



Programme for Sustainable and Competitive Agriculture in Costa Rica - CSmart

C-SMART, Costa Rica

Executive Board Consultation, 28 April 2025

I. Costa Rica's Country Context

Despite being one of the more developed economies in Central America (UMIC, per capita GDP of US\$ 14,730 for 2023), **Costa Rica presents persistent challenges, including:**



Sixth most unequal country in LAC (Gini coefficient of 46.7), above Nicaragua, Ecuador and Mexico.



Rural multidimensional poverty double the urban rate (21,1% vs. 10%).



High level of exposure to extreme climate events. Costa Rica ranks 61 out of 182 on the ND-GAIN Index, with 80% of GDP and 78% of the population exposed to multiple climate hazards.



Urgent Climate Action Needed. GHG emissions are projected to rise by 69% by 2050 and temperatures may increase by as much as 3–6°C by 2070, with severe impact on food systems and on rural livelihoods.

II. Rationale and Framework for IFAD's Engagement in Costa Rica

Public debt restrictions
Lifted in March 2024

Fiscal rules and spending limits
to ensure debt sustainability, at
request of IMF

2021 -2024

2006

Last IFAD
Project

Agricultural
Development
Nicoya
(closed in 2006)

2023

Costa Rica
approaches IFAD

Why IFAD?

- ✓ Pro-poor focus on women, youth, and smallholders
- ✓ Experience on digital inclusion in rural development
- ✓ Targeting the most vulnerable
- ✓ Climate-smart, resilient agriculture expertise

2024

Bridge CSN 2025-2026
(UMIC-tailored approach)

Prepared ahead of full COSOP, aligned
with IFAD Policies and post-2026 elections.

Main objectives

Financial Services: Strengthen access to financial services for SHF in climate-smart value chains.

Institutional Capacity: Build institutional capacities and expand extension services including for climate adaptation.

SSTC and Innovation: Promote SSTC to scale up technologies, innovations and good practices

2024

CSMART
project design

Co-financed with the World Bank – marking the first collaboration in LAC after a 20-year pause

First RBL project in LAC region

Opportunity to contribute to regional knowledge and IFAD's work on innovative approaches

Before 2027

COSOP
expected design

UMIC tailored approach

Collaboration with strong focus on knowledge management, SSTC, and CLPE.

III.1. C-SMART at a Glance



Duration	6 years
Programme Area	National - prioritising coffee, sugarcane and livestock
Financing (US\$)	Total cost: US\$ 695 million IFAD: US\$ 20 million (BRAM)* National Government: US\$ 555 million World Bank (IBRD): US\$ 120 million <i>(Climate Finance ~13m USD)</i>
Co-financing ratio	1:6 (domestic); 1:28 (International)
Implementing Agencies	Ministry of Agriculture and Livestock (MAG)
Beneficiaries	30,000 households (90,000 producers and their families) 40% women, 15% youth,
Project Modality	Type C project* - Results-Based Lending (RBL) <i>Also called Payments for Results (P4R)</i>

III.2 Objectives and Other Key Features

GOAL:

Improve the sustainability, competitiveness, and social inclusion of selected farmers and agricultural SMEs

Components

C1: Modernisation of agricultural sector institutions

C2: Promotion of competitiveness

C3: Sustainable production

C4: Value added and marketing



UMIC-TAILORED APPROACH

- ✔ **Focus on Institutional Strengthening:** Leveraging P4R approach to enhance capacity at SEPSA* and other participating institutions.
- ✔ **Promoting Global Public Goods by** supporting emissions reduction and agroecological transition by financing nationally appropriate mitigation actions (NAMA).
- ✔ **Promoting financial and technological Innovations** such as NAMA financing, payments for environmental service, digital producer registration, traceability systems.
- ✔ **Engaging on the policy environment** via policy dialogue on reducing CO2 emissions.
- ✔ **Investing in learning and SSTC:** e.g. via technical assistance on payments for environmental services and sharing project experience regionally via the TrazarAgro platform.
- ✔ **Private sector engagement:** Ambition to mobilise private capital by supporting 3,000 producers to adopt sustainable practices through credit and self-investment.



III.3. Project Timeline

- ✓ **Engagement Memo DRM:** 3 January 2025
- ✓ **DRM Meeting :** 30 January 2025
- ✓ **Contract Negotiation:** 17 March 2025
- ✓ **Approval from the WB Board:** 10 May 2025
- ✓ **Approval by IFAD Executive Board (expected):** 14-15 May 2025
- ✓ **Contract signature/entry into force (expected):** Mid-2025
- ✓ **Start-up Workshop (expected):** March 2026
- ✓ **Development of COSOP (expected):** Start preparing during 2025, finalized by 2026
- ✓ **Completion (expected):** August 2031





Thank you

Contacts

Bettina Prato
Regional Director a.i, LAC
b.prato@ifad.org

Enrique Hennings
Country Director, Costa Rica
e.hennings@ifad.org