

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TFOA1064
Printed On: 10/09/2018

Reporting Period: 07/01/2017 to 06/30/2018
Report Type: Progress Report
Report Status: Approved

Assignment: TFOA1064

Uruguay: Forest Carbon Partnership Facility Readiness Preparation Proposal FCPFR - Forest Carbon Partnership Facility

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Approving Manager: 00000253690 - Valerie Hickey

Summary Information	
TF Status	ACTV
Recipient Country	Uruguay
Executed By	Recipient
Managing Unit	9061 - GENDR
Grant Start Date / End Date	03/16/2016 to 06/15/2020
Original Grant Amount	3,800,000.00
Grant Amount	3,800,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	793,536.13 as of 06/30/2018
Disbursed 07/01/2017 to 06/30/2018	293,536.13
Donor	TF602001 - MULTIPLE DONORS

This GRM report includes the following sections: Overview, Components, Outcome, Execution, Program(FCPFR), Disbursements.

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OVERVIEW

Overall Assessments

Grant Objectives:

The objective of the Grant is to assist the Recipient in carrying out the Readiness Preparation Activities in order to strengthen the Recipient's capacity to participate in future REDD plus carbon payment transactions

Overall progress from 07/01/2017 to 06/30/2018 with regard to Achieving Grant Objectives:

Comment:

This progress report is the second one made since the technical personnel was hired in December 2016. The work plan and timelines have been readjusted to reflect the targets laid out in the Assessment Note. In light of this, the Project Implementation Unit is planning to request an extension of the termination date of the project from December 2019 to June 2020.

The project has made important progress, but implementation challenges, especially on the fiduciary aspect remain.

Overall progress from 07/01/2017 to 06/30/2018 with regard to Implementation of Grant Financed Activities:

Comment:

Disbursement of grants proceeds continues to be slow as it has experienced some fiduciary delays. This is due mainly to the government's approach towards investments and disbursements, by which tasks and assignments are preferred to be directly executed by staff and not through the contracting of firms.

A mission to the country in July 2018 (FY 2019) aimed at confirming progress in the implementation of the different components. A specific timeline and next steps was agreed to comply with the Bank fiduciary's requirements and to they they the complied with agreed steps.

Grant follow-up and structure

Description and context of Grant:

The project contemplates activities to design and implement policies and programs to reduce emissions from deforestation/degradation, which anticipates a full and meaningful engagement with potentially impacted stakeholders. The main results expected at project closure are:

(a) Organization, Consultation and Grievance Redress

(i) Establishing and operationalization of: (A) a consultative platform for REDD+ implementation; and (B) a Readiness Preparation Activities implementation unit (Project Implementation Unit or PIU); (ii) Designing and carrying out of a communications and information dissemination strategy at the national level; and (iii) Designing and implementing or, if applicable, strengthening existing feedback, grievance and redress mechanisms to meet the needs of people who might be affected by REDD+.

(b) Preparation of REDD+ Strategy

(i) Identifying and analyzing the main direct and indirect causes of deforestation and forest degradation; and (ii) Designing of: (A) effective strategic options for REDD+; and (B) an implementation framework for REDD+.

(c) Strategic Environmental and Social Assessment

(i) Carrying out of SESA in accordance with the terms of the SESA Work Plan, including diagnostic studies to assess the key risks of the strategic options under (b)(ii) above; and (ii) Preparing an ESMF, including, if applicable, an Indigenous Planning Peoples Framework (IPPF), a Resettlement Policy Framework (RPF) and a Process Framework (#RP#), all in accordance with the World Bank's Safeguards Policies.

(d) Development of a National Forest Reference Emission Level or a Forest Reference Level

Designing a national reference emissions level or reference level for the forest sector in the Recipient's territory.

(e) Design of National Forest Monitoring and Safeguards Systems

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Designing and implementing at the national level (1) a forest monitoring system; and (2) an information system for multiple, other impacts, safeguards and governance in relation to REDD+.

(f) Design of Monitoring and Evaluation Framework

Designing and implementing a framework to monitor and evaluate the Readiness Preparation Activities

Expected follow up (if any): Follow up Bank project/loan/credit/grant

Comment on follow up:

Based on the last mission to the country, the PIU worked on adjusting their operations plan to the new expected end date of the project.

Specific next steps were agreed, and it is projected that project's implementation will take speed in the coming months.

Main next steps following the last mission are:

Component 1:

In the coming months, workshops will be conducted for study on OP.410 for IP's

Component 2:

A first draft of the Strategy is expected to be completed in January 2019. The draft will be sent to the Bank for technical review and comments

Component 3 and 4:

In November 2018, a MRV expert of the Bank will visit the country to support the PIU in the planning and implementation of the activities in this component.

A follow up mission on the implementation of the project will take place during the 1st quarter of 2019.

End Date of Last Site Visit:

Restructuring of Grant:

June 30, 2020 will be the project's new closing date.

OUTCOME

Comments on outcome achieved from 07/01/2017 to 06/30/2018

Indicators from the Assessment Note have been used to review outcome and output progress.

C1: REDD+ Readiness Organization and Consultation

As part of the Strategic Environmental and Social Assessment (SESA) process, the participation plan was concluded in January 2018. The participation plan includes relevant aspects such as: identification of REDD+ key actors, integration of the REDD+ National Roundtable, definition of project communication aspects, and definition of the consultation stages required for the construction of the National REDD+ Strategy (ENREDD+).

Regarding the institutional scope, progress has been made. The Mesa REDD+ (REDD+ RoundTable) was established and is currently operating as a specific working group under the National System of Response to Climate Change and Variability (SNRCC). The REDD+ Roundtable is integrated by civil society, academia and the private sector.

The participation and consultation plan for REDD+ has been designed and progress has been made in the implementation of the plan for the preparation of ENREDD+. First stage is currently being finalized. Activities in this stage included territorial consultations on forest co-benefits and on drivers of degradation and deforestation. Activities will also contribute to the identification of training needs and strengthening of various actors that are key for the preparation of the REDD+ Strategy. This first stage began in the last quarter of 2017 and it is estimated that it will continue until October 2018. Up to now, 5 participation workshops have been held, bringing together more than 180 participants from 8 departments of the country.

Expected outcomes of implementing the participation and consultation strategy include:

a) Map of relevant REDD+ stakeholders

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- b) Proposal for structure and composition of the REDD+ Round Table,
- c) Communication mechanism through which project's progress and results will be shared,
- d) Consultation stages for the preparation of the National REDD+ Strategy

The participation and consultation process for the preparation of the strategy started in the last quarter of 2017. It is estimated that activities will continue until October 2018. Bilateral meetings were held with different ministerial, departmental, and technical actors. Up to now, 5 participation workshops have been held, bringing together more than 180 participants from 8 departments of the country.

C2: National REDD+ Strategy and Safeguards

Several technical analyzes have been conducted with the objective of advancing in the identification of the institutional framework gaps to facilitate the implementation of REDD+. Technical studies include:

- A regulatory and legal framework analysis
- A draft report to measure impact of fiscal incentives given to foresters who engage in native forest protection activities
- Special analysis on illegal factors affecting forests in Uruguay

A report on the drivers of deforestation and degradation and the barriers to conservation, sustainable management and the increase of carbon stocks of native forest is expected to be delivered in the coming months (75% completion of the study). An analysis of the existing information used to elaborate the National Forest Inventory is currently taking place. This process has been delayed due to the not digital nature of records.

Contracting of consultants and firms that will lead the different required technical and legal studies are currently in process. A first draft of the strategic components of the REDD+ Strategy is available. Development of components is expected in the coming months.

A first draft so-called "zero draft" of ENREDD+ is available. Strategic lines and products have been defined and work is being done to determine key components. It is expected that during the second semester of 2018 a new draft (agreed between the institutions that are part of the ministerial agreement for the execution of the REDD+) project will be available before the end of the year and to the SESA framework's consultation stage.

Regarding the national legal framework, the country recorded important progress. Currently, the REDD+ project is anchored in a solid institutional framework. For instance, on November 3, 2017, through Decree No. 310/017, the country's Government approved the National Climate Change Policy (PNCC) and the First National Determined Contribution (NDC). Both the PNCC and the NDC were developed under the SNRCC framework.

Regarding the implementation framework and social and evaluation of the social and environmental impacts of the projects, the Government is undertaking important steps. For the design of the Grievance, feedback and redress mechanism, a firm is expected to be hired during the 3rd quarter of 2018. For the development of the SESA and the ESMF, the government expects by October 2018, to finalize the contracting process of a firm that will lead the consultation as well the public consultation sessions for the elaboration of ENREDD+.

Indigenous people (IP) organizations have participated of the consultation process. For instance, two meetings on the Nagoya protocol were organized by the PIU to which IP organizations were invited and attended. Contacts were made with representatives to talk briefly about the REDD+.

Compliance with REDD+ related safeguards is currently being evaluated. These are: Operational Policies of the WB, Cancún and Green Climate Fund Safeguards.

C3: Reference Emissions Level/Reference Levels

Significant progress was achieved on this component. Information on land use and forest cover was compiled through Collect Earth and meetings were held with various government, civil society and academic counterparts to identify strengths and weaknesses for the preparation of the reference level. Based on these meetings, a methodology was defined for elaborating land use maps and land use change maps. These maps will be the basis for constructing reference level of forest emission (Forest Reference Emission Level, FREL). Preliminary analysis indicated that new and more detailed forest cover and land use maps are required.

Some important achievements include:

- Definition of REDD+ reference period (2000 # 2016)
- Signature of cooperation agreement between FAO and the GoU for constructing new forest and land use change maps
- Enhanced forests cover national map using Sentinel technology has been finalized
- The multi-temporal change maps have been finalized and are currently under review of technical experts

Advancements were made in systematizing data from the Forest National Inventory (NFI) and in defining a methodology for the

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estimating live biomass.

C4: National Forest Monitoring Systems

Subcomponent 4a: National Forest Monitoring System

Important progress has been made in this component. The IFN information has been used as a basis for preliminary estimation of carbon content in aerial biomass in native forests. This estimate was made following the guidelines of the IPCC 2006. At the same time, efforts have been made to ensure consistency with the emissions and removals estimates from Uruguay's National Greenhouse Gas Inventory included in the Second Biennial Report Update (BUR) and submitted to the UNFCCC in December 2017.

With regard to the National Forestry Monitoring System (SNMF), the existing information has been surveyed and analyzed, and a provisional Geographic Information System (GIS) was created to house existing information. Important products include: A document mapping presence of invasive alien species (based on information from NFI); a document mapping illicit forest activity for 2010 and 2016; and a document with a 2016 map of the registered sites with tax exemptions.

during 2017 and 2018 a series of regional workshops were carried with stakeholders to identify potential non-carbon benefits. Two additional similar workshops will be carried out during the last quarter of 2018.

Grant Outcome Indicators

No Outcome indicators are defined or used for this grant.

COMPONENTS

There are no components defined for this trust fund / grant.

Comment on planned and actual Output

Component 1. Consultation, Participation and Divulcation of Information

The REDD + process in Uruguay is carried out jointly by the Ministry of Agriculture and Fisheries (MGAP) and the Ministry of Housing, Territorial Planning and Environment (MVOTMA). Both institutions have a history working closely together on building participation where actors from different sectors converge. The government seeks to exploit these channels and engage civil society for consultation of the REED+ process.

Implementation is expected to accelerate in the coming months as the government is in the process of finalizing the contracting process of several consultants and firms in charge of leading the SESA and ESMF process. For instance, a legal consultant that will work on expanding the regulatory and framework analysis is currently being hired. The consultant will also provide a training on REDD+ to the legal personnel of both ministries.

Component 2. National REDD + Strategy

As part of the process ENREDD+ the government is working on the implementation of the following activities: design of a participation and consultation process; identification of the causes of deforestation, degradation and barriers to the sustainable management, conservation and the increase of carbon stocks; and on the design of policy proposals. With respect to these activities: (1) the identification of causes of deforestation and degradation has been prepared and revised against the results of land use change maps by the PIU technical staff; 2) The participation and consultation plan for REDD+ has been designed and progress has been made in its implementation having led to jumpstart the full consultation processes in 2018; (3) Discussions are taking place on REDD+ priorities for the country within the technical committee and the political committee ; (4) The General Forest Directorate is participating in the process of developing an institutional policy for native forests.

Components 3 Forest Reference Emission Level and 4 MRV

FREL

Significant progress has been made in the generation of the necessary information (activity data and emission factors) for the preparation of the emissions and forest reference levels. As part of this process some additional challenges have been identified.

In relation to the necessary parameters for the estimation of GHG emissions and removals, it was identified that allometric equations to estimate the country's existing biomass. Thus, a different approach to estimate biomass carbon contents is needed. In light of this, NFI and aerial biomass data will be used. 2006 IPCC Guidelines for National GHG Inventories were used

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as reference.

Initial estimations allow the GoU to have a general preliminary idea on the carbon content in the living biomass of the different types of forests surveyed in the NFI. However, more accurate estimates (at least to Tier 2 complexity estimates) considering carbon contained in the other reservoirs, such as soil and dead organic matter are required, in order to be able to evaluate their relative weight in the total emissions and GHG removals potential associated with REDD+ options.

the GoU is in the process of contracting the National Institute of Agricultural Research or INIA for the development of more accurate estimates required to complement and elaborate the forest reference levels for deforestation.

MRV

As previously mentioned, during 2017 and 2018 a series of regional workshops on non-carbon benefits were carried out. 2 more workshops will be carried out in the following months to complete the participatory consultation process on this topic. Specific research on ecosystem services provided by native forests of particular relevance to the country will be provided by INA.

Comment on component implementation progress

Component 1: REDD+ Readiness Organization and Consultation

Subcomponent 1a. National REDD+ Readiness Management Arrangement

Implementation Rating: Moderately satisfactory

Status: Under Implementation

Planned Output: By Q2, a cross-sectoral coordination body for REDD+ (Mesa REDD+),

and By Q3, a national participation and consultation plan for REDD+ has been designed and is under implementation.

Actual Output: Technical committee was created in Q2 and continuous to function actively. The committee meets every 45 to 60 days, based on the requirement of technical inputs.

The Mesa REDD+ (REDD+ Roundtable) has been established and is currently operating as a specific working group under the National System of Response to Climate Change and Variability (SNRCC).

Component 1: REDD+ Readiness Organization and Consultation

Subcomponent 1b. Consultation Participation and Outreach

Implementation Rating: Moderately satisfactory

Status: Under Implementation

Planned Output: By Q3, a national participation and consultation plan for REDD+ has been designed and is under implementation.

Actual Output: The participation and consultation plan for REDD+ has been designed and progress has been made in the implementation of the plan for the preparation of the REDD+ National Strategy.

Component 2: National REDD+ Strategy and Safeguards

Subcomponent 2a: Assessment of Land Use, Land Use Change Drivers, Forest Law, Policy and Governance

Implementation Rating: Moderately satisfactory

Status: Under Implementation

Planned Output: By Q 12 a regulatory and institutional framework to facilitate implementation of REDD+ activities and govern benefit sharing in the country has been strengthened and updated.

Actual Output: A regulatory and legal framework analysis and a draft analysis report to measure impact of fiscal incentives given to foresters who engage in native forest protection activities have been conducted.

Component 2: National REDD+ Strategy and Safeguards

Subcomponent 2b: REDD+ Strategy Options

Implementation Rating: Moderately satisfactory

Status: Under Implementation

Planned Output: By the end of project, a National REDD+ Strategy has been designed in consultations, ready to be implemented, and based on analytical studies of drivers of deforestation and forest degradation, including: the design of specific legal, economic, benefit sharing and technological instruments.

Actual Output: A first draft of the strategic components of the REDD+ Strategy is available.

Component 2: National REDD+ Strategy and Safeguards

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Subcomponent 2c: Implementation Framework

Implementation Rating: Moderately satisfactory

Status: Under Implementation

Planned Output: By Q8 measures have been designed and are in place to mitigate the potential social, environmental and economic impacts of REDD+ implementation. Including: a) A Grievance, Feedback and Redress Mechanism (GFRM) b) A SESA has been carried out and an Environmental and Social Management Framework (ESMF) produced.

Actual Output: a) Consultants are expected to be hired to start the design of the GFRM. b) SESA design first stage of disseminating the preparation process of the REDD + Strategy is completed

Component 3: Reference Emissions Level/Reference Levels

Implementation Rating: Satisfactory

Status: Under Implementation

Planned Output By end of project, the capacity to establish a National Forest Reference Emission Level and/or a Forest Reference Level has been significantly improved: a) By Q12, all necessary information needed to establish the reference level has been gathered, and b) By Q16 a business as usual reference level scenario that includes deforestation and forest degradation has been developed.

Actual Output: a) The country has readily available information on forest activity. Preliminary analysis indicated that new forest cover and land use maps are required under REDD+ criteria. b) Calculations of the emissions reference level, including calculation on forests emission factors according to IPCC Guidelines are currently in development

Component 4: National Forest Monitoring System

Subcomponent 4a: National Forest Monitoring System

Implementation Rating: Satisfactory

Status: Under Implementation

Planned Output By end of project the capacity and progress to develop a National Forest Monitoring System for the MRV of GHG emissions reductions from REDD+ activities has been significantly improved: a) by Q8, the information provided by the National Forestry Inventory using IPCC methodologies has been incorporated into the national GHG inventory

Actual Output: This result is advanced but not yet finalized. The IFN information has been used as a basis for preliminary estimation of carbon content in aerial biomass in native forests.

Component 4: National Forest Monitoring System

Subcomponent 4b: Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards Implementation

Rating: Satisfactory

Status: Under Implementation

Planned Output: By Q4, non-carbon benefits indicators have been identified and validated in a participatory manner, and necessary measures are in place to gather data according to a determined schedule.

Actual Output: This result is advanced, but not yet finished. During 2017 and 2018 a series of 3 regional workshops were carried out. It is expected, for the next months of 2018, to carry out 2 additional workshops with the same characteristics.

EXECUTION

Bank project related to the grant

Project ID / Name:	P151978 - Uruguay FCPF REDD READINESS
Project Status:	Lending
Global Focal Area:	Climate change
Product Line:	CN - Carbon Offset

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Implementing agency and contact details

Agency: Ministry of Cattle Ranching Agriculture Fisheries
Contact: Jorge Marzaroli
Address: Avda. E. Garzón 456 - CP 12900
Phone: (+598) 2309 4507 **Email:**
Website:

PROGRAM

Program Specific Questions

1. Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives, including those funded by Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives, including those f

No other REDD+ activities have identified in the country.

2. Describe any important changes in the technical design or approach related to the Grant activities.

No changes in the technical design have been introduced.

3. Describe progress in addressing key capacity issues (implementation, technical, financial management, procurement) related to this Grant.

Progress has been made, especially regarding on solving some technical software issues for the procurement of consulting services.

4. Describe progress in addressing social and environmental issues (including safeguards) related to the Grant. Is the SESA conducted in accordance with the Common Approach?

Within the framework of the preparation of the SESA process, communication and consultations, have taken place and are the basis for the process of preparing the SIS.

For the development of the ESMF and SESA, the GoU is in the process of hiring a consulting firm that is expected to start executing in November 2018, the public consultation for the construction of the National REDD+ Strategy. Future activities will allow a more detailed analysis of the current legal framework and gaps necessary to comply with the approach and Cancun and GCF Social and Environmental Safeguards.

The first stage of the SESA design consisted of the dissemination of the process of preparation of the REDD + Strategy, including territorial consultations on co-benefits of the forest and on the causes of degradation and deforestation of the native forest, as well as identification of training needs and strengthening of various key actors identified in the framework of the preparation of the REDD + Strategy. This first stage began in the last quarter of 2017 and it is projected to continue until October 2018. A bibliographic review of the safeguards, the Operational Policies of the WB, the Safeguards of Cancun and the IFC of the Green Fund has been conducted to assess whether REDD+ strategic options could generate environmental or social impacts. Progress is expected during the last quarter of 2018 and first of 2019 after the hiring of the legal advisor and public policy adviser.

5. Is the ESMF prepared in accordance with the Common Approach?

The ESMF is being prepared in accordance with the common approach.

6. Describe progress in stakeholder consultation, participation, disclosure of information, and the FGRM related to this Grant.

The REDD + process in Uruguay is carried out jointly by the Ministry of Agriculture and Fisheries (MGAP) and the Ministry of Housing, Territorial Planning and Environment (MVOTMA). Both institutions have worked previously on building participation platforms with national coverage.

The participation and consultation plan for REDD+ has been designed and progress has been made in the implementation of the plan for the preparation of the REDD+ National Strategy. First stage is currently being finalized. This first stage began in the

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last quarter of 2017 and it is estimated that it will continue until October 2018.

On the communication strategy, a 1st draft has been finalized and A 2nd draft is under design. The results obtained from workshops in the framework of SESA-MGAS will be key inputs for final version of the communication strategy.

DISBURSEMENTS

Disbursements Summary in USD

Date From	Date To	Planned Cumulative	Planned Period	Actual Cumulative	Actual Period
01/01/2016	06/30/2016	0.00	0.00	0.00	0.00
07/01/2016	12/31/2016	0.00	0.00	500,000.00	500,000.00
01/01/2017	06/30/2017	0.00	0.00	500,000.00	0.00
07/01/2017	12/31/2017	0.00	0.00	793,536.13	293,536.13
01/01/2018	06/30/2018	0.00	0.00	793,536.13	0.00
07/01/2018	12/31/2018	0.00	0.00	0.00	0.00
01/01/2019	06/30/2019	0.00	0.00	0.00	0.00
07/01/2019	12/31/2019	0.00	0.00	0.00	0.00
01/01/2020	06/30/2020	0.00	0.00	0.00	0.00