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ANNEX

of the Commission Implementing Decision on the financing of the annual action plan in favour of Costa Rica for 2023

Action Document for the EU-Costa Rica Cooperation Facility

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	EU-Costa Rica Cooperation Facility OPSYS number: ACT-61975 Financed under the Neighbourhood, Development and International Cooperation Instrument (<u>NDICI-Global Europe</u>)
2. Team Europe Initiative	<input type="checkbox"/> Not applicable <input type="checkbox"/> Supporting (inter alia) TEI.
3. Zone benefiting from the action	The action shall be carried out in Costa Rica
4. Programming document	Multi-Annual Indicative Programme 2021-2027 for Costa Rica
5. Link with relevant MIP(s) objectives / expected results	N/A. MIP limited to support measures
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Not applicable
7. Sustainable Development Goals (SDGs)	Main SDG: 17 (Partnerships for the Goals) Other significant SDGs: <ul style="list-style-type: none">- SDG 5 Gender equality- SDG 9 Industry, innovation and infrastructure- SDG 10 Reduced inequalities- SDG 11 Sustainable cities and communities- SDG 12 Responsible consumption and production- SDG 13 Climate action- SDG 14 Life below water- SDG 15 Life on land- SDG 16 Peace, justice and strong institutions
8 a) DAC code(s)	43010- Multi-sector

8 b) Main Delivery Channel	Third Country Government (Delegated co-operation) 1300			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy	YES <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	

	digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Connectivity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	people2people	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.020140 Total estimated cost: EUR 11 000 000 Total amount of EU budget contribution EUR 11 000 000			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through Procurement Indirect management with entities to be selected in accordance with the criteria set out in section 4.3.2			
14. Type of measure	<input checked="" type="checkbox"/> Cooperation facility <input type="checkbox"/> Measures in favour of Civil Society			

1.2 Summary of the Action

The current Action “EU-Costa Rica Cooperation Facility” responds to the need to engage with Costa Rica as a strategic partner in the region to position Global Gateway and attract investments, and as a key ally for EU climate policies. It aims to strengthen the partnership between the EU and Costa Rica on the common political priorities identified in the Multi Annual Indicative Programme (MIP) 2021-2027 for Costa Rica.

In line with the MIP, support for Costa Rica is limited to a Technical Cooperation Facility. The Facility is designed in such a way so as to support on the one hand common political priorities, and on the other hand activities that ensure effective policy dialogue, leveraging of additional financial instruments and public diplomacy. It consists of four components: 1) **partnership on green and blue transition** (EUR 7.5 million); 2) **partnership on digitalisation and innovation** (EUR 2.5 million), 3) **technical support** (EUR 0.75 million), and 4) **strategic communication** (EUR 0.25 million).

The partnership on **green and blue transition (component 1)** aims to sustain Costa Rica’s efforts on decarbonisation and as a frontrunner on sustainability and green transformation in line with the European Green Deal. In line with the Global Gateway strategy, this component seeks to leverage opportunities in **transport electrification** and **renewable energy**. It will also strengthen Costa Rican leadership on **sustainable blue economy and marine biodiversity** to build momentum for the 2025 global Oceans Conference (co-hosted by FR and CR), and catalyse Costa Rica’s move towards **sustainable production and a circular bio-economy**.

The partnership on **digitalisation and innovation (component 2)** provides important entry points for sharing European expertise and promoting new investments. It is built around 1) robust support to **secure and trusted digital public infrastructure**, including 5G, under EU standards of privacy, security and data governance

following the cyber-attacks and subsequent national emergency and 2) support to Costa Rica's strategy to **secure resilient healthcare solutions** and **new investments in the biomedical sector**.

The **technical support component (component 3)** foresees specialised technical assistance and flexible mechanisms to effectively apply EU tools and financial instruments, strengthen capacities of stakeholders to benefit from them, leverage additional investments, and strengthen the policy dialogue.

The **strategic communication component (component 4)** seeks to measurably increase awareness, understanding and perception of the EU priorities, in particular Global Gateway.

For this Cooperation Facility to deliver its full potential, it is to be complemented by other financial resources and cooperation programmes. Instruments such as the European Fund for Sustainable Development Plus (EFSD+) provide entry points for further leverage through blending, guarantees and bonds. The Facility is also expected to be complemented by additional funds and technical assistance under global and regional initiatives, including but not limited to the EU-LAC Digital Alliance, EUROCLIMA+ and the regional programme on inclusive societies.

The action will contribute to the realisation of the EU Gender Action Plan 2021-2025 GAP III, in particular to its thematic area of engagement "Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation, Digitalisation, Climate change and environment" and "Promoting economic and social rights and empowering girls and women".

2 RATIONALE

2.1 Context

General context and EU political priorities

Despite its small size, Costa Rica (CR) is a strategic partner for the EU in Latin America and the Caribbean. It holds **clear comparative advantages to become the EU's prime partner for the implementation of the Global Gateway strategy, and to attract new European investments to Central America**. Politically, CR is the most stable country in the region and a longstanding advocate of multilateralism, strongly aligned with EU values and interests. It is the EU's main trading partner in Central America, accounting for one third of total trade flows. Its strategic position, longstanding investment in human capital and social welfare state based on the European model have made the country remarkably successful in attracting foreign direct investment, in particular into advanced manufacturing and high tech sectors. **A world leader on decarbonisation, conservation and biodiversity, and an unconditional ally on the European Green Deal**, equally make the country a key target for EU climate policies. Moreover, according to the Country Level Implementation Plan (2021-2025), the National Women's Institute for Costa Rica calls for **digitalisation, innovation and climate change as essential topics for the coming years of work on gender issues** in Costa Rica.

The country's strategic importance for Global Gateway, its investment potential and the EU's climate and biodiversity ambitions with Costa Rica justify a **renewed bilateral engagement**, following the phase out during the 2014-2020 cycle. The current Technical Cooperation **Facility is one of the instruments of the EU toolbox** to this end.

For the Facility to deliver its full potential, **it is to be complemented by other financial resources and cooperation tools**. Instruments such as the European Fund for Sustainable Development Plus (EFSD+) provide entry points for further leverage through blending, guarantees and green bonds. With its comparatively stable investment climate, Costa Rica holds a solid EFSD+ potential, in particular for private sector investments in digital, green and high tech solutions that increase productivity and put Costa Rica at the forefront of innovation and a zero carbon economy. Due to its green country brand and its institutional solidity, the country is also of interest to the European development banks. AFD consolidated a green loan portfolio of EUR 465 million since it entered Costa Rica in 2019, and EIB aims to structure new investments following earlier successful programmes. In addition, the Facility is expected to be complemented by additional funds and technical assistance under global or

regional initiatives (e.g. EU-LAC Digital Alliance, EUROCLIMA+, regional programme on inclusive societies, etc).

Specific context and political priorities

Following elections mid-2022, and a change of ruling party, the new Government confirmed CR's interest in an enhanced cooperation with the EU in the fields of environment, digitalisation and innovation, which reflect the Government's investment and cooperation priorities. Following discussions with the country's cooperation and line Ministries, the priorities are succinctly explained below.

EU-CR Partnership on Green and Blue Transition

- ***Electrification of transport:*** the transport sector is Costa Rica's leading sector for emissions. The EU and MSs are already engaged in the sector (e.g. ongoing LAIF action on electrification of public transport, implemented by AFD) but financing needs for the conversion of both public and cargo transport (i.e. the financial structuration of e-buses, the Electric Passenger Train, and the electrical freight train project – TELCA) remain high. This component will allow to finance technical assistance, assessments or specific activities to catalyse the Team Europe response to strategic needs in the sector.
- ***Renewable energy:*** in the end of 2022, Costa Rica published its national green hydrogen strategy. Taking advantage of its close to 100% renewable energy matrix, CR is exploring the possibilities to competitively produce green hydrogen, contributing to the decarbonisation of transport and industry, ensuring energy independence, and improving hydrogen knowledge and technology. An EU study is ongoing to determine viability and investment needs (results mid-2023) for clean energy production and export potential of green hydrogen and green ammonia.
- ***Blue economy and oceans:*** CR is a key partner for taking the EU's new approach on Sustainable Blue Economy with third countries forward as it is in essence an ocean country: more than 95% of its territory is maritime and it has access to both oceans. In 2021, it multiplied its maritime territory under protection by factor 25 - reaching almost 30% of total maritime surface. CR's ambition and potential world leadership on ocean protection and sustainable coastal development – to effectively protect 30% of its marine territory by 2030 - can build on its longstanding expertise in land protection. This is also why France and CR will co-host the global UN Ocean Conference in 2025, with a pre-summit taking place in CR in 2024. All this will require significant investments in marine-coastal ecosystems over the coming years. The Facility will support these efforts and build political momentum for the 2025 global Ocean Conference.
- ***Sustainable production and circular bio-economy:*** In view of potential trade benefits and to reduce inequality gaps between urban and rural areas, the Government wants to accelerate and scale up the move towards bio-inputs, organic certification and production, low carbon value chains and a more circular approach to agriculture and fisheries. The Government is specifically looking at EU expertise in this field to align its practices with the EU regulatory and trade framework. EU support will promote fully sustainable practices in line with the objectives of the EU's Farm to Fork and Circular Economy Action Plan. Activities in this area are expected to increase EU-CR trade flows and boost effective implementation of the EU-CR Association Agreement and EU trade regulations.

EU-CR Partnership on Digital Transition and Innovation

- ***Secure digital ecosystems, data governance and cybersecurity:*** In April 2022, CR became victim of massive national cyber-attacks, revealing structural vulnerabilities and prompting the new Government to declare a national emergency. During months, several key Government institutions were paralysed, seriously hampering day-to-day State functioning, including payment of government salaries, tax collection and basic services as medical attention. From the outset, EU expertise (from Spain (ES), in particular) has been instrumental in assessing vulnerabilities, re-establishing secure networks and monitoring new attacks. The EU's regulatory and cyber expertise and market-leading technology has led Government to request robust EU support on the national cybersecurity strategy, network security and data governance. As a first action, in December 2022 CR became the sub-regional hub for the Latin America and Caribbean Cyber Competence Centre (LAC4), implemented by EU CyberNet and funded by the EU (FPI). A TAIEX workshop on cybersecurity in Central America took place in the Dominican

Republic in March 2023. Throughout 2023, ES will also continue to provide ad hoc support on the regulatory framework for data governance and on risk assessments. The current Facility will build upon EE and ES support and provide a robust roll out of specialised TA, tools and equipment on cybersecurity for the public sector, in line with EU standards and expertise.

- ***Innovation and resilient healthcare solutions:*** CR is a LAC leader on manufacturing and export of medical devices and equipment. To future-proof and use this comparative advantage and the quality of the health system and services it can offer in the biomedical sector, CR can become a frontrunner of the EU-LAC Roadmap on Health Resilience. Mid-2022, the country presented its national strategy on Resilient Healthcare Solutions, aiming to become a regional hub on biotechnology and medical innovation. In February 2023, the Government approved its e-health decree (*Salud Digital*) to advance with interoperability and digitalisation of the health sector as a necessary step for further (European) investments. EE support has in the past already been instrumental in the digitalisation of the sector. Further strategic EU support to this priority can contribute to addressing global supply chain bottlenecks, prepare the ground for future developments in this area, and open the door for greater participation of European companies and technology in this vital export sector for CR.
- ***Trusted digital public infrastructure:*** this component will allow to finance further TA, assessments or specific activities for priorities that are part of the ongoing political dialogue EU-CR, on the deployment of secure, robust, resilient and sustainable telecommunications networks including the roll-out of **5G**. Work in this component will support the Government's efforts to provide access to Internet in rural areas and in schools, and the transition to **e-government** services and **e-health**, which can include the establishment of **regional innovation and digitalisation hubs**.

Gender is relevant for the work on the green agenda in Costa Rica in three main ways: the effects of climate change on women's livelihoods, women's participation in mitigation initiatives and women's role in the green jobs sector for example sustainable tourism, transport and construction. In relation to digitalisation, closing the digital gap focusing on gender aspects is highly necessary in Costa Rica. Women lack behind men in digital skills, in access to digital tools and stable internet access.¹

2.2 Problem Analysis

The Cooperation Facility responds to the need to re-engage with Costa Rica as a strategic partner in LAC. **Costa Rica's phase out of bilateral programming 2014-2020 negatively impacted upon EU's visibility and strategic engagement with the country.** While the country was successful in accessing resources under regional and global programmes, the lack of strategic programming, bilateral funds and the limitation of activities to dialogue, expertise-sharing and technical assistance, mostly without resources for concrete actions on the ground, limited national political interest.

The MIP responded to this need with the creation of a Facility that could support specific EU-CR common priorities. Furthermore, despite the MIP being limited to a Cooperation Facility, it was decided to set aside sufficient funding for actual activities, innovative actions and approaches that can be piloted on the ground.

The problem analysis for each of the political priorities is summarised under section 2.1.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The Facility mainly aims at supporting key national Government institutions. CSOs, private sector and research institutes will be associated according to their field of expertise.

Stakeholders involved in all components of the Facility:

¹ Country Level Implementation Plan (2021 – 2025) – Costa Rica

As duty-bearers:

- Ministry of Foreign Affairs: leads on political coordination of cooperation with the country and approves all funding;
- Ministry of National Planning and Economic Policies – MIDEPLAN: leads on operational coordination of cooperation with the country and approves all funding;
- (European) Development Banks and IFIs, in particular EIB, AFD, Fonprode, KfW, whose pipelines and investments potentially complement components 1 and 2 of this Facility;
- MS cooperation agencies, whose programmes potentially complement components 1 and 2 of this Facility;
- Ministry of Women’s Affairs, who oversees the work of INAMU (National Women’s Institute);
- National Women’s Institute (INAMU).

Green and blue transition component:

- Ministry of Environment and Energy – MINAE and its National System of Conservation Areas - SINAC;
- Costa Rican Institute on Fishing and Aquaculture – INCOPECA;
- Ministry of Agriculture and Livestock – MAG;
- National environmental CSOs;
- Universities and research institutes (e.g. Centre for Research in Marine Sciences - CIMAR, Centre for Tropical Agriculture Research and Education - CATIE);
- Ministry of Women’s Affairs.

Digitalisation and innovation component:

- Ministry of Science, Technology and Innovation – MICITT;
- Ministry of Foreign Trade – COMEX;
- Costa Rica Social Security Institute – CCSS;
- Ministry of Health – MoS;
- Costa Rica Investment Promotion Agency – CINDE;
- European Chambers of Commerce and private sector companies on health, biopharma and cyber-technology;
- MS specialised institutions, i.e. Spanish National Intelligence Centre – CNI and National Criptologic Centre – CCN, and Estonian Information System Authority – RIA;
- Ministry of Women’s Affairs and focal points on gender at the different Ministries.

As rights-holders:

- The Technical Support component will maintain an open approach to engaging with, and benefitting, a wide range of stakeholders as appropriate, as it aims i.e. at promoting the role of state, non-state and private actors, enhancing their capacities to engage with the EU and promoting public diplomacy. As such stakeholders include - in addition to the Government - CSOs, women’s human rights organisations, public universities, municipalities, media outlets, chambers of commerce and private sector organisations (non-exhaustive list).

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective of this action is to strengthen the partnership between the EU and Costa Rica in line with common priorities that further Costa Rica’s vision of a 3D economy (decarbonised, digitalised and decentralised), the European Green Deal and the Global Gateway strategy.

The Specific Objectives of this action are to

1. Promote an EU-Costa Rica partnership on green and blue transition;
2. Promote an EU-Costa Rica partnership on digitalisation and innovation;
3. Maximise the potential of EU programmes, financial instruments and policy dialogue to the benefit of Costa Rica’s state, non-state and private actors;

4. Measurably increase awareness, understanding and perception of the EU priorities, in particular Global Gateway.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives are:

- 1.1 Implementation of Costa Rica's decarbonisation development strategy based on e-mobility is supported;
- 1.2 Costa Rica's potential as a green hydrogen producer thanks to its close to 100% renewable energy matrix is harnessed;
- 1.3 Strengthened Costa Rican leadership on sustainable blue economy and marine biodiversity, building on the EU approach to sustainable blue economy;
- 1.4 Costa Rica's transition towards sustainable production and a circular bio-economy catalysed, in line with EU standards and regulatory frameworks with a gender-based approach;
- 2.1 Strengthened secure and trusted digital public infrastructure under EU standards of privacy, security and data governance;
- 2.2 Costa Rica's potential on innovation and high-tech development to secure resilient healthcare solutions maximised;
- 3.1 Strengthened capacities of state and non-state stakeholders to engage with EU instruments and policy dialogue mechanisms;
- 4.1 Political communication activities and large-scale public campaigns are designed and implemented.

3.2 Indicative Activities

Indicative activities related to Output 1.1

- TA and activities to implement the national development strategy on decarbonisation including the Global Gateway Investment Agenda priority: electrification of buses and the needed infrastructure;
- TA and activities to implement the Costa Rica's railway infrastructure and cargo operations (Limon Electric Freight Train – TELCA) and other possible passenger railway projects;
- TA and activities to leverage private sector investments in the electrification of public transport (buses, cargo and passengers trains);

Indicative activities related to Output 1.2

- Studies, TA and activities to exploit Costa Rica's potential as producer of Green hydrogen for internal, regional and international market;
- TA and activities to leverage private sector investment in GH2 through blending and EFSD +.

Indicative activities related to Output 1.3

- Research, TA and tools to monitor marine-coastal ecosystems and develop and implement a national system of mangrove monitoring;
- Pilot activities, including research actions, to implement strategies to control invasive and commercialised marine ecosystem species;
- Pilot activities to restore and revegetate degraded marine (reefs) and coastal (mangroves) ecosystems for biodiversity;
- TA and activities to strengthen community partnerships to regenerate and manage marine resources and to improve coastal communities' livelihoods.

Gender sector analysis to be conducted as per specific needs to ensure gender sensitivity and mainstreaming before starting the activities.

Indicative activities related to Output 1.4

- TA and activities to implement the National Strategy for the production of bio-inputs, including through the deployment of bio-refineries;
- TA and activities to develop a national system of organic certification and catalyse organic production for the internal market and export;
- Research, TA and activities to support sustainable aquaculture in marine-coastal/mangrove ecosystems and the move towards a circular economy of aquaculture;
- TA to develop business models of sustainable production for small scale producers in marine-coastal ecosystems.

Indicative activities related to Output 2.1:

- Strengthen the Government's Cyber-Security Incidents Response Team (CSIRT), involving both the private and public sector;
- Support the establishment of a Security Operations Center (SOC) that unifies the Government's cybersecurity threat, response and prevention capabilities;
- Support the establishment of a National Forensic Laboratory on Cybersecurity modelled upon EU practices;
- Develop capacities of priority public institutions on cybersecurity monitoring and equip them with the necessary monitoring tools;
- Develop business continuity plans for priority public institutions;
- Develop and implement digital technology protocols, data protection standards and a national Data Governance Framework in line with best EU practices.

Indicative activities related to Output 2.2:

- TA and expertise sharing to enhance the regulatory framework, including establishment of a bio-ethical committee to allow further biomedical investigations and investments in the sector;
- Support further digitalisation and interoperability of key processes and tools in the health sector (e.g. the Unique Digital Health File – EDUS);
- Support curriculum and skills development in line with the needs of the biomedical sector.

Indicative activities related to Output 3.1:

- TA, studies and training to support Government and private actors in maximising the potential of EFSD+ and new EU financing instruments (e.g. on regulatory framework, design of PPPs, bonds emissions);
- Activities to promote a structured engagement with national and European private sector in view of leveraging additional resources for EU-CR common priorities;
- Activities to leverage further resources and structure potential Team Europe Initiatives around common priorities;
- Activities to promote a structured dialogue with national and European target audiences and partners on EU-CR cooperation (e.g. academics, think tanks, CSOs) with particular attention to CSOs, associations of women entrepreneurs and private networks advocating for gender equality and participation of women in all their diversity;
- Activities to strengthen the capacities of key stakeholders – including CSOs and local governments - in fulfilling their role as policy actors and potential implementers of EU funds;
- Actions to ensure gender mainstreaming throughout EU cooperation.

Indicative activities related to Output 4.1

- Design and roll out at national level of (a) major public campaign(s) aimed at citizens, primarily in the 18-35 age cohort, with the objective of measurably increasing the awareness, understanding and perception of the EU's partnership with the country. All such campaigns will be data-driven and based on clearly defined qualitative and quantitative key performance indicators. Regular monitoring against these KPIs will allow content, channels and approaches to be constantly adjusted to meet the objectives set;
- Design and implement political communication activities, particularly around Global Gateway flagships and priorities and to support Summits, events and high level missions;
- Support the integration of relevant regional programmes into country-level strategic plans, particularly those that are flagship Global Gateway and/or Team Europe initiatives;
- If/as required, undertake research required to ensure strategic communication activities are data-driven and measurable. This may include audience analysis and perception surveys, media landscape, as well as monitoring and evaluation activities to measure impact of communication activities undertaken.

3.3 Mainstreaming

Environmental Protection & Climate Change

The Facility builds upon the national Plan for Decarbonisation, the National Adaptation Plan and the country's biodiversity strategy – all considered of high quality against European standards and designed to maximise environmental benefits, with a prominent role for Nature Based Solutions.

Outcomes of the EIA (Environmental Impact Assessment) screening

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

Outcome of the CRA (Climate Risk Assessment) screening

The Climate Risk Assessment (CRA) screening concluded that this action is at no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that activities will structurally take into account differentiated needs between women in all their diversity and men. This will include in particular :

- Within components 1 and 2 a gender sector analysis will be conducted as per specific needs, and concrete entry points designed to ensure gender sensitivity and mainstreaming before starting activities;
- Women entrepreneurs and associations will receive specific attention under the green and blue partnership (component 1), given their significance in these areas;
- In policy dialogue activities (component 3) particular attention will be given to CSOs and private networks advocating for gender equality and LGBTIQ+ inclusion;
- Public diplomacy materials (component 3) will be gender neutral.

Human Rights

The action will not contribute directly to the achievement of the EU's human rights strategy in Costa Rica, but human rights messages will form part of public diplomacy and communication strategy. They will underline the EU's and Costa Rica's joint commitment to human rights, and make Costa Rica's progressive stance as a role model on human rights in the region visible.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that while disability is not a significant objective, the action will mainstream the needs of people with disabilities throughout its three components and specific TA assignments. Under Costa Rica Law No 7600, (The Equal Opportunities Law for People with Disabilities), no person can be discriminated because they are disabled if they are equally capable as another person. Costa Rica Signed the UN Convention on the Rights of Persons with Disabilities on 30 March 2007 and ratified the treaty on 1 October 2008.

Reduction of inequalities

With a GINI index of 0.52 inequalities are to be structurally addressed throughout actions in Costa Rica. Component 1 on blue transition specifically addresses coastal communities, which constitute the poorest and historically marginalised regions in the country. Specific activities will ensure that protection for biodiversity goes hand in hand with improved local livelihoods.

In the same vein, component 1 on green transition also targets productivity gains of local rural producers, whose poverty levels are higher than those of the central more urban regions in the country.

Democracy

Not applicable. The action does not touch upon democracy components, and takes place in one of Latin America's most stable democracies.

Conflict sensitivity, peace and resilience

Not applicable. The action takes place in one of Latin America's most stable democracies, without army and without foreseeable risk for social conflict in the near future.

Disaster Risk Reduction

Not applicable.

3.4 Risks and Lessons Learnt

Category (as per RMF)	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
1/External environment	Government requests EU support for additional priorities or opportunities that materialise throughout 2023, as Ministries are still crystallising policies and implementation modalities following mid-2022 elections and change of ruling party.	Medium	Medium	The EU will sustain and reinforce both the political and policy dialogue with cooperation Ministries (MoFA and MIDEPLAN) and lead line Ministries (in particular MINAE and MICITT) A flexible envelope is foreseen to provide additional ad hoc support for environmental or digital/innovation actions of EU interest.
2/ Planning, processes and systems	Contracting delays of the different components due to length of EU and entrusted entity processes.	Medium	Medium	The different contracts will be negotiated as soon as there is a positive NDICI decision, also to maximise the N+1 deadline.
2/ Planning, processes and systems	Lack of resources to complement the Facility (EFSD+, regional programmes, Team Europe resources, debt for nature swap), due to political prioritisation within the LAC region or due to external factors (i.e. NCJ listing)	Medium	High	Continued technical meetings and dialogue between EUD, HQ, IFIs (in particular EIB and other EU development banks) and the Government on the investment pipeline and financial instruments in parallel to the approval process of the current Decision. Political messaging during upcoming EU high level visits to the country.
3/ People and the organisation	Some TA is of inadequate quality - negatively impacting upon implementation – as on certain technical activities CR will need highly specialised support	Medium	High	Cooperation and line ministries will be involved in ToR drafting and selection of experts for technical assignments
Lessons Learnt: <ul style="list-style-type: none"> During the previous programming, CR did not benefit from a bilateral MIP and support was mostly provided through regional programmes – mostly limited to dialogue, expertise-sharing and technical assistance, without resources for concrete activities. This limited political interest and affected the quality of the EU-CR 				

partnership. It is therefore important that this Facility sets aside sufficient funding for actual activities, innovative actions and approaches that can be piloted on the ground;

- Government capacities are generally high and CR holds a wealth of expertise in particular on the green agenda, but also on innovation. All interventions and possible technical assistance should therefore be targeted and carefully selected, and respond to the specific needs of sometimes highly specialised institutions, be it regarding advanced policy reforms or innovative implementation mechanisms.

3.5 The Intervention Logic

The underlying intervention logic for this action is to support the EU-Costa Rica partnership and to position the EU as a reliable and likeminded partner of Costa Rica that can leverage resources and investment opportunities in key areas of the national economy.

The following building blocks contribute to the intervention logic:

- Pilot activities and innovative actions showcase the EU commitment with Costa Rica's priority policies;
- Flexible funding allows to accompany political and policy priorities as they evolve over time;
- High quality TA can respond to specific needs of specialised institutions;
- EU expertise sharing and technology transfer can position the EU in the national market.

The Cooperation Facility will be complemented by other financial resources through blending, guarantees and bonds. EFSD+ is a key entry point, in addition to joint action with the EIB and European Development Banks (notably AFD, KfW and Fonprode).

3.6 Logical Framework Matrix

Given the nature of this Action a Logical Framework Matrix is not required at Action level.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with Costa Rica.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption of this Financing Decision. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending the Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

4.3.1 Direct Management (Procurement)

Objective 3 and 4 of this Facility will be implemented through procurement.

4.3.2 Indirect Management with an entrusted entity

Objectives 1 and 2 of this Facility will be implemented in indirect management with (an) entity(ies), which will be selected by the Commission's services using the following criteria:

For objective 1 (green and blue transition):

- 1 Expertise on environmental cooperation, decarbonisation, and biodiversity;
- 2 Track record in cooperation with the Government of Costa Rica, and in particular with its environmental institutions;
- 3 Robust operational capacity, monitoring and evaluation capacity;
- 4 Capacity to mobilise high quality short-term experts.

The implementation by this entity entails the achievement of the Specific Objective 1 mentioned above in section 3.1.

For objective 2 (digitalisation and innovation):

- 1 Expertise on digitalisation and cybersecurity;
- 2 Track record in cooperation with the Government of Costa Rica, including with the Ministry of Science and Technology;
- 3 Robust operational capacity, monitoring and evaluation capacity;
- 4 Capacity to mobilise high quality short-term experts.

The implementation by this entity entails the achievement of the Specific Objective 2 above mentioned in section 3.1.

4.3.3 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances

If the implementation modalities originally foreseen under indirect management cannot be implemented due to circumstances outside of the Commission's control, the Commission reserves the possibility to consider identifying an alternative implementation modality in direct management through grant(s), and notably to entities which offer similar technical competences and/or capacities and/or experience those entities originally foreseen for indirect management.

The same applies for objectives foreseen to be implemented through direct management. If this part of the action cannot be implemented through direct management due to circumstances outside of the Commission's control, the Commission reserves the possibility to implement the relevant part of this action through indirect management with a pillar assessed entity which will need to demonstrate the same criteria.

4.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Objective 1 Green Cooperation Component	
Indirect management with an entrusted entity	7 500 000
Objective 2 Digital Cooperation Component	
Indirect management with an entrusted entity	2 500 000

Objective 3 Technical Support Component	
Procurement (direct management)	750 000
Objective 4 Strategic Communication Component	
Procurement (direct management)	250 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	To be covered by another Decision
Totals	11 000 000

4.6 Organisational Set-up and Responsibilities

As the Cooperation Facility is complementary to additional financial resources and investment windows promoted and managed by the EU, its overall implementation will be steered and supervised by the EU Delegation. The strategic communication activities will be carried out in synergy with the FPI “EU Policy Outreach Partnership Facility” until end-2024.

Implementation of specific activities under objective 1 and 2 will be guided and monitored through two thematic steering committees (green/blue and digital/innovation), each with participation of their respective line Ministries in addition to cooperation Ministries. A matrix of key indicators for the follow-up and monitoring will also be designed at intervention level for each of the components.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

All monitoring and reporting shall assess how the action is considering the principle of gender equality, a human rights-based approach and rights of persons with disabilities including inclusion and diversity. Indicators shall be disaggregated at least by sex and age, and disability if possible.

5.2 Evaluation

Having regard to the nature of the action, a mid-term evaluation will be carried out for component 1 (green and blue transition) and 2 (digitalisation and innovation) as part of the contract in indirect management with the entrusted entity(ies).

Without prejudice to the above, the Commission may, during implementation, decide to undertake an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The Commission shall inform the implementing partner at least 1 month in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

All evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment and disability inclusion. Expertise on human rights, disability and gender equality will be ensured in the evaluation teams.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

The financing of such evaluation will be part of the contract in indirect management with entrusted entity(ies).

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements. The audit and verification will be covered by another decision.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

A communication plan is to be developed as part of the set-up of the technical support component. In line with the 2021-2027 programming approach to pooling, programming and deploying strategic communication and public diplomacy resources, this plan will be guided by the strategic communication and public diplomacy strategy 2022-2024.

In line with the strategy, communication will focus on the narrative of a Global Europe emerging from the pandemic with a stronger role on the international stage and a more reliable partner. It will reflect the principles of the Global Gateway strategy, contributing to building resilient connections with the world. The following priorities guide EUD communications for the coming years: EU-CR relations, EU interests and values (green deal, inclusive growth, and human rights), multilateralism, economic diplomacy, education and cultural diplomacy.

All communication activities will complement the ongoing public diplomacy programme financed under the Foreign Policy Instrument - Partnership Instrument. Here, Costa Rica will continue to be a core beneficiary of the FPI "EU Policy Outreach Partnership Facility". The FPI Facility is expected to cover the bulk of funding needed for strategic communication and public diplomacy actions until end 2024. The public diplomacy activities as part of the technical support will therefore be more limited until end-2024, and focus on those residual activities that cannot be funded under the FPI programme.