

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

Report to Donor

Ref. TFOA2303 Reporting Period: 06/29/2016 to 12/31/2020  
Printed On: 09/30/2021 Report Type: Completion Report  
Status: Final

Assignment: TFOA2303 (P123702)

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: 00000277499 - Diji Chandrasekharan Behr

Approving Manager: 00000253690 - Valerie Hickey

Summary Information	
TF Status	LCLS
Recipient Country	Costa Rica
Executed By	Recipient
Managing Unit	9272 - SLCEN
Grant Start Date / End Date	06/29/2016 to 12/31/2020
Original Grant Amount	5,580,000.00
Grant Amount	5,193,976.31
Outstanding Commitments	0.00
Cumulative Disbursements	5,193,976.31 as of 07/12/2021 (closure of Grant account)
Disbursed 09/01/2016 to 07/12/2021	5,193,976.31
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 Development Objective (DO) of this Additional Funding Grant was to assist the Recipient in carrying out its Readiness preparation activities.

#### Overall progress from 06/29/2016 to 12/31/2020 with regard to Achieving Grant Objectives:

Overall progress towards achieving the DO has been satisfactory. The Grant, implemented by the National Forestry Financing Fund (FONAFIFO), under the Ministry of Environment and Energy (MINAE) of Costa Rica, financed activities that supported all major aspects of Reduced Emissions from Deforestation and Forest Degradation (REDD)+ Readiness, including development of the REDD+ Strategy, development of safeguard instruments, forest reference emission levels (FREL), and national forest monitoring systems, and, consequently, preparing the country for the Results-Based Payments phase of REDD+ under the National REDD+ Strategy.

#### Overall progress from 06/29/2016 to 12/31/2020 with regard to Implementation of Grant Financed Activities:

Implementation of the activities carried out under the Additional Funding Grant by its Closing Date (December 31, 2020) was Satisfactory, despite initial start-up delays and implementation challenges due to the COVID-19 pandemic. Out of the US\$5.8 million approved for the Grant in 2016, US\$5.2 million (or 93%) was disbursed by the financial closure of the Grant account.

Activities under the Grant supported the finalization of the National REDD+ Strategy for its implementation phase (document published), consolidation of National REDD+ management arrangements, finalization of safeguards instruments and consultations with Indigenous Peoples (IPs) (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 advanced draft of the Benefit Sharing Plan (BSP), and improvement of the National Forest Monitoring System and methodologies. The Environmental Assessment (EA) Category was B, and the environmental and social performance was satisfactory throughout implementation.

Key completed activities included: (a) finalization of the supporting documents and inputs to the Emission Reductions Payment Agreement (ERPAs) Tranches A and B (associated with Costa Rica's Emission Reductions Program (ER Program) (P160368)), including data for reducing the uncertainty of greenhouse gas (GHG) Emission Reductions volume estimations; (b) capacity building for Emission Reductions (ERs) Title transfer; (c) expansion of the potential to generate ERs through suggested Policies, Actions and Measures (PAMs) in the REDD+ Strategy; (d) field work in communities to promote Contracts for Emission Reductions from Forests (CERFs); (e) signing of some additional Payment for Environmental Services (PES) contracts; (f) capacity building and specific training for key stakeholders, including IPs; (g) stakeholder consultations (primarily with IPs) on the safeguards instruments and on advanced draft BSP; and, (h) completion of the safeguards instruments, including Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF), Indigenous Peoples Planning Framework (IPPF), Feedback, Grievance and Redress Mechanism (FGRM) and Process Framework (PF).

A few activities could not be completed due to the physical distancing required as a result of the COVID-19 pandemic. These included: (i) final consultations with IPs on the final draft of the BSP (condition of effectiveness for the ER Program); (ii) further expansion of the potential to generate ERs through suggested PAMs in the REDD+ Strategy; (iii) additional field work to promote CERFs with communities; and (iv) signing of more PES contracts. By the closure of the Grant account on July 12, 2021, US\$386,024 (equivalent to 7%) of the proceeds was not utilized and was returned.

### Grant follow-up and structure

#### Description and context of Grant:

Costa Rica was one of the first countries that joined the FCPF Readiness Fund in 2008. Readiness Preparation support was provided for US\$9.2 million for a 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. The Readiness preparation activities were mostly completed by September 2015 (under TF012692). The additional funding (under TF0A2303) was received to complete by

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December 2020, key and essential activities that were pending completion to deliver the Readiness Preparation.

In parallel to the implementation of the Readiness Preparation activities, 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) in September 2012. After addressing the key issues raised by the Carbon Fund Participants (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 in September 2013 for an amount up to US\$60 million. Preparation activities for an ER Program were initiated and Costa Rica's Emission Reductions Program Document (ERPD) was presented and approved in June 2016, conditional to the inclusion of forest degradation in the carbon accounting of the ER Program. A revised ERPD was included in the Carbon Fund Portfolio in January 2018.

The grant managed to achieve its objectives, with the key result being the presentation and endorsement of the country Readiness Package at the 20th meeting of the FCPF Participants Committee in November 2015, receiving a very positive evaluation by the donors and paving the way for the ER Program.

The results of the participatory self-assessment process carried out as part of the Readiness 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 the Additional Funding. This Funding reinforced ongoing processes initiated under the previous grant, contributing to the consolidation of the National REDD+ Readiness process beyond the Readiness Preparation Package presentation. It also ensured a solid foundation for the implementation of the National REDD+ Strategy and a follow-up operation through the ERPAs.

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

Follow-up is carried out through Bank supervision of the ERPAs signed in December 2020. (P160368 -TF0B3326 (Tranche A) and TF0B3325 (Tranche B))

In parallel, Costa Rica received an additional (Bank-executed) US\$173,300 grant (TF0B2929) to support activities of the country's Measurement, Reporting and Verification (MRV) system that will complement the implementation of the ERPAs.

### End Date of Last Site Visit:

The last virtual mission was carried out from December 8 to 11, 2020. No physical missions were conducted during the last year of implementation of the Grant due to the COVID-19 pandemic. In the absence of site visits, the Bank conducted supervision through regular check-ins and web-based meetings.

### Restructuring of Grant:

The original Closing Date of the Additional Funding Grant of March 29, 2019 was extended twice for a 21-month cumulative period to June 30, 2020 and to December 31, 2020. The restructurings enabled the implementation of pending activities, the maximization of the disbursement rate and the achievement of the DO and associated results. They also helped ensure sustainability of the capacity building to manage and upgrade data and associated information systems in the medium and long term.

## OUTCOME

### Comments on outcome achieved from 06/29/2016 to 12/31/2020

The Project supported the implementation of REDD+ Readiness activities as per the Readiness Preparation Plan submitted to and approved by the FCPF. The key results achieved included:

- i. **Consolidation of the National REDD+ Readiness phase (Mostly achieved).** Four pillars of REDD+ were completed: REDD+ Strategy, Forest Reference Level, National Forest Monitoring System, and Safeguards (including completion of safeguards instruments). The REDD+ Registry is expected to be completed in 2022 and it depends on the construction of the country's registry under the responsibility of the MINAE's Directorate of Climate Change (DCC).
- ii. **Strengthening management arrangements for transitioning from Readiness to Implementation of the National REDD+ Strategy (Achieved).** Arrangements for REDD+ Readiness were put in place, including: the REDD+ Decree was issued, the National REDD+ Secretariat became fully operational and FONAFIFO's field offices were strengthened.

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- iii. **Consolidation of the consultation and capacity building process with key stakeholder groups (Mostly achieved).** A permanent stakeholder platform was put in place and most of the consultations were finalized. Consultations were held with the leaders of 21 indigenous territories, who approved the REDD+ Strategy and the advanced draft of the BSP. The REDD+ Secretariat carried out 15 workshops with 80 municipalities, MINAE and other key actors. The use and implementation of the General Consultation Mechanism for Indigenous Peoples for the final draft of the BSP is planned to be completed by October 2021. The communication strategy is in place and there have been dialogues with stakeholder platforms, including the REDD+ Strategy Monitoring Committee.
- iv. **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 (PES) program (Mostly achieved).** The National REDD+ Strategy was finalized, and the implementation framework was mostly strengthened. There is public and private sector involvement in the REDD+ Strategy. There have also been targeted adjustments to the PES program (e.g. the feasibility of the Indigenous Peoples accessing PES). There has been continuous promotion of the opportunities for the signing of the contracts for PES and for the Contracts for Emission Reductions from Forests (CERFs) issued by the REDD+ Secretariat. The REDD+ registry is pending and will be developed in 2022.
- v. **Developing a Reference Level for the inclusion of Sustainable Forest Management and Forest Degradation in the National REDD+ Strategy (Partially achieved).** Forest Reference Level for all five REDD+ activities were partially established. The reference level for the FCPF already includes degradation forest. Although the reference level for Sustainable Forest Management (SFM) was prepared, its inclusion is being analyzed in accordance with the strategy for the country. The Forest Management Reference Level was prepared. The Conservation Reference Level was not prepared at the time of the Grant implementation, because it is an activity that is not yet recognized neither by the emission reduction markets nor by the multilateral mechanisms.
- vi. **Consolidation of the National Forest Monitoring System, including through strengthening the forest information systems of FONAFIFO, National System of Conservation Areas (SINAC), and Association of Agronomists and Foresters (CIAgro). (Achieved).** The National Forest Monitoring System was established and is operational. The first monitoring report 2016-2017 was issued and the 2018-2019 report was finalized and is in the third-party verification stage. Systems on improvement of forest plantations, forest fires, and timber traceability information systems - SIREFOR and CIAgro were designed and began implementation in 2020 by SINAC.

## Grant Outcome Indicators

### Consolidation of the National REDD+ Readiness phase

**Baseline Value:** REDD+ Readiness advanced

**Date:** 06/29/2016

**Progress to Date:** REDD+ Readiness mostly completed. [The four pillars of REDD+ were completed REDD+ Strategy, Forest Reference Level, National Forest Monitoring System, and Safeguards (with the REDD+ registry not completed during the implementation period but expected to be done in 2022)]

**Date:** 12/31/2020

**Target Value:** REDD+ Readiness completed

**Date:** 12/31/2020

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

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

**Date:** 06/29/2016

**Progress to Date:** Arrangements for REDD+ Readiness in place. [Assessed based on REDD+ Decree; REDD+ Secretariat fully operational; FONAFIFO's field offices strengthened.]

**Date:** 12/31/2020

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

**Date:** 12/31/2020

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

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

**Date:** 06/29/2016

**Progress to Date:** Stakeholder platform in place and most of the consultation were completed. [Consultations were held with the leaders of 21 indigenous territories, who approved the REDD+ Strategy and the advanced draft of the BSP. Pending is the use and implementation of the General Consultation Mechanism for Indigenous Peoples of the final draft of the BSP, planned to for the

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second semester of 2021 (outside of the Grant implementation period). The communication strategy is in place and there have been dialogues with stakeholder platforms - including the REDD+ Strategy Monitoring Committee.]

**Date:** 12/31/2020

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

**Date:** 12/31/2020

### **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 Value:** Draft National REDD+ Strategy available

**Date:** 06/29/2016

**Progress to Date:** National REDD+ Strategy finalized, and the implementation framework has been mostly strengthened. [There is public and private sector involvement in the REDD+ Strategy. There have also been targeted adjustments to the PES program - for example the feasibility of the Indigenous Peoples accessing PES. The REDD+ registry is still pending and will be developed in 2022, outside of the Grant implementation period. The REDD+ registry depends on the construction of the country registry under the responsibility of the MINAE's Directorate of Climate Change (DCC)]

**Date:** 12/31/2020

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

**Date:** 12/31/2020

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

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

**Date:** 06/29/2016

**Progress to Date:** Forest Reference Level for all five REDD+ activities were partially finalized. [The reference level for the FCPF already includes degradation forest. Although the reference level for Sustainable Forest Management (SFM) has already been prepared, its inclusion is being analyzed in accordance with the strategy for the country. The Forest Management Reference Level has been prepared. The Conservation Reference Level was not prepared at the time of the Grant implementation, because it is an activity that is not yet recognized neither by the emission reduction markets nor by the multilateral mechanisms.]

**Date:** 12/31/2020

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

**Date:** 12/31/2020

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

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

**Date:** 06/29/2016

**Progress to Date:** National Forest Monitoring System is in place. [The first monitoring report 2016-2017 has already been made and 2018-2019 was finalized and is in the third-party verification stage. Systems on improvement of forest plantations, forest fires, and timber traceability information systems - SIREFOR and CIAgro - have been designed and began implementation in 2020 by SINAC].

**Date:** 12/31/2020

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

**Date:** 12/31/2020

## COMPONENTS

### Output and Implementation by Component (as of 12/31/2020)

#### **Component 1: Readiness Organization and Consultation for REDD+**

**Status:** Mostly completed

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

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**Actual Output:** (i) REDD+ Secretariat staffed; (ii) REDD+ Decree published; (iii) consultations with IPs on the final draft of the BSP is well advanced (to be completed in the second semester of 2021); (iv) meetings with stakeholder platforms carried out.

### Component 2: REDD+ Strategy Preparation

**Status:** Mostly completed

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

**Actual Output:** (i) National REDD+ Strategy finalized; (ii) Implementation Plan finalized; (iii) ESMF (including IPPF and RPF) prepared; (iv) advanced draft BSP developed; (v) Discussion initiated on the development of REDD+ Registry (for 2022).

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

**Status:** Completed

**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.

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

**Status:** Completed

**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 were completed.

## Comment on planned and actual Output

Activities were completed with satisfactory overall progress.

## Comment on component implementation progress

Under **Component 1**, (i) FONAFIFO maintained the REDD+ Secretariat fully staffed and integrated within the institution; (ii) REDD+ Decree establishing the governance for the implementation of the strategy was published; (iii) the consultation process in Indigenous Territories on the ER Program and the final draft of the BSP was initiated during the Grant implementation period and will be completed, with other financial resources, outside of this period in the second semester of 2021; (iv) stakeholder dialogue was carried out and documents such as the ESMF and the FGRM have undergone consultations.

Under **Component 2**, (i) The National REDD+ Strategy was finalized and published, after a comprehensive consultation process; (ii) assessments on land use, land use change, forest law, policy and governance were carried out; (iii) REDD+ Strategic Options were advanced; (iv) an Implementation Framework was finalized; (v) social and environmental impacts were examined, along with the preparation of the RPF, IPPF and ESMF; (vi) 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, with technical improvements ongoing. The updated and adjusted Reference Level was presented in the Costa Rica's ERPD for the proposed ER Program.

Under **Component 4**, Costa Rica continued to make improvements to its forest monitoring methodologies and finalized the design of a National Forest Monitoring System, which was consulted with relevant institutions. The National Center for Geo-environmental Information (CENIGA), as the official national entity that will house the National System for Monitoring Land Use and Coverage and Ecosystems (SIMOCUTE), and the National Environmental Information System (SINIA), which will house the Safeguards Information System (SIS), were strengthened.

Implementation progress also included: (i) development of the methodology and protocols for the multi-temporal visual assessment for determining forest degradation and determining baseline data; (ii) classification system for land use, coverage and ecosystems

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for Costa Rica in SIMOCUTE has been standardized; (iii) the Costa Rican Forest Resources Information System (SIREFOR), which is the official platform for the forestry sector and seeks to improve forest product management, quality and legality verification, has been strengthened; (iv) institutional agreements for the generation and delivery of information on the implementation of the REDD+ Strategy were put in place; (v) the platform where the SIS will operate and a series of possible indicators to consider were defined; and (vi) proposal for multiple benefits that can be monitored in the Strategy, was prepared.

## 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:** RE - Recipient Executed (previously 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 others.

FONAFIFO actively coordinated activities with other donors providing support to the REDD+ Readiness process such as UNREDD, GIZ, USFS, and NORAD, among others. UNREDD 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 phased out. In addition, the REDD+ readiness phase activities were used by FONAFIFO to prepare a submission to the Green Climate Fund for Emission Reduction Payments for emissions predating 2018 (with UNDP as the partner agency). The GCF financing was approved at the end of 2020.

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

No significant changes in the technical design were made.

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

The Bank provided continued guidance to improve financial management and procurement aspects and ensured a due closure of the Grant. The REDD+ Secretariat is currently fully operational and staffed with personnel from key national institutions (FONAFIFO and SINAC).

#### 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 were addressed through a Strategic Environmental and Social Assessment (SESA) following FCPF guidelines, including the FCPF Common Approach. The final SESA report was approved by the Bank as part of the Readiness 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 ESMF was generated following Bank procedures and the FCPF Common

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Approach and was disclosed prior to the ERPA negotiations on July 9, 2020. In addition to the ESMF, other Safeguards instruments were prepared and disclosed<sup>1</sup> for the proposed Emission Reductions (ER) Program to respond to the triggered Safeguard Policies. These are: RPF, IPPF, PF and FGRM. These efforts were led by the technical team of the REDD+ Secretariat and contributed to the strengthening of the institutional capacity on environmental and social safeguards of several entities that are part of the REDD+ Secretariat and are responsible to supervise the environmental and social management of the ER Program.

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

Significant progress was made with regards to stakeholder and IPs participation and consultations and the development of the FGRM, including: (1) numerous consultation workshops and participatory activities with all stakeholder groups identified during the SESA process; (2) analytical studies on: (a) a proposed design and implementation of a feedback and grievance redress mechanism for Indigenous Peoples and other local communities,<sup>2</sup> and (b) the harmonization of the National Forestry Development Plan to include, through a consultation process, a chapter on Indigenous Peoples<sup>3</sup>; (3) a specific consultation plan for IPs; (4) communication strategy; and (5) FGRM. The National REDD+ Strategy was fully consulted with all stakeholders, including with IPs and was disclosed at FONAFIFO website<sup>4</sup>.

Furthermore, as part of the implementation of the consultation plan for REDD+, 150 cultural mediators were trained. This capacity building was needed to facilitate the consultation process with IPs. The consultation with IPs was based on five special themes: (1) Recovery of lands; (2) PES for indigenous territories; (3) Protected Areas and indigenous territories; (4) Conceptualization of forests from the indigenous cosmovision perspective; (5) Monitoring and Evaluation Mechanism with a participatory approach and indigenous leadership. FONAFIFO, with its own resources and strengthened capacity, will complete in the second semester of 2021 the consultation process for the final draft of the BSP and the execution of institutional agreements and mechanisms required for the implementation of the environmental and social safeguards of the ER Program.

## COMPLETION

### Overall Assessments and Lessons Learned

#### Main lessons learned:

- REDD+ is a complex process that requires close inter-institutional coordination and engagement of multiple stakeholders, including indigenous peoples and local communities. Having a dedicated focal entity for REDD+ with clear mandates, streamlined the REDD+ process and enabled activities to move forward relatively efficiently and achieve the expected objectives. The comprehensive consultations process, the diligent management of expectations, the timely disclosure of information, the comprehensive taking on board of comments from stakeholders, created a sense of collective ownership of the REDD+ activities.
- Capacity building of stakeholders (e.g. cultural mediators in the indigenous territories) served as a fundamental basis for the pre-consultation REDD+ process to introduce the understanding of climate change and REDD+ related topics. Strengthening of the dialogue and negotiation platforms among leaders of Indigenous Territories and Government officials was key.
- Carrying out technical roundtables with the different public institutions, allowed the actors that were linked to the national monitoring of forest cover and other land uses, to create and officialize a national system for monitoring land cover, land use and ecosystems.
- Holding consultations focused on promoting the participation of women in the formulation of the REDD+ Strategy, paved the road for the development of a concrete and practical Gender Action Plan.
- While the COVID-19 Pandemic created obstacles to implementation, new flexible, remote working practices and arrangements, using existing web-based communication platforms helped addressing them.
- Building on existing and fully operational systems ensures consistency and country-driven processes. The well-established PES system paved the road for the implementation of the REDD+ phases.

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

##### Comment:

The grant outcomes were largely achieved. The REDD+ dialogue augmented attention on the drivers of deforestation and forest degradation and increased cooperation among key stakeholders in the forest sector. The support for REDD+ Readiness allowed for

<sup>1</sup> National REDD+ Secretariat (2020). Safeguards instruments disclosed. <http://reddcr.go.cr/es/centro-de-documentacion/paquete-de-preparacion-para-el-erpa>

<sup>2</sup> National REDD+ Secretariat (2014). "Borrador de propuesta para la Implementación del mecanismo de información y resolución de quejas para los sectores indígenas y campesinos en el marco de la elaboración de la Estrategia REDD+ Costa Rica" [http://reddcr.go.cr/sites/default/files/centro-de-documentacion/anexo10\\_mecqueja.pdf](http://reddcr.go.cr/sites/default/files/centro-de-documentacion/anexo10_mecqueja.pdf)

<sup>3</sup> National REDD+ Secretariat (2019). "Armonización del Plan Nacional de Desarrollo Forestal Y REDD+ (Incluyendo Evaluación de Desempeño, Inclusión De Capítulo Indígena Y Capítulo ASP)" [http://reddcr.go.cr/sites/default/files/centro-de-documentacion/informe\\_final\\_armonizacion\\_elena\\_florian.pdf](http://reddcr.go.cr/sites/default/files/centro-de-documentacion/informe_final_armonizacion_elena_florian.pdf)

<sup>4</sup> Costa Rica National REDD+ Strategy 2015-2018. [https://redd.unfccc.int/uploads/4863\\_1\\_fon\\_estrategia\\_red\\_cr\\_lr.pdf](https://redd.unfccc.int/uploads/4863_1_fon_estrategia_red_cr_lr.pdf)



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the establishment of the main REDD+ institutions and tools needed to move to the results-based payments phase; these tools included: safeguard instruments, FGRM, MRV System, the FREL and the BSP of the ER Program.

The emission purchase agreements with the FCPF Carbon Fund and the GCF ER Programs will contribute to the implementation of the National REDD+ Strategy. With the purpose of providing continuity to climate finance for forests, FONAFIFO developed a medium-term financing strategy by identifying different market initiatives. The financing strategy links different initiatives (e.g., CORSIA) with potential volume of ERs and financing. FONAFIFO also prepared a medium-term Strategic Plan that identifies other potential revenues under the PES program and other environmental services.

## Bank Performance:

### Comment:

The overall Bank Performance was Satisfactory, based on quality at entry, project supervision and resource mobilization. Implementation-support missions were carried out and documented (in Aide-Memoires). Non-Objections for procurement processes were issued under a reasonable timeframe, and regular reporting to the Bank and donors was done. The Bank team provided close support and technical advice to FONAFIFO and MINAE throughout the implementation of the Grant-financed activities. In the last year of implementation, the Bank and the FCPF team provided technical guidance to the client regarding the finalization of the safeguards instruments and compliance with the requirement for the ERPAs.

## Additional Assessment

### Development / strengthening of institutions:

The capacity of FONAFIFO and the REDD+ platform related institutions, including at local level, was significantly strengthened on all related aspects (management of REDD+ processes, strategic analysis and understanding of issues and solutions, safeguards, legal framework, institutional mechanisms, and monitoring tools).

### Mobilization of other resources:

FCPF Carbon Fund resources for an ER Program as well as GCF funding for an emission reductions program were mobilized.

### Knowledge exchange:

The team of the Secretariat REDD+ participated in learning events on REDD+ supported by the FCPF and other sources.

### Client's policy / program implementation:

The results achieved are closely aligned to Costa Rica's policies and, in that context, have directly contributed to develop and implement the National REDD+ Strategy and the ER Program.

### Efficiency:

Most of the planned outcomes were achieved within the four-year implementation period (including a 21-month cumulative extension); thus, efficiency is rated moderately satisfactory.

### Replicability:

During REDD+ preparation, Costa Rica developed processes for engagement and coordination among local communities, national and regional authorities, as well as the civil society. The participatory process and the interinstitutional initiatives implemented in Costa Rica can be replicated in other countries and contexts. The National REDD+ Strategy, the safeguards instruments, the MRV systems, as well as related national arrangements can be used as reference for other countries.

### Main recommendations to stakeholders:

Awareness and sensitization for communities and policy makers is essential to consolidate gains on implementation of REDD+ processes. Building on existing systems (e.g. the fund transfer mechanism that existed for PES) and capacities developed during REDD+ preparation is key for the implementation of REDD+.

### Main recommendations to Bank Management:

The public transfers for PES are expected to decrease as Costa Rica implements its decarbonization agenda. Accordingly, the client will need support to identify alternative financing opportunities in carbon markets (including domestic markets), and to explore alternative sources of income for the households dependent on PES.

## DISBURSEMENTS

### Disbursements Summary in USD

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

Report to Donor

Ref. TFOA2303  
Printed On: 09/30/2021

Reporting Period: 06/29/2016 to 12/31/2020  
Report Type: Completion Report  
Status: Final

Date From	Date To	Planned Cumulative	Planned Period	Actual Cumulative	Actual Period
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	3,711,308.85	1,075,609.49
01/01/2020	06/30/2020	0.00	0.00	4,029,068.47	317,759.62
07/01/2020	12/31/2020	0.00	0.00	5,473,881.04	1,444,812.57
01/01/2021	06/30/2021	0.00	0.00	5,193,976.31	(279,904.73)

## PROCUREMENT PLAN

n.a.

## PROCUREMENT ACTUAL

n.a.