NAMA – Coffee of Costa Rica

Luis Zamora Q., National Coffee Manager
Ministry of Agriculture and Livestock, Costa Rica

Global NAMA Financing Summit
Copenhagen, Denmark – May 15-16, 2013
Nationally appropriate mitigation action in the Costa Rican coffee sector

Pathway towards a low-carbon coffee sector

Keeping coffee growers and maintaining farming families in business through increasing eco-competitiveness of national coffee producers
Our coffee sector is fertile ground for developing a new approaches to a green economy: easily rolling out NAMA management models and scaling up

Background

At the heart of Country’s identity

Enabling political framework in place

Solid institutional, organizational and collaborative setting

Stakeholder involvement across sectors

Strong relationship (agencies, coffee growers and millers)
Key NAMA Elements

Smart combination of public and market incentives aimed at: increasing carbon sinks, reducing emissions of nitrous oxide and methane, combined with climate adaptation practices.

At the farm level:
* Improving adoption rates of innovative mitigation practices which reduce N2O emissions, and proven adaptation techniques

At coffee mill:
* Introducing equipment and techniques that reduces methane emissions in wastewater and pulp treatment and local bio-energy use for coffee drying.
NAMA affects 50,000 farming families and involves an area of approximately 93,000 hectares.

### Coffee Sector Structure

<table>
<thead>
<tr>
<th>Coffee Sector</th>
<th>2002</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Farmers</td>
<td>70,143</td>
<td>52,787</td>
</tr>
<tr>
<td>Number of Mills</td>
<td>93</td>
<td>184</td>
</tr>
<tr>
<td>Number of Exporters</td>
<td>56</td>
<td>93</td>
</tr>
<tr>
<td>Number of Roasters</td>
<td>34</td>
<td>57</td>
</tr>
</tbody>
</table>

Source: ICAFE.
Payments for environmental services for agroforestry systems in the coffee sector

NAMA Highlights

First NAMA in coffee sector and one of the few NAMA’s in Agriculture

Increased adoption of mitigation and adaptation measures along the supply and value chain

Donor support may target: institution building, capacity building, evidence building, knowledge sharing and capital investments.

Coffee sector serving as a “NAMA laboratory” for other sectors and other Latin American coffee-growing countries
Current barriers context*

Policy barriers:
*Low regulatory incentives to capital investment and process innovation.

Financial barriers:
*Low and late return of investment
*Cash flow problems of coffee growers and millers.

Market barriers:
*Insufficient access to market niches
*Weak market incentives for GHG – efficient fertilizers.

*The slide only presents the main barriers identified at the moment.
Payments for environmental services for agroforestry systems in the coffee sector

Reduction potential: approx. 30,000 Ton of CO₂/year.

Carbon sink potential: approx. 90,000 Ton of CO₂/year.

120,000 Ton CO₂e/year until 2024 at full implementation.

The expected reductions over 20 years will be 1,850,000 Ton CO₂e.

Expected outcomes

We envision the NAMA that combines mitigation measures with climate adaptation practices.
We envision the NAMA as a business model not only for the coffee sector, but for the agricultural sector as a whole.
How we will do that? - Financial Mechanism

- **Financial Mechanism**

- **National NAMA Coffee Fund through a special vehicle**
  - **Guaranties functionality**
  - **Transferes direct financing**
  - **Funds activities**

- **Ejecting agency**
  - **Delivers services**
  - **Atends farmers and millers**

- **Mills**
- **Farms**

- **Steering Committee NAMA-Café**
  - **Galvanices interests, advices tecnically, facilitates coordination, etc.**

- **Special fee**
  - **Contributions**

- **Private Investors**
  - **Contributions**

- **Bi- and multilateral, public, private donors**
  - **Contributions**

- **National and international carbon markets**
  - **Places environmental benefits**

- **Advices political agenda and changes in institutional settings**

- **Intergovernmental Panel**
  - **MAG**
  - **ICAFE**
  - **Advisory board & Stakeholders**

**Fuente:** GIZ, B. Krause (2013)
Support Requested

International funding

- **20.000.000 USD** (equivalent to 40 USD/family/year) from 2014 to 2023.

  - **Institution building**: investments in (NAMA-type technologies).
  - **Capital building**: establishing a smart MRV-system;
  - **Evidence building**: establishing a smart MRV-system;
  - **Capacity building**

National funding

- **11.500.000 USD** (equivalent to 23 USD/family/year) from 2014 to 2023.

  - **Coffee growers and mills (risk)**
  - **National Development Banking System**
  - Public extension system & Agriculture and Livestock Ministry awards
  - Coffee-shading and reforestation and PES-qualifying
A road map for the NAMA in the Costa Rican coffee sector

- **2012**: Carbon Neutral Coffee
- **2013**: Cop 18
- **2014**: NAMA Concept & Financial Pitch
- **2016**: NAMA - Framework ready
- **2018**: Expansion
- **2020**: C-Neutral CR
- **2022**: NAMA-Full Implementation
- **2023**: NAMA-Full Implementation
Contact information

Luis Zamora Quirós, National Coffee Manager
Agriculture and Livestock Ministry of Costa Rica (MAG)
Email: lzamora@mag.go.cr

With the support of:
Thank you