Board of Executive Directors
Short Procedure
Expires on 10 January 2019

AT-1542
3 January 2019
Original: Spanish
Public
Simultaneous Disclosure

To: The Executive Directors

From: The Secretary

Subject: Costa Rica. Nonreimbursable technical-cooperation funding for the project "Sustainable Management of Ecosystem Services"

Basic Information:

Executing agency ..... Inter-American Development Bank

Amount ..... up to US$3,485,330

Source ..... Global Environment Facility (GEF)

Inquiries to: Michael Collins (telephone Country Office in Suriname 597-521-225) or
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Remarks: The Directors are requested to inform the Secretary, in writing, no later than **10 January 2019**, if they wish to interrupt this procedure. If no such communication is received by that date, the attached resolution will be considered approved by the Board of Executive Directors, and a record to that effect will be made in the minutes of a forthcoming meeting.

Reference: DR-398-18(8/18), CS-3953-4(8/18), GN-2469-2(3/08), DE-44/08, GN-2470-2(3/08), DE-45/08, GN-2752-4(8/14), DE-103/14

PUBLIC
SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

COSTA RICA

SUSTAINABLE MANAGEMENT OF ECOSYSTEM SERVICES

(CR-T1148)

TECHNICAL COOPERATION DOCUMENT

This document was prepared by the project team consisting of: Michael Collins (CSD/RND), Project Team Leader; Fernando Balcazar (RND/CCO); Juan Manuel Murguia (RND/CCR); Cristina Landazuri-Levey (LEG/SGO); Raúl Lozano (FMP/CCR); Miguel Baruzze (FMP/CCR); and Lisa Sofia Restrepo (CSD/RND).

TECHNICAL COOPERATION DOCUMENT

I. BASIC PROJECT DATA

▪ Country/region:	Costa Rica
▪ Technical cooperation (TC) name:	Sustainable Management of Ecosystem Services
▪ TC number:	CR-T1148
▪ Project team leader/members:	Michael Collins (CSD/RND), Project Team Leader; Fernando Balcazar (RND/CCO); Juan Manuel Murguia (RND/CCR); Cristina Landazuri-Levey (LEG/SGO); Raúl Lozano (FMP/CCR); Miguel Baruzze (FMP/CCR); and Lisa Sofia Restrepo (CSD/RND)
▪ Taxonomy:	Client support
▪ Beneficiary:	Republic of Costa Rica
▪ Executing agency:	Fundación Banco Ambiental (FUNBAM)
▪ Donors providing funding:	Global Environment Facility (GEF)
▪ IDB funding requested:	US$3,485,330
▪ Local counterpart: ▪ Parallel financing:	US$2,600,000 US$12,900,000[1]
▪ Disbursement period:	60 months (54 months of execution)
▪ Required start date:	January 2019
▪ Types of consultants:	Consulting firms and individual consultants
▪ Prepared by:	Environment, Rural Development, and Risk Management Division (CSD/RND)
▪ Unit with disbursement responsibility:	IDB Country Office, Costa Rica (CID/CCR)
▪ TC included in country strategy (yes/no):	No
▪ TC included in country programming document (yes/no):	No
▪ Alignment with the Update to the Institutional Strategy 2010-2020:	Climate change and environmental sustainability

II. OBJECTIVES AND RATIONALE

2.1 With just 0.03% of the world's land area (51,100 square kilometers), Costa Rica is considered to be among the 20 countries of the world with the greatest concentration of biodiversity. According to estimates, it is home to more than 500,000 species, accounting for approximately 4% of the world's total estimated species. The productive sectors and local development are exerting a host of pressures on Costa Rica's ecosystem services and biodiversity; these threats to ecosystem services are present at the landscape level. The negative impacts of

[1] Parallel financing: financing for contracts and activities other than those financed with IDB resources (GEF), which are regulated by a legal agreement between the executing agency and the IDB, but complementary to the objectives and activities financed with IDB funds. Parallel financing is not subject to IDB policies, but the amounts of such financing will be reported to the GEF for informational purposes.

cattle ranching and farming practices include a decline in the forest cover due to illegal felling; groundwater, surface water, and soil pollution due to the indiscriminate use of pesticides and fertilizers; land erosion due to inadequate soil preparation, hillside farming, and deforestation; soil compaction; nutrient depletion; fire use; and wetland drainage.

2.2 Costa Rica has made significant investments to protect the country's biodiversity and conserve its ecosystems—resources of vital importance to the population. In total, 26.5% of the country's mainland is within protected areas, which are connected by 37 biological corridors. The conservation of biodiversity necessitates an ecosystem-based approach—requiring not only the designation of protected areas but also the involvement of the productive sectors. To that end, Costa Rica has implemented programs and projects involving financial incentives and training to promote the adoption of sustainable practices. Through the National Forest Financing Fund (FONAFIFO), roughly US$260 million have been invested in payments for environmental services since 1998. FONAFIFO's payment for ecosystem services (PES) program recognizes four types of such services: carbon sequestration; protection of water for urban, rural, and hydroelectrical use; protection of biodiversity; and scenic beauty. PES programs, however, are based on forestry activities that generate these environmental services and do not take other productive activities into account. Created in 2008 to promote better long-term biodiversity management and conservation, the Sustainable Biodiversity Fund (FBS) is another financing mechanism. The Global Environment Facility (GEF), Kreditanstalt für Wiederaufbau, Conservation International, and Osa Conservation have contributed seed capital of nearly US$18 million to the FBS, which is administered by the Fundación Banco Ambiental (FUNBAM). The FBS uses the earnings obtained from investing the seed capital (roughly US$900,000 per year) to finance its biodiversity conservation program. To date, it has executed 38 agreements covering 3,000 hectares, with committed resources of US$1.2 million. However, like FONAFIO, the FBS is currently focused on forestry activities and has limited resources available to effectively manage ecosystem services.

2.3 Despite these achievements, Costa Rica still faces several challenges: legal, financial, and capacity-related barriers hamper the implementation of an ecosystem-based approach to address all pressures exerted on biodiversity at the landscape level. First, the legal framework does not fully incorporate the ecosystem-based approach. For example, legislation governing the preparation of regulatory plans does not recognize ecosystem services.[2] Furthermore, there is no specific institutional agency responsible for promoting the adoption of an ecosystem-based approach. Second, the value of ecosystem services is not well understood. Consequently, these services are not adequately taken into account in land-use planning, thereby contributing to land degradation.

2.4 With a view to developing a more comprehensive approach, the government is pursuing actions to create an ecosystem services program within the organizational

[2] Ecosystem services are the resources or processes (goods and services) of natural ecosystems that benefit human beings. They include products such as clean drinking water as well as processes like the decomposition of waste.

structure of the National System of Conservation Areas (SINAC), which is responsible for the management of the country's protected areas. Thus, in addition to forestry-related activities, the government's strategy is to consider other elements of the ecosystem[3]—such as productive landscapes—as generators of environmental services. To foster sustainable practices that generate environmental services in productive landscapes, the government is looking to develop new financing mechanisms and strengthen existing ones, bearing in mind their long-term sustainability.

2.5 The project's objective is to improve the conservation and sustainable use of biodiversity through the management of terrestrial ecosystem services. Its specific objectives are to: (i) establish a planning framework that incorporates an ecosystem-based approach; (ii) design a compensation mechanism to promote ecosystem services management in productive landscapes, including the structuring of at least one source of financing; and (iii) support the implementation of the aforementioned compensation mechanism.

2.6 This technical cooperation project is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and is aligned with the crosscutting area of climate change and environmental sustainability, in that it contributes to the reduction of greenhouse gas emissions and improves the sustainable use and management of natural capital.

III. Description of Activities/Components and Budget

3.1 **Component 1. Developing a regulatory and planning framework with an ecosystem-based approach.** Based on a detailed review of existing legislation, the objective of this component is to develop a land-use planning framework for Costa Rica that protects biodiversity and incorporates an ecosystem-based approach. To ensure the consistency and subsequent usefulness of the framework developed, this work will be coordinated with the government institutions responsible for biodiversity. Accordingly, the standards developed will be presented to the relevant government authorities. During project design, support for the following instruments was identified as a priority: (i) development of a policy for the conservation and sustainable use of water resources (to be presented to the SINAC); (ii) updating of regulations governing the preparation of cantonal regulatory plans, including regulations on urban renewal (National Institute of Housing and Urban Development (INVU)); and (iii) updating of the rules on environmental fragility indices to incorporate the environmental variable in regulatory and other land-use plans (National Environmental Technical Secretariat (SETENA)). In addition, the component will propose regulations for operationalizing the incentives set out under Articles 37, 52, and 100 of the Biodiversity Law. The component will also finance a proposal to update regulatory plans for the cantons of Guatuso, Los Chiles, and Upala in the northern part of the country, based on the standards developed. These cantons were selected on the basis of social and environmental indicators. Lastly, the component will finance the preparation of two regional institutional plans (e.g. for the agricultural sector) that incorporate an ecosystem services-based approach.

[3] Productive landscapes are defined as landscapes that provide agricultural or forestry products as well as a broad range of ecosystem products and services.

3.2 Furthermore, the project will finance training modules and a campaign for promoting and raising awareness about the benefits of protecting biodiversity and ecosystem services.

3.3 **Component 2. Design of the ecosystem services compensation mechanism.** The objective of this component is to develop an ecosystem services compensation mechanism (ESCM) with its own source of sustainable financing, to promote ecosystem and biodiversity management and conservation in priority productive landscapes of the country. The ESCM will be designed to compensate the possessors and/or owners of land located in priority areas for the ecosystem services generated by their land.[4] With respect to financing the ESCM, work will be closely coordinated with the Public Utilities Regulatory Authority (ARESEP) to identify and structure a fundraising model based on user fees that vary according to usage of the service (e.g. water). Fundraising to support financing of the ESCM should get under way as a result of this component.

3.4 To achieve the objectives under this component, this following studies will be financed: (i) evaluation of the FBS and FONAFIFO, including their project prioritization mechanism, project management, and monitoring and evaluation instruments; (ii) analysis of the rates charged by ARESEP, their relationship to ecosystem services, and evaluation of scenarios for charging additional rates for compensating ecosystem services (as provided by the Biodiversity Law); (iii) rate design and preparation of the technical document required by ARESEP for rate approval; (iv) design of the ESCM (technical studies, type of beneficiaries, forms of payment and monitoring, gender-based analysis, public participation (including civil society organizations and indigenous populations), updating of the GEF's tracking tool and identification and design of the required legal and coordination agreements, etc.); (v) prioritization of initial ESCM intervention areas; and (vi) local informational and awareness-raising workshops.

3.5 **Component 3: ESCM implementation.** The resources of this component will be used to support the implementation of the ESCM designed in Component 2. The project will invest US$1.1 million in the ESCM to supplement, in the initial implementation stage, the revenues to be obtained from the new PES rate approved by the ARESEP (see Component 2. This mechanism will target private land owners who meet the established eligibility criteria and who, as a whole, will contribute at least US$2 million to cofinance landscape management practices incentivized by the mechanism (the precise cost-sharing ratios will be established as part of the ESCM design). The mechanism will initially be implemented in the north-north region and will supplement FBS payments for forest conservation areas and FONAFIFO payments in the region aimed at promoting reforestation, forestation, and agroforestry practices. The resources of this component will also be used to help finance the technical support required for the initial implementation of the ESCM, as well as the development of good practices manuals.

3.6 Special conditions precedent to the execution of Component 3: The following special conditions will be met to access the resources allocated for Component 3: (i) fundraising for the ESCM (designed in Component 2) will have started; these

[4] The ESCM will not promote the use of invasive species.

funds are generated by the rates regulated by the ARESEP; (ii) the ESCM will have been designed and considered acceptable to the IDB and the GEF (FUNBAM will seek GEF approval); (iii) the ESCM will have entered into operation and all of the necessary legal agreements and coordination arrangements for its execution will be in place; and (iv) a methodology for assessing the impact of ESCM implementation will have been established, preferably using a quasi-experimental design, which is considered acceptable to the IDB and the GEF, and the baseline studies required by the methodology will have been carried out.

3.7 The total cost of the technical cooperation project is US$3,485,330, to be financed by the GEF and supplemented by an estimated US$2.6 million in local counterpart contributions (in kind) from FUNBAM, SINAC, and ESCM beneficiaries, and parallel financing of US$12.9 million from FONAFIFO (US$6.2 million; investment); FBS (US$5.6 million; investment); and SINAC (US$1.1 million; in kind).

Indicative budget (US$)

Components	IDB/GEF	Local counterpart	Parallel financing	Total	%
Component 1. Developing a regulatory and planning framework with an ecosystem-based approach	550,000	-	250,000	800,000	10
Component 2. Design of the ecosystem services compensation mechanism	740,000	-	550,000	1,290,000	5
Component 3. ESCM implementation	1,380,000	2,000,000	12,070,000	15,450,000	74
Monitoring and evaluation	268,482	-	30,000	298,482	4
Subtotal:	**2,938,482**	**2,000,000**	**12,900,000**	**17,838,482**	**-**
Administration and auditing	316,848	600,000	-	916,848	6
Contingencies	230,000	-	-	230,000	1
Total	**3,485,330**	**2,600,000**	**12,900,000**	**18,985,330**	**100**

3.8 **Monitoring and evaluation.** The executing agency will submit semiannual progress reports to the IDB within the 45 days following each calendar six-month period. It will also submit: (i) a midterm evaluation report within 60 days after 30 months from the date on which the funds are declared eligible or on which 35% of the IDB/GEF contribution amount has been disbursed, whichever occurs first; and (ii) a final evaluation report within 45 days from the date that 90% of the IDB/GEF contribution amount has been disbursed. Both evaluations will be financed with project funds and must adhere to GEF standards. Furthermore, an impact assessment of the ESCM's implementation will be performed (see paragraph 3.6(iv)).

IV. Executing Agency and Execution Structure

4.1 FUNBAN will be the executing agency for the project. It is a nonprofit foundation established in 2008 to administer a grant and a loan to the Republic of Costa Rica by the International Bank for Reconstruction and Development (approved by Law 8745 of 2 July 2008). FUNBAM's objective is to support activities for the

conservation of national and international ecosystems and to support government and private conservation programs, including payment for the environmental services provided by forests and plantations, among others.[5] According to the institutional analysis performed, FUNBAM's organizational structure and experience in project financial management and administration are limited. It currently administers the FBS and other environmental initiatives. FUNBAM will have an execution unit with at least the following staff members, who will be hired with project funds: (i) a technical coordinator; (ii) a part-time financial specialist; and (ii) a part-time procurement specialist. To strengthen the technical aspects of project execution, the SINAC, as a beneficiary of the project's outputs and services, will support FUNBAM with technical and strategic guidance. To that end, it will appoint an interagency coordinator as part of the execution unit. To facilitate the project's technical coordination and ensure clear operational guidelines for execution: (a) SINAC and FUNBAM will sign an agreement under the terms previously agreed upon with the Bank; and (b) a project operating manual will be formalized. Furthermore, the organizational structure for project execution will include a steering committee to ensure the project's strategic and political vision. It will be comprised of SINAC, FONAFIFO, ARESEP, and FUNBAM representatives. The following will be special conditions precedent to the first disbursement: **(i) the SINAC/FUNBAM agreement will have been signed and entered into force; (ii) the project coordinator, financial specialist, and procurement specialist will have been selected; and (iii) the project operating manual will be in effect, in accordance with the terms previously agreed upon with the Bank.**

4.2 FUNBAM is exclusively dedicated to managing the FBS, the resources of which are held in a trust at Banco Nacional (Trust 1052 FBS). Through this trust, it handles registration, accounting, and reports, as well as the respective payments, among other fiduciary responsibilities for the project. The addition of a new project to FUNBAM's current structure would represent a significant burden, due to its limited administrative structure. Project funds will therefore be used to strengthen FUNBAM's operational capacity in the area of fiduciary management by hiring a team that will include a financial management specialist and a procurement specialist.

4.3 The financial management specialist will be responsible for consolidating financial information and preparing the semiannual financial reports required by the Bank. The project will finance annual audits, to be conducted by an independent auditing firm acceptable to the Bank and presented 120 days after the end of each fiscal year; they will include an analysis of the project's internal control system. A bank account will be opened in the name of the project, to be used solely to manage its resources.

4.4 Since FUNBAM is a private entity, in order to determine its acceptability to the Bank for purposes of procurement management, the internal regulations on procurement processes (2018 version) were analyzed. Based on this analysis, Appendix 4 of the IDB's procurement policies (documents GN-2350-9 and

[5] FUNBAM's governing board is comprised of the Minister of Environment and Energy; the Minister of Agriculture and Ranching; the Director of SINAC; the Director of FONAFIFO; and a representative of the FBS fiduciary bank.

GN-2349-9) and the procedures indicated in Annex 1, Procurement Methods, in accordance with private-sector practices, will be applied for project execution. All procurement operations of goods, works, and nonconsulting and consulting services provided by firms and individuals financed with IDB/GEF loan proceeds must be included in the procurement plan previously approved by the IDB.

V. Main Risks

5.1 The most significant risks are listed below.

Risks and mitigation measures

Risk	Rating	Mitigation measure
Inability to reach agreement on ARESEP rates to fund ESCM	Medium	Technical studies to provide grounds for rate proposals, and consultation workshops with local stakeholders
Landholders' lack of interest in participating in the ESCM	Medium	Incorporation of lessons learned from the implementation of the FONAFIFO and the FBS payments in the design of the ESCM
Weak fiduciary management capacity on the part of FUNBAM	Medium	Hiring of financial and procurement specialists to strengthen FUNBAM, and IDB training and monitoring
No agreement is reached on the ESCM and Component 3 is not executed	Medium	The project includes resources for design studies, consultations, and awareness-raising workshops; contingency resources are also provided should it become necessary to expand the scope of activities associated with the design of the project

VI. Exceptions to Bank policies

6.1 No exception to Bank policies.

VII. Environmental Safeguards

7.1 This project will have a positive impact on the environment, given its long-term contribution to conserving biodiversity, reducing greenhouse gas emissions, and improving natural resources management. The Environmental and Social Safeguards Unit review confirmed the classification of the project as a category "C" operation.

Required Annexes:

- Annex I: Results Matrix
- Annex II: Procurement Plan

Required Links:

- Client request
- Terms of reference

Optional Links:

- Fiduciary analysis and agreements

Operation number **CR-T1148**
TCM cycle: **TCM Period 2018**
Last update: **12/10/2018**

Inter-American Development Bank - IDB

Results Matrix

Outcomes

Outcome: 1 The National System of Conservation Areas (SINAC) has incorporated the ecosystem services program

Indicators	Flags*	Unit of measurement	Baseline	Baseline year	Means of verification		2019	2020	2021	2022	2023	EOP
1.1 SINAC budget includes financing for the ecosystem services program.		Number	0.00	2017	FUNBAM reports	P				1.00		1.00
						P(a)						
						A						

Outcome: 2 Regulatory and policy frameworks address ecosystem services

Indicators	Flags*	Unit of measurement	Baseline	Baseline year	Means of verification		2019	2020	2021	2022	2023	EOP
2.1 Regulatory and/or policy instruments approved		Number	0.00	2017	Fundación Banco Ambiental (FUNBAM) reports and official gazette	P		3.00	3.00	4.00		10.00
						P(a)						
						A						

Outcome: 3 Increase in sustainably managed productive landscapes

Indicators	Flags*	Unit of measurement	Baseline	Baseline year	Means of verification		2019	2020	2021	2022	2023	EOP
3.1 Hectares of productive landscapes under ESCM contracts		Hectare	0.00	2017	FUNBAM reports and final evaluation	P					5,000.00	5,000.00
						P(a)						
						A						

Outcome: 4 Funds are generated to finance payments for managing ecosystem services in productive landscapes

Indicators	Flags*	Unit of measurement	Baseline	Baseline year	Means of verification		2019	2020	2021	2022	2023	EOP
4.1 Rates collected by public utility operators		Number	0.00	2017	FUNBAM reports and final evaluation	P				20,000.00	30,000.00	50,000.00
						P(a)						
						A						

Outputs: Annual Physical and Financial Progress

1 1. Developing a regulatory and planning framework with an ecosystem-based approach

Outputs	Description of output	Unit of measurement	Baseline	Baseline year	Means of verification		Physical progress 2018	2019	2020	2021	2022	2023	EOP	Financial progress 2018	2019	2020	2021	2022	2023	EOP	Issue	Fund	Flags
1.1 Proposals developed for a water resources policy for the SINAC, a regulatory framework for the National Institute of Housing and Urban Development (INVU), regulations for the National Environmental Technical Secretariat (SETENA), and implementing regulations for the Biodiversity		Proposals (#)	0	2018	FUNBAM reports	P		2	2	3			7		100000	100000	65000			265000	Biodiversity and ecosystem conservation	GEF	
						P(a)							0							0			
						A																	
1.2 Individuals trained	Training sessions held on ecosystem services issues	Individuals (#)	0	2018	FUNBAM reports	P			80	120	100		300			15000	25000	20000		60000	Biodiversity and ecosystem conservation	GEF	
						P(a)							0							0			
						A																	
1.3 Institutional strengthening programs prepared	Regulatory plans developed at the municipal level	Programs	0	2018	FUNBAM reports	P				3			3			50000	100000	75000		225000	Biodiversity and ecosystem conservation	GEF	
						P(a)							0							0			
						A																	

2 2. Design of the ecosystem service compensation mechanism

Outputs	Description of output	Unit of measurement	Baseline	Baseline year	Means of verification		Physical progress 2018	2019	2020	2021	2022	2023	EOP	Financial progress 2018	2019	2020	2021	2022	2023	EOP	Issue	Fund	Flags
2.1 Ecosystem service compensation mechanism (ESCM) proposal developed		Proposal (#)	0	2018	FUNBAM reports	P				1			1			50000	140000			190000	Biodiversity and ecosystem conservation	GEF	
						P(a)							0							0			
						A																	
2.2 Diagnostic assessment and evaluations completed	Technical studies completed for the design of the ESCM	Diagnostic assessment (#)	0	2018	FUNBAM reports	P			2	4			6		100000	200000	250000			550000	Biodiversity and ecosystem conservation	GEF	
						P(a)							0							0			
						A																	

3 3. ESCM implementation

Outputs	Description of output	Unit of measurement	Baseline	Baseline year	Means of verification		Physical progress 2018	2019	2020	2021	2022	2023	EOP	Financial progress 2018	2019	2020	2021	2022	2023	EOP	Issue	Fund	Flags
3.1 Landholders with ESCM contracts		Individuals (#)	0	2018	FUNBAM reports	P					200	300	500					1350000	1750000	3100000	Biodiversity and ecosystem conservation	GEF	
						P(a)							0							0			
						A																	
3.2 Individuals trained	ESCM beneficiaries trained	Individuals (#)	0	2018	FUNBAM reports	P					200	300	500					80000	120000	200000	Biodiversity and ecosystem conservation	GEF	
						P(a)							0							0			
						A																	
3.3 Monographs developed	Good practices manuals developed	Monographs (#)	0	2018	FUNBAM reports	P					2		2					80000		80000	Biodiversity and ecosystem conservation	GEF	
						P(a)							0							0			
						A																	

Other costs	2018	2019	2020	2021	2022	2023	Cost
Management and auditing							
P		$196,848.00	$180,000.00	$180,000.00	$180,000.00	$180,000.00	$916,848.00
P(a)							$0.00
A							
Contingencies							
P				$130,000.00	$100,000.00		$230,000.00
P(a)							$0.00
A							
Monitoring and evaluation							
P				$50,000.00	$100,000.00	$118,482.00	$268,482.00
P(a)							$0.00
A							

Total cost	2018	2019	2020	2021	2022	2023	Total cost
P		$396,848.00	$595,000.00	$940,000.00	$1,985,000.00	$2,168,482.00	$6,085,330.00
P(a)							
A							

CRF indicator = Standard output indicator

PROCUREMENT PLAN – NONREIMBURSABLE TECHNICAL COOPERATION

Country: Costa Rica
Project number: CR-T1148

Executing agency: FUNBAM
Public or private sector: Private
Project name: Sustainable Management of Ecosystem Services

Plan period: January 2019 - December 2023

Threshold for ex post review of procurements: **Goods and services (amount in US$):** n/a **Consulting services (amount in US$):** n/a

Item no.	Ref. AWP	Description (1)	Estimated cost of contract	Procurement method (2)	Review of procurement (3)	Source of financing and percentage		Estimated date of procurement notice or start of the contract	Technical review by project team leader (4)	Comments
						IDB/MIF %	Local / Other %			
1		**Component 1**	550,000							
		Nonconsulting services								
		Workshops to develop the regulatory framework for the National Institute of Housing and Urban Development (INVU)	66,000	PC	Ex ante	100			x	Six workshops in the first two years to facilitate dialogue on regulations; estimated cost per workshop: US$11,000
		Land-use planning informational material	80,000	PC	Ex ante	100			x	Informational material for the different activities associated with the development of regulations; four procurement processes for $20,000 each planned for the first year
		Local/regional training plans	20,000	PC	Ex ante	100		September 2019	x	
		Operating expenses for tours	10,000	PC	Ex ante	100		August 2019	x	
		Individual consultants								
		SINAC institutional water policy proposal	20,000	NICQ	Ex ante	100		March 2019	x	
		Updating of INVU regulations	20,000	NICQ	Ex ante	100		April 2019	x	
		Updating of SETENA regulations	25,000	NICQ	Ex ante	100		April 2019	x	
		Regulation of Biodiversity Law articles	25,000	NICQ	Ex ante	100		April 2019	x	
		Mainstreaming the ecosystem approach in national legislation	20,000	NICQ	Ex ante	100		April 2019	x	
		Technical specialist on regulations	60,000	NICQ	Ex ante	100		March 2019	x	
		SINAC (ecosystem services) technical support	50,000	NICQ	Ex ante	100		June 2019	x	
		Land-use planning specialist	50,000	NICQ	Ex ante	100		November 2019	x	
		Legal advisory services on cantonal regulations	24,000	NICQ	Ex ante	100		March 2020	x	
		Development of regional institutional plans	50,000	NICQ	Ex ante	100		September 2020	x	
		Communications specialist	30,000	NICQ	Ex ante	100		August 2020	x	
2		**Component 2**	740,000							
		Nonconsulting services								
		ARESEP exploratory workshops	10,000	PC	Ex ante	100		August 2019	x	
		Local consultations	20,000	PC	Ex ante	100		August 2020	x	
		Publications	20,000	PC	Ex ante	100		January 2021	x	
		Consulting services								
		FBS and FONAFIFO evaluations	50,000	QBS	Ex ante	100		October 2019	x	
		Analysis of ARESEP-regulated rates, willingness to pay, and compensation rate proposal	90,000	QBS	Ex ante	100		November 2019	x	
		Valuation of services	100,000	QBS	Ex ante	100		January 2020	x	
		Mechanism for prioritizing ecosystem services and productive landscapes	120,000	QBS	Ex ante	100		January 2020	x	
		Design of the ESCM	250,000	QBS	Ex ante	100		April 2020	x	
		Baseline and impact assessment methodology	80,000	QBS	Ex ante	100		January 2021	x	
3		**Component 3**	1,380,000							
		Nonconsulting services								
		Ecosystem services compensation	1,100,000		Ex ante	100			x	Incentives for an estimated 500 private land users in years 4 and 5
		Printing of manuals and informational material	35,000	PC	Ex ante	100		June 2021	x	
		Individual consultants								
		Good practices manual	25,000	NICQ	Ex ante	100		March 2021	x	
		Field technicians	220,000	NICQ	Ex ante	100		June 2021	x	Hiring of 10 field technicians at an estimated $22,000 per technician
4		**Monitoring and evaluation**	268,482							
		Nonconsulting services								
		Evaluation workshops	15,000	PC	Ex ante	100		April 2021	x	
		Satellite imaging	28,482	SSS	Ex ante	100		January 2023	x	
		Consulting services								
		Relationship between technology and biodiversity	60,000	QBS	Ex ante	100		June 2020	x	
		Impact assessment	80,000	QBS	Ex ante	100		January 2023	x	
		Individual consultants								
		Midterm evaluation	24,000	NICQ	Ex ante	100		April 2021	x	
		Final evaluation	36,000	NICQ	Ex ante	100		June 2023	x	
		PROMEC indicators study	25,000	NICQ	Ex ante	100		January 2020	x	
5		**Management and auditing**	316,848							
		Nonconsulting services								
		Equipment and operation	16,848	PC	Ex ante	100		Various	x	
		Consulting services								
		Annual audit	50,000	QBS	Ex ante	100		October 2019	x	
		Individual consultants								
		Financial specialist	140,000	NICQ	Ex ante	100		February 2019	x	
		Procurement specialist	50,000	NICQ	Ex ante	100		February 2019	x	
		Administrative assistant	60,000	NICQ	Ex ante	100		February 2019	x	
		Total	3,255,330	**Prepared by: M. Collins**				**Date: December 2018**		

(1) Grouping together of similar procurement items is recommended, such as computer hardware, furniture, publications, travel, etc. If there are a number of similar individual contracts to be performed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average individual amount and the period during which the contract would be performed. For example: an export promotion project that includes travel for participation in trade fairs would have an item called "airfare for fairs," an estimated total value of US$5,000, and an explanation in the comments column: "This is for approximately four different airfares for participation in trade fairs in the region in years X and X1."

(2) Goods and works: CB: competitive bidding; PC: price comparison (shopping); DC: direct contracting.

(2) Consulting firms: CQS: selection based on the consultants' qualifications; QCBS: quality- and cost-based selection; LCS: least-cost selection; FBS: selection under a fixed budget. SSS: single-source selection; QBS: quality-based selection.

(2) Individual consultants: NICQ: national individual consultant selection based on qualifications; SSS: single-source selection.

(2) Country system: CS: For public sector nonreimbursable technical cooperation operations when the country system is approved for the associated procurement method.

(3) Ex ante/ex post review/CS. In general, depending on the institutional capacity and level of risk associated with the procurement, ex post review is the standard modality. Ex ante review can be specified for critical or complex processes. Where the country system is approved for the associated procurement method, supervision is through the country system.

(4) Technical review: The project team leader will use this column to define the procurement processes he/she considers "critical" or "complex" that require Ex ante review of the terms of reference, technical specifications, reports, outputs, or other items.

SUSTAINABLE MANAGEMENT OF ECOSYSTEM SERVICES

CR-T1148

CERTIFICATION

I hereby certify that this operation was approved for financing under the **IADB/Global Environment Facility Fund (FMM)** through a communication dated December 3, 2018 and signed by Brady Martin (ORP/GCM). Also, I certify that resources from said fund are available for up to **US$3,485,330** in order to finance the activities described and budgeted in this document. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, representing a risk that will not be absorbed by the Fund.

Certified by:	**original signed**	December 3, 2018
	Sonia M. Rivera Chief Grants and Co-Financing Management Unit ORP/GCM	Date

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/19

Costa Rica. Nonreimbursable Technical Cooperation ATN/FM-_____-CR
Sustainable Management of Ecosystem Services

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the Global Environment Facility, to enter into such agreement or agreements as may be necessary, and to adopt such other measures as may be pertinent for the execution of the project referred to in document AT-____, with respect to a nonreimbursable technical cooperation for the Sustainable Management of Ecosystem Services.

2. That up to the equivalent of US$3,485,330 is authorized for the purposes of this resolution, chargeable to the resources of the Global Environment Facility.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

(Adopted on ___ _____ 2019)

LEG/SGO/CID/EZSHARE-1354864508-13636
CR-T1148