

# PROJECT IDENTIFICATION FORM (PIF).

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**PROJECT TYPE: Full-sized Project**  
**TYPE OF TRUST FUND: Special Climate Change Fund**

## PART I: PROJECT INFORMATION

Project Title:	Strengthening Capacities of Rural Aqueduct Associations' (ASADAS) to address climate change risks in water stressed communities of Northern Costa Rica		
Country(ies):	Costa Rica	GEF Project ID: <sup>1</sup>	6945
GEF Agency(ies):	UNDP (select) (select)	GEF Agency Project ID:	5140
Other Executing Partner(s):	AyA, ASADAS, MINAET, MAG, Ministry of Health, IMN.	Submission Date:	August 8, 2014 August 21, 2014
GEF Focal Area(s):	Climate Change	Project Duration (Months)	60
Integrated Approach Pilot	IAP-Cities <input type="checkbox"/> IAP-Commodities <input type="checkbox"/> IAP-Food Security <input type="checkbox"/>		Corporate Program: SGP <input type="checkbox"/>
Name of parent program:	n/a		

## A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES<sup>2</sup>:

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	Trust Fund	(in \$)	
		GEF Project Financing	Co-financing
CCA-1	SCCF-A	3,475,000	19,800,000
CCA-2	SCCF-A	1,525,000	7,050,000
Total Project Cost		5,000,000	26,850,000

## B. INDICATIVE PROJECT DESCRIPTION SUMMARY

Project Objective: Improve water supply and promote sustainable water practices of end-users and productive sectors by advancing community-based and ecosystem-based measures in rural aqueduct associations (ASADAS) to address projected climate-related hydrological vulnerability in Northern Costa Rica.					
Project Component	Financing Type <sup>3</sup>	Project Outcomes	Trust Fund	(in \$)	
				GEF Project Financing	Co-financing
Component 1. Building community-based infrastructure and technical capacities to address projected changes in water availability	Inv	 <p>1.1 Infrastructure and technical capacity of ASADAs strengthened to cope with climate change impacts to aquifers in the target area</p> <p>1.2 The capacity of ASADA end-users in particular that of women, Maleku indigenous communities and Nicaraguan migrant workers to mainstream climate change adaptation into their livelihoods systems is built</p> <p>1.3 Meteorological information integrated to sub-regional development plans and strategies to increase resilience of rural communities to address water variability</p>	SCCF-A	3,275,000	18,721,429
Component 2: Mainstreaming of ecosystem-based adaptation into public and private sector policy	TA	2.1 Ecosystem-based climate change adaptation measures are integrated into public and private sector policy, strategies and investments related to rural community water-sourcing infrastructure and services, i.e a national model of Ecosystem-	SCCF-A	1,500,000	6,850,000

<sup>1</sup> Project ID number will be assigned by GEFSEC and to be entered by Agency in subsequent document submissions.

<sup>2</sup> When completing Table A, refer to the GEF Website, [Focal Area Results Framework](#) which is an Excerpt from [GEF-6 Programming Directions](#).

<sup>3</sup> Financing type can be either investment or technical assistance.

and investments in the targeted area		Based Water Security Plans is developed by the project and formally endorsed by national institutions  2.2 The purchasing and credit policies of at least 20 agricultural and livestock trading companies and 5 financial institutions operating in the target region promote adoption of productive practices that help maintain ecosystem resilience to climate change			
		Subtotal		4,775,000	25,571,429
		Project Management Cost (PMC) <sup>4</sup>	SCCF	225,000	1,278,571
		<b>Total Project Cost</b>		5,000,000	26,850,000

If Multi-Trust Fund project :PMC in this table should be the total and enter trust fund PMC breakdown here ( )

### C. INDICATIVE SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE, IF AVAILABLE

Please include confirmed co-financing letters for the project with this form.

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
GEF Agency	UNDP	Grants	150,000
GEF Agency	UNDP	In-kind	300,000
Recipient Government	AyA	Grants	10,750,000
Recipient Government	AyA	In-kind	5,650,000
Recipient Government	IMN	Grants	2,900,000
Recipient Government	IMN	In-kind	2,100,000
Donor Agency	GIZ	Grants	5,000,000
<b>Total Co-financing</b>			26,850,000

### D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS<sup>a)</sup>

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee (b) <sup>b)</sup>	Total (c)=a+b
(select)	(select)	<input checked="" type="checkbox"/>	(select)	(select as applicable)			
<b>Total GEF Resources</b>							

a) No need to fill this table if it is a single Agency, single Trust Fund, single focal area and single country project.

b) Refer to the [Fee Policy for GEF Partner Agencies](#).

### E. PROJECT PREPARATION GRANT (PPG)

Is Project Preparation Grant requested? Yes  No  If no, skip item E.

### PPG AMOUNT REQUESTED BY AGENCY(IES), TRUST FUND, COUNTRY(IES) AND THE PROGRAMMING OF FUNDS

GEF Agency	Trust Fund	Country/ Regional/Global	Focal Area	Programming of Funds	(in \$)		
					PPG (a)	Agency Fee <sup>5</sup> (b)	Total c = a + b

<sup>4</sup> For GEF Project Financing up to \$2 million, PMC could be up to 10% of the subtotal; above \$2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

<sup>5</sup> PPG fee percentage follows the percentage of the Agency fee over the GEF Project Financing amount requested.

UNDP	SCCF-A	Costa Rica <input checked="" type="checkbox"/>	Climate Change	(select as applicable)	150,000	14,250	164,250
<b>Total PPG Amount</b>					<b>150,000</b>	<b>14,250</b>	<b>164,250</b>

## F. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS<sup>6</sup>

Provide the expected project targets as appropriate.

Corporate Results	Replenishment Targets	Project Targets
1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	Improved management of landscapes and seascapes covering 300 million hectares	<i>(Enter number of hectares)</i>
2. Sustainable land management in production systems (agriculture, rangelands, and forest landscapes)	120 million hectares under sustainable land management	<i>(Enter number of hectares)</i>
3. Promotion of collective management of transboundary water systems and implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services	Water-food-ecosystems security and conjunctive management of surface and groundwater in at least 10 freshwater basins;	<i>(Enter number of freshwater basins)</i>
	20% of globally over-exploited fisheries (by volume) moved to more sustainable levels	<i>(Enter percent of fisheries, by volume)</i>
4. Support to transformational shifts towards a low-emission and resilient development path	750 million tons of CO <sub>2e</sub> mitigated (include both direct and indirect)	<i>(Enter number of tons)</i>
5. Increase in phase-out, disposal and reduction of releases of POPs, ODS, mercury and other chemicals of global concern	Disposal of 80,000 tons of POPs (PCB, obsolete pesticides)	<i>(Enter number of tons)</i>
	Reduction of 1000 tons of Mercury	<i>(Enter number of tons)</i>
	Phase-out of 303.44 tons of ODP (HCFC)	<i>(Enter number of tons)</i>
6. Enhance capacity of countries to implement MEAs (multilateral environmental agreements) and mainstream into national and sub-national policy, planning financial and legal frameworks	Development and sectoral planning frameworks integrate measurable targets drawn from the MEAs in at least 10 countries	<i>(Enter number of countries)</i>
	Functional environmental information systems are established to support decision-making in at least 10 countries	<i>(Enter number of countries)</i>

## **PART II: PROJECT JUSTIFICATION**

### **PROJECT OVERVIEW**

#### **A.1. Project Description.**

1. This project targets three Socio-Ecological Management Unit (SEMU) of Northern Costa Rica. The SEMUs 1, 2 and 3, as they are referred to, comprises the *cantons* (municipal territories) of Guatuso, Upala, Los Chiles, and La Cruz (SEMU 1), Liberia and Canas (SEMU 2), and Santa Cruz, Nicoya, Hojancha and Carrillo (SEMU 3). It has a total territorial extension of 10,608.9 km<sup>2</sup> and a population of 354,132 inhabitants. This region is targeted for SCCF financing as the supply of water resources is threatened by shortages as a result of climate change impacts.

2. Based on climate change scenarios<sup>7</sup> there is an expectation that by 2080, annual area rainfall is forecasted to reduce up to 65% in the Northern Pacific Region. In the shorter term, rainfall decreases of 15% (2030) in 2020 and 35% in 2050. These extreme conditions will exacerbate climate and water stress in some areas, such as the

<sup>6</sup> Provide those indicator values in this table to the extent applicable to your proposed project. Progress in programming against these targets for the projects per the *Corporate Results Framework* in the [GEF-6 Programming Directions](#), will be aggregated and reported during mid-term and at the conclusion of the replenishment period.

<sup>7</sup> Regional climate change scenario in Costa Rica, UNDP/IMN 2012

Canton of La Cruz, where precipitations are expected to be less than 500 mm per year by 2080, recreating conditions that are typical of semi-arid areas. Currently the National Emergency Commission has declared a yellow alert due to a drought affecting the countys comprising SEMU 3.

3. This will compound pressures as water consumption in the target area is also expected to increase by at least 20% over the coming decades driven by an expected increase of exports of agro-industry products, while investments in water infrastructure, mainly by AyA (Institute of Aqueducts and Sewers), will be reduced due to fiscal and legislative constraints. Sustained increased demand of water resources by agriculture sector and lack of finance investment towards water infrastructure is beginning to create stress on water availability in the area. Actual productive practices, mainly pineapple, livestock and citric crops with a high water footprint index<sup>8</sup> are increasing pressure on irrigation, which according to available data<sup>9</sup>, most are rainfed (83% of the total) while irrigation accounts for 17%. If climate change driven pressures are not addressed, Costa Rica's SEMUs of the North region will inevitably experience significant water shortages that will have a severe economic impact on livelihoods and productive sectors. As a result of increased frequency of extreme weather events (particularly drought) local communities and farmers in Northern Costa Rica are currently facing reduction on their means of productions, as access to water and water infrastructure and facilities are critical to their livelihoods. Consequently the communities from the target area (SEMUs 1,2,3) are becoming increasingly vulnerable to climate variability.
4. Approximately 1,900 ASADAS exist as locally organized groups of men and women from the user-communities who are interested in the non-for-profit management of the local aqueduct and sanitation system. In a decentralized manner, municipalities and ASADAS provide services to about 46% of the total Costa Rican population. ASADAS alone administer and operation water systems for over 30% of the population, primarily for those in rural areas and border regions.
5. Existing aqueduct infrastructure is often outdated and overloaded causing inefficient water service delivery, which in turn complicates the collection of fees from end users. Instability in fee-collection leads to financial uncertainty, which impedes the AyA's ability to plan for and implement targeted improvements and new investments. Most ASADAS and the local governments of the target area need to develop the necessary skills and have access to knowledge tools and adequate investment, in order to address the scarcity of water supply. AyA's current investment plan, including capacity development activities directed mainly to ASADAS, rarely incorporate community-based or ecosystem-based measures. In addition, financial institutions lack proven tools capable of providing correct incentives for private sector enterprises to integrate community and water-related adaptation measures, as FIs predominantly consider under their investment analyses traditional financial inputs excluding water-related practices and community livelihoods which impact on production and generation of income. If these entities do not strengthen their capacities to cope with climate change, the vulnerability of rural populations of the Northern region of Costa Rica will increase.

### **Baseline scenario and baseline projects**

6. The baseline projects that form the foundation of this proposed SCCF financed proposal is valued at \$ 26,850,000 over 5 years. AyA and the National Emergency Commission (CNE) designed a new investment plan in the target area to improve ASADAS' existing infrastructure. The total estimated investment planned to be implemented over the next 5 years for the target area is \$ 15,650,000<sup>10</sup>. Likewise, AyA is also planning to support ASADAS in the preparation and implementation of water security plans aimed at improving local planning capacities and new infrastructure needs, while guaranteeing communities and end-users with continuous access to water resources and to its availability. In the target area, 10 plans are under preparation with an estimated value of \$ 750,000. The National Meteorological Institute (IMN) is improving its meteorological information infrastructure and has already invested \$ 900,000 over the last 4 years and it is planning a further investment of \$ 5,000,000, both in increasing staff capacities and improving technologies at

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<sup>8</sup> <http://www.waterfootprint.org/Reports/Mekonnen-Hoekstra-2011-WaterFootprintCrops.pdf>

<sup>9</sup> FAO Stats (2000) [http://www.fao.org/nr/water/aquastat/countries\\_regions/costa\\_rica/indexesp.stm](http://www.fao.org/nr/water/aquastat/countries_regions/costa_rica/indexesp.stm)

<sup>10</sup> Estimation under review

the central level. The Biodiversity Partnership Mesoamerica (BPM) received a EU 4.5 million grant from GIZ to consolidate a platform to provide technical assistance in partnerships for sustainable production projects related with agricultural supply chains. The voluntary fee system for water usage and aquifer conservation could benefit from the BPM platform by connecting commodity buyers from the target area to the voluntary fee mechanism proposed in this project. The BPM is but one of many platforms that may offer partnership opportunities between buyers and commodity providers related to sustainable development such as the National Platform for Responsible Production and Trade of Pineapple; IDH Fruit Programme in Costa Rica; Sustainable Pineapple Alliance. During the PPG stage the project will liaise with all existing platforms to formalize collaboration between initiatives.

### **The long term solution**

7. The long-term solution to mitigate the prevailing threats of water shortages to local livelihoods is to establish a holistic approach to managing water supply and demand that takes climate change into account. The aim will be on the supply side to strengthen aqueduct infrastructure, climate-related technology and technical capacities of ASADAS and to promote specific landscape management interventions affecting aquifer-recharge zones or surface-water systems. On the demand side, the project will mainstream climate change knowledge and strategies into public and private sector policy and planning in order to promote adoption of productive practise that help maintain ecosystem resilience to climate change. Both approaches will be combined with market-based incentives oriented to achieve sustainability and eco-competitiveness as well as building the know-how for appropriate management of the landscape, which is at the moment threatened by unsustainable practices held by livestock and agricultural commodity producing companies.

### **Barriers to achieving proposed long term solution**

8. Among the main barriers to overcome are the insufficient infrastructure to cope with water variability scenarios in the target region, ASADAS and end-users are unaware of climate change adaptation measures, absence of incentives for changes in production practices and the unwillingness to pay for the full value of water resources and ecosystems services. In addition, there are policy and institutional where policy and decision-makers in Costa Rica are not sufficiently aware of the social and environmental implications of water variability and of its impacts on the livelihoods of vulnerable population and on local agricultural activities. Furthermore, limited capacity of authorities to address climate change impacts: urgent need for adaptation to the growing severity of droughts in the Northern region is not matched by appropriate scaling up of climate-adaptive processes due to institutional weaknesses and lack of financial resources, both by ASADAS and political institutions.

### **Alternative scenario and additional cost reasoning**

#### **Component 1 – Addressing climate change impacts on water availability by promoting community-based adaptation in the project area**

9. The National Meteorological Institute (IMN) is planning to invest approximately \$6,000,000 with \$900,000 already been invested, for updating their meteorological monitoring infrastructure, both physical and institutional. While these investments are crucial in the improvement of climate monitoring across the country, these investments are entirely focused on updating technologies and staff capacity at the central level and are not slated for geographic-regional improvements. However, monitoring as accurately as possible critical variables such as water levels, soil conditions, weather, and then using that data to make projections and provide information within the project area to relevant stakeholders will require installing more automated weather stations (AWS) and automated flow stations (AFS). SCCF resources will strengthen Costa Rica's Meteorological Network by acquiring 15 new stations to provide consistent and reliable environmental data in real time in the selected northern SEMUs. IMN will provide ASADAS and relevant government institutions timely and disaggregated information critical to the formulation of a Vulnerability Index, an Adaptive Capacity Index and the Ecosystem Based Water Security Plans.
10. Infrastructure such as aqueducts, water pipes and potable water management systems must also be improved to meet demand of current end-users and to expand supply of water resources to isolated rural communities in Northern Costa Rica. While the extreme drought of 2008 sparked a reaction from the AyA, who responded by

allocating \$15,650,000 over the next five years in the target area, SCCF resources will strengthen current infrastructure by installing proper metering systems to track water supply to end-users in the ASADAs network in the project area. The project will also directly support improvements of the rural aqueduct infrastructure, through the establishment of enhanced water distribution systems as well as the construction of new and resilient aqueducts in isolated and rural areas, thus reducing overload on existing piping and potable treatment systems. These investments towards strengthening and expanding metering infrastructure will serve relevant stakeholders, from government ministries to end-users, in the pursuit of maintaining updated information on climate-related risks and vulnerability of project area water resources. Most importantly, the investments will improve ASADAs' ability to monitor water levels, track coverage and collect appropriate user fees, which in return will facilitate the up scaling of rural aqueduct infrastructure investments. The investment in infrastructure will also provide accurate data on water-related ecosystems services, focusing on fostering data to Government and water-intensive productive sector (agriculture and livestock) to support the economic valuation analysis of water resources and to develop Ecosystem-based Water Security Plans, part of Component 2.

11. In 2011 AyA prepared and delivered a questionnaire to assess ASADAs work in current climate-related hydrological vulnerability, which findings pointed out that climate change adaptation was not included in ASADAs planning and management policies and related training was a missing element. SCCF resources will strengthen the capacity of ASADAs and end-users to cope with climate change impacts on regional water sources. Currently, AyA is the primary public entity responsible for training the ASADAs in the provision of water services, yet their training and capacity exercises do not include climate adaptation or the emphasis on community-based responses that could be applied in the target area to improve climate resilience. Therefore, a community-based climate change training and monitoring system will be developed for the AyA and ASADAs in the target area. A Training Toolkit on good practices for water-conscious consumer behaviour and biodiversity monitoring will be developed based on analysis of local community-based practices such as organic and agroforestry certifications, community-planned nurseries and drought proofing of wells. The toolkit will also be accompanied by a Training for Trainers toolkit for the ASADAs.
12. In addition, the Vulnerability Index of Rural Aquifers and the Adaptive Capacity Index of Communities will incorporate data gathered at the local level on indicators related, but not limited to: the natural, socio-economic and institutional framework, including adaptation capacity of ASADAs; state of existing infrastructure; current and historic water levels across components to water systems; local agro-meteorological data; livelihood assessments and profiling; and assessing local perception on risk.. The impacts will be evidenced by the extent to which local and municipal planning documents and Ecosystem Based-Water Security Plans from the area refer to indicators in both indexes as means for monitoring and planning of water management.
13. The education and training campaign for ASADAs end-users will target high-vulnerability demographic groups as primary beneficiaries, particularly women, Maleku indigenous communities and Nicaraguan migrant workers. Similarly, at least 1,500 producers will be trained to maintain and raise their productivity in a context of increased climate impacts in topics such as: capacity development on making effective decisions between the amount of ecosystem services provided in a site and the alternative uses such as deforestation for agriculture, which deplete and unsustainably exploit area ecosystems; crop variety selection given knowledge of area biodiversity and climate-adaptive species; planting of live fences and the importance of micro-corridors; establishment of planning tools in cropping systems; increase of water storage systems developed through an ecosystem-based approach that would result in reduced pressure on weak existing aqueduct infrastructure.

#### **Component 2 – Mainstreaming of Ecosystem-Based Adaptation into local public and private sector policy and investments in the project area**

14. Costa Rica has developed Water Safety Plans aiming to improve community health in the case of natural disasters through planning for catchment of water and separating it from larger run-off streams. The model for developing the plans is an important one for understanding good practices in community-level disaster planning. SCCF resources will expand the model to incorporate ecosystem-based adaptation strategies in the face of climate variability by developing 4 Ecosystem-Based Water Security Plan to be implemented within each target canton. Plans in the target area will be developed through an inclusive consultation process ensuring the

participation of highly vulnerable groups such as women, Nicaraguan migrants and Maleku indigenous groups. Inclusivity in the development of these plans is of top priority as the plans will specifically dictate policies for all future investments in rural water-sourcing infrastructure and ecosystem-based adaptation systems by all public and private entities planning future developments. The Ecosystem-Based Water Security Plan model that will be developed with SCCF resources will be disseminated and shared through national workshops to allow national level replication.

15. While the Plans are an important initial step toward adaptation, a key link in mutual-accountability and compliance will be in financing for implementation. The project will identify 10 livestock and agricultural producing companies willing to pay for the improvement of local ecosystems to implement a voluntary fee system for water usage and aquifer conservation. While the Payment for Ecosystem Services system enacted by FONAFIFO has made great strides in shifting practices for small to medium enterprises, the system is dramatically underfunded in the face of growing demand for lands and water from large agribusinesses. The fee system will take a range of forms that depend on the location of and nature of the partnerships created. However, SCCF resources will support the use of two key voluntary fee systems that involve an expansion of the Payment for Ecosystem Services (PES) program: Certified Agricultural Products and Voluntary Watershed Payments. The development of these fee systems will also take shape through inclusive consultations with area water users, taking into account their level of exploitation of ecosystem services. Large, small and subsistence-level producers will all report on their consumer behaviour and the extent to which they harm area ecosystems, and all will decide collectively how the deficit between water use and climate-resilient water security might be amended and funded through a progressive, though still productive, fee structure.
16. The new PES programs will be key tools for integrating water-related risks and new ecosystems management practices within productive sectors, as these programs will be pooled and used to fund several sustainable, ecosystem-based economic development initiatives. For instance, the component will enact an Economic Valuation modelling of ecosystem-based adaptation measures within both agricultural and a livestock-based industrial sectors within each canton in the target area through a UNEP methodology known as The Economics of Ecosystems and Biodiversity. The SCCF project will also incorporate the UNDP model for economic valuation of ecosystem services which includes two scenarios, the “Business As Usual (BAU)” scenario and the “Sustainable Ecosystem Management (SEM)” scenario. These models will be used to predict the economic advantage generated by producers using the ecosystem-based adaptation approach over producers continuing with business as usual. The economic advantage will then be promoted amongst financial institutions, particularly micro-credit establishments, which can develop the market-based incentive programs such as preferential credit options to stimulate the adoption of these models by other producers in the country. SCCF resources will support agricultural and livestock trading companies and financial institutions to include in their purchasing and credit policies incentives to promote adoption of ecosystem-based climate change adaptation measures by farmers. For those producers willing to switch over to the ecosystem-based adaptation approach, a knowledge management system will be established to disseminate data, information and toolkits to foster and mainstream these practices in other water-intensive productive sectors across the country. The communication strategy will be pointedly inclusive and creative and will avoid highly technical language in exchange for a marketing approach geared toward communicating solely economic gains. For large to medium scale producers and municipal governments the information will be socialized through technical papers for decision makers.

#### **Adaptation benefits**

17. The total population of the target SEMU is 354,132 inhabitants. However as the project will improve water management of the mains aquifers in Northern Costa Rica that provide water to communities and settlements outside the project area, the number of beneficiaries estimated for this intervention surpass the 800,000 people. Socioeconomic benefits to be delivered by the project include the adoption of economic incentives for the practice of community-based and ecosystem-based adaptive measures that are biodiversity-friendly and that will result in increased income for small-, medium-, and large-scale firms across rural industry sectors. The project will also work with one indigenous population, the Maleku tribe, only surviving native group in Northern Costa Rica. The Malekus, a small community of around 1000 inhabitants, live in the Rio Frio basin in the Cantons of Guatuso and Los Chiles and for their poor socio-economic status among the most vulnerable to climate change

impacts. The project will work with indigenous community-based organizations in the order to strengthen their capacities in watershed protection and management, while providing right conditions for the development and strengthening of ecosystem-based economic activities. Moreover, the ecosystem-based adaptation approach will benefit existing national parks and recharge zones and will reduce the incentives of farmers to invade or encroach on conserved areas by increasing awareness of the economic effects of deforestation and incentives for conservation. National Parks Management teams are expected to include market instruments (Certified Agricultural Products and Voluntary Watershed Payments.) developed in Component 2 to decrease encroachment while protecting exotic and endangered national species.

18. The innovative aspects of the SCCF project are related to the inter-institutional strengthening as AyA and IMN have no previous joint project work, as normally IMN liaise with MINAET on climate-related topics. In addition, the SCCF project will work with water-intensive productive sectors to expand the PES for agriculture and livestock commodities companies willing to support improvement of local ecosystems through a voluntary fee for water usage and aquifer conservation. To create financial incentives for agricultural and livestock producers and farmers to adopt sustainable practices, the SCCF project will support financial institutions to include in their credit policies incentives to promote adoption of ecosystem-based adaptation measures which will impact on production and generation of income.

19. To achieve sustainability of the proposed interventions, the SCCF project was structured to include strong participation of Government entities, communities and key stakeholders to address water scarcity in Northern Costa Rica. A strong signal of commitment is Aya and IMN co-finance support towards ASADAS and the potential of scale up relies on expanding this new partnership at a national level. In addition, MINAET and AyA will ensure that interventions such as the Ecosystem-Based Water Security Plan model and work with agriculture and livestock commodities companies and financial institutions will serve as business cases to be disseminated and applied at a national level.

A.2. *Stakeholders.* Will project design include the participation of relevant stakeholders from civil society and indigenous people? (yes  /no  ) If yes, identify key stakeholders and briefly describe how they will be engaged in project design/preparation:

Stakeholders	Role in Implementation of the Project
MINAET	MINAET will guide the development of the legal and institutional framework for mainstreaming climate change measures into conscious water management by ASADAS and the productive sector, as well as provide technical and political support for project implementation. Further, the Direction of Water will provide technical expertise, in coordination with AyA, in mainstreaming climate change impacts on water availability into public and private sector policy, strategies and investments, as well as providing conditions to upscale successful pilot experiences throughout the country. MINAET is also the focal point of the GEF.
AyA	AyA is the national public institution in charge of providing technical and financial assistance to improved water management. It will be responsible for the implementation of the project and it will play a key role both at the sub regional planning level as well as in field-level activities, particularly those directed towards the capacity building of ASADAS and the productive sector. Another important task by AyA will be to coordinate lessons learned and pilot experiences at the local level in order to upscale them at the national level, so that ASADAS in other areas can implement successful adaptive measures.
MAG	MAG is the lead institution of the agricultural sector. MAG will guide the development of a legal and institutional framework for the incorporation of climate change measures into the agriculture and livestock sector, specially regulating private sector practices.
Ministry of Health	Ministry of Health is charged, inter alia, with monitoring of water quality in urban and rural areas through water security plans. The Ministry will have a key role in analyzing lesson learned from the four pilot ecosystem based water security plans and in up scaling such experiences into national regulation and policies, with the goal of replicating such model to other ASADAS throughout the country.
ASADAs	ASADAS will be responsible for the incorporation of climate change adaptive measures and sustainable use concepts and guidelines into local water management, reducing water vulnerability and improving livelihoods conditions
FONAFIFO	FONAFIFO executes the country's Payment for Environmental Services Program and will be an important stakeholder in the development of relevant financial mechanisms in ecosystem based adaptation

Stakeholders	Role in Implementation of the Project
Agricultural production sector	The agro industry sector, small-, medium-, and large-scale producers, will participate in the implementation of two pilot projects that incorporate economic valuation of ecosystem based adaptation measures. Industry members will also be the beneficiaries of innovative sustainable practices aimed at increasing their eco-competitiveness. In particular the project will liaise with chambers of agricultural and livestock commodities producers, such as CANAPEP (pineapple), CORFOGA (livestock), and CONARROZ (rice).
IMN	IMN is the national institution in charge of providing meteorological analysis and weather forecasts to the population of Costa Rica. Its expertise, especially in forecasting present and future climate change impacts and in generating an early warning network in case of weather extreme conditions, will be key in improving ASADAS technical capacities and community based monitoring and response systems.
INAMU	INAMU is the lead institution that promotes gender equality as a cross cutting issue in national and sub-regional planning, policies and strategies. It will build capacities inside AyA, ASADAS and the agro-industry sector in mainstreaming gender issues in water management and climate adaptive measures.

A.3. *Gender Considerations.* Are gender considerations taken into account? (yes  /no  ). If yes, briefly describe how gender considerations will be mainstreamed into project preparation, taken into account the differences, needs, roles and priorities of men and women.

20. Across the northern cantons of Costa Rica, women are more likely to be poor and earn less than men in all levels and are more affected by droughts than men. This means that the capacity of end users that this project will strengthen has focus particular attention on women's needs and social roles. In addition, as women tend to be powerful agents of change and leadership, therefore capacity development activities will be directed to women who are expected to disseminate adaptive measures through their familiar groups and in particular to offspring. Women will also help mainstream climate change conscious food security practices throughout the target region. The project will also improve knowledge and technical skills by providing training to both men and women in sustainable and biodiversity-friendly water resource management systems and certification, and will empower them to be active participants in influencing public policy on forest and wetland ecosystems and sustainable land and water management

21. Gender issues will also be dealt directly, in partnership with the National Women Institute (INAMU), with the goal to promote specific adaptive measures related with women's role in rural settings. From project inception, the mandatory UNDP gender marker will be applied. This will for example include a brief analysis of how the project plans to achieve its environmental objective by addressing the differences in the roles and needs of women and men.

A.4 Risk. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design (table format acceptable):

Risk	Rating	Risk Mitigation Strategy
New administration to be elected in 2014 no longer prioritizes water conservation and sustainable use and staff capacity built through the project is lost with the associated staff turnover.	L	The project team will fully socialize the project with the newly elected administration to ensure that the latter understands the socioeconomic and environmental benefits of the project and their role in project execution. To ensure capacity development the project includes inter-institutional coordination mechanisms, and specific measures for climate change adaptation in course material for inclusion in the ASADAS and AyA training program.

Risk	Rating	Risk Mitigation Strategy
Lack of coordination amongst stakeholders regarding Climate Change, including the private sector	M	Pre-project appraisal will be carried out with all the key ministries and stakeholders, particularly with AyA, MINAET and MAG to establish sustained ownership and support for the project. Advocacy and networking with high level leadership to prioritise climate change impacts and promote awareness on the direct and indirect effects on sub regional planning and strategies. Participation of the private sector will be incentivised by the Ministry of Agriculture and by big commodity purchasers, such as Dos Pinos Cooperative, who are continuously improving their initiatives to promote corporate social responsibility.
Weak participation by ASADAS in mainstreaming climate change adaptive measures	L	Previous projects implemented by UNDP have already showed that usually there is a clear and strong interest to participate by most ASADAS <sup>11</sup> . The risk of weak participation is considered low as proven by the long lasting relation UNDP and AyA have with ASADAS at the national level. The investment in water security plans, meteorological stations and public and private partnerships are all demands of the ASADAS, which representatives have been involved and consulted in the preliminary design. During the PPG stage, UNDP and AyA will conduct regional meetings with the majority of the beneficiary ASADAS in the country to sign a collective letter of intent related to the implementation of the project as beneficiaries and key stakeholders. The project will invest in an effective communications strategy that will not only ensure communication about the importance of ASADAS, but more importantly, it will ensure to communicate progress made related to the needs of ASADAS to address water scarcity-related issues

#### A.5. Coordination. Outline the coordination with other relevant GEF-financed and other initiatives:

22. The UNDP-GEF Project “Conservation, sustainable use of biodiversity, and maintenance of ecosystem services of internationally important protected wetlands” aims to support the establishment of at least one new protected area in a wetland ecosystem to support the valuation of the full range of ecosystem goods and services provided by internationally important wetland protected areas, focusing on the seven protected areas, two of which, Caño Negro and Tamarindo, are part of the targeted area. This latter component will provide baseline information for the increased development of financial instruments, such as PES, who will also be key in incentivizing sustainable ecosystem based adaptation measures such as silvopastoral practices in pilot areas of the proposed project. The SCCF proposal will also add value to the Wetland project and other existing initiatives protecting protected areas and sensible water ecosystems by creating financial incentives for agricultural and livestock producers to adopt best practices and join biological connectivity efforts, through engaging companies to shift their purchasing policies to favour producers adopting good practice, and by helping the financial sector set up new credit lines for biodiversity-friendly economic activity in the target landscape.
23. Similarly, the project will coordinate efforts with the Socio-ecological Land Management initiative funded by the Costa Rica-Spain debt swap, which is coordinated by SINAC with the support of INBio. This initiative incorporates an ecosystem approach for the conservation of Costa Rica’s natural capital to secure, through its sustainable use, the flow of services that determine the well-being of its inhabitants. Finally, the project will coordinate actions with the project Sustainable Development of the Río Frío Watershed, a land planning and management initiative for securing a sustainable supply of ecosystem goods and services.
24. Regarding the productive sector, technical support will also be provided by the UNDP/MAG/MINAET project aimed at the establishment of a “National platform of responsible production and trade of Costa Rican pineapple”. Lessons learnt from the initiative as well as the local network that has been originated among communities, national institutions and producers will guide the implementation of community and ecosystem-

<sup>11</sup> “Transparency and Accountability in Rural Aqueducts in Costa Rica” project implemented by UNDP and AyA. <http://vimeo.com/67035096>

based adaptation productive actions regarding pineapple, while at the same time promoting a more sustainable and conscious water use.

25. Finally, the proposed project will complement investments done by the Small Grant Program (SGP), who has been working in Costa Rica for the last 20 years on a community focused basis, financing small-scale projects. In particular, the targeted area has seen several capacity building projects developed, with the chance to spot local champions to lead the sub regional level platform for multi-stakeholder coordination of actions that the proposed project will establish.

B.1 Is the project consistent with the National strategies and plans or reports and assessments under relevant conventions? (yes  /no  ). If yes, which ones and how: NAPAs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, etc.:

26. The project is fully consistent with Costa Rica’s adaptation priorities as set out by (MINAE) in two key documents: The National Climate Change Strategy (2009) and the Action Plan for the Implementation of the National Climate Change Strategy (2012). Both documents identify integrated water management as a prioritized sector for strengthening the establishment and implementation of adaptation strategies to reduce vulnerabilities and climate-related impacts. In addition, the Third National Communication – to be officially published in November 2014- strongly highlights the vulnerability in key areas (SEMU 3) and key sectors, such as infrastructure and food production to hydro meteorological events whose impacts will be worsened by climate change.

**PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)**

Name	Position	Ministry	Date (MM/dd/yyyy)
Ruben Muñoz Robles	Director of International Cooperation (GEF Operation Focal Point Costa Rica)	Ministry of Environment and Energy – Costa Rica	07/21/2014

**A. GEF Agency(ies) Certification**

This request has been prepared in accordance with GEF policies<sup>12</sup> and procedures and meets the GEF criteria for project identification and preparation under GEF-6.

Agency Coordinator, Agency name	Signature	Date (MM/dd/yyyy)	Project Contact Person	Telephone	Email
Adriana Dinu, Executive Coordinator, and Director a.i., UNDP/GEF		August 21, 2014	Reis López Rello, Regional Technical Adviser, Green LECRDS	(507) 302-4628	reis.lopez.relo@undp.org

<sup>12</sup> GEF policies encompass all managed trust funds, namely: GEFTF, LDCF, and SCCF