

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/CID - Isthmus & DR
▪ TC Name:	Enhancing the transition towards sustainable agriculture in Central America
▪ TC Number:	RG-T4319
▪ Team Leader/Members:	LE POMMELLEC, MARION (CSD/RND) Team Leader; SAAVEDRA GOMEZ, VALENTINA (CSD/CCS) Alternate Team Leader; SUAREZ VAZQUEZ, GINES (CSD/RND); SAMAYOA JUAREZ, JORGE OMAR (CSD/RND); SCHNEIDER TALAVERA, CHRISTIAN (IFD/CMF); PABLO PEREIRA (INT/TIN); OCAMPO SANCHEZ, FERNANDO JOSE (INT/TIN); RIOS GALVEZ, ANA R. (CSD/RND); GONZALEZ MAHECHA, ESPERANZA (CSD/CCS); SANMARTIN BAEZ, ALVARO LUIS (LEG/SGO); RESTREPO, LISA SOFIA (CSD/RND)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	05 May 2023
▪ Beneficiary:	Institutos de Innovación Agropecuaria
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$2,900,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	48 months
▪ Types of consultants:	Firms
▪ Prepared by Unit:	CSD/RND - Env, Rural Dev & Disaster Risk
▪ Unit of Disbursement Responsibility:	CID/CPN - Country Office Panama
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Productivity and innovation ; Institutional capacity and rule of law; Environmental sustainability; Gender equality

II. Objective and Justification

- 2.1 To support the development of policies, regulations and incentives that promote the transition toward sustainable agriculture in Central America, through (i) the generation of robust knowledge that supports science-based policy making; (ii) the development of pilot green and inclusive financial products for the agricultural sector; and (iii) The development of institutional awareness and capacities on green agricultural commodities and new trade environmental requirements, as well as traceability and monitoring instruments.
- 2.2 Agriculture plays a paramount socio-economic role in Central America but faces multiple sustainability challenges: Environmental sustainability challenges (biodiversity loss, tree cover loss, water and soil degradation, vulnerability to climate change); Social sustainability challenges (food and economic insecurity, poor occupational health and safety, gender, youth and diversity gaps); and Economic sustainability challenges (low profitability of agricultural activities, as a result of combined challenges in terms of yields, production costs, post-harvest losses and low sale prices, effects of multiple market failures along the value-chains). To address these challenges, the

IADB has been financing, during the past, a growing portfolio of investment projects aiming at enhancing sustainable agriculture, taking into consideration the three (environmental, social, economic) dimensions of sustainability. However, the lack of data impedes the statement of sound targets, and beyond projects' monitoring and evaluation issues, this lack of data negatively affects the development of evidence-based policies that could be supportive of more sustainable agricultural systems. On the other hand, it is already known that an important barrier to the scaling-up of sustainable agriculture in Central America, is the liquidity constraints faced by farmers. To finish with, Central America, as an exporter of commodities, is not prepared to comply with increasingly strict environmental and food safety regulations in terms of trade of agricultural products, such as the European Union Deforestation-Free Products Regulation and the Sustainable Use of Pesticides Regulations, that will affect exports.

III. Description of Activities and Outputs

- 3.1 **Component I: Knowledge generation on the economic, social and environmental sustainability of nature-positive agriculture .** Research projects on environmental, social and economic sustainability of agriculture + dissemination
- 3.2 **Component II: Development of inclusive green finance products.** Technical assistance to financial institutions
- 3.3 **Component III: Support to institutions and public policies to meet new requirements for traceability, monitoring and reporting on environmental and climate issues.** Training, technical assistance and advisory to governments on the following: (i) awareness on green agricultural commodities and new environmental requirements for trade

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Knowledge generation on the economic, social and environmental sustainability of nature-positive agriculture	US\$1,800,000.00	US\$0.00	US\$1,800,000.00
Development of inclusive green finance products	US\$400,000.00	US\$0.00	US\$400,000.00
Support to institutions and public policies to meet new requirements for traceability, monitoring and reporting on environmental and climate issues	US\$700,000.00	US\$0.00	US\$700,000.00
Total	US\$2,900,000.00	US\$0.00	US\$2,900,000.00

V. Executing Agency and Execution Structure

- 5.1 The executing agency for this project will be the IADB. Beneficiary and partnering institutions will be executing Agencies of IDB financed-projects: Ministry of Agricultural Development and Agricultural Innovation Institute (Instituto de Innovacion Agropecuaria of Panama; Ministry of Agriculture and Livestock and Ministry of Environment and Energy of Costa Rica; Ministry of Agriculture and Livestock and Forest Conservation Institute of Honduras; Ministry of Agriculture, Food Security and Enterprise of Belize; Ministry of Agriculture and Livestock of El Salvador.

- 5.2 The IADB will be the executing agency to limit of the coordination challenges posed by the regional scope, and the multiplicity of beneficiary/partnering institutions.

VI. Project Risks and Issues

- 6.1 No risk identified to date.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".