

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.

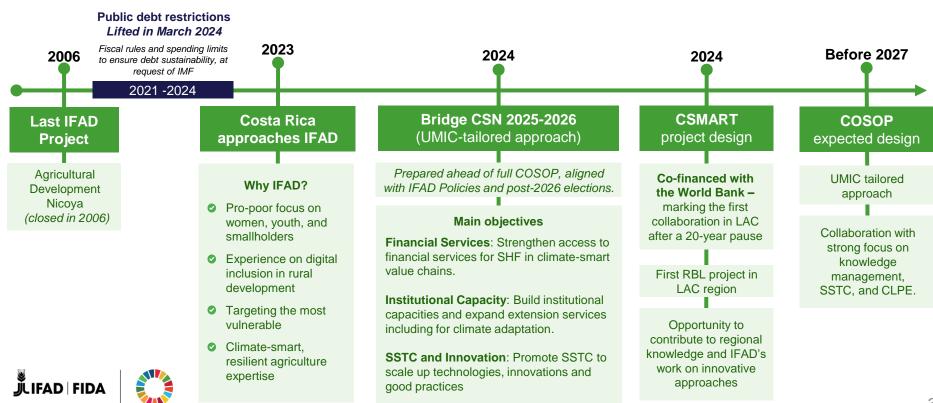


Urgent Climate Action Needed. GHG emissions are projected to rise by 69% by 2050 and temperatures may increase by as much as 3–6°C by 2070, with severe impact on food systems and on rural livelihoods.





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





III.1. C-SMART at a Glance



Duration	6 years
Programme Area	National - prioritising coffee, sugarcane and livestock
	Total cost: US\$ 695 million
Financing (US\$)	IFAD: US\$ 20 million (BRAM)* National Government: US\$ 555 million World Bank (IBRD): US\$ 120 million
	(Climate Finance ~13m USD)
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) Also called Payments for Results (P4R)



^{*}In Type C projects the leading agency is the partner agency. In this case, World Bank

^{*}BRAM resources lent at Ordinary terms - category 4 **Non concessional**

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





