

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF016024
Printed On: 03/15/2018

Reporting Period: 07/01/2016 to 06/30/2017
Report Type: Progress Report
Report Status: Approved

Assignment: TF016024

Forest Carbon Partnership Facility - Chile Readiness Preparation Grant 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	01/29/2014 to 06/29/2018
Original Grant Amount	3,800,000.00
Grant Amount	3,800,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	3,036,551.38 as of 06/30/2017
Disbursed 07/01/2016 to 06/30/2017	1,462,613.84
Donor	TF602001 - MULTIPLE DONORS

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

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF016024
Printed On: 03/15/2018

Reporting Period: 07/01/2016 to 06/30/2017
Report Type: Progress Report
Report Status: Approved

OVERVIEW

Overall Assessments

Grant Objectives:

The Project Development Objective is to assist the Recipient in carrying out the Readiness Preparation Activities.

Overall progress from 07/01/2016 to 06/30/2017 with regard to Achieving Grant Objectives:

Comment:

CONAF has made significant progress in achieving the Project Development Objective thus far, with grant activities supporting all major aspects of REDD+ Readiness including the development of the National Strategy for Climate Change and Native Vegetation (ENCCRV, for its acronyms in Spanish), as well as related safeguards and participatory processes, forest emissions reference levels and national forest monitoring systems.

Overall progress from 07/01/2016 to 06/30/2017 with regard to Implementation of Grant Financed Activities:

Comment:

Chile has continued to make significant progress with the implementation of grant activities under each Component of the Project as described in the Grant Assessment Note. The project has been consistently rated satisfactory in all GRMs, with approximately 80% of the grant disbursed so far. The Chilean R-Package was positively reviewed by the FCPF Technical Assessment Panel and endorsed by the FCPF Participants Committee during its 22nd meeting (PC22) on September 2016. The following sections of this GRM summarize the progress made with grant-specific outcome indicators to date, reflecting the key results expected under the Grant.

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 is to assist Chile in carrying out its Readiness Preparation Activities, with an original closing date of March 15, 2016. The original FCPF grant finances 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.

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

Comment on follow up:

An Additional US\$5 million Funding Grant is under preparation. 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 (an updated estimate of the overall financial envelope required for Chile's REDD+ Readiness is provided in Annex 3). 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 Mid-Term Progress and Request for Additional Funding Report (MTR).

Follow-up will also 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 million tCO₂e and received a (Bank-executed) US\$ 650,000 preparation grant (TF018493). Consistent with this two-phase

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref.	TF016024	Reporting Period:	07/01/2016 to 06/30/2017
Printed On:	03/15/2018	Report Type:	Progress Report
		Report Status:	Approved

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 FY18 and would be among the first to be signed in LAC and worldwide.

End Date of Last Site Visit:

Restructuring of Grant:

The project faced a slow implementation pace at start-up due to technical and administrative complexities related with the preparation and processing of a large number of ToRs and related contracts. As a result, on May 02, 2016, the Grant Recipient requested a 22 month extension of the project closing date to allow for a proper completion of the activities planned under the original grant. The new closing date is December 29, 2017. No further extension is needed as full disbursement is expected by the Grant Closing Date.

OUTCOME

Comments on outcome achieved from 07/01/2016 to 06/30/2017

The main outcome of the Grant has been the development of the National Strategy on Climate Change and Vegetation Resources (ENCCRV, for its acronyms in Spanish), which will support the country in meeting its Nationally Determined Contribution (NDC) targets for the forestry sector under the UNFCCC Paris Agreement, in addition to helping the country meeting its commitments under the UNCCD and UNCBD. The ENCCRV was validated by the Ministerial Council on Sustainable Development on November, 2016. The Chilean R-Package was approved by the FCPF Participants Committee during PC22 on September, 2016.

Grant Outcome Indicators

Grant outcome indicators are listed below.

Consultations on the national REDD+ strategy are carried out with indigenous peoples, local communities, civil society, the private sector and other key stakeholders.

Baseline No REDD+ Strategy available.

Value:

Date: 01/29/2014

Progress to Date: Stakeholder dialogues have been carried out throughout the country and linked to the SESA process. The final consultation of the REDD+ Strategy was carried out during first semester of 2016 and the Strategy was officially launched on November 2016.

Date: 06/30/2017

Target Value: All comments collected will be reflected in the final version of the national REDD+ Strategy.

Date: 12/29/2017

A definition of forest degradation in the context of REDD+ has been established in consultation with key stakeholders.

Baseline No official definition of forest degradation available.

Value:

Date: 01/29/2014

Progress to Date: An operational definition for forest degradation has been established based on the Subnational Forest Reference Level submitted to the UNFCCC.

Date: 06/30/2017

Target Value: Official forest degradation definition established.

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref.	TF016024	Reporting Period:	07/01/2016 to 06/30/2017
Printed On:	03/15/2018	Report Type:	Progress Report
		Report Status:	Approved

Date: 12/29/2017

The national forestry extension program is strengthened in order to enable small and medium landholders as well as indigenous peoples communities to access the benefits of CONAF's various forestry programs.

Baseline Weak forestry extension program for small and medium landowners.

Value:

Date: 01/29/2014

Progress to Date: Demonstration models of increased technical assistance linked to sustainable fuelwood value chains have been established in four southern regions of the country.

Date: 06/30/2017

Target Value: Successful models of technical assistance for small and medium landowners have been demonstrated.

Date: 12/29/2017

A SESA is conducted during the readiness phase and an ESMF is prepared in managing potential social and environmental impacts for the REDD+ strategy implementation phase.

Baseline No SESA or ESMF available.

Value:

Date: 01/29/2014

Progress to Date: Draft SESA and ESMF have been developed and reviewed by Bank safeguard specialists. Final versions are expected before grant closure.

Date: 06/30/2017

Target Value: SESA process and ESMF finalized.

Date: 12/29/2017

COMPONENTS

Output and Implementation by Component

Component 1: Readiness Organization and Consultation

Status: Under Implementation

Planned Output: Support management arrangements and participatory processes for the development of the REDD+ Strategy.

Actual Output: Extensive consultations with a wide range of stakeholders have taken place. A permanent stakeholder platform has not been developed though.

Component 2: REDD+ Strategy preparation

Status: Under Implementation

Planned Output: National REDD+ Strategy and ESMF developed.

Actual Output: The National Strategy on Climate Change and Vegetation Resources (ENCCRV) has been developed and validated. The ESMF has not been finalized yet.

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref.	TF016024	Reporting Period:	07/01/2016 to 06/30/2017
Printed On:	03/15/2018	Report Type:	Progress Report
		Report Status:	Approved

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

Status:	Under Implementation
Planned Output:	National Forest Reference Emission Level and Monitoring Systems for REDD+ established and operational.
Actual Output:	The National Forest Reference Emission Level has been established.

Comment on planned and actual Output

Comment on component implementation progress

Component 1: Readiness Organization and Consultation

Component 1.1 National Readiness Management Arrangements. Given that the process of development of the National REDD+ Strategy in Chile has built on existing Management Arrangements in the forestry sector, this subcomponent has mainly focused on capacity building with a number of courses on the technical and legal aspects of REDD+, including: a Master's Degree on Climate Change and Vegetation Resources (25 participants); a training course on REDD+ related legal aspects focused on carbon rights transfer for CONAF professionals and lawyers (20 participants); a training course on Chile's National Greenhouse Gas Inventory and its links to the REDD+ Forest Reference Level, for public officials and professionals linked to these topics (55 participants).

Component 1.2 Information Sharing and early Dialogue with Key stakeholder Groups. The participatory platform for REDD+ at the national level that was originally envisaged under this subcomponent was not established by CONAF. Rather, extensive participatory activities were carried out under the following subcomponent. Funds originally planned under this component were reallocated to component 1.3 to support the participatory process.

Component 1.3 Participation and Consultation Process. CONAF carried out extensive consultation activities through workshops at the national and regional level with indigenous peoples, small farmers, civil society, the private sector and other key stakeholders in order to consult, receive inputs, and validate the ENCCRV. This included: 15 Regional workshops (1,266 participants), one in each region of the country, with significant participation from women (37%) and Indigenous Peoples (9%); one national workshop (125 participants); a Self-assessment process of the readiness package (74 participants); a public consultation (506 participants); and an Indigenous Peoples dialogue and consultation (100 workshops; 1,1813 participants). details on these regional workshops and testimonial videos are available on line at: <http://www.enccrv-chile.cl/index.php/capacitate/videos?start=8>. In addition, CONAF has conducted a study to identify gaps and adapt its existing grievance Redress Mechanism to meet the requirements of the FCPF.

Component 2: REDD+ Strategy preparation

2.1 Land Use, Drivers of Land Use Change, Forest Law, Policy and Governance. CONAF has carried out two important studies under this subcomponent: an analysis of the drivers of deforestation and forest degradation, which was the technical basis for the development of the ENCCRV; and an analysis of existing definitions of forest degradation and proposal of a national definition.

2.2 REDD+ Strategy options. CONAF finalized and validated the 2017-2025 National Strategy on Climate Change and Vegetation Resources (ENCCRV) based on a thorough technical and participatory process. The ENCCRV document is available at: <http://www.enccrv-chile.cl/index.php/capacitate/publicaciones-enccrv/tem/335-estrategia->. In addition, given that fuelwood is one of the biggest drivers of forest degradation in the country, CONAF developed a program to provide technical assistance to its regional offices in the southern parts of the country to increase their capacity in addressing this driver.

2.3 REDD+ Implementation framework. Outputs under this subcomponent include a legal assessment of land tenure and its implications for carbon rights and benefit sharing arrangements for the follow-up ERPA expected to be signed under the FCPF Carbon Fund. This study provided the main inputs for addressing these issues in Chile's ERPD.

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref.	TF016024	Reporting Period:	07/01/2016 to 06/30/2017
Printed On:	03/15/2018	Report Type:	Progress Report
		Report Status:	Approved

2.4 Social and Environmental Impacts. Outputs under this subcomponent include: the development of a Strategic Environmental and Social Assessment (SESA); a draft Environmental and Social Management Framework (ESMF); and an update of two existing Natural Resource Management models specific for Indigenous Peoples.

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

Several of the original outputs planned under this Component as described in the Grant Assessment Note were not completed. However, Chile has achieved significant outcomes under this Component in synergy with the resources from the Carbon Fund of the FCPF as part of the preparation of the Emissions Reduction Program Document (ERPD). A consortium led by Winrock International, and including the National Forestry Institute (INFOR) and a major national University (Austral University) were tasked with providing technical assistance for the development of Chile's Subnational Forest Reference Level (FRL) for five of its temperate regions in the south of the country (between El Maule and Los Lagos), which consist in the ER Program Accounting Area. The FREL was reviewed by the Technical Advisory Panel of the FCPF (August 2016) and the Roster of Experts of the UNFCCC, and released in November 2016. In addition, a consultancy to strengthen the national timber traceability system with a focus on firewood has been developed.

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:	CONAF		
Contact:	Angelo Sartori;		
Address:	Paseo Bulnes N° 285, oficina 803, Santiago-Chile		
Phone:	5626630324	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

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. The participation platform envisaged under Component 1 has not been established; rather, participation has been carried out through extensive workshops. In addition, several activities originally planned under Component 3 were not carried out but without affecting the outcomes under this Component.

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF016024
Printed On: 03/15/2018

Reporting Period: 07/01/2016 to 06/30/2017
Report Type: Progress Report
Report Status: Approved

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

The main capacity issue associated with the FCPF grant is at the procurement level related to the Bank's processes. The counterpart encountered difficulties during initial contracting and disbursement processes due to the PIU's lack of experience. The country has hired additional staff 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.

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 SESA has been developed in accordance with the Common Approach since the World Bank is the Delivery Partner. A team of consultants has been hired to support CONAF in developing the SESA and the ESMF. The SESA was based on a strong participatory process, however the Bank team highlighted the fact that the participatory inputs outweighed the technical analysis which is reflected in the final version. The Bank reiterated several times its suggestion that the assessment should be led by the Environmental Assessment Department of CONAF.

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

Yes, as the World Bank is the Delivery Partner.

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

CONAF has carried out extensive consultations with stakeholders both at the national and regional level; these are described under the outputs of Component 1 of the Grant. The results and highlights of these consultations are disclosed and publicly available in CONAF's website. However, the stakeholder platform that was originally envisaged as part of the Grant has not been established. In addition, a gap analysis of the current national FGRM system in relation to the FCPF requirements is being conducted as part of the Grant.

DISBURSEMENTS

Disbursements Summary in USD

Date From	Date To	Planned Cumulative	Planned Period	Actual Cumulative	Actual Period
01/01/2014	06/30/2014	0.00	0.00	0.00	0.00
07/01/2014	12/31/2014	0.00	0.00	0.00	0.00
01/01/2015	06/30/2015	0.00	0.00	300,000.00	300,000.00
07/01/2015	12/31/2015	0.00	0.00	715,680.43	415,680.43
01/01/2016	06/30/2016	0.00	0.00	1,573,937.54	858,257.11
07/01/2016	12/31/2016	0.00	0.00	2,301,296.17	727,358.63
01/01/2017	06/30/2017	0.00	0.00	3,036,551.38	735,255.21
07/01/2017	12/31/2017	0.00	0.00	3,760,192.51	723,641.13
01/01/2018	06/30/2018	0.00	0.00	3,797,648.34	37,455.83