

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

## Report to Donor

Ref. TFOA4915  
Printed On: 11/15/2021

Reporting Period: 07/18/2017 to 06/30/2021  
Report Type: Completion Report  
Status: Final

Assignment: TFOA4915

Chile FCPF Readiness Preparation Grant

FCPF - FOREST CARBON PARTNERSHIP FACILITY

Task Team Leader: 00000388914 - Gabriela Encalada Romero

Approving Manager: 00000253690 - Valerie Hickey

Summary Information	
TF Status	ACTV / LCLS
Recipient Country	Chile
Executed By	Recipient
Managing Unit	9272 - SLCEN
Grant Start Date / End Date	07/18/2017 to 06/30/2021
Program Manager	Siet Meijer
Original Grant Amount	5,000,000.00
Grant Amount	5,000,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	4,799,912.97 as of 07/31/2021
Disbursed from 07/01/2020 to 06/31/2021	767,149.32
Donor	TF602001 - MULTIPLE DONORS

*This GRM report includes the following sections: Overview, Components, Outcome, Execution, Program (FCPFR), Completion, Disbursements, Procurement Plan, Procurement Actuals.*

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## OVERVIEW

### Overall Assessments

#### Grant Objectives:

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

#### Overall progress from 07/18/2017 to 06/30/2021 with regard to Achieving Grant Objectives:

**Rating: Overall progress towards achieving the grant development objective has been satisfactory.**

#### Comment:

Chile, through the National Forestry Corporation (CONAF), has successfully implemented the grant planned activities, achieving the grant objectives, and supporting all major aspects of Reduced Emissions from Deforestation and Forest Degradation (REDD)+ Readiness grant. The grant was implemented in two stages: an initial funding window, and an extension of further US\$ 5 million. Through the implementation of the initial grant, the Country's R-package was approved by the Forest Carbon Partnership Framework (FCPF) Participants Committee (PC) and published in August 2016. The package includes: (i) a REDD+ strategy, (ii) safeguards instruments (Environmental and Social Management Framework (ESMF) and its associated frameworks), (iii) forest reference emissions levels (FREL) for the regions included in the Emissions Reduction Program (ERP), and (iv) initial national forest monitoring systems.

The second FCPF REDD+ Readiness grant, implemented from July 2017 until June 2021, is reported in this Completion Grant Report Monitoring (GRM). Key achievements of the REDD+ Readiness preparation efforts during this period include preparation activities for the implementation of the National Strategy on Climate Change and Vegetation Resources (ENCCRV) 2017-2025 and its associated ESMF (published in 2018), including through providing strategic guidance on REDD+ activities, an extensive participatory process, preparation of technical guidelines, strengthened institutional arrangements and capacity building. In addition, the Grant has supported Chile's preparation for the "results-based payments phase" of REDD+ under the ENCCRV, which allowed for the signature of an Emission Reduction Purchase Agreement (ERPA) for 5,200,000 tCO<sub>2</sub>e (US\$ 26 MM) with the FCPF in December 2019. These efforts helped secure private, international, and government funds for the implementation of the ENCCRV and contributed to enabling a transaction for further emission reductions of 12,400,000 tCO<sub>2</sub>e (US\$ 63.6 MM) with the Green Climate Fund (GCF).

Based on the support received from the two REDD+ Readiness Grant, the Country produced an enabling framework for implementing REDD+ activities which led to an ambitious update of the Country's forests Nationally Determined Contributions (NDC) in April 2020, under the United Nations Framework Convention on Climate Change (UNFCCC).

#### Overall progress from 07/18/2017 to 06/30/2021 with regard to Implementation of Grant Financed Activities:

**Rating: Moderately Satisfactory**

#### Comment:

Planned activities and key deliverables were completed before the closing of the grant on June 30, 2021. The grant financed a comprehensive preparation process for REDD+ activities in Chile until the Country could sustain the implementation of the ENCCRV through national financing and ER payment mechanisms. Procurement performance and Financial Management are considered satisfactory. The Environmental Assessment (EA) Category remains B, and environmental and social performance has been satisfactory throughout implementation. By grant closure, US\$ 200,087.03 were undisbursed but did not affect the implementation of the Grant Financed Activities. The financed activities included:

- (i) **Part 1. Necessary institutional arrangements and the preparation, consultation, and dissemination of national REDD+ activities**, including the implementation of the ENCCRV. Consultations were focused on the Benefit Sharing Plan (BSP) for the distribution of benefits as part of the payments phase of the ENCCRV, including the ERPA and other agreements. These consultations were carried out from June 2019 until December 2020 in the six regions that are part of the ERP. An Environmental Education Program associated with REDD+ activities was developed and implemented throughout 2020 and 2021, successfully building capacities within public servants in the regions of the ERP, and others, for the implementation of the BSP and REDD+ activities, including for legal, management, restoration, monitoring and safeguards activities. Additionally, informative videos and materials about the ENCCRV and the REDD+ activities to be developed during its implementation were disseminated throughout the Project duration. A public webpage was produced for the ENCCRV which incorporates information on all national REDD+ activities, guidelines and documents produced for the strategy, and the documentation for the ERPA and other agreements. In parallel, through the Project support, the team formed by CONAF for the implementation of the

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

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---

ENCCRV was consolidated, and will be maintained after the closure of the preparation grant to continue managing the implementation of the ENCCRV.

- (ii) **Part 2.** The National REDD+ Strategy - ENCCRV, which incorporates actions for addressing the drivers of deforestation and forest degradation in key sectors, was validated by stakeholders and approved by the National Climate Change Steering Committee (NCCSC). The ENCCRV was launched in May 2017 linked to a broad analysis of the Chilean context for REDD+ activities. The second readiness grant supported the implementation of the ENCCRV through: (a) an Assessment of Land Use, Land Use Change Drivers, Forest Law, Policy and Governance that culminated in 2018; (b) institutional and (c) legal arrangements necessary for its implementation that were finalized in June 2021, coupled with capacity building within regional CONAF offices related to REDD+ activities; and (d) the finalization of the Social & Environmental considerations required for its implementation, which includes the ESMF published in 2018, and the preparation of the retroactive safeguards monitoring report for the ERPA submitted to the FCPF in May 2021. Further guidelines have been published for specific REDD+ actions and for supporting the strategy's implementation. The grant also financed the preparation of the BSP and its Operations Manual (OM) for the distribution of benefits associated with the results-based payments phase of the ENCCRV, which were approved by the Bank and the FMT (Facility Management Team of the FCPF) in June 2021. Activities 2.b.III.A & B related to international knowledge-sharing activities were cancelled due to travel and gathering restrictions in place caused by the COVID-19 pandemic crisis.
- (iii) **Part 3.** Forest Reference Emissions Level / Reference Levels (FREL/FRL) were published initially in 2016 for the subset regions that were included in the ERP associated with the ERPA. During the implementation of the second grant, in August 2019, the 1st Technical Annex of REDD+ Results was consigned to the UNFCCC and officially published. Through the second grant, new FRELs/FRLs were produced for key forested regions (south ecoregion). The updated FRELs/FRLs introduced technical corrections to reduce the uncertainties in all previous FRELs/FRLs and will be published during 2021, after finalizing additional studies financed by the FCPF through specific Work Packages. Based on the methodologies developed here, the Country is committed to expanding the FREL/FRL to all regions by 2023. In addition, through the activities financed by Part 3 of the grant, the Country prepared the first Monitoring Report for the ERPA, reporting on the retroactive period 2018-2019, which was submitted in June 2021 to the FMT. The report currently being reviewed and is expected to be finalized by Q4 FY22.

The implementation of Monitoring Systems for Forests and Safeguards (SNMF, for its acronym in Spanish) for REDD+ activities associated with the ENCCRV. The SNMF was implemented in a centralized platform, hosted by local servers located in CONAF's office. These were fully functional before the grant closure and relevant staff was trained for the proper use of them. The platform also incorporates (i) the non-carbon co-benefits system, which will monitor three social and three environmental co-benefits associated with the implementation of ENCCRV activities; (ii) the Safeguards Information System (SIS), which integrates the processes required for the implementation of the ESMF and the follow-up of the Feedback and Grievance Redress Mechanism (FGRM); (iii) the Monitoring, Report and Verification (MRV) System, which will systematize and coordinate the calculation of forest ERs; and (iv) the Parcel Monitoring System, which will serve to monitor the progress of implementation of the activities financed through the BSP at a site scale.

## 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 several 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 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 subset of activities included in the Country's R-PP, selected after technical discussions with the client. These consider the technical and financial needs of Chile's REDD+ Readiness process, the comparative advantage of the World Bank in supporting

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them, and the complementarity with support made available by other partners.

In 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 additional funding of US\$5 million to the Country, based on: (i) the PC's consideration of Chile's MTR, recognizing that significant progress has been achieved; (ii) Chile's commitment to disburse (i.e. in signed contracts), 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 the first REDD+ Readiness grant and the rationale for additional funding are contained in Chile's MTR and Request for Additional Funding. The Grant Agreement for the additional funds, dated July 10, 2017, was countersigned on July 18, 2017, and declared effective on October 30, 2017.

The original closing date was December 31, 2019. Two extensions were approved by the World Bank for six and 12 months respectively, mainly after considering: (i) the change in administration and subsequent changes at the management level in CONAF, including the Head of the Project Implementation Unit (PIU), (ii) the social unrest that erupted in October 2019, and (iii) the unprecedented emergency caused by COVID-19 and the crisis that followed. As such, the additional US\$5 million grant was closed on June 30, 2021.

The Activities implemented under the additional Readiness Preparation grant consisted of the following components:

### Part 1: Readiness organization and consultation

#### (a) National readiness management arrangements

- (i) Providing support towards the establishment of management arrangements for the implementation of the ENCCRV; and
- (ii) Developing training activities to strengthen CONAF staff's technical knowledge on forests and climate change.

#### (b) Information sharing and early dialogue with key stakeholder groups

- (i) Providing support towards information sharing and dissemination activities related to the ENCCRV, including inter alia:
  - (A) developing an ENCCRV Environmental Education Program focusing on forests, environmental services, and climate change issues;
  - (B) carrying out communication activities of the ENCCRV; and
  - (C) facilitating national and regional dissemination workshops.

### Part 2: REDD+ strategy preparation

#### (a) REDD+ Strategy options

- (i) Developing best practice operational manuals for key ENCCRV-related actions and relevant safeguard procedures; and
- (ii) Carrying out technical assistance activities through seven (7) Regional Technical Units that will support CONAF's local offices on ENCCRV related actions.

#### (b) REDD+ implementation framework

- (i) Providing support towards the development of an emission reductions transaction registry to avoid double counting of emission reductions under the ENCCRV;
- (ii) Developing an impact evaluation strategy for the ENCCRV; and
- (iii) Carrying out knowledge sharing activities with:
  - (A) other countries to incorporate relevant lessons and design features in the ENCCRV; and
  - (B) regional partner agencies to showcase experiences related to the ENCCRV.

#### (c) Social and environmental impacts

- (i) Providing support towards continuity of the ESMF work including the development of relevant Safeguards Plans and monitoring arrangements for ENCCRV-related actions.

### Part 3: Development of a national forest reference emission level and monitoring systems for REDD+

#### (a) National forest reference emission level

- (i) Providing support towards developing a complete forest reference emission level, including for the sustainable management of forests at the national level;
- (ii) Assisting in the analysis of alternative methodologies to estimate changes in carbon stocks for forests in regions with significant data gaps that limit the application of the INFOR methodology; and
- (iii) Providing recommendations on technology tools for use in the analysis and processing of satellite images.

#### (b) National monitoring systems for forests and safeguards

- (i) Providing support towards: improving and adapting the National Forest Monitoring System (NFMS) to align with international REDD+ reporting requirements;

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- (ii) Developing spatially explicit baselines for monitoring of co-benefits under the ENCCRV; and
- (iii) Reporting of safeguards for ENCCRV-related actions.

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

#### Comment on follow up:

The Chile REDD+ Emissions Reduction Program (P160277), with an ERPA signed on December 4, 2019, is the natural continuation of the REDD+ Readiness processes. The Country expects to finalize the first monitoring report during the Q4 FY22. If emissions reductions (ER) are achieved by the Country, the payment will be used to finance the continuation of management and monitoring efforts of the ENCCRV, and the implementation of further REDD+ activities.

### End Date of Last Site Visit:

November 7, 2019.

Mobility restrictions associated with the COVID-19 pandemic prevented further in-person visits after February 2020. However, the task team engaged regularly in virtual missions and technical support meetings with the PIU until grant closure.

### Restructuring of Grant:

The approval of the second grant included an extension of the original FCPF REDD+ Readiness grant until December 31, 2019. The proposed early extension of the Closing Date of the Supplementary Grant allowed for key contracts that require a longer implementation period (i.e., 20 months or more) to be fully executed, such as those related to the hiring of Regional Technical Assistance Teams, environmental education programs, and development of geospatial databases to record emission reductions from the forest sector.

A second six-month extension was requested by the Recipient on July 26, 2018, and granted by the Bank on September 6, 2018. The extension was requested with the aim to allow for additional time to achieve full disbursements. The Project was extended from December 31, 2019, to June 30, 2020.

A following 12-month extension of the grant was requested by the Government of Chile in March 2020, as a result of the social unrest that erupted in October 2019, and in addition to the unprecedented emergency caused by COVID-19 which impacted the implementation of activities. The extension was granted to implement the following activities: (i) development of the ENCCRV Information Platform, (ii) adjustments to the sub-national Forest Reference Emission Level (FREL) and expansion to new regions; (iii) implementation of the Environmental Education Program; and (iv) training workshops on: wood energy, fire prevention, forest management, fire severity analysis, National MRV, and REDD+ for lawyers. This restructuring was approved on April 20, 2020, and extended the Project from June 30, 2020, to June 30, 2021.

## OUTCOME

### Comments on outcome achieved from 07/18/2017 to 06/30/2021 Grant Outcome Indicators

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

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

**Date:**10/30/2017

**Progress to Date:** Arrangements for REDD+ in place with increased knowledge and information (Implementation and management arrangements for REDD+ are in place, including strengthened knowledge and information of key central and regional institutions and stakeholders. These were achieved through capacity-building activities and technical assistance, and are complemented by documented operational and technical guidelines. In addition, CONAF created a formal permanent REDD+ office).

**Date:**06/30/2021

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

**Date:**06/30/2021

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

**Baseline Value:** National REDD+ Strategy at the regional level

**Date:**10/30/2017

**Progress to Date:** National REDD+ Strategy in place with increased technical capacity at the regional level (Regional Technical Units have completed their work on all the regions and have delivered several technical documents and material to support the implementation of REDD+ at the regional level. The National REDD+ Strategy is being implemented).

**Date:**06/30/2021

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

**Date:**06/30/2021

### Complete National Forest Reference Level

**Baseline Value:** Subnational National Forest Reference Level in place

**Date:**10/30/2017

**Progress to Date:** Updated Subnational Forest Reference Level in place (The FRL has been updated and improved by, for example, creating density diagrams for new forest types and modelling forests from clouded satellite imagery. The new version covers two new priority regions - Magallanes and Aysen, which contain some of the largest forests in the Country. Several products and technical assistance were delivered to expand the FRL to a national level, including carbon stock and flow maps for new regions. Further expansion to a full national scale will be financed through other international donations and is planned for 2023).

**Date:**06/30/2021

**Target Value:** Full National Forest Reference Level in place

**Date:**06/30/2021

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

**Baseline Value:** Methodologies for the NFMS in place.

**Date:** 10/30/2017

**Progress to Date:** NFMS for REDD+ in place and fully operational (The NFMS is in place and fully functional through local servers placed within CONAF offices, and other complementary systems are also functional, including the MRV system, the co-benefits system, and the Parcel Monitoring System, and an advanced SIS).

**Date:** 06/30/2021

**Target Value:** NFMS for REDD+ in place and fully operational.

**Date:** 06/30/2021

## COMPONENTS

### Output and Implementation by Component

#### Component 1: Readiness Organization and Consultation

**Status:** Completed

**Planned Output:** Continued support to national REDD+ management arrangements, and stakeholder consultation.

**Actual Output:** The national REDD+ governance has been established and secured for the future, and it was strengthened through capacity-building activities at the central and regional levels. Consultations on the BSP were held in June-July 2019 and November-December 2020.

#### Component 2: REDD+ Strategy Preparation

**Status:** Completed

**Planned Output:** Strengthening of regional capacities for the ENCCRV; Development of an ER transaction registry.

**Actual Output:** Regional capacities have been strengthened through the Regional Technical Assistance Teams. The teams have provided technical assistance to the regions while developing capacity-building materials and implementing technical training workshops. The National ER transaction registry was piloted, adjusted, and finalized.

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---

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---

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

Status: Completed

Planned Output: Update and Expand the Forest Reference Emissions Level/Reference Level; and strengthen National Safeguards Monitoring System

Actual Output: The National Forest Monitoring System for REDD+ is in place and fully functional, also integrating four sub-systems as described below (MRV, co-benefits, SIS, and parcel). The FRL has been updated and expanded by creating density diagrams for new forest types and incorporating two new regions (Aysén and Magallanes). Several products were supported and delivered to expand the FRL to a national level, including carbon stock and flow maps, and density diagrams for new regions.

### Comment on planned and actual Output

Activities have been completed with good overall progress.

### Comment on component implementation progress

#### Part (Component) 1: Readiness Organization and Consultation

CONAF staffed a Project Implementation Unit (PIU) to strengthen its capacities to implement the Grant and finalize the Readiness phase. This unit oversaw all ENCCRV activities, coordinating other complementary grants (parallel financing), and was later internalized by the institution, securing the retention of the capacities and experience developed for the continuation of the ENCCRV's implementation.

A long participatory process with a decentralized perspective identified, among other considerations, the creation of Regional REDD+ Groups as a key recommendation for a participatory and inclusive benefit distribution process. The members that will be included in these groups have already been identified and the initial operational guidelines were defined. Once implemented (after the first ERPA payment), the Regional REDD+ Groups will serve to maintain continued participation and ownership with beneficiaries and key stakeholders.

The webpage developed for the ENCCRV (<https://www.enccrv.cl/>) integrates all the information related to the ENCCRV, including material, guidelines, and documents produced through grant financed activities. Even though some of the documents produced at a regional level are not applicable for other areas, the webpage offers all this information publicly. It serves for interacting with key stakeholders, as a database for accessing necessary information for the strategy, and for dissemination within the Country.

#### Part (Component) 2: REDD+ Strategy Preparation

Support for the implementation of the ENCCRV at a regional level was extensive and thorough. Seven guidelines for the implementation of REDD+ Activities based on the ENCCRV were developed according to the context of each region within the PRE (and consequently, the ERPA). Furthermore, a series of technical support activities contributed to forest plans, forest management, enforcement activities, extension, safeguards (as per the ESMF), and fire prevention activities in line with the ENCCRV. In summary, 160 documents for guiding the implementation of the ENCCRV at a regional scale were produced and are available on CONAF's ENCCRV webpage. The capacities of regional CONAF offices and key public servants were strengthened, mainly through the environmental education program put in place by the PIU. Approximately 1.930 people (34% women) were benefited from the workshops and training offered through the grant-financed activities.

An ER Transaction Registry was designed and developed as part of this component. However, the Country decided to use FCPF's Carbon Asset Trading System (CATS) for REDD+ ERs as it is identified as an internationally agreed standard. To make use of it, the Country is evaluating using the ER Transaction Registry developed for other international ER transactions within wider sectors (i.e. waste, transport), as part of the national mitigation efforts.

REDD+ measures considered within the ENCCRV were evaluated through a specialized consultancy and a participatory revision process. The results from these activities will serve to update and improve the measures in the future, in alignment with the Long-Term Climate Change Strategy (ECCLP, for its acronym in Spanish) and the NDC.

Safeguards implementation was supported by detailed guidelines produced for staff and beneficiaries, a monitoring process at the



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regional level, and institutional training for regional personnel within CONAF. These contributed to securing the correct implementation of the ESMF throughout ENCCRV activities and the preparation of the Retroactive Safeguards Report for the first monitoring report of the ERPA.

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

The SNMF was put in place and will allow for rapid and centralized coordination and monitoring for the implementation of the ENCCRV and the BSP. It incorporates a platform to integrate the four monitoring systems: SIS, MRV, Parcel Monitoring, and co-benefits, and it is hosted inside CONAF's office. The initial implementation and use of this platform will be staged as technical national and local staff, and extensionists, get accustomed to the platform and to registering all information related to the ENCCRV. However, once it is functioning and being used, it will provide valuable assistance for the management and coordination of the ENCCRV. The platform for the SNMF may be an interesting solution to share with other countries if it proves to be effective for centralizing monitoring throughout the implementation of the ERPA.

The FREL was successfully updated and improved to become more accurate, including recalculations, new density diagrams, and new methodologies for estimating carbon stocks within permanent forests for the PRE. Based on the technology recommendations received by experts, the improved methodologies applied for clouded satellite imagery and forest density diagrams allowed to estimate changes in carbon stocks for forests in regions with significant data gaps. Furthermore, the FREL was expanded to key forested regions (Aysen and Magallanes), and the baseline methodologies were prepared for the entire Country. In addition, it was strengthened to better align with international standards by incorporating land-use change maps to the methodology for its calculation. This allowed for the development of a complete FREL that contains the necessary component to be expanded to a national scale, and to support sustainable forest management across the Country.

The first Monitoring Report (retroactive) for the ERPA was also supported by Grant financed activities, including the calculations of ERs and the preparation of the document. This was presented to the FMT in June (and updated in July) 2021.

## EXECUTION

### Bank project related to the grant

Project ID / Name:	P124908 - Chile FCPF Readiness Preparation Grant
Project Status:	Lending
Global Focal Area:	Climate Change
Product Line:	CN - Carbon Offset

### Implementing agency and contact details

Agency:	National Forestry Corporation (CONAF)		
Contact:	Luis Gianelli, National REDD+ Focal Point		
Address:	Paseo Bulnes 285 Oficina 803, Santiago, Chile		
Phone:	+562 26630363	Email:	luis.gianelli@conaf.cl
Website:	<a href="https://www.conaf.cl/">https://www.conaf.cl/</a>		

## PROGRAM

### Program Specific Questions

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

The funded activities are part of a broad REDD+ strategy for Chile (ENCCRV), which includes national resources. All ENCCRV activities and funds are coordinated by CONAF as the designated national institution for REDD+, and the institution secures coordination among these. Complementary support was provided through other international institutions (see Table 1. in the additional financing section below), all coordinated by CONAF and under the supervision of the GBCC. All activities have been



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---

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---

planned and financed based on a pre-defined action plan prepared by the Country. Activities have also been coordinated with regional & local governments, as well as other ministries.

IN addition, CONAF has recently implemented two new permanent coordination units for consolidating REDD+ activities at a national scale, with dedicated staff and budget, namely the Directorate of Forests & Climate Change (GBCC, for its acronym in Spanish) and the Environmental Services & Climate Change Department (DCCSA, for its acronym in Spanish).

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

Activities 2.b.III.A. (other countries to incorporate relevant lessons and design features in the ENCCR) and B. (regional partner agencies to showcase experiences related to the ENCCR) were cancelled due to the difficulties that arose from the COVID-19 crisis, including gathering and travel restrictions imposed by the government. These activities were originally planned to finance international knowledge sharing instances as part of the South-South cooperation mechanism (an arrangement among southern hemisphere countries). The team postponed these activities on two occasions in an attempt to wait for restrictions to be lifted, nonetheless, it was ultimately decided to cancel them as the grant closure approached so that the resources could be repurposed for other relevant activities.

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

**Technical.** Central and regional instances within CONAF received training and capacity building on several technical aspects to ensure the correct development and implementation of the MRV system, the SDB, and the ESMF, the utilization of the SNMF that unifies the monitoring systems, as well as for technical REDD+ purposes. These also included cross-cutting themes such as legal, procurement, and communications. Additionally, workshops on forest management, sustainable practices, and conservation were held during the reported period, incorporating public servants from diverse institutions.

**Management.** REDD+ activities and the continued implementation of the ENCCR after the grant were institutionalized by CONAF through the GBCC and the DCCSA. In addition, the Bank provided constant support and training on financial and procurement management to CONAF and AGCID.

## 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 Report for the Strategic Environmental and Social Assessment (SESA) process was prepared, finalized, and disclosed following the FCPF Common Approach and Bank Operational Policies during 2018. Throughout implementation, the PIU received the dedicated support of two environmental specialists and one social specialist at the central level, which made sure that the grant activities were executed in line with the SESA and Program's ESMF. These specialists will continue to be part of the DECCSA after grant closure. At the regional level, training, and capacity building of CONAF's regional teams on safeguards requirements was undertaken during 2020 and 2021, with a focus on the ERPA accounting area. The Environmental and Social Safeguards' performance rating is Satisfactory.

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

Yes. The ESMF for the ENCCR was finalized and disclosed in May 2018. The ESMF was updated and re-disclosed in November 2019 to reflect its application to the ERPA retroactive period. The ESMF, which has been developed following the FCPF Common Approach and Bank Operational Policies, incorporates multiple protocols and frameworks that respond to the triggered Safeguard Policies. In addition, the Retroactive Safeguards Report and Annex 1 of the first Monitoring Report for the ERPA are being developed in line with the provisions of the SESA and ESMF.

## 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, and within the process for developing the ENCCR. The results and highlights of these consultations are disclosed and publicly

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

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Ref. TF0A4915  
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Reporting Period: 07/18/2017 to 06/30/2021  
Report Type: Completion Report  
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available on CONAF's ENCCRV website. The national FGRM has been adapted to include specific provisions related to the ENCCRV and it has been made operational. The FGRM receives requests and queries, and CONAF team responds promptly according to the relevant national norms. Both the SESA and ESMF have been publicly disclosed. During June-July 2019 and November-December 2020, CONAF held participatory workshops to revise the BSP with stakeholders and potential beneficiaries, and the detailed consultation process is summarized in the publicly available BSP document in the ENCCRV webpage.

## COMPLETION

### Overall Assessments and Lessons Learned

#### Main lessons learned:

The social sensibilities and expectations of the communities that are potential beneficiaries of the benefits from results-based payments should be taken into consideration from the early stages of the Project, including ample, transparent, and open participatory processes. This would allow for reduced misinterpretations and/or potential conflicts that could arise, especially considering forestry is an especially sensitive issue in Chile due to the large-scale land-use change provoked by commercial forestry of non-native eucalyptus and pine species, which have been perceived historically as responsible for the loss of native forests, soil degradation, and water scarcity.

Direct and constant support from the PIU's central safeguards staff through training and site visits is necessary to guide staff on the ground. Training of local staff and monitoring the correct implementation of the ESMF in several projects in parallel from a central office can be complicated, especially when a variety of activities will be implemented. Retroactive implementation of safeguards poses an even greater challenge for monitoring and securing the implementation of the ESMF.

Further interinstitutional coordination is required to guarantee the sustainability of the grant-financed activities and to maximize the impact and reach of activities related to REDD+ and the ENCCRV. This is especially relevant for the Ministry of Environment, which oversees the UNFCCC commitments, as well as the NDC, the National Greenhouse Gas Inventory (INGEI, for its acronym in Spanish), the ECCLP, and coordinates the implementation of climate change activities within the Country, and also for regional and local governments, who are more directly involved with potential beneficiaries.

#### Overall outcome (and its Sustainability):

##### Comment:

The REDD+ Readiness grants successfully contributed to the implementation of the ENCCRV in Chile, including phase 3 (result-based payments for ERs), and all the supporting tools required for complying with safeguards (including the FGRM), MRV (including the FREL), and Monitoring and Evaluation of the REDD+ activities. The grant also helped the Country prepare for phase 3 of the Strategy by financing the preparation of the BSP for all results-based payments, the MOP for the PRE, as well as the first retroactive monitoring report for the ERPA and its annexes.

Through the grant financed activities, REDD+ and the ENCCRV gained attention from different decision-makers. In consequence, forests are now integrated into national regulations and policies for climate change mitigation and adaptation, such as the Framework Climate Change Law under discussion.

These outcomes will be sustained directly through national resources channeled through the new GBCC and DECCSA, and will be supported by trained personnel and detailed technical guidance produced for long-term implementation. Furthermore, the outcomes will be expanded through the support received from other organizations such as the GCF and United Nations REDD+ (UN-REDD) Programme (see Table 1 below). Moreover, the Country has committed to continued REDD+ efforts through its NDCs, and in the ECCLP and Framework Climate Change Law. Other supporting regulations under discussion that are strongly linked to REDD+ outcomes are the update to the Forestry Development and Native Forest Recovery Law, and the new Prevention and Control of Forest Fires Law. Lastly, a Post-COVID-19 Recovery Program for small and medium-scale forest owners that complements REDD+ efforts to support reforestation, restoration, and management activities within Chile's forests will be implemented under the ENCCRV.

#### Bank Performance:

##### Comment:

The overall Bank Performance is Satisfactory, based on quality at entry, Project supervision, and additional resource mobilization. Regular supervision missions were organized and documented (Aide-Memoires), however, these were held virtually for 2020 and

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2021 as per WB's guidelines for the COVID-19 pandemic. Non-Objections were provided to the client under reasonable timeframes, and regular reporting was done to the Bank and donors. The Bank team provided close support and detailed technical advice throughout the implementation of the grant financed activities, including accelerated revision of documents to support the Country in adhering to the compromised deadlines.

## Additional Assessment

### Development / strengthening of institutions:

#### Comment:

The capacity of key institutions involved in the implementation of the ENCCRV has been significantly improved through the Grant financed activities. The benefited and strengthened institutions include CONAF (at both national and regional levels), the Forestry Institute (INFOR), and support committees such as the CONAF Civil Society Council (COSOC), and the Intra-ministry Technical Committee on Climate Change from the Ministry of Agriculture (CTICC). These have now the capacities to continue implementing the ENCCRV and REDD+ activities even after the grant.

### Mobilization of other resources:

#### Comment:

The Country successfully leveraged grant financing to attract additional financing for the readiness and payments phases of the ENCCRV. For details, see Table 1 below.

**Table 1. Funding for the ENCCRV from international institutions since 2017**

Amount (US\$)	Source (institution)	Date committed (MM/YY)
\$4,000,000	UNREDD National Program	10/2017
\$5,000,000	FCPF Readiness Preparation Additional Grant	10/2017
\$63,000	GEF Global Environment Facility Umbrella UNCCD	10/2018
\$678,114	Swiss International Development Cooperation Agency	12/2018
\$26,000,000	FCPF Carbon Fund (ERPA)	12/2019
\$63,607,552	GCF Green Climate Fund-Results-Based Payment	12/2019
\$6,000,000	GEF-7 Global Environment Facility	To be confirmed

### Knowledge exchange:

#### Comment:

Knowledge exchange activities were limited due to the COVID-19 crisis. However, with support from the WB, Chile led the Forests panel at the 25<sup>th</sup> Conference of the Parties (CoP) of the United Nations Framework Convention on Climate Change (UNFCCC) in Madrid, 2019. In addition, the Country shared the documents produced with other countries and translated key documents into English to share with a wider audience, which are publicly available through the ENCCRV's webpage.

### Client's policy / program implementation:

#### Comment:

The ENCCRV is being implemented in all its stages (from preparation to payment phases) by CONAF, including support from other international organizations. Beyond the ENCCRV, the grant supported and encouraged the following policy/program improvements: (i) Inclusion of clear and ambitious forest targets in the updated Nationally Determined Contribution (NDC) of Chile published in 2020; (ii) Creation of new administrative instances within CONAF focused on forest and climate change management in charge of the ENCCRV implementation; (iii) integration of the forest carbon inventory into the INGEI in collaboration with the Ministry of Environment; and (iv) inclusion of the forest sector in the Framework Climate Change Law under discussion in the Congress, and the ECCLP, which is finalizing its consultation phase.

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### Efficiency:

#### Comment:

Outcomes planned at the onset have been largely achieved, in a timely manner, and the grant activities were implemented as planned; consequently, efficiency is rated satisfactory overall. However, efficiency performance was affected by the COVID-19 crisis and constant internal managerial changes within CONAF. This resulted in two extensions (12 and six months), which allowed for the activities to be completed.

### Replicability:

#### Comment:

Grant financed activities resulted in nationwide and cross-cutting tools, guidelines, and procedures that are already being implemented for REDD+ activities within the Country and will be used for future ERPA activities as well as any other ER payment agreements. Importantly, the Benefit Sharing Plan and the ESMF were produced for distributing all ER payments to be received by the Country.

### Main recommendations to stakeholders:

**For future projects, it is recommended to assign a dedicated Project Implementation Unit to ensure the timely and adequate implementation of activities.** This is important given that, during the last stage of implementation of the grant activities, the Project Implementation Unit was shared among different projects, constraining the pace, focus, and precision of technical activities, including safeguards, and fiduciary aspects.

**Inter-institutional coordination should be strengthened beyond the Ministry of Agriculture for the implementation of the ENCCRV and to secure its sustainability.** In this sense, it is highly recommended to invite the Ministry of Environment to participate in high-level decisions, especially considering it is the institution in charge of the INGEI, UNFCCC commitments, and Climate Change policies. Other institutions may also be relevant and could be included in an advisory or technical committee to further support REDD+ activities at a national scale to complement the expertise of the Ministry of Agriculture.

**Coordination with regional staff requires further support from the central offices, potentially including a centralized focal point for administrative matters (financial and procurement), and increased support for safeguards implementation.** This is especially relevant for providing constant support and surveillance from central safeguards staff through training and site visits.

**It is recommended to continue engaging with potential beneficiaries and stakeholders during the implementation of the ENCCRV.** This could be achieved through the implementation and strengthening of the Communications Strategy, promoting inclusion, participation, and sensitization of communities and farmers, and by offering instances for beneficiaries to be informed about opportunities and progress of the BSP. By doing this, beneficiaries could own and champion the implementation of REDD+ activities.

### Main recommendations to Bank Management:

The implementation of the result-based payment (ERPA) is a highly technical and sensitive process that requires additional time and funding dedicated to the Country, more efficient use of available resources, and strong support from the World Bank teams given the timeframes involved and the need for specialized skill sets.

## 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	1,131,841.14	610,516.30

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01/01/2019	06/30/2019	0.00	0.00	1,788,945.87	657,104.73
07/01/2019	12/31/2019	0.00	0.00	2,565,562.64	776,616.77
01/01/2020	06/30/2020	0.00	0.00	3,319,113.15	753,550.51
07/01/2020	12/31/2020	0.00	0.00	4,032,763.65	713,650.5
01/01/2021	06/30/2021	0.00	0.00	4,565,214.26	532,450.61
07/01/2021	12/31/2021	0.00	0.00	4,799,912.97	234,698.71

## PROCUREMENT PLAN

None

## PROCUREMENT ACTUAL

None