

# World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TFOA2303  
Printed On: 10/01/2019

Reporting Period: 07/01/2018 to 06/30/2019  
Report Type: Progress Report  
Report Status: Approved

Assignment: TFOA2303

## Third Grant Agreement for Costa Rica's Readiness Preparation Proposal - Readiness Fund of Forest Carbon Partnership Facility (FCPF)

### FCPFR - Forest Carbon Partnership Facility

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

Summary Information	
TF Status	ACTV
Recipient Country	Costa Rica
Executed By	Recipient
Managing Unit	9272 - SLCEN
Grant Start Date / End Date	06/29/2016 to 12/30/2020
Original Grant Amount	5,580,000.00
Grant Amount	5,580,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	2,635,699.36 as of 06/30/2019
Disbursed 07/01/2018 to 06/30/2019	1,247,229.37
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.	TF0A2303	Reporting Period:	07/01/2018 to 06/30/2019
Printed On:	10/01/2019	Report Type:	Progress Report
		Report Status:	Approved

## OVERVIEW

### Overall Assessments

#### Grant Objectives:

The objective of the Additional Funding grant is to assist the Recipient in carrying out the Readiness preparation Activities.

#### Overall progress from 07/01/2018 to 06/30/2019 with regard to Achieving Grant Objectives:

##### Comment:

FONAFIFO continues to make progress in achieving Grant Objectives with Grant Activities supporting all major aspects of REDD+ Readiness, including REDD+ strategy development, development of safeguard instruments, forest emissions reference levels, and national forest monitoring systems, preparing the country for the Results-Based Payments phase of REDD+.

#### Overall progress from 07/01/2018 to 06/30/2019 with regard to Implementation of Grant Financed Activities:

##### Comment:

Grant implementation continues to be moderately satisfactory to low disbursement rates. By end of the reporting period, 47.2% of Grant proceeds had been disbursed, up from 24.8% in the previous GRM, but still below the rate needed to achieve full disbursement. On June 26, 2018, the Recipient requested for an extension of the closing date to June 30, 2020, which was granted by the Bank on August 2, 2018. Grant activities during the reporting period have supported the finalization of the National REDD+ Strategy (document published), consolidation of National REDD+ Management arrangements, finalization of safeguards instruments (ESMF) and consultations with Indigenous Peoples (including inclusion of an Indigenous chapter in the National Forestry Development Plan), development of a Gender Action Plan for the National REDD+ Strategy, finalization of the draft Benefit Sharing Plan, and improvement of the National Forest Monitoring System and methodologies. 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:

Costa Rica's Participation Agreement with the FCPF was signed in October 2008. After successfully presenting its Readiness Project Idea Note (R-PIN), the country received a formulation grant (TF94486) in June 2009 for the amount of US\$ 200,000 in order to prepare its Readiness Preparation Proposal (R-PP). Costa Rica's R-PP was subsequently approved during the 6th Meeting of the FCPF in Georgetown, Guyana, in June 2010. It identifies 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 future REDD+ mechanisms. Following a due diligence process by the World Bank as the Delivery Partner, Costa Rica signed a Supplementary Readiness Preparation Grant Agreement in June 2012 (TF012692), in the amount of US\$ 3,600,000 (i.e. the original REDD+ Readiness Preparation grant). The objective of the Grant was to assist Costa Rica in carrying out its Readiness Preparation Activities as described in its R-PP. The original grant was successfully closed on September 30, 2015 with the latest GRM providing a satisfactory rating. The original Grant managed to achieve its objectives, with the key result being the presentation and endorsement of the country Readiness Package during the 20th meeting of the FCPF Participants Committee on November 2015, receiving a very positive evaluation by the donors and paving the way for an Emission Reductions Payment Agreement (ERPA) under the FCPF Carbon Fund.

The results of the participatory self-assessment process carried out as part of the R-Package preparation provided an opportunity to benefit from comments from a variety of stakeholders on the country progress towards REDD+ readiness, and to identify remaining gaps and further needs to be strengthened with the support of Additional Funding. In this context, Costa Rica's request for FCPF Additional Funding for an amount of US\$5M was approved in July 2014 during the 17th Meeting of the FCPF Participants Committee. An undisbursed amount of US\$ 583,139.58 (rounded up to US\$ 580,000) from the original Grant was rolled over in the proposed Additional Grant. The Additional Funding will reinforce ongoing processes initiated under the original grant, contributing to the consolidation of the National REDD+ Readiness process beyond the R-Package presentation and therefore ensuring a solid foundation for the implementation of the National REDD+ Strategy and a follow-up operation through the ERPA.

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

**Comment on follow up:**

# World Bank - Grant Reporting and Monitoring (GRM) Report

## Report to Donor

Ref.	TF0A2303	Reporting Period:	07/01/2018 to 06/30/2019
Printed On:	10/01/2019	Report Type:	Progress Report
		Report Status:	Approved

Follow-up will be through an Emission Reductions Payment Agreement (ERPA). Shortly after submitting its R-PP, Costa Rica expressed its interest in participating as a pilot country in the FCPF Carbon Fund, and submitted an Emissions Reduction Project Idea Note (ER-PIN) during the 5th Meeting of the Carbon Fund Participants (CFPs), in September 2012. After addressing the key issues raised by the CFPs, Costa Rica became the first country to include its ER-PIN in the Carbon Fund pipeline through a Letter of Intent (LOI) signed with the World Bank on September 10, 2013 for an amount up to US\$60 million. Consistent with this two-phase structure of the FCPF, the Readiness Preparation grants have been executed in parallel with the preparation of an Emission Reductions Program (ER-P) under the Carbon Fund. Costa Rica's Emission Reductions Program Document (ERPD) was presented and approved during the 14th Meeting of the FCPF Carbon Fund Participants in Paris, France, on June 2016, conditional to the inclusion of forest degradation in the carbon accounting of the ER Program. A revised ERPD following revisions made by Costa Rica was included in the Carbon Fund Portfolio on January 2018. Negotiations are expected to conclude in FY20.

### End Date of Last Site Visit:

### Restructuring of Grant:

An extension of the Grant closing date to June 30, 2020, was requested by the Recipient on June 18, 2018, which was granted by the Bank on August 2, 2018. The extension was requested with the aim to allow for additional time to achieve full disbursements.

## OUTCOME

### Comments on outcome achieved from 07/01/2018 to 06/30/2019

The Project supports implementation of REDD+ Readiness activities as per the Readiness Preparation Plan submitted to and approved by the FCPF. The key results expected by the Additional Grant are:

- (a) Strengthening management arrangements for transitioning from Readiness to Implementation of the National REDD+ Strategy.
- (b) Consolidation of the consultation and capacity building process with key stakeholder groups.
- (c) Strengthening the implementation framework of the REDD+ Strategy, including through increasing the involvement of the private and public sector and making targeted adjustments to the Payment for Environmental Services program.
- (d) Developing a Reference Level for the inclusion Sustainable Forest Management and Forest Degradation in the National REDD+ Strategy.
- (e) Strengthening of the National Forest Monitoring System.

### Grant Outcome Indicators

Grant outcome indicators are listed below.

#### Consolidation of the National REDD+ Readiness phase

Baseline REDD+ Readiness advanced

Value:

Date: 06/29/2016

Progress to REDD+ Readiness advanced (Strategy & ESMF finalized; FRL & MRV ongoing)

Date:

Date: 06/30/2019

Target Value: REDD+ Readiness completed

Date: 06/30/2020

# World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TFOA2303  
Printed On: 10/01/2019

Reporting Period: 07/01/2018 to 06/30/2019  
Report Type: Progress Report  
Report Status: Approved

## Strengthening management arrangements for transitioning from Readiness to Implementation of the National REDD+ Strategy.

**Baseline** Arrangements for REDD+ Readiness in place

**Value:**

**Date:** 06/29/2016

**Progress to** Arrangements for REDD+ implementation defined (REDD+ Decree published) and initial meetings held

**Date:**

**Date:** 06/30/2019

**Target Value:** Arrangements for REDD+ implementation in place

**Date:** 06/30/2020

## Consolidation of the consultation and capacity building process with key stakeholder groups.

**Baseline** Stakeholder platform in place and consultation ongoing

**Value:**

**Date:** 06/29/2016

**Progress to** Permanent stakeholder platform has been defined and consultations are ongoing (consultations with some IP territories pending)

**Date:**

**Date:** 06/30/2019

**Target Value:** Permanent stakeholder platform and consultation finalized

**Date:** 06/30/2020

## Strengthening the implementation framework of the REDD+ Strategy, including through increasing the involvement of the private and public sector and making targeted adjustments to the PES program.

**Baseline** Draft National REDD+ Strategy available

**Value:**

**Date:** 06/29/2016

**Progress to** National REDD+ Strategy has been finalized and implementation framework strengthened

**Date:**

**Date:** 06/30/2019

**Target Value:** National REDD+ Strategy has been finalized and implementation framework strengthened

**Date:** 06/30/2020

## Developing a Reference Level for the inclusion Sustainable Forest Management and Forest Degradation in the National REDD+ Strategy.

**Baseline** Draft Forest Reference Level for deforestation and enhancement of carbon stocks

**Value:**

**Date:** 06/29/2016

**Progress to** Forest Reference Level for four REDD+ activities established

**Date:**

**Date:** 06/30/2019

**Target Value:** Forest Reference Level for all five REDD+ activities established

**Date:** 06/30/2020

# World Bank - Grant Reporting and Monitoring (GRM) Report

## Report to Donor

Ref.	TF0A2303	Reporting Period:	07/01/2018 to 06/30/2019
Printed On:	10/01/2019	Report Type:	Progress Report
		Report Status:	Approved

### Consolidation of the National Forest Monitoring System, including through strengthening the forest information systems of FONAFIFO, SINAC, and CI Agro.

**Baseline** Process for establishment of National Forest Monitoring System established.

**Value:**

**Date:** 06/29/2016

**Progress to** Design of the National Forest Monitoring System established and under consultation

**Date:**

**Date:** 06/30/2019

**Target Value:** National Forest Monitoring System established and operational

**Date:** 06/30/2020

## COMPONENTS

### Output and Implementation by Component

#### Component 1. Readiness Organization and Consultation for REDD+

**Status:** Under Implementation

**Planned Output:** (i) staffing of REDD+ Secretariat; (ii) REDD+ Decree published; (iii) consultations on the National REDD+ Strategy finalized; (iv) stakeholder platforms established

**Actual Output:** (i) REDD+ Secretariat staffed; (ii) REDD+ Decree published; (iii) consultations with IPs are underway; (iv) first meetings with stakeholder platforms carried out.

#### Component 2. REDD+ Strategy Preparation

**Status:** Under Implementation

**Planned Output:** (i) National REDD+ Strategy finalized; (ii) Implementation Plan finalized; (iii) ESMF finalized; (iv) draft Benefit Sharing Plan developed; (v) ToRs for Registry developed

**Actual Output:** (i) National REDD+ Strategy finalized; (ii) Implementation Plan finalized; (iii) ESMF finalized; (iv) draft Benefit Sharing Plan developed; (v) ToRs for Registry under development

#### Component 3. Reference Emissions Level/Reference Levels

**Status:** Under Implementation

**Planned Output:** Inclusion of forest degradation and sustainable management of forests in the National Forest Reference Level

**Actual Output:** Forest degradation has been included in the National Forest Reference Level, with technical improvements ongoing.

#### Component 4. Monitoring Systems for Forests and Safeguards

**Status:** Under Implementation

**Planned Output:** The National Forest Monitoring System (NFMS) for REDD+ is established

**Actual Output:** The design of the National Forest Monitoring System (NFMS) for REDD+ (SIMOCUTE, in spanish) has been developed and consultations with relevant institutions are underway.

### Comment on planned and actual Output

# World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF0A2303  
Printed On: 10/01/2019

Reporting Period: 07/01/2018 to 06/30/2019  
Report Type: Progress Report  
Report Status: Approved

## Comment on component implementation progress

Under Component 1, FONAFIFO has maintained the REDD+ Secretariat fully staffed and integrated within the institution; advances have been made in the operationalization of the National REDD+ Decree with the first meetings of the Executive and Consultative Committees; and consultations with Indigenous Territories have been advancing and are almost finalized.

Under Component 2, the National REDD+ Strategy has been finalized and published, the ESMF has been revised to include comments received by the Bank and finalized, a Gender Action Plan was developed and consulted, and an Indigenous Peoples chapter was included in the National Forestry Development Plan.

Under Component 3, Costa Rica implemented a methodology to account for forest degradation which was included in the REDD+ Forest Reference Level, and a determination was made that the inclusion of forest management as a REDD+ activity in the Forest Reference Level is not possible at this stage due to data limitations. A roadmap was developed in collaboration with the Bank and successfully implemented by FONAFIFO.

Under Component 4, Costa Rica has continued to make improvements to its forest monitoring methodologies and finalized the design of a National Forest Monitoring System, which is currently being consulted with relevant institutions. Its full implementation and institutionalization (including financing) is still ongoing.

## EXECUTION

### Bank project related to the grant

Project ID / Name: P123702 - Costa Rica FCPF REDD Readiness  
Project Status: Lending  
Global Focal Area: Climate change  
Product Line: CN - Carbon Offset

### Implementing agency and contact details

Agency: National Forest Financing Fund (FONAFIFO)  
Contact: Jorge Mario Rodriguez Zuniga (Executive Director)  
Address: San Vicente, Moravia-San Jose, Costa Rica  
Phone: 800-3662-3436 Email: jrodriguez@fonafifo.go.co  
Website: www.fonafifo.go.cr

## 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**

FONAFIFO has been actively coordinating activities with other donors providing support to the REDD+ Readiness process such as UNREDD, GIZ, USFS, and NORAD, among others. UNREDD in particular has been actively supporting the design of the non-carbon benefits monitoring indicators as well as activities related to the private sector; and USFS has provided significant expertise on MRV, while support from GIZ is phasing out.

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

No significant changes in the technical design so far.

# World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF0A2303  
Printed On: 10/01/2019

Reporting Period: 07/01/2018 to 06/30/2019  
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 REDD+ Secretariat is now fully operational and integrated by staff from key national institutions (FONAFIFO and SINAC). The Bank has been providing continuing guidance to improve financial management and procurement aspects.

### 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?

Social and environmental issues have been addressed through a Strategic Environmental and Social Assessment (SESA) following FCPF guidelines and the Common Approach since the World Bank is the Delivery Partner. The final SESA report was approved by the Bank as part of the R-Package development, and was the basis for identifying the REDD+ policies and actions that were included in the National REDD+ Strategy.

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

Based on the SESA and the National REDD+ Strategy, a final draft of the ESMF has been produced in accordance with the Common Approach (since the World Bank is the Delivery Partner) following Bank procedures. It has been reviewed by the World Bank and will be disclosed prior to ERPA negotiations.

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

Significant progress has been made with regards to social aspects and Indigenous Peoples consultation, including the following: (1) many consultation workshops and participatory activities with all stakeholder groups identified during the SESA; (2) Analytical Studies; (3) a specific consultation plan for Indigenous Peoples; (4) Communication Strategy; and (5) Grievance Redress Mechanism. The National REDD+ Strategy has been fully consulted with all stakeholders, except for the particular case of the Indigenous Peoples which has entered its final stage.

## 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	585,121.41	85,121.41
07/01/2017	12/31/2017	0.00	0.00	1,189,115.07	603,993.66
01/01/2018	06/30/2018	0.00	0.00	1,388,469.99	199,354.92
07/01/2018	12/31/2018	0.00	0.00	2,329,791.63	941,321.64
01/01/2019	06/30/2019	0.00	0.00	2,635,699.36	305,907.73
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
07/01/2020	12/31/2020	0.00	0.00	0.00	0.00