

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF0A4915
Printed On: 10/05/2018

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

Assignment: TF0A4915

Chile FCPF Additional Funding for REDD+ Readiness

FCPFR - Forest Carbon Partnership Facility

Task Team Leader: 00000444456 - Stavros Papageorgiou
Approving Manager: 00000253690 - Valerie Hickey

Summary Information	
TF Status	ACTV
Recipient Country	Chile
Executed By	Recipient
Managing Unit	9272 - GEN04
Grant Start Date / End Date	07/18/2017 to 06/30/2020
Original Grant Amount	5,000,000.00
Grant Amount	5,000,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	521,324.84 as of 06/30/2018
Disbursed 07/01/2017 to 06/30/2018	521,324.84
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 Development Objective of this Grant is to assist the Recipient in carrying out its Readiness Preparation activities.

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

Comment:

CONAF is making significant progress in achieving Grant Objectives with Grant Activities supporting all major aspects of REDD+ Readiness, including REDD+ strategy development, development of safeguard instruments, forest reference emissions levels, and national forest monitoring systems, preparing the country for the Results-Based Payments phase of REDD+, under the National Strategy for Climate Change and vegetation Resources (ENCCRV, for its Spanish acronym).

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

Comment:

Grant implementation to date has been moderately satisfactory to date due to low disbursement rates. The Agreement, dated July 10, 2017, was countersigned on July 18, 2017 and declared effective on October 30, 2017. At the end of the GRM period, about 10% of Grant proceeds had been disbursed. Grant activities so far have focused on the hiring of professional staff to ensure continuity of the Project Implementation Unit in charge of managing and implementing the grant's technical activities, including the hiring of Regional Technical Assistance Teams to increase the capacity of regional CONAF offices involved in the ENCCRV. Procurement performance and Financial Management are considered satisfactory. The Environmental Assessment (EA) Category remains B.

Grant follow-up and structure

Description and context of Grant:

Chile submitted a Readiness Preparation Proposal (R-PP) to the FCPF in October 2012, identifying a broad set of activities aimed at strengthening the technical and institutional capacities of a variety of stakeholders for enabling the country to participate in a future REDD+ mechanism. The overall financial envelope for carrying out these activities was estimated at approximately US\$14 million, supported by a number of multilateral and bilateral financing arrangements in addition to the Chilean government's own contribution. After a positive review by a Technical Advisory Panel and the FCPF Participants Committee (PC), Chile's R-PP was successfully endorsed in March 2013 during the PC's 14th Meeting in Washington D.C. Following a due diligence process by the World Bank as the Delivery Partner, Chile signed a Readiness Preparation Grant Agreement in December 2013, in the amount of US\$3,8 million. The objective of the Preparation Grant was to assist Chile in carrying out its Readiness Preparation Activities, with a closing date of December 29, 2017. The original FCPF grant financed a specific sub-set of activities included in the country's R-PP, selected after technical discussions with the client, taking into account the technical and financial needs of Chile's REDD+ Readiness process, the comparative advantage of the World Bank in supporting them, as well as the complementarity with support made available by other partners.

On November 2015, Chile presented a Mid-Term Report (MTR) on the progress made with its Readiness activities during the 20th Meeting of the FCPF PC, acknowledging that there was still a financial gap to fully implement its REDD+ Readiness phase. The PC decided to allocate an additional funding of US\$5 million to Chile, based on: i) the PC's consideration of Chile's MTR, recognizing that significant progress has been achieved; ii) Chile's commitment (i.e. in signed contracts) of at least 50% of the original Readiness Preparation Grant at the time of the funding request; iii) the consistency of the additional funding activities with the endorsed R-PP and current country needs; and iv) the availability of resources in the Readiness Fund. Detailed information on the progress achieved with overall REDD+ Readiness and the rationale for additional funding are contained in Chile's MTR and Request for Additional Funding. As such, an additional US\$5 million Grant is currently under implementation. The Grant Agreement, dated July 10, 2017, was countersigned on July 18, 2017 and declared effective on October 30, 2017.

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

Comment on follow up:

Follow-up will be through an Emissions Reduction Payment Agreement (ERPA). On August 2014, Chile signed a Letter of Intent (LOI) with the World Bank as the Trustee of the Carbon Fund of the FCPF, for a Maximum Contract Volume up to 5.2

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million tCO₂e and received a (Bank-executed) US\$ 650,000 preparation grant (TF018493). Consistent with this two-phase structure of the FCPF, the Readiness Preparation process has been executed in parallel with the preparation of an Emission Reductions Program (ER-P) under the Carbon Fund. Chile's ER-P was included in the Carbon Fund portfolio on December 12, 2016, during the 15th meeting of the Carbon Fund Participants, and the ERPA is at advanced stages of preparation. ERPA signature is expected in FY19 and would be among the first to be signed in LAC and worldwide.

End Date of Last Site Visit:

Restructuring of Grant:

Given the low rate of disbursements an extension of the Grant closing date will be required to achieve the development objective of the project and full disbursements.

OUTCOME

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

The FCPF's support, including this additional funding, has had a central influence on the development of Chilean national REDD+ systems and processes; improved the quality of the national REDD+ systems and processes; improved national capacities to develop and deliver REDD+ projects; helped to ensure substantive involvement of multiple stakeholders (including women, CSOs and local communities in the national REDD+ systems and processes). Without the support of the FCPF it would not have been possible to carry out the technical and participatory process for the formulation of the National Strategy on Climate Change and Vegetational Resources (ENCCRV), in addition to advancing in the formulation of the Carbon Fund- ERPA and in the Payments for Results Phase of the ENCCRV.

Grant Outcome Indicators

Grant outcome indicators are listed below.

Institutional Arrangement in place and with increased knowledge and information on the ENCCRV

Baseline Arrangements for REDD+ Readiness in place

Value:

Date: 10/30/2017

Progress to REDD+ knowledge and information of key institutions and stakeholders is being strengthened

Date:

Date: 06/30/2018

Target Value: Arrangements for REDD+ in place with increased knowledge and information

Date: 06/30/2020

Increased technical capacity to implement the National REDD+ Strategy at the regional level

Baseline National REDD+ Strategy in place and fully consulted

Value:

Date: 10/30/2017

Progress to Development of best practice operational manuals and hiring of Regional Technical Units to increase technical capacity at the regional level

Date:

Date: 06/30/2018

Target Value: National REDD+ Strategy in place with increased technical capacity at the regional level

Date: 06/30/2020

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.Complete National Forest Reference Level

Baseline Subnational National Forest Reference Level in place
Value:
Date: 10/30/2017
Progress to Activities underway to expand the Forest Reference Level
Date:
Date: 06/30/2018
Target Value: Full National Forest Reference Level in place
Date: 06/30/2020

National Forest Monitoring System (NFMS) for REDD+ in place and fully operational

Baseline Methodologies for the NFMS in place
Value:
Date: 10/30/2017
Progress to The first subnational monitoring event is under way.
Date:
Date: 06/30/2018
Target Value: NFMS for REDD+ in place and fully operational
Date: 06/30/2020

Safeguards Information System (SIS) for REDD+ in place and fully operational

Baseline Draft SESA, ESMF and SIS available
Value:
Date: 10/30/2017
Progress to the ESMF has been finalized
Date:
Date: 06/30/2018
Target Value: ESMF and SIS in place and fully operational
Date: 06/30/2020

COMPONENTS

Output and Implementation by Component

Component 1: Readiness Organization and Consultation

Status: Under Implementation
Planned Output: Continued support to national REDD+ management arrangements, and stakeholder consultation, participation and outreach
Actual Output: The Project Implementation Unit is fully in place strengthening CONAF's capacity in ENCCRV activities.

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Component 2: REDD+ Strategy Preparation

Status: Under Implementation
Planned Output: Strengthening of regional capacities for the ENCCRV; Development of an ER transaction registry
Actual Output: contracts for Regional Technical Assistance Teams and the development of a registry are in place.

Component 3: Development of a National Forest Reference Emission Level and Monitoring Systems for REDD+

Status: Under Implementation
Planned Output: Update and Expand the Forest Reference Emissions Level/Reference Level; and strengthen National Forest Monitoring Systems
Actual Output: Activities are under way to expand the Forest Reference Level to the National level; A Monitoring event has been carried out.

Comment on planned and actual Output

Comment on component implementation progress

Under component 1, CONAF has hired a number of professionals (Project Implementation Unit) to strengthen its capacities to implement the grant and finalize the Readiness phase. In addition, stakeholder outreach and communication is continuing through workshops and training activities. A contract for an Environmental Education Program has been approved and is awaiting to be awarded to start execution. The ENCCRV website is online (<https://www.enccrv-chile.cl/>)

Under component 2, Regional Technical Assistance Teams have been hired in seven regions to strengthen local capacities related to the ENCCRV. A manual of best practices for key ENCCRV measures is under development, and a contract is being executed to develop an ER Transaction Registry. Legal analysis on ER ownership is underway, and the ESMF has been finalized. Under component 3, a contract is being executed to improve the data of the Forest Reference Level, and a Monitoring Event is under implementation.

Key outputs include:

- (a)#Increased knowledge and training activities related to the National Strategy for Climate Change and Vegetation Resources (ENCCRV, for its Spanish acronym).
- (b)#Strengthened technical capacity of the National Forestry Corporation's (CONAF) regional offices on technical aspects of the ENCCRV.
- (c)#Development of specific Safeguard Plans related to the ENCCRV.
- (d)#Consolidated National Forest Reference Level and Monitoring System for REDD+ with a focus on forest degradation.

EXECUTION

Bank project related to the grant

Project ID / Name: P124908 - CL FCPF REDD READINESS
Project Status: Lending
Global Focal Area: Climate change
Product Line: CN - Carbon Offset

Implementing agency and contact details

Agency: National Forest Corporation (CONAF)
Contact: Jose Antonio Prado Donoso
Address: Paseo Bulnes 285, Oficina 803, Santiago, Chile
Phone: +562 26630308 **Email:** jose.prado@conaf.cl
Website: www.conaf.cl

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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

FCPF financed activities are well coordinated with REDD+ related activities supported by other donors working in Chile (mainly UNREDD and Swiss Cooperation Agency). Joint donor missions are organized once a year to that help coordination and communication among partners.

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

No major changes have been made in the technical design of Grant activities.

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

The main capacity issues are associated with compliance with Bank processes and requirements (mainly fiduciary, safeguards, and reporting), and human resources. The counterpart has hired additional staff through grant proceeds and received training from Bank staff addressing these capacity constraints and are now much better prepared for the FCPF additional grant. The PIU has now created a specific Annual Operational Plan for the additional funding based on the experience of the first grant. As a result, disbursements are expected to increase in FY19.

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?

The Environmental Assessment (EA) Category remains B. The SESA has been developed, finalized and disclosed following the FCPF Common Approach and Bank Operational Policies.

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

The ESMF has been developed, finalized and disclosed following the FCPF Common Approach and Bank Operational Policies.

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

CONAF carried out extensive consultations with stakeholders both at the national and regional level as part of the original grant, as part of the process for developing the ENCCRV . The results and highlights of these consultations are disclosed and publicly available on CONAF's website. The national FGRM system has been adapted to include specific provisions related to the ENCCRV . Both the SESA and ESMF have been publicly disclosed. CONAF is building on these previous consultations during the implementation of the additional grant.

DISBURSEMENTS

Disbursements Summary in USD

Date From	Date To	Planned Cumulative	Planned Period	Actual Cumulative	Actual Period
07/01/2017	12/31/2017	0.00	0.00	500,000.00	500,000.00
01/01/2018	06/30/2018	0.00	0.00	521,324.84	21,324.84
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

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01/01/2020	06/30/2020	0.00	0.00	0.00	0.00
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