultural sector, among them laws such as: Soil Use, Management and Conservation Law 7779, Forestry Law 7575, as well as agricultural sector policies and the National Development Plan.
Access and Equity	X	The programme components promote equality and access by all participants. However, since the geographic zones and therefore the final beneficiaries have not yet been defined, there is a potential risk in guaranteeing this equity. To this end, during the proposal development process, priority will be given to women and the most vulnerable local populations or groups.
Marginalized and Vulnerable Groups	X	The project in general, through its activities is expected to promote the inclusion of the marginalized and vulnerable groups.
Human Rights	X	The project is aligned with the established international human rights. However, there does exist the possibility that because of limited capacity of local institutions and government to monitor the integrated approach and Inadequate actions of the local level communities (both authorities as well as farmers) during implementation of some initiatives human rights may be disrespected, for example civil rights, labor rights etc. For this, an in-depth analysis of the actions at the local level will be carried out in order to address possible deviation or disrespect of human rights.
Gender Equality and Women's Empowerment	x	The project is in compliance with gender equality and women's empowerment. As mentioned above, women are largely discriminated against and have little access to financing, an aspect that the project pays great attention to. It is also expected that the construction of the complete proposal will better determine how to address these inequalities.
Core Labour Rights	X	Regarding labor rights and child labor, the project will respect these rights and will avoid promoting child labor at all costs. However, given the sector served by the project, the existence of issues such as minimum salary, vacations, insurance, etc., is common, especially among migrant workers in the country, so the project must pay attention to this in order to avoid any violation of rights.

Indigenous Peoples	X	There does exist a risk that during the development of these initiatives, the rights of indigenous groups could be disrespected in a direct or collateral way, for example because of territorial or cultural issues. For this it would be important to analyze and identify indigenous groups that could be directly or indirectly impacted during and after the development of the initiatives and in case they exist, request concrete mitigation plans to eliminate or solve the adverse impacts.
Involuntary Resettlement	X	The project does not require involuntary resettlement.
Protection of Natural Habitats	X	The project is in compliance with the protection of natural habitats. Indeed, activities include the implementation of nature-based solutions in the food system. The project also respects the areas dedicated for protection. If there is a territorial risk, there is a risk that some agricultural activities are developed nearby protected areas or surrounding areas, but these types of actions seek to be avoided through the implementation of nature-based adaptation solutions.
Conservation of Biological Diversity	X	The project is in compliance with the conservation of biological diversity. Indeed, activities include the implementation of nature-based solutions in the food system. However, a minor risk of unjustified reduction of biodiversity during the development of agricultural activities does exist.
Climate Change	x	The program addresses climate change and help the implementation of adaptation actions.
Pollution Prevention and Resource Efficiency		The project is in compliance with Pollution Prevention and Resource Efficiency. Indeed, activities include the implementation of nature-based solutions in the food system. However, there are several risks that the project must avoid, the inefficient use of resources such as construction must be avoided, but also the way of disposing of different wastes, this is particularly important in rural areas of the country.
Public Health		The project is in compliance with Public Health.
Physical and Cultural Heritage		It is NOT expected that the project will impact Physical and Cultural Heritage, however, since the territory has not been fully defined, there is a risk that this may happen during the execution, therefore, preventive actions will be implemented from the definition of the territory.

Lands and Soil Conservation	x	The project is in compliance with Lands and Soil Conservation. Indeed, activities include the implementation of nature-based solutions in the food system. It is important to note that risks such as deforestation and land degradation will be avoided, especially since many actions are addressed by the proposed adaptation actions. however a risk that during the application of good practices technical errors might incur that generate degradation of land and soil exists. A comply with Law of Soil Use and Conservation is needed.
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[1] – further assessment and management required for compliance

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## PART III: IMPLEMENTATION ARRANGEMENTS

### A. Describe the arrangements for project / programme implementation.

Fundecooperación is a foundation whose mission is oriented to sustainable development, through innovative, inclusive and tailored programs that meet the economic, social and environmental needs and opportunities of producers of micro, small and medium enterprises in Costa Rica, focused on creating a socio environmental model where microfinance solutions are integrated for farmers or small businesses. Indeed, the foundation is a key national actor with a wide experience in supporting different sectors in implementing adaptation based ecosystems through microcredit along with the implementation of innovative initiatives.. Its thematic axes include sustainable agricultural and livestock activities, gender equity, sustainable tourism, climate change, environmental management and clean technologies, sustainable energy and energy efficiency, productive chains and cultural value. Fundecooperación's experience in mitigating and adapting to climate change makes the institution a nationally recognized key actor. In fact, Fundecooperación is Costa Rica's National Implementation Entity (EIN) before the Adaptation Fund, accredited in 2012 with which it implements the Adapta2+ Program. The foundation also initiated the implementation in Costa Rica of NAMA Coffee, which was later extended to other areas of the agricultural sector such as vegetables and livestock. Finally, another important project implemented by the organization was FIRM1 with which the National Low Carbon Livestock Strategy was achieved.

### B. Describe the measures for financial and project / programme risk management.

### C. Describe the measures for environmental and social risk management, in line with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

### D. Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan, in compliance with the ESP and the Gender Policy of the Adaptation Fund.

### E. Include a results framework for the project proposal, including milestones, targets and indicators, including one or more core outcome indicators of the Adaptation Fund Results Framework, and in compliance with the Gender Policy of the Adaptation Fund.

### F. Demonstrate how the project / programme aligns with the Results Framework of the Adaptation Fund

Project Objective(s) <sup>1</sup>	Project Objective Indicator(s)	Fund Outcome	Fund Outcome Indicator	Grant Amount

				ount (U S D)

<sup>1</sup> The AF utilized OECD/DAC terminology for its results framework. Project proponents may use different terminology but the overall principle should still apply

<b>Project Outcom e(s)</b>	<b>Project Outcome Indicator(s)</b>	<b>Fund Output</b>	<b>Fund Output Indicato r</b>	<b>G ra nt A m ou nt (U S D)</b>

- G.** Include a detailed budget with budget notes, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.




**H.** Include a disbursement schedule with time-bound milestone

Annex 5 to OPG Amended in October 2017


## PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY

- A. Record of endorsement on behalf of the government<sup>2</sup>** *Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:*

  Patricia Campos Climate Change Office Director Ministry of Environment and Energy	Date: August, 5, 2021
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- B. Implementing Entity certification** *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address*

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (National Development Plan, National Adaptation Policy, National Descarbonization Plan, Costa Rica NDC,) and subject to the approval by the Adaptation Fund Board, commit to implementing the project/programme in compliance with the Environmental and Social Policy and the Gender Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.

  Marianella Feoli Implementing Entity Coordinator Fundecooperacion para el Desarrollo Sostenible	
Date: August, 5, 2021	Tel. and email: +506 2225-4507 mfeoli@fundecooperacion.org
Project Contact Person: Marianella Feoli	
Tel. And Email: +506 2225-4507 mfeoli@fundecooperacion.org	

<sup>2</sup> Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the Implementing entities.



ADAPTATION FUND

Letter of Endorsement by Government

Climate Change Office  
Ministry of Environment and Energy of Costa Rica

August, 5, 2021  
DCC-145-2021

To: The Adaptation Fund Board  
c/o Adaptation Fund Board Secretariat  
Email: [afbsec@adaptation-fund.org](mailto:afbsec@adaptation-fund.org)  
Fax: 202 522 3240/5

Subject: Endorsement Increasing the resilience of vulnerable populations in Costa Rica by scaling up Adapta2+

In my capacity as designated authority for the Adaptation Fund in Costa Rica, I confirm that the above national project concept proposal is in accordance with the government's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in Costa Rica.

Accordingly, I am pleased to endorse the above project proposal with support from the Adaptation Fund. If approved, the project will be implemented by Fundecooperacion para el Desarrollo Sostenible and executed by National Ministry of Environment and Energy (MINAE), Ministry of Agriculture (MAG), Academia, NGO's, local organizations, others.

Sincerely,

Patricia Campos  
Climate Change Office Director  
Ministry of Environment and Energy

