2024

Project Implementation Report (PIR)

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Economic Instruments for Conservation

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A. Basic Data

Project Information	
UNDP PIMS ID	5794
GEF ID	10213
Title	Economic Instruments and Tools to Support the Conservation of Biodiversity, the Payment of Ecosystem Services and Sustainable Development
Country(ies)	Chile, Chile
UNDP Technical Team	Ecosystems and Biodiversity
Management Arrangements	CO Support to NIM
Project Implementing Partner	Environment Ministry
Joint Agencies	*(not set or not applicable)*
Project Type	Full Size
Implementation Status	2nd PIR
GEF Fiscal Year	FY24
Trust Fund	GEF Trust Fund

Project Description
Improve national financing of biodiversity through the design, implementation and optimization of market-based economic instruments that strengthen public finances and facilitate the economic contribution of the private sector to the maintenance of the country's natural capital

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Other Partners	*(not set or not applicable)*

B. Overall ratings

Overall DO Rating	Moderately Satisfactory
Overall IP Rating	Moderately Unsatisfactory
Overall Risk Rating	low

C. Development Objective Progress

It is mandatory for all reported progress to be substantiated by evidence. Please upload evidence files for each objective/outcome via the DO PROGRESS section in the online PIR platform. If there is no evidence to upload, the Project Manager is required to provide an explanation.

Description					
Objective **Project Objective: Improve national financing of biodiversity through the design, implementation and optimization of market-based economic instruments, that reinforce public financing and facilitate the economic contribution of the private sector to maintaining Chile's natural capital.**					
Description of Indicator	**Baseline Level**	**Midterm target level**	**End of project target level**	**Level at Jun 30, 2023**	**Cumulative progress since project start as of Jun 30, 2024**
Mandatory Indicator 1: # direct project beneficiaries disaggregated by gender (individual people)	279, including: 72 women 207 men	534 direct beneficiaries, including: 161 women 373 men	1,334 direct beneficiaries, including: 401 women 933 men	*(not set or not applicable)*	247 people, including: 109 (44,1%) women 138 (55,9%) men Of the 247 direct project beneficiaries, 38 people identify themselves as belonging to the Mapuche people, one of the indigenous groups of people existing in Chile. During the reporting period, the direct beneficiaries of the IECB project have held planning meetings related to the implementation of the Demonstration Experiences (DE) in the Los Ríos Region, specifically in the communities of Mashue and Liquiñe. These meetings constitute instances of dialogue with the community around their interests and needs and have allowed for the fostering of trust towards the construction and strengthening of relations with the Conservation Guarantors, Rural Potable Water Committees (CAPR which stands for its initials in Spanish) of Mashue and Liquiñe, and the process of collaborative development of the Low

					Value Grants. The first IECB project presentation meeting in the community of Mashue was held on August 9th, 2023, at the headquarters Potable Water Committee (CAPR) of Mashue, with the participation of 19 people, 11 women and 8 men, 1 person identified as Mapuche (Annex 1: Minutes of the IECB project presentation meeting in Mashue including attendance list and topics discussed). On the other hand, the first IECB project presentation meeting in the community of Liquiñe was held on August 10th, 2023 at the headquarters of the Potable Water Committee (CAPR) of Liquiñe, with the participation of 15 people, 7 women and 8 men, 5 of whom identify themselves as Mapuche (Annex 2: Minutes of the IECB project presentation meeting in Liquiñe including attendance list and topics discussed). Additionally, and as part of the establishment of partnerships to implement the project, on August 11, 2023, in the city of Valdivia, the project was presented to the Regional Government (GORE which stands for its initials in Spanish) of Los Ríos. The Project Management Unit (PMU) and professionals from the Information and Environmental Economics Division of the Environment Ministry of Chile participated in this instance, with the participation of 8 professionals, 4 women and 4 men and a professional who identifies as Mapuche. (Annex 3: Minutes of the IECB project presentation to the GORE Los Ríos including attendance list and topics discussed). In order to advance negotiations towards the implementation of the Demonstration Experiences in the Los Ríos Region, a workshop was held on October 3rd, 2023, at the headquarters of the Mashue Potable Water Committee in which 13 people participated, 4 women

					and 9 men, none of whom identified themselves as belonging to an indigenous group. The meeting included professionals from the PMU of the IECB Project and the Information and Environmental Economic Division of the Environment Ministry, the leaders of the CAPR of Mashue, members of the community of Mashue and leaders of the CAPR of Liquiñe. (Annex 4: Minutes of the Mashue and Liquiñe Demonstration Experience negotiation workshop including attendance list and topics discussed). In order to develop a methodology to facilitate the implementation of the Free, Prior and Informed Consent (FPIC) process, linked to the implementation of the Demonstration Experiences, the first briefing meeting with the Mashue Potable Water Committee (CAPR) was held on October 24th, 2023, in La Unión township, Los Ríos Region, with the participation of 4 people, 1 woman and 3 men, 3 people who identify themselves as Mapuche. The meeting facilitator was the Macroregional Coordinator of the IECB Project (Annex 5: Minutes of the FPIC briefing meeting in Mashue including attendance list and topic discussed). Also, a briefing meeting was held on October 25th, 2023, in the community of Liquiñe, Los Ríos Region, with the Liquiñe Potable Water Committee (CAPR Liquiñe) (Annex 6: Minutes of the FPIC briefing meeting in Liquiñe including attendance list and topic discussed), with the participation of the PMU of the IECB project, leaders of CAPR Liquiñe and people from the community. A total of 11 people participated, 4 women and 7 men, 4 men identify themselves as Mapuche. The meeting facilitator was the Macroregional Coordinator of the IECB Project.
Core indicator 4: Area of landscapes under improved practices (hectares;	0 ha of landscapes under improved management to	12,228 ha of landscapes under improved	100,000 ha of landscapes under improved	*(not set or not applicable)*	During the reporting period, work is being carried out on the management of 5,634 hectares of landscapes under improved management to benefit biodiversity and drinking water provision

excluding protected areas)	benefit biodiversity and drinking water provision in Los Ríos Region	management to benefit biodiversity and drinking water provision in Los Ríos Region	management to benefit biodiversity and drinking water provision in Los Ríos Region.		between the two DE in the Los Ríos region (Liquiñe microwatershed: 1,780 hectares and Mashue microwatershed: 3,854 hectares). 2 drafts of Low Value Grants (LVG) to implement the DE through the Conservation Guarantors, Mashue Drinking Water Committee (Annex 7.1: LVG Mashue proposal) and Liquiñe Drinking Water Committee (Annex 7.2: LVG Liquiñe proposal), have been prepared in agreement with the conservation guarantors, these will be signed shortly and will start to be implemented from August 2024. The project includes 6 Demonstration Experiences: Mashue and Liquiñe in the Los Ríos region. These two Demonstrative Experiences (DE) correspond to the application of different economic instruments in watersheds that supply drinking water (terrestrial ecosystems). The experiences in marine-coastal ecosystems are being carried out in: Maitencillo and Ventanas in the Valparaíso region, and Chepu and Caulin in the Los Lagos region. All these DE seek to apply aspects of biodiversity conservation and sustainable use of water through the application of different economic instruments such as: private contracts for Ecosystem Services Retribution (ESR), Biodiversity Offsets, Derecho Real de Conservación (a Chilean mechanism similar to internationally used Conservation Easements) and Certification Systems for Biodiversity and Ecosystem Services (which will certify sites, activities or practices). In this context, the first documents of the Low Value Grant proposals were prepared with the implementing partners, the Conservation Guarantors of Mashue and Liquiñe, which correspond to the Rural Drinking Water Committees (CAPR) of Mashue (Annex 7.1: LVG Mashue Proposal) and Liquiñe (Annex 7.2: LVG Liquiñe Proposal). The PMU prepared a roadmap to plan work to advance the implementation of DE in each intervention region. (Annex 8: Work plan for Demonstrative Experiences).

					In the PIR measurement period, and within the framework of the technical consultancies, in November 2023 the consultancy "Biometric collection information study" was carried out in Mashue and Liquiñe. In this study, the main land uses of the watersheds that provide drinking water to these two localities were determined, their current state was assessed, and reference ecosystems were defined to promote ecological restoration in the area of influence. Due to the consultancy, 3 reports were delivered by a specialist. The reports constitute inputs to advance in landscapes under management to improve the provision of ecosystem services (Annex 9.1: ToR Expert consultancy to elaborate and propose schemes and designs related to instruments for biodiversity conservation and ecosystem services) (Annex 9.2: First report: Biometric collection information study) (Annex 9.3: Second Report: Biometric collection information study) (Annex 9.4: Third Report: Biometric collection information study)
Indicator 6.1. Carbon sequestered or emissions avoided in sector of Agriculture, Forestry and Other Land Use	0 metric tons of CO2e	0	89,890 metric tons of CO2e in Los Ríos Region	*(not set or not applicable)*	During the reporting period 0 metric tons of CO2e in Los Ríos Region have been sequestered or avoided in sector of Agriculture, Forestry and other land use. Although it is expected to reach this indicator at the end of the project, some key activities for its implementation have been planned for the second half of 2024, (Annex 10.1: Calculation methodology)which include an update of the calculation methodology for estimating the mitigation of greenhouse gas emissions (avoided emissions) from the different sectors involved in the IECB Project, i.e. agriculture, forestry, other land uses. To ensure a more efficient avoided emissions estimation, synergies with other ongoing public and private initiatives are in progress (Annex 10.2: Roadmap Plan to update the calculation method for areas under management and emissions).
The progress of the objective/outcome can be	**On track**				

described as:	
Evidence uploaded:	YES

Outcome 1

Project Outcome 1: Institutional and governance system and technical capability established / strengthened for IECB development, application, monitoring and evaluation.

Description of Indicator	Baseline Level	Midterm target level	End of project target level	Level at Jun 30, 2023	Cumulative progress since project start as of Jun 30, 2024
Indicator 5: Number of inter-sectorial biodiversity work committees institutionalized and functioning in IECB development, application, monitoring and evaluation at the national and regional levels.	0	One (1) Project National Technical Committee (NTC) (1) and (3) three Project Regional Technical Committees (RTC), with broad instances, multi-sectorial, established and working to support IECB design, development, application and optimization, monitoring and evaluation.	One (1) Governance model for IECB development, application, monitoring and evaluation through (1) one inter-sectorial National Biodiversity Committee and (3) three Regional Committees strengthened, and institutionalized through administrative act.	*(not set or not applicable)*	During the reporting period, 0 inter-sectorial biodiversity work committees have been institutionalized and are functioning in IECB Project development, application, monitoring and evaluation at the national and regional levels. The national governance context regarding biodiversity conservation in Chile has deeply changed since the date of the project approval. In general terms, these changes are highly positive for the implementation of the project but require a review and re-design of the initial governance model of the project. On august 21st, 2023 the Law 21.6000 that creates the Biodiversity and Protected Areas Service (SBAP) and the National System of Protected Areas was approved (Annex 11: Publication of the SBAP Law in the Official Gazette). In regard to the economical instruments, this law considers: an Ecosystem Services Retribution System (ESR), Biodiversity Offsets and an Ecosystem Service Certification System. Due to the creation of a new framework for Chile's biodiversity institutions, there has been a change of responsibilities, instruments and tools that are different from the existing ones during the design phase of the IECB project. Therefore, the project has encountered an important main challenge in establishing a new and

					effective/efficient governance model for its implementation. In this context and considering that has been a recent progress in the organization of the new state service, the conformation of the National Technical Committee and the Regional Technical Committees have been both reevaluated in order to have governance bodies that are more specialized in the areas and disciplines addressed by the IEBC Project and the new biodiversity legal framework. Nevertheless, these two types of committees will be constituted in September 2024, comprising state agencies with competencies in conservation and the sustainable use of biodiversity, according to the new national institutional framework. These institutional changes have led to some delays in the in the project governance implementation timeline; however, they will not entail any modifications to the project's results framework. In order to move forward with the establishment of Regional Technical Committees, the IECB Project held two meetings on August 11th, 2023, in Valdivia, Los Rios Region, (Annex 12: Minutes of the IECB Project presentation to WWF including attendance list and topic discussed) to present the project. The first one with the World Wildlife Fund (WWF) which was attended by 6 professionals from the PMU, the Environment Ministry and the WWF representatives, 3 women and 3 men, none of whom identify as Mapuche. The second one was with the team of the Planning and Regional Development Division of the Regional Government of Los Ríos, with the participation of 4 women and 4 men, one of whom identifies himself as Mapuche. In order to establish regional governance for the IECB project in the Los Ríos region, a subcommittee will be created within the “Regional water roundtable” to support the implementation of demonstration experiences in this region. This subcommittee will function as the Regional Technical Committee (RTC) for the project, as it is composed of sectoral agencies with expertise in economic

					instruments for biodiversity conservation at the regional level. This approach will prevent the duplication of local governance addressing the same issues and will promote efficiency in the role of public agencies. The Macroregional Coordinator of the IECB Project has attended two meetings: the first on May 23rd,2024, and the second on July 11th, 2024. At the second meeting, the project was formally presented, and it was agreed that bilateral meetings would be held with the corresponding public services to initiate the Regional Technical Committee, as a specific instance to discuss the demonstration experiences in Los Ríos region under the supervision of the "Regional Water Roundtable," which would also function as an Expanded Regional Technical Committee (Annex 13.1 Minutes of the Mesa Regional del Agua meetings, Annex 13.2 Minutes of the Mesa Regional del Agua meeting). In order to have broad representation of the various public services with competence in economic instruments for biodiversity conservation in the IECB Project, on June 27, 2023, 14 public services were asked to designate institutional counterparts to participate in this project (Annex 14: Official letter requesting the designation of institutional technical counterparts to participate in the IECB Project). In this context, to date, there are 8 counterparts designated by the various public services invited to participate. In August 2024, an official letter will be sent requesting the designation or ratification of the counterparts in order to schedule the first meeting of the National Technical Committee for the last week of September. To promote the implementation of the IECB project governance model, the Inception Workshop was held on August 30, 2023, at the Auditorium of the Environment Ministry in Santiago, Chile (Annex 15: Inception Workshop Report and Attendance List). 32 people participated in this event; 17 women and 15 men, who attended in representation of the various institutions that will make up the National Technical Committee (NTC) and the 3 Regional Technical

					Committees (RTC). Considering the current context of the country's environmental institutions, in the March 2024 session of the IECB Steering Committee (SC), the composition of the NTC and the RTCs was defined. (Annex 16: Minutes of the Annual Operational Plan 2024 for the formation of the TNCs and RTCs).
Indicator 6: Number and type of regulation procedures and tools, defined in administrative acts that materialize public policy decisions regarding the application and diversification of Economic Instruments for Biodiversity and Ecosystem Services Conservation (IECB).	Law 19.300 on General Environment Bases, Law 20.930 on Environmental Conservation Easements; SEIA Regulations. Standard for appropriate implementation of the CE mechanism, pending validation and institutionalization. Preliminary guidelines for the implementation of the mechanism for appropriate Biodiversity Offsets for loss of land biodiversity within the SEIA	Total of (8) eight Guidelines drafted for the implementation of IECB mechanisms: preliminary ESR guidelines for land and continental aquatic environments (1) and marine and coastal environments (1); guidelines for Biodiversity Offsets in land and continental aquatic environments (1) and preliminary marine-coastal Biodiversity Offset guidelines (1); preliminary guidelines for monitoring of Biodiversity Offsets in land environments (1)	Total of four (4) IECB mechanisms achieved comprising eight (8) operational guides and an information system (1): 1. Process of environmental evaluation of investment projects strengthened through incorporating (1) one marine and land Biodiversity Offsets Mechanism via administrative act that institutionalizes the validated Guidelines for: i) Biodiversity Offsets procedure	*(not set or not applicable)*	During the reporting period, contributions have been made to the development of 3 economic instruments, namely: 1 regulation on Biodiversity Offsets, 1 regulation on Certification Systems for Biodiversity and Ecosystem Services and 1 regulation for the private contracts for Ecosystem Services Retribution (ESR). These are in the process of being defined in administrative acts that materialize public policy decisions regarding the application and diversification of Economic Instruments for Biodiversity and Ecosystem Services Conservation (IECB). The law that creates the Biodiversity and Protected Areas Service (SBAP) and the National System of Protected Areas (Law 21,600), which came into force on September 6, 2023, (Annex 17.1: Law 21.600) established the legal framework for the design and implementation of economic instruments for biodiversity conservation Articles 38, 51 and 52 of the law). This law defines that the instruments related to Biodiversity Offsets, Ecosystem Services Retribution Contracts and the Biodiversity and Ecosystem Services Certification System must be regulated through Regulations (Supreme Decrees) that allow the application of this law. Therefore, the IECB Project has developed consultancies that will provide technical inputs, analysis of comparative experience and legal aspects for the development of regulations for these economic instruments. In order to articulate the objectives of the IECB Project with the new national regulation on the matter, a consultancy was carried out during the year 2023 (ending in December 2023), with the aim of advancing a strategic integration that links the objectives of the project, with the principles and criteria established for the economic instruments defined by the SBAP law, the governance of this law and key public and private

	framework, in the process of validation and institutionalization.	and continental aquatic and marine-coastal environments (1), within the framework of environmental follow-up of the Environmental Qualification Resolutions (EQR); preliminary CE guidelines in land and continental aquatic environments (1); and preliminary guidelines for biodiversity and ecosystem services certification (1).	(SEA) (2); ii) Technical guidelines for Biodiversity Offsets oversight (2) and electronic register of offset measures (EMS) (1); and iii) Biodiversity Offsets repository regulations (EM) (1). 2. A Retribution Mechanism (1) for Ecosystem services (ESR) in land and marine environments (implementation guidelines and contract model(s)) institutionalized through administrative acts (EM) (2). 3. A Mechanism for Conservation Easements (CE)		stakeholders involved. This report, also, includes a general review of experiences in Costa Rica, Mexico and Ecuador in the implementation of Payments for Ecosystem Services (Annex 17.2: Strategic Integration Report). Regarding the first economic instrument (Ecosystem Service retribution System) from January to April 2024 the expert advice of an Economist in Natural Resources (University of Los Lagos and Bariloche Foundation) (Annex 18.1: ToR expert consultancy) was hired with the aim of developing and proposing schemes and designs related to instruments for the conservation of biodiversity and ecosystem services for the implementation of an "Institutional and governance system created/strengthened for the development, application, monitoring and evaluation of IECB". In order to achieve this objective, 4 reports were developed with the following aims: 1) To propose a theoretical framework for the structure and planning of the initial work on a national program of retribution for ecosystem services (Annex 18.2: First Progress Report); 2) To propose general guidelines for the development of the certification of biodiversity and ecosystem services System in Chile (Annex 18.3: Second Progress Report); 3) To analyze and deepen the key aspects for the design and implementation of the Program for Ecosystem Services Retribution (Annex 18.4: Third Progress Report); and a Final Report that aggregates all the previous results. (Annex 18.5: Final Report). Regarding the second instrument: progress has been made in defining the scope and application of the biodiversity offsets regulation, for which a legal support consultancy is currently being developed with the objective of carrying out a legal and regulatory analysis to define the contents, stakeholders, procedures, criteria and other relevant aspects for developing the regulation on biodiversity offsets (Art. 38 of Law 21,600) and preparing a regulation proposal. (Annex 19.1: ToR for legal support for biodiversity offsets regulations) This consultancy has developed 2 progress reports. These reports are still confidential and will be

			(1) strengthened via administrative acts (1) that institutionalizes CE implementation guidelines (EM). 4. A Certification Mechanism (1) for Biodiversity and ecosystem services that institutionalizes the guidelines for certification of biodiversity and ecosystem services (1) through Regulations (1). 5. A digital information system (1) for the application, monitoring and evaluation of IECB mechanisms institutionalized (EM), inter-operative with the National System of Biodiversity Information and		published once the preliminary draft of the biodiversity offsets regulation is published for public consultation, because there should be no actors in society who have privileged and prior access to this regulatory instrument (Annex 19.2: First Progress Report) (Annex 19.3 Second Progress Report). In addition to the above, 4 other Terms of Reference (ToR) have been elaborated that will generate other inputs needed to define the biodiversity offsets regulation. These consultancies will deliver their final results in December 2024. These are: (1) Definition of suitable areas for biodiversity offsetting (a spatially explicit methodology to efficiently and effectively target biodiversity offset measures), (Annex 20: ToR for marine and terrestrial suitable areas for biodiversity offsetting) (2) Proposal for the application of the adaptive management approach to apply alternative biodiversity offset measures (Annex 21: ToR for Adaptive Management), (3) Design and implementation of improvements in the capture and analysis of biodiversity offset data in the environmental monitoring system (Annex 22: ToR for Biodiversity Offsets Information System), and (4) Legal advice to prepare the draft regulations to be submitted for public consultation (Annex 23: ToR for legal advice to finalize the draft biodiversity offsetting regulations for public consultation. Currently, the PMU of the IECB Project and the technical team of the Environmental Economics Department of the Environment Ministry are preparing Terms of Reference that will provide national and international information inputs for the establishment of the Biodiversity and Ecosystem Services Certification System (Annex 24.1: Preliminary version of the ToR on Certification Systems) and for the Ecosystem Services Retribution System that contains the definition of the Conceptual and Regulatory Framework of the systems, (Annex 24.2: Preliminary version of the ToR on Retribution System) the Criteria for Site, Practices or Activities Selection, the Implementation Guidelines of the systems, the Market Strategies, the structure of participation and governance mechanisms for stakeholders, and the identification and design of financing mechanisms to ensure the

			Monitoring (SIMBIO).		long-term sustainability of these systems. These consultancies will deliver their final results in May 2025 On the other hand, additional advances have been made on the Derecho Real de Conservación instrument, a review of studies previously carried out by the Environment Ministry and other Chilean government agencies and private entities has begun. This analysis and steps to follow regarding this instrument will be finalized during the second half of 2024. For this definition, the study "Analysis of the Derecho Real de Conservación (DRC) Instrument: Gaps, challenges and guidelines for the participation of private parties" carried out by Conserva Chile and Tierra Austral Foundation is being used as a frame of reference (Annex 25: Analysis of the Derecho Real de Conservación (DRC) Instrument).
Indicator 7: Number of measures for strengthening institutional capabilities as a result of the application of IECB's for biodiversity and ecosystem services conservation.	National Information System for Environmental Oversight (SNIFA) administered by the EMS. National Environmental information System (SINIA) administered by the EM. National Rural Development Policy that incorporates a focus on	0	Information System (1) of the Environment Superintendency (EMS) strengthened for monitoring offset measures committed to in the Environmental Qualification Resolutions (EQR) of the System for Evaluation of Environmental Impact. Contribution to the Green Bonds	*(not set or not applicable)*	During the reporting period, 3 measures for strengthening institutional capabilities as a result of the application of IECB's for biodiversity and ecosystem services conservation have been developed. To date, there is progress in these three main lines of work: (i) monitoring biodiversity offset measures in Environmental Qualification Resolutions (RCA), (ii) implementing nature-based solutions (NbS) for sanitary and water supply security. This includes the protection and restoration of watersheds that contribute to the water supply for a city in southern Chile (143,207 inhabitants) and (iii) participating in the process of updating Chile's Nationally Determined Contributions, which will incorporate contributions related to nature-based solutions, such as forest, watershed, and wetland protection. Regarding the first one, oriented to the implementation of measures that strengthen institutional capacities as a result of the application of the IECB for the conservation of biodiversity and ecosystem services. The project initiated a collaborative effort with the Superintendency of Environment (the regulatory authority

	environmental sustainability/ ODEPA. Green Bonds Initiative led by the Finance Ministry. Recent approval of the Green Fund for supporting implementation of the National Strategy for Climate Change and Vegetational Resources / CONAF.		Framework initiative (Finance Ministry), with an IECB project model (1) for land environments and one for marine environments (1), recognized as "eligible green expenditures" and NbS's, that reinforce financing for biodiversity and ecosystem services. Contribution with land demonstration experiences (2) and marine experiences (4) and green project models and NbS's (2), to be included in compliance with and updating the National Determined Contribution (NDC) (2021 –		responsible for environmental oversight) to improve its tools for the capture and analysis of biodiversity offset data within its environmental monitoring system. This initiative aims to reinforce the monitoring framework for assessing the compliance and efficacy of biodiversity offset measures implemented within the country. The project has hired a consultant to support the Superintendency of Environment (SMA) in the monitoring of biodiversity offsets measures in the RCAs. (Annex 26: ToR capture and analysis of biodiversity offset data). This consultant will finish in December 2024. On the other hand, regarding the NbS for sanitary and water supply security, in order to make progress in highlighting the role of these solutions in infrastructure investment for the provision of urban potable water, coordination meetings have been held with the Superintendency of Sanitary Services (SISS, the regulatory and supervisory body for the concessionary companies that provide potable water and sewerage services) to define the necessary studies for this purpose (Annex 27: Minutes of meeting with a professional of the Studies and Standards Area of the SISS). Also, the country is in the process of reviewing and updating the Nationally Determined Contributions by the Climate Change Division of the Environment Ministry (the previous version of which was published on April 9, 2020, and must be updated every 5 years (2025) (Annex 28: Strengthening the Chile's Nationally Determined Contribution 2022). Therefore, the PMU of the IECB Project along with the professionals of the Climate Change division of the Ministry will define how the demonstration experiences can contribute to this process. Furthermore, on May 30th, 2024, an internal workshop was held at UNDP with the PMU team, the SC, and professionals from the Information and Environmental Economic Division of the Ministry of the Environment to adjust the project planning regarding these committed activities. (Annex 29: Minutes of Meeting, May 30, 2024). This was due to changes in the PMU and SC professional teams.

			2025). Recognition through Administrative acts (1) (SISS/DOH) of NbS's in infrastructure investments for rural and urban potable water supply through the results of demonstration experiences in IECB mechanisms. Contributions to implement and improve the sustainability and climate change Policies, Strategies and Plans of the forestry-agriculture-livestock sector through the results of IECB		Nine people participated in person at UNDP headquarters, comprising five women and four men. At the meeting, it was also agreed that the PMU and the Project Director will meet weekly to improve coordination and planning to enhance the project's progress.

			demonstration experiences and NbS's.		
The progress of the objective/outcome can be described as:	**On track**				
Evidence uploaded:	YES				
Outcome 2 **Project Outcome 2: Biodiversity and ecosystem services in priority productive land and marine-coastal landscapes, are maintained and improved through the development of IECB demonstration experiences (DE's) that make possible an increase in public and private financing for sustainable use and conservation.**					
Description of Indicator	**Baseline Level**	**Midterm target level**	**End of project target level**	**Level at Jun 30, 2023**	**Cumulative progress since project start as of Jun 30, 2024**
Indicator 8: Number of Demonstration Experiences (DE's) for IECB application executed in productive landscapes belonging to land, continental aquatic and marine and coastal ecosystems.	ESR DE in Marine and Coastal ecosystem in AMERB Ventanas and AMERB in Maitencillo (Valparaíso Region) ESR DE in land ecosystem in the community of Mashue, La Unión Township, Los Ríos Region.	Total of (8) IECB DE's in land and continental aquatic ecosystems: 1. ESR application DE in Mashue (1) and ESR DE in Liquiñe (1) 2. DE for possible application of CE (4): one in a land ecosystem in Mashue (1) and in	Total of (8) eight IECB DE's in land and continental aquatic ecosystems with validation of IECB mechanism guidelines, intervention model, governance model and information system: 1. DE for ESR application in Mashue (1) and	*(not set or not applicable)*	During the reporting period, 2 Demonstration Experiences (DE's) for IECB application are being executed in productive landscapes belonging to land, continental aquatic and marine and coastal ecosystems. The project initially aimed to develop demonstration experiences (DE) at six sites in the central and southern regions of the country. So far, significant progress has been made with the DE in the Los Ríos region. In this measurement period, progress has been made in the following areas: Establishing the main agreements with two Conservation Guarantors (Mashue Potable Water Committee and Liquiñe Potable Water Committee) for the development of DE on productive landscapes of Los Rios Region. These agreements are expressed on 2 drafts of Low Value Grants (LVG) Agreements to implement the Demonstration Experiences currently in revision of the UNDP CO of Chile (Annex 30: Draft version LVG Mashue), and in Liquiñe

		a continental aquatic ecosystem in wetlands (3) 3. DE for Biodiversity Offsets (1) (application of level one of methodological guidelines) in land ecosystem in Mashue and Liquiñe for preparing landholdings to be receptors of offset measures. 4. DE for application of preliminary guidelines with criteria for a proposal for Biodiversity and Ecosystem Services Certification (1) in sites where conservation actions are being implemented in land ecosystems in Mashue and	Liquiñe (1). 2. DE for possible application of CE (4): one in a land ecosystem in Mashue (1) and in a continental aquatic ecosystem in wetlands (3). 3. DE for Biodiversity Offsets (1) (application and validation of level one of the methodological guidelines) in land ecosystems in Mashue and Liquiñe for preparing landholdings as receptors of offset measures. 4. DE for application and validation of guidelines with criteria for proposal for Biodiversity and Ecosystem		with the Rural Potable Water Committee of Liquiñe (Annex 31: Draft version LVG Liquiñe). These agreements will be signed between July and August 2024. General planning and design meetings have been held for the co-design of the Low Value Grant agreement documents with the local communities. The meetings held are summarized as follows: (i) In Mashue, Los Ríos Region, planning meetings were held on August 9 and October 3 and 5, 2023. (Annex 32: Minutes of the planning meeting between the PMU and CAPR of Mashue including attendance list and topic discussed). At these meetings, there was a dialogue with the representatives of the CAPR of Mashue on the needs of the community regarding biodiversity conservation and funding. 38 people participated in these meetings, 16 women and 22 men, one of whom identified herself as Mapuche. Additionally, 5 meetings were held in the locality on November 22, 2023, December 6, 2023, January 9, 2024, May 16, 2024, and June 11, 2024. In total, 40 people participated, 26 men and 14 women, 14 have identified themselves as Mapuche (Annex 33: Minutes of the CAPR of Mashue-PMU Meeting including attendance list and topic discussed Attendance List). In addition, the project was formally presented to the Mashue CAPR assembly on January 9, 2024, for the wider knowledge of the Committee's members, with the participation of 9 men and 5 women, 7 of whom identified themselves as Mapuche. (Annex 33: Minutes of the CAPR of Mashue-PMU Meeting including attendance list and topic discussed Attendance List). (ii) In Liquiñe, Los Ríos region, a planning meeting was held on August 10, 2023, (Annex 34: Minutes of the CAPR of Mashue-PMU Meeting including attendance list and topic discussed Attendance List), with the participation of 15 people, 8 men and 7 women, with 5 people who identify themselves as Mapuche and, to coordinate the content of the Low Value Grant, virtual and in-person meetings have been held, with in-person meetings taking place on October 25, 2023, January 22, 2024, March 26, 2024, May 22, 2024, and

		Liquiñe. Total of three IECB DE's (3) in marine and coastal ecosystems: 5. One DE for ESR application (1) in four marine and coastal ecosystems (4): i) AMERB Ventanas (1) and ii) AMERB Maitencillo (1), iii) ECMPO Caulín (1) and iv) AMERB Chepu (1). 6. One DE for Biodiversity Offsets (1) (application of proposal of part one of the methodological guidelines) in four DE's in marine and coastal ecosystems (4): i) AMERB Ventanas (1) and ii) AMERB	Services Certification (1) in sites where conservation actions are being implemented in land ecosystems in Mashue and Liquiñe. Total of three DE's for IECB in marine and coastal ecosystems with validation of ECB, mechanism guidelines, intervention and governance model and information system: 5. One DE for ESR application in four marine and coastal ecosystems (4): i) AMERB Ventanas (1), ii) AMERB Maitencillo (1), iii) ECMPO Caulín (1) and iv) AMERB Chepu		June 12, 2024 (Annex 35: Minutes of the CAPR of Liquiñe-PMU Meeting including attendance list and topic discussed). These meetings were attended by 27 people, 15 men and 12 women, 7 of whom identified themselves as Mapuche. 1 Work Plan for the implementation of Demonstration Experiences. Development of a methodology for the Free, Prior and Informed Consent (FPIC) to be implemented in the Demonstration Experiences (Annex 36: Methodology for FPIC), which incorporate the UNDP SES standards, and the national relevant issues associated with the indigenous people participation process. This work plan was prepared by gathering information in the field by visiting the towns of Liquiñe and Mashue, where meetings were held with leaders of the indigenous communities in each sector. Additionally, to enhance local governance of the project and gain the support of municipal authorities, links have been established with local governments, such as the Municipality of Panguipulli and the Municipality of La Unión. The project has been presented to the mayor of La Unión, in a meeting with the participation of 3 women and 3 men (Annex 37: Minutes of the meeting with the La Unión Municipality including attendance list and topic discussed). In Panguipulli, on November 21, 2023, meetings were held with professionals from the Office of Water, Tourism and Indigenous Peoples of the Panguipulli Municipality (Annex 38: Minutes of the meeting with the Panguipulli Municipality including attendance list and topic discussed) where 5 people participated, 2 women and 3 men, 2 of whom identify themselves as Mapuche. 2 consultancies related to the demonstration experiences were developed as part of the Biometric collection information studies. These were carried out during the 2023-2024 summer period by expert consultants. The results of the consultancies were presented at both locations. In Liquiñe, the presentation was held on March 26, 2024 (Annex 39: List of attendees at the presentation of biometric consultancies for Los Ríos experiences) and 3 men and 5 women participated, 3 of whom identified themselves as Mapuche.

		Maitencillo (1)), iii) ECMPO Caulín (1) and iv) AMERB Chepu (1), for preparing sites as receptors of offset measures. 7. One DE for application of guidelines proposal with criteria for Biodiversity and ecosystem services Certification (1) in marine sites where conservation actions are being implemented in marine and coastal ecosystems in AMERB's Ventanas (1) and Maitencillo (1), ECMPO Caulín (1) and AMERB Chepu (1).	(1). 6. One Biodiversity Offsets DE (1) (application and validation of part one of the methodological guidelines) in four marine and coastal ecosystems (4): i) AMERB Ventanas (1) and ii) AMERB Maitencillo (1), iii) ECMPO Caulín (1) and iv) AMERB Chepu (1), for preparing sites as offset measure receptors. 7. One DE for application and validation of criteria for Biodiversity and ecosystem services Certification (1) in four sites (4) where conservation actions are being		In the case of Mashue, the presentation was held on March 27, 2024, and 11 men and 4 women participated, 6 people identified themselves as Mapuche.

			carried out in marine and coastal ecosystems: AMERBs Ventanas (1) and Maitencillo (1), ECMPO Caulín (1) and AMERB Chepu (1).		
Indicator 9: Number of sectorial measures identified and implemented that contribute to the increase in public and private financing for conservation and sustainable use of biodiversity and ecosystem services.	Financial Strategy: mobilization of resources for the National Strategy for Biodiversity / Biofin Chile. Environmental Policy for Sustainable Development. Green Bonds Framework 2018.	Four Financing Strategies (4) developed and being implemented for land and marine and coastal ESR IECB demonstration experiences. Four Sectorial Measures (4) identified that link IECB's with public and private initiatives that promote financing for the conservation and sustainable use of biodiversity and	Six Financing Strategies (6) implemented, optimized and validated for the ESR IECB land and marine and coastal demonstration experiences. Six Sectorial Measures (6) implemented that link IECB application, increase financing for biodiversity and ecosystem services.	*(not set or not applicable)*	During the reporting period, 5 sectorial measures have been identified that contribute to the increase in public and private financing for conservation and sustainable use of biodiversity and ecosystem services. To date, there are no financial strategies under development. Nevertheless, the PMU has held multiple technical meetings to advance in this matter with the relevant parties responsible for developing public policies aimed at achieving the financing, mobilization and sustainability of economic resources to finance actions for the conservation and sustainable use of biodiversity and ecosystem services. Examples of such actions include: presentations and work i) in the context of the elaboration of Environmentally Sustainable Financial Strategy (Finance Ministry of Chile); ii) the National Strategy for Sustainable Tourism (Subturismo), ii) the Update of the country's National Biodiversity Strategy and its Action Plan (Annex 40: Program of the Second Workshop to Update the NBSAP), iv) the first pilot project for assessing and valuing ecosystem services within the Natural Capital Committee's framework; which will be developed in Río Bueno Basin, located in Los Ríos region (Annex 41.1: Natural Capital Project minutes) (Annex 41.2: Informed consent interview Macro-regional Coordinator), among other key

		ecosystem services.	One Financing Strategy (1) for increasing public and private financing through IECB implementation for the conservation and sustainable use of biodiversity and ecosystem services.		stakeholders. The purpose of these meetings was to articulate synergies and common objectives between these initiatives and the IECB Project. Additionally, v) efforts have been made to increase funding for biodiversity in the country through the creation of the Natural Capital Committee. The committee's mission is to propose actions on matters related to the measurement, valuation, protection, restoration, and enhancement of Chile's Natural Capital. This Committee launched the first pilot project for measuring and valuing ecosystem services in the Río Bueno Basin, Los Ríos region. This project aims to support the integration of Natural Capital Assessment and Accounting approaches into political decision-making and public and private investment processes. The committee is chaired by the Director of the IECB project, and synergies have been established between the IECB project and this initiative.
The progress of the objective/outcome can be described as:	**On track**				
Evidence uploaded:	YES				

Outcome 3

Project Outcome 3: Technical capabilities established and knowledge increased for IECB application, M&E and effective and efficient administrative Project management, supported with an outcomes-based M&E system.

Description of Indicator	Baseline Level	Midterm target level	End of project target level	Level at Jun 30, 2023	Cumulative progress since project start as of Jun 30, 2024
Indicator 10: Percentage of increase in knowledge of direct beneficiaries and strategic partners of the Project, in activities for	72 women 207 men	40% of participants in activities for strengthening capabilities	70% of participants in activities for strengthening capabilities	*(not set or not applicable)*	During the reporting period, 40 out of a baseline of 279 people have been trained, representing 14.33%. The records of the learning evaluation for the trained participants were collected verbally. The UGP will develop a protocol to be implemented starting in August 2024 for documenting the evaluation of planned training activities

strengthening capabilities regarding IECB's, biodiversity and ecosystem services, measured through survey.	0 men and women (partner institutions).	confirm an increase in knowledge equal to or greater than 70% in the training material. (30% are women)	confirm an increase in knowledge equal to or greater than 70% in the training material. (30% are women)		(55% of participants are women). 40 people; 22 women (55%) 18 men (45%) In order to contribute to the implementation of the IECB Project's Gender Action Plan, a workshop on "Integration and Mainstreaming of the Gender Approach in Environmental Initiatives and Projects" was held on November 9 and 10, 2023, by a Gender and Environment Expert, UNDP-LAC (Annex 42: Field Report). During this session, the Project's PMU team, professionals from the Ministry of the Environment, the Metropolitan Government of Santiago and other professionals in charge of different projects related to environmental institutions were trained. A total of 23 people participated, 15 women and 8 men. (Annex 43: Program of the Gender Mainstreaming Workshop). In addition, to strengthen the theoretical and applied capacities of the professionals who are part of the PMU, from November 6 to 8, 2023 in the city of La Serena, Chile, they attended the 4th International Conference Ecosystem Services Partnership of Latin America and the Caribbean (Annex 44. Program of the ESP Conference: https://www.espconference.org/latinamerica2023/wiki/880637/inicio-espaol). As part of the knowledge management activities of the IECB Project, on December 11 and 12, 2023, course on the application of the ecosystem services approach: "Ecosystem Services in Conservation Planning" was held, aimed at officials from different public institutions involved in environmental issues and the project's PMU. A total of 17 professionals participated (Annex 45.1: Training attendance list), 7 women and 10 men. This training was led by a

					specialist in Natural Resources and Biodiversity Economics, and academic from the University of Los Lagos, FONDAP IDEAL Center, SECOS Milenio Institute and Bariloche Foundation (Annex 45.2: Ecosystem services in conservation planning presentation).
Indicator 11: Number of communication measures designed and implemented for strengthening capabilities.	0	A Strategic Communication Plan (1) focused on knowledge management, developed and in continuous implementation. A Plan for strengthening capabilities (1) developed and in continuous implementation. One Training Course (1) under a self-teaching method designed and beginning implementation. Communication measures for strengthening capabilities	A Strategic Communication Plan (1) focused on knowledge management implemented. An Action Plan for strengthening capabilities implemented (1). One training course under a self-teaching method implemented (1). Communication measures for strengthening capabilities designed and implemented. (7 land / 7 marine); training activities (1 IECB course	*(not set or not applicable)*	During the reporting period, 5 communication measures have been designed and implemented for strengthening capabilities. The project's PMU strengthened its internal capacities by incorporating a specialist in Strategic Communication and Knowledge Management (Annex 46: ToR Strategic Communicator). To date, progress has been made in: (i) developing a comprehensive communication strategy; (ii) implementing various activities to strengthen the capabilities of national counterparts' teams; (iii) creating 1 Knowledge Management Plan; (iv) developing 1 Capacity Building Plan and (v) implementing 1 corporate identity manual for the IECB project. Specifically, during this period, the project's corporate identity manual was developed, validated by the Steering Committee and implemented (Annex 47: Project corporate identity manual). In addition, the project's Communication Strategy was designed (Annex 48: Communication Strategy). This strategy will be validated by the project's Steering Committee during the second half of 2024. Additionally, the Capacity Development Plan (Annex 49: Capacity Building Plan) and the Knowledge Management Plan that the IECB project will implement from the second half of 2024 were prepared (Annex 50: Knowledge Management Plan). Both plans will be validated by the Steering Committee during August 2024. As part of the next communication milestones to be developed by the project, the Demonstration Experiences will be launched in the Los Ríos Region in August 2024 in Mashue (Annex 51: AOP 2024 of the IECB project) and (Annex 52: Launch Program). In addition, the “Guide for the integration of ecosystem services in conservation

		designed and in continuous implementation (for example: experience sharing (4 land / 4 marine); training activities (1 IECB course developed and at beginning of implementation); development and publication of documents (IECB guidelines (4)); bulletins and progress on systematization of experiences (4); promotion of citizen science platforms (DE Mashue (1) and DE Liquiñe (1)).	implemented); development and publication of IECB documents (1); bulletins (9) and systematization of the experiences (1); promotion of the citizen science platforms (DE Mashue (2) and DE Liquiñe (2)).		planning and natural resource management" will be launched and published (Annex 53: Final report of ecosystem services in conservation consultancy). Also, the IECB Project will support the public consultation process of the Biodiversity Offsetting regulations defined in Art. 38 of Law 21,600 (SBAP law) (Annex 54: Link to the file of the biodiversity offsetting regulation https://leyparalanaturaleza.mma.gob.cl/implementacion-ley-para-la-naturaleza/). Additionally, during 2025, support will be given to the dissemination and consultation process for the regulations of the Biodiversity and Ecosystem Services Certification System and of the Ecosystem Services Retribution System (Art. 50 and 51 of Law 21,600). In addition, in order to strengthen the knowledge and application of the ecosystem services approach, economy of natural resources and economic incentives, a training course on "Ecosystem services in conservation planning" was held on December 11 and 12, 2023 for officials from different public institutions related to environmental issues and the project's PMU. A total of 17 professionals participated, 7 women and 10 men. This training led by a specialist in Economy of Natural Resources and Biodiversity, an academic from the University of Los Lagos, FONDAP IDEAL Center, Milenio Institute SECOS and Bariloche Foundation (Annex 55: Attendance list Ecosystem services training) (Annex 56.1: Presentation on Ecosystem Services in Conservation Planning), (Annex 56.2a: Training recording part 1, Annex 56.2 b Training recording part 2, Annex 56.2 c Training recording part 3).
The progress of the objective/outcome can be described as:	**On track**				
Evidence uploaded:	YES				

D. Implementation Progress

Cumulative GL delivery against total approved amount (in prodoc):	9.97%
Cumulative GL delivery against expected delivery as of this year:	14.57%
Cumulative disbursement as of Jun 30, 2024: **Disbursement for the FY 2024 period is an estimate as books for UNDP Q2 2024 are not yet closed.*	229,401

Key Financing Amounts

PPG Amount	100,000
GEF Grant Amount	2,300,000
Co-financing	9,708,732

Key Project Dates

Project duration	60 months
PIF Approval Date	Jun 13, 2019
CEO Endorsement Date	Jun 10, 2021
Project Document Signature Date (project start date):	Nov 17, 2022
Date of Inception Workshop	Aug 30, 2023
First Disbursement Date	Jun 7, 2023
Expected Date of Mid-term Review	May 17, 2025
Actual Date of Mid-term Review	*(not set or not applicable)*
Expected Date of Terminal Evaluation	Aug 17, 2027
Original Planned Closing Date	Nov 17, 2027
Revised Planned Closing Date	*(not set or not applicable)*

Dates of Project Steering Committee/Board Meetings during reporting period (30 June 2023 to 1 July 2024)
2023-09-01

2024-03-25
2024-05-30
Project Manager: Please provide comments on delays this reporting period in achieving any of the following key project milestones outlined in the above 'Key Project Dates' table. Include comments on COVID-19 related challenges, delays and impact. If there are no delays, please indicated 'not applicable'.
Regarding the Key Project Dates, the project has presented some minor delays, mainly regarding the start of its implementation, which formally began on November 17, 2022. The IECB project was designed in 2019-2020, with its implementation formally began on November 17, 2022. The project's organizational structure includes a Steering Committee composed of the head of the Environment and Sustainable Development area of UNDP-Chile, the Project Director from the Environment Ministry of Chile, and the National Project Coordinator. The Project Management Unit (PMU), which is part of this structure, currently comprises 4 professionals. The approval and enactment of the law that creates the Biodiversity and Protected Areas Service (SBAP) and the National System of Protected Areas (Law 21.600, which came into force on September 6, 2023, available at: https://www.bcn.cl/leychile/navegar?idNorma=1195666), introduced changes in the roles and responsibilities of the country's environmental institutions. These changes altered the institutional context for the design and implementation of public policies for biodiversity conservation between the project's design phase (2019) and its implementation phase (November 2022). In 2023, due to the new responsibilities established by the SBAP law for designing biodiversity conservation instruments, internal changes occurred within the Chilean Ministry of the Environment (MMA). As a result, the project saw a change in its Director and the division responsible for its execution within the MMA on July 10, 2023. The project was subsequently transferred to the Information and Environmental Economics Division (DIEA) of the Ministry of the Environment. Although these institutional changes have led to some delays in project implementation, this new legal framework gives a new emphasis to the objectives and expected results of the IECB Project. These objectives are fully aligned with the SBAP's new attributions and functions on biodiversity conservation financing in the country. Various roadmaps have been developed to ensure coordinated progress in implementing of the project's actions and achieving the midterm and end of project targets.
CO Programme Officer: Please include specific measures to manage the project's implementation performance
As described in detail in the overall assessment section, UNDP Chile has had to assume greater strategic, technical, and administrative leadership than initially considered for the project at this stage, by providing support to the UGP and ministerial teams in multiple coordination, strategic and operational planning tasks, supervision and technical advice, drafting terms of reference, and support in administrative processes.

In addition, the UNDP Chile has developed various strategies to respond effectively and efficiently to the project's difficulties. As a result, the project has been able to adjust its work and budget planning for the current year, expand and reorganize its UGP with professionals with more diverse and appropriate profiles to lead the project.

BPPS RTA: Please include specific measures to manage the project's implementation performance.

According with the PIR numbers, this project closes the reporting period (as of 27 Aug. 2024) with a cumulative delivery since the project start on 17 Nov. 2022 (Prodoc signature) of 9.97%, with a cumulative disbursement of USD 229,401. The total budget for the project is USD 2,300,000, and its duration is 60 months. And bearing in mind that this project will operationally close on 17 Nov. 2027, the remanent time for implementation of USD 2,070,599 is around 39 months (Aug. 2024 to Nov. 2027), meaning that the project should execute at least USD 53,092.28 per month.

During the reporting period, the project has changed some members of the PMU, in particular its National Coordinator. The new person appointed has started activities in June 2024.

In addition to the previous, it is worth to mention that the MTR process for this project is expected to start during the next PIR season and expected to be concluded on May 17, 2025.

Finally, the project is registering in this reporting period USD 440,936 of cofinancing, vis a vis what was included in the approved prodoc USD 9,708,732.

MEASURES TO MANAGE THE PROJECT’S IMPLEMENTATION PERFORMANCE

Taking the previous into consideration, the PMU and CO are encouraged to:

- Prepare an acceleration plan for implementation (in the remaining 39 months), to be cleared by the RTA, and to be approved by the PSC.

- Define in advance procurement plans and AWPs to respond to the remaining time and budget.

- Carry out continuous meetings with the RTA and CO to track the AWP implementation and define measures for attending the delays. These meetings can be carried out after the RTA has sent the quarterly monitoring e-mail to the COs and to the project coordinator.

- Define mechanisms to accelerate the approval and endorsement processes of the project’s deliverables by main counterparts.

- Start the preparation of the MTR, including finalization of ToRs for hiring the consultant in charge, co-financing tracking (letters), update of core indicators, and others related. Bear in mind that the whole process should be finished in May 2025.

- Review with main partners the co-financing commitments and guarantee at least the co-financing amount originally committed, and when possible, find new co-financing with partners.

- Start the preparation of the project’s sustainability strategy.

E. Project Governance

1) Please enter the dates of Project Board meetings during the reporting period (1 July 2023 to 30 June 2024)
2023-09-01
2024-03-25
2024-05-30

F. Ratings and Overall Assessments

Role	2024 Development Objective Progress Rating	2024 Implementation Progress Rating
UNDP BPPS Technical Advisor	Moderately Satisfactory	Moderately Unsatisfactory
UNDP Country Office Programme Officer	Moderately Satisfactory	Moderately Unsatisfactory

Role	2024 Overall Assessment
UNDP BPPS Technical Advisor	The project's objective is to promote the generation of multiple environmental benefits based on integrated economic valuation of ecosystem goods and services, as a tool for decision making at different levels. It will be done through 1) Legal, policy, and institutional frameworks in key sectors optimising the generation of GEBs; 2) Tools, including targeted scenario analysis guiding decision-makers on the implications of different courses of action in the target sectors affecting natural resources and global environmental values and 3) Pilot experiences in 5 selected target localities generating, validating, and demonstrating mechanisms for optimizing and internalizing the values of ecosystem goods and services. This is the project's first PIR. DO RATING: Moderately Satisfactory (MS) The rating for this first year´s progress toward the project´s Development Objective is Moderately Satisfactory (MS), in line with the rating given by the CO. This rating is based on the fact that the project is currently on track at the objective level and at the level of the project's outcomes. Also it is able to achieve its end-of-project targets by project closure, with the shortcomings presented by changes in the institutional and regulatory framework of the country, changes in the PMU and changes in the National Direction from the government designated originally to this project (see details below). Although the project shows progress in the different indicators, the majority of them will not achieve the expected midterm targets before May 2025, where the MTR is expected to be completed. During this reporting period, the project has successfully completed the Inception Workshop on 30 August 2023. PROGRAMMATIC PROGRESS (INCLUDING CHALLENGES AND OPPORTUNITIES) The project's OBJECTIVE has three indicators, all of them GEF core indicators. MANDATORY INDICATOR 1 reaching 247 people (109 women) in this reporting period, versus the midterm target of 534 beneficiaries. This people have been involved in meetings, trainings and in the demonstration experiences (DE). CORE INDICATOR 4 Area of landscapes under improved practices (hectares; excluding protected areas) has reached 5,634 ha, of the 12,228 ha expected for the midterm. CORE INDICATOR 6, sub indicator 6.1. Carbon

	sequestered or emissions avoided in sector of Agriculture, Forestry and Other Land Use has 0 metric tons of CO2e to report in this period. Progress is expected to start in the second half of 2024 with the update of the calculation methodology. OUTCOME 1 related to institutional and governance system and capacity building has three indicators. INDICATOR 5 Number of inter-sectorial biodiversity work committees institutionalized and functioning in IECB development, application, monitoring and evaluation at the national and regional levels has no progress yet. This is because the governance context for biodiversity conservation has changed in Chile, which is considered as a very good OPPORTUNITY for this project. In August 2023 the Law 21.600 was approved and includes the creation of the Biodiversity and Protected Areas Service (SBAP), the approval of the National System of Protected Areas, and the use of the following economic instruments: an Ecosystem Services Retribution System (ESR), Biodiversity Offsets and an Ecosystem Service Certification System. Hence, the project has been re-adapted to this new governance, and in Sep. 2024 the conformation of the National Technical Committee and the Regional Technical Committees are expected, in response to the new governance. The definition of this new governance has been the main CHALLENGE of the project, causing unexpected delays. For the Regional Technical Committee (RTC) in Los Rios region, a subcommittee will be created within the Regional Water Roundtable to support the DEs in this region, and the subcommittee will function as the RTC for the project, as it is composed by sectoral agencies with expertise in the project issues. And for the National Technical Committee official designations have been requested, expecting to have a first meeting in Sep. 2024. INDICATOR 6 Number and type of regulation procedures and tools, defined in administrative acts that materialize public policy decisions regarding the application and diversification of Economic Instruments for Biodiversity and Ecosystem Services Conservation (IECB) has reached during this reporting period, 3 economic instruments. These economic instruments are in progress to be defined as administrative acts that materialize public policy decisions for the application and diversification of IECB. In the new Law 21.600, their economic instruments (see above), should be normed through Regulations (Supreme Decrees) for the application of this law, hence, the project is developing consultancies to provide technical inputs, analysis of comparative experiences and technical aspects for the development of these Regulations. INDICATOR 7 Number of measures for strengthening institutional capabilities as a result of the application of IECB's for biodiversity and ecosystem services conservation, is reporting 3 measures in this period: monitoring biodiversity offset measures in Environmental Qualification Resolutions (RCA), implementing nature-based solutions for sanitary and water supply security and the contribution of the DEs to the new NDC in Chile.

	OUTCOME 2 of the DEs has two indicators. INDICATOR 8 Number of Demonstration Experiences (DE's) for IECB application executed in productive landscapes belonging to land, continental aquatic and marine and coastal ecosystems, is reporting progress in two DEs of the eight expected for midterm. These DEs are in Los Rios region, in Mashue and in Liquiñe, through low value grants agreements covering biodiversity conservation, and following a work plan for implementation. The DEs during implementation will include a methodology for Free, Prior and Informed Consent (FPIC), and for guaranteeing support, links have been established with the Municipalities of Panguipulli and La Union. INDICATOR 9 Number of sectorial measures identified and implemented that contribute to the increase in public and private financing for conservation and sustainable use of biodiversity and ecosystem services, presents 5 sectorial measures identified, and 0 financial strategies. These measures include presentations and work done with different stakeholders, as well as effort to increase funding for biodiversity in the country through the creation of the Natural Capital Committee. OUTCOME 3 related to the creation of capacities, knowledge management and M&E has 2 indicators. INDICATOR 10 Percentage of increase in knowledge of direct beneficiaries and strategic partners of the Project, in activities for strengthening capabilities regarding IECB's, biodiversity and ecosystem services, measured through survey, reports 14.33% of progress against the baseline. And compared to the 40% expected for midterm. This 14.33% comes from 40 people trained (55% women), which learning evaluation was originally collected verbally, as the project is developing an evaluation protocol. INDICATOR 11 Number of communication measures designed and implemented for strengthening capabilities, reports 7 measures. This progress is made with the support of a Specialist in Strategic Communication and Knowledge Management, in the following: developing a communication strategy, creating capacities, preparing a knowledge management plan, developing a capacity building plan, implementing the corporate identity manual for the project, training courses, among others. In general, the project closes this reporting period with progress in all the indicators, but special attention should be provided to comply with the midterm targets, considering that this project is expected to finalize its MTR in May 2025, otherwise an unsatisfactory rating is expected. On the other hand, during the reporting period, the project has faced different CHALLENGES that have hindered the planned progress, as the changes in the PMU, mainly due to the change in the national coordinator, who has started duties in June 2024. Changes also in the originally designated National Director in the Ministry of Environment going from the Natural Resources and

	Biodiversity Division to the Information and Environmental Economics Division, which included time needed to understand this new division and positioning the project and its activities. Additionally, the approval of the Law 21.600 can be seen as a CHALLENGE, but also as a good OPPORTUNITY for the project to position its activities. This new governance has meant to review what was originally planned by the project, in order to adapt it to the new circumstances, and support the country to advance in Economic Instruments for Biodiversity and Ecosystem Services Conservation. EVIDENCE For this PIR exercise, all evidence provided and included in the DO progress (per objective and outcome) and in the global library permit to verify the results reported so far. The evidence uploaded have been reviewed, which substantiates the progress made so far. For example, for the OBJECTIVE and its indicators the project is tracking beneficiaries in a matrix duly uploaded, as well as is tracking the area of intervention for intervened landscapes, as well as is explaining the progress to track CO2 emissions. OUTCOME 1 remarks the new governance in the country, including the documentation as evidence, as well as the progress done by the project developing tools and procedures, as well as capacity building. The OUTCOME 2 of the DEs includes evidence on the preparatory meetings with different stakeholders, as well as consultancies being carried out. Finally, OUTCOME 3 includes the progress in training people as well as the communication measures applied, all with evidence duly uploaded. PROJECT GOVERNANCE The project has held three PSC meetings in this reporting period with the very active participation of the members. The full topics discussed in this decision-making space were detailed by the RTA in the correspondent section in this PIR, including approvals about AWPs, governance arrangements, demonstrative experiences, and others. RISK MANAGEMENT A joint discussion about risk management was carried out by the RTA with the CO and the PMU with the aim to review the risks' status, as well as the management measures. More details about this discussion, including the assessment of the risk management in the PIR, UNDP's SES and the key management measures for next year are included in the correspondent section of this PIR.

	IP RATING: (MU) Moderately Unsatisfactory The implementation progress for this reporting period is Moderately Unsatisfactory, coinciding with the rating from the CO. This rating is given because the project's implementation is not proceeding as planned and faces significant implementation issues. Implementation progress could be improved if adaptive management is undertaken immediately. The cumulative financial delivery is 9.97%, however, key implementation milestones on track. The management of risks are on track. And, in general terms, it could be said that the project should improve its delivery versus what was originally planned. Complementing the previous and considering that this project counts with 39 months until project's closure, USD 2,070,599 of budget to execute, and with midterm targets to achieve in all its indicators, special attention should be given to guarantee the planning and execution. Numbers around the IP have been included by the RTA in the correspondent section of this PIR, including measures to manage the project's implementation performance, giving special emphasis to the remanent budget to be executed. In terms of co-financing the project's stakeholders committed USD 9,708,732, and during the reporting period, confirmation of USD 440,936 of co-financing has been reached including in-kind contribution coming from the Ministry of Environment, having a great difference of what was committed originally in the prodoc. PMU is encouraged to contact the stakeholders that provided a cofinancing letter to make the calculations needed to register the cofinancing promised. MINOR AMENDMENTS During this reporting period the project has indicated some minor changes to what was approved in the prodoc, in the following points: - Results framework: although the results framework has not changed during the reporting period, possible adjustments are foreseen due the approval of the Law 21.600, which will be carried out in the next reporting period. For core indicators 4 and 6, the calculation methodologies are being reviewed, and no changes are foreseen from the original prodoc. And finally, possible modifications in the DEs are expected for the next reporting period, based on analysis carried out by PMU. - Components and Cost: movements from budget lines and accounts are described. - Institutional and implementation Arrangements: changes in the project's National Director in the Ministry of Environment are described, as well as the possible modifications and affectations (delays) related to the new Law 21.600. - Financial management: a budget review done by the project is

reported.

GENDER

During the reporting period the project has started the update of the Gender Action Plan (GAP) prepared during the design phase, this update will respond to the governance changes in Chile, with the approval of the Law 21.600. However, some results can be reported: PMU team with 50% women, for the low value grants of the DEs the GAP implementation is incorporated, training courses and the preparation of the project's Communication Strategy, Knowledge Management Plan and the Capacity Building Plan with gender's goals and with the guarantee of the participation and involvement of women.

KM & COMMUNICATION

The project has developed a Communication Strategy, a Knowledge Management Plan and a Capacity Building Plan guiding the work that the project will do around these topics. Results are presented with training processes, development of communication materials, media coverage, among others.

III) PIR RECOMMENDATIONS

Based on the findings above, the PMU is requested to consider the following recommendations for the next year:

- Accelerate the implementation of the project's indicators to guarantee that midterm targets are achieved before the MTR process will start.

- Proceed with the preparation of the documentation needed to proceed with minor amendments in the results framework as a result of the approval of the new Law 21.600. Share with RTA for clearance, before presentation to the PSC.

- Update the SESP using the latest version available. Send the updated SESP to the CO for review and to the RTA for validation/clearance. Present the updated SESP to the PSC.

- Update the risks related to the SESP in QUANTUM, once the updated version has been cleared by the RTA.

- Review the ESMF and prepare a SES Working Plan to manage the social and environmental standards in the project. Once the ESMF and SES Working Plan have been finalized, share with the RTA for clearance.

- Include the SES Working Plan in the M&E Plan of the project to track its progress.

- The CO is encouraged to track and update risks continuously (at least every semester) based on the PMU reports.

- Include the suggestions/recommendations in terms of risks sent by the

	RTA in the quarterly oversight report. - Present an overview of the risks during the PSC meetings, giving special attention to the high and substantial risks, if it is the case. - Prepare an acceleration plan for implementation (in the remaining 39 months), to be cleared by the RTA, and to be approved by the PSC. - Define in advance procurement plans and AWPs to respond to the remaining time and budget. - Carry out continuous meetings with the RTA and CO to track the AWP implementation and define measures for attending the delays. These meetings can be carried out after the RTA has sent the quarterly monitoring e-mail to the COs and to the project coordinator. - Define mechanisms to accelerate the approval and endorsement processes of the project's deliverables by main counterparts. - Start the preparation of the MTR, including finalization of ToRs for hiring the consultant in charge, co-financing tracking (letters), update of core indicators, and others related. Bear in mind that the whole process should be finished in May 2025. - Review with main partners the co-financing commitments and guarantee at least the co-financing amount originally committed, and when possible, find new co-financing with partners. - Start the preparation of the project's sustainability strategy. - Prepare a matrix to track the implementation of the PIR recommendations. Finally, it is important to remark the involvement, interest, and support of the government of Chile (at national, local, and territorial levels), as well as other partners directly involved in the project activities, all of them pushing forward the project activities with a great involvement and collaboration. In that sense, from UNDP Regional Hub, we acknowledge and encourage to main stakeholders to maintain their interest and involvement to achieve the project ends; and at the same time, we encourage to the project team, in coordination with the CO, to maintain its excellent adaptive approach and implementation momentum to face the dynamics that project's MTR could bring in the next year.
UNDP Country Office Programme Officer	The overall assessment of the project for this period is rated as Moderately Satisfactory (MS). Although the project has experienced some delays in its implementation due to the change of government (and subsequently of political authorities in the country's public institutions), the delay in signing the PRODOC by the Ministry of Foreign Affairs of Chile, changes in the project's National Directorate and technical counterparts at the Ministry of the Environment (MMA), and adjustments in its planning and programming due to the effects of the approval of Law No. 21,600, which creates the Biodiversity Service and the National

	System of Protected Areas (SBAP), the project is on track to achieve its objectives and goals. It is estimated that these initial delays will not affect the achievement of its results by the end of the implementation period. The effects of these processes are explained in more detail in the following points: Change of Government and Authorities in Chile's Public Institutions: Although the Delegation of Authority Letter for the execution of the project was formalized on March 15, 2022, the formal start of the project could not take place until November 17, 2022, due to delays caused by the change of government that took place in Chile on March 11, 2022. These delays included the time taken for the replacement of authorities and directors of the country's public institutions (ministers, undersecretaries, division and department heads), and a delay in the signing of the project's PRODOC by the Ministry of Foreign Affairs of Chile (May 20, 2022 – November 17, 2022). The latter was reported in a Note to the File that allowed the adjustment of the project's start date to November 17, 2022 (see Anexx 87 on library). Approval of SBAP Law and changes of Directorate and Technical Teams within the MMA: As a result of the approval of the Law that creates the Biodiversity Service and the National System of Protected Areas of Chile, which includes the implementation of economic instruments for biodiversity conservation and related tools, the MMA decided to transfer the project's direction from the Division of Natural Resources and Biodiversity (where it was initially housed) to the Division of Environmental Information and Economics of this ministry. This change is justified by the distribution of responsibilities to fulfill the mandates of the SBAP Law within the MMA, a distribution that assigns the Division of Environmental Information and Economics responsibility for the design of economic instruments for biodiversity conservation considered in the Law, and which coincide with those considered by the IECB project. Although this change, due to the technical competencies of the new division in charge, is positive for the project, its installation has resulted in an additional delays for the project due to the time needed for the new National Directorate to become familiar with the project, integrate the project's work into the division's planning and assign support responsibilities to its technical team. Project Management Unit (UGP): Another element that has impacted the fulfillment of the project's initial planning has been the difficulty in establishing a UGP with the appropriate competencies to lead the implementation of a highly technical project like the IECB project, specialties for which there is a limited professional experience in the country. Specifically, these difficulties have been expressed in delays in hiring the project's first national coordinator and the need for its replacement due to his resignation in April 2024 and the resignation of the first administrative officer. Limited Supply of Specialized Services in Economic Instruments for Biodiversity

	Conservation: A final aspect that has affected the project's progress during this evaluation period is the limited supply of specialized professional services in the country's professional consultancy market. Given the high level of specialization required for the development of multiple project products, contracting these services has usually been delayed due to the lack of available specialized consultants (a significant part of the capacities in economic instruments for environmental matters is available in academia but not necessarily in environmental consultancies), a situation that has forced the design of various strategies to obtain the required services. In this complex context, UNDP Chile has had to assume greater strategic, technical, and administrative leadership than initially considered for the project at this stage, by providing support to the UGP and ministerial teams in multiple coordination, strategic and operational planning tasks, supervision and technical advice, drafting terms of reference, and support in administrative processes. In addition, the UNDP Chile has developed various strategies to respond effectively and efficiently to the project's difficulties. As a result, the project has been able to adjust its work and budget planning for the current year, expand and reorganize its UGP with professionals with more diverse and appropriate profiles to lead the project. Summary and analysis on progress, challenges and outcomes on project implementation activities. As evidenced by the review of the information included in this report, despite the various difficulties and challenges encountered during the project’s startup phase (particularly points related to changes of government; SBAP Law; and first stage of UGP functioning), it has successfully adapted to the new implementation context and created favorable conditions to advance the execution of its activities. This adaptation has enabled it to begin contributing significantly to the design of economic instruments for biodiversity conservation in Chile, the primary goal of the project’s first component, while also initiating actions for the implementation of demonstrative activities related to economic instruments at the territorial level (mainly in the Los Rios Region), which is the objective of the second component of the project. The background and evidence included in this report (see annexes) strongly support the conclusion and assessment that, although the project experienced a relative delay during its startup phase, it is now on track to achieve its outcomes. The changes in division and leadership within the Ministry of Environment; the approval of the SBAP Law; the requirement to draft regulations for the operationalization of economic instruments in the short term; and the growing interest in improving and diversifying economic mechanisms for biodiversity financing, all constitute highly favorable conditions for the project’s implementation and the achievement of its outcomes in the coming

	years. Additionally, the reorganization of the UGP and the inclusion of a more experienced and knowledgeable national coordinator on these matters, along with the establishment of more efficient coordination mechanisms both with the Ministry of the Environment and the UNDP country office, ensure clearer direction for this unit and a more efficient execution of its tasks. Lastly, regarding the co-financing of the initiative, it should be noted that, as a result of the changes in the implementation context mentioned earlier, the co-financing commitments need to be reviewed, updated and later systematized (see next section for a more detailed explanaition about this). It is anticipated that a clearer understanding of these aspects will be available in the next project reporting period.
Project Manager/Coordinator	The IECB project seeks to improve national biodiversity financing through the design, implementation and optimization of economic instruments based on strengthening public finances and promoting the private sector's economic contribution to the maintenance of the country's natural capital. In order to achieve this objective, progress has been made in the implementation of the project, overcoming certain initial implementation difficulties both internally (replacement of 2 professionals and a new national coordinator 18 months after the start of the project) and externally (given the new environmental institutional framework in Chile), which has led to less progress in the project than initially expected. This has implied strengthening the adaptive management of the project to achieve its end-of-term targets, generating active learning and supporting informed decision making. The project includes (3) components: Component 1, on governance and institutionalization of economic instruments in national public policy; Component 2, on the application of various market-based instruments in demonstration experiences in three regions of Chile; and Component 3, oriented to cross-cutting support activities: Communications, Monitoring, Evaluation and Finance. The progress planned to the mid-term and end-of-term indicators are based on compliance with the results framework, as the main monitoring tool. It should be noted, in the context of the overall evaluation and the assessment of the project progress analysis, that the current implementation of the project started in a very different national institutional context, in contrast with the time of the PRODOC design (2019-2020). The above has marked the need to adapt committed activities and adopt reinforced internal and external coordination actions to reach the timely fulfillment of the expected results of the project (see previous section for details). In this sense, the project was designed without the existence of an institution in charge of biodiversity conservation, with a broad mandate and multiple tools for its accomplishment in the country, while its implementation has been marked by the creation and starting operation of the Biodiversity and Protected Areas Service and the National System of Protected Areas (SBAP) through Law 21,200 (published in September 2023). This new public service, which completes the establishment of the country's environmental governance initiated in 2010, has the competencies to design and implement the systems and mechanisms that will allow the application of economic instruments to the conservation and sustainable use of biodiversity. This creates an improved management scenario for the IECB project in reaching its objectives/outcomes and, at the same time, it create multiples challenges to support the implementation of the new institutional framework (component 1 of the project)

	and efficiently apply these instruments in the demonstration experiences in order to contribute with practical cases that improve the design of these innovative environmental policy tools. According to the evidence generated during this PIR measurement period, the internal structure of the project (Project Management Unit - PMU) now has specialized job profiles, conforming a more interdisciplinary and robust PMU in accordance with the new scenario of the environmental institutional framework (a national coordinator with experience in applying the ecosystem services and biodiversity conservation approach, a strategic communicator and a specialist in evaluation and monitoring of programs). In addition, coordination with the Project Director, and technical teams of MMA, has been strengthened by establishing permanent coordination instances with the PMU to analyze the progress and untangle knots in the implementation of the three project components. Also, with the same purpose, there is a permanent coordination with UNDP Chile. Based on the adaptive management needed to promote the timely progress of the project, key activities have been planned for each component, drawing up specific roadmaps that describe in detail the project's objectives, activities and outcomes in a timetable from July to December 2024. These include: (i) roadmap for adjusting the calculation memory of the project's core indicators associated with the estimation of the number of hectares of landscape under management and the carbon emissions avoided by the implementation of conservation measures and sustainable use of the territory, (ii) roadmap for the effective implementation of governance associated with the formation of the National Technical Committee and the Regional Technical Committees, (iii) roadmap for planning the implementation of the demonstration experiences, (iv) roadmap for updating the Gender Action Plan, (v) roadmap for updating the Socio-environmental Safeguards according to the standards established by UNDP, (vi) roadmap for reviewing and adapting the eleven risks identified in the project design stage, and (vii) roadmap for coordinating and monitoring the progress of project co-financing and resuming collaborative work with key project partners. It should be highlighted that the project implements the development of demonstrative experiences in three regions of the country: Valparaíso, Los Ríos and Los Lagos. In the case of the Los Ríos region, progress has been made in the signing of Low Value Grants (LVG) with the Conservation Guarantors of Mashue (Mashue Rural Potable Water Committee) and Liquiñe (Liquiñe Potable Water Committee). The launch date for the Mashue and Liquiñe Demonstration Experiences is projected to be August 22. For Component 3, the project's Communications Strategy, the Capacity Building Plan and the Knowledge Management Plan were prepared. In terms of Monitoring and Evaluation, the project progressed towards the incorporation of the Monitoring and Evaluation Plan that will be hosted on the Ministry of Environment's website to track project results and products more efficiently, generating quarterly, semi-annual and annual reports by component, which will be presented to the Project Steering Committee. In summary, the progress of the project has focused on the results committed to the fulfillment of the objectives of component 1, given the deadlines defined by Law 21,600 to have the regulations for the institutionalization of economic instruments for the conservation of biodiversity (before September 2025). This has meant prioritizing the development of the technical studies that contribute

	to the design of the mechanisms for the implementation of the IECBs. The project has sought to capitalize on the opportunity and contingency of public policy for its more effective implementation. In addition, with respect to component 2, work has begun in 2 of the 6 demonstration experiences committed to, and in the other 2 regions a roadmap has been established to promote their effective progress in the short term (coordination with Environment Regional Ministerial Secretariats to have regional counterparts of the project to facilitate the implementation of the local experiences). In the case of component 3, strategies and plans have been designed to promote learning and knowledge management among the initiatives developed by the project, in addition to timely monitoring of project progress. With respect to co-financing, the project has a GEF grant of US$2,300,000 and co-financing of US$9,708,732 in non-monetary contributions. In this context, it is a challenge for the progress of the project to ensure that the committed co-financing is made effective promptly, and therefore the aim is to resume the links established in the design phase of PRODOC and confirm the institutional commitments made. In the case of governmental institutions, these co-financing commitments were established during the previous central government administration, so the PMU is aware of the challenge of reaffirming these non-pecuniary contributions and mobilizing new contributions from relevant actors who did not participate in the PRODOC design phase. To this end, a work plan has been drawn up to resume dialogue and reach updated agreements with the various public and private institutions that have committed themselves as co-financiers of the IECB project. The main co-financier of the project is the implementing institution, the Chilean Ministry of the Environment, with which there is currently coordinated work, development of deliverables and joint activities, and a close relationship for the achievement of project results. As this is the first PIR to be prepared under the IECB project, it is not possible to define a rigorous trend analysis. The evidence and verifiers presented in this PIR correspond to a consensual planning between the PMU team, the technical counterparts of MMA and UNDP, and the project Steering Committee to reverse the deviations detected in each of the Components. It is expected that these adjustments will generate articulation mechanisms that allow a more effective and comprehensive progress of the project.
GEF Operational Focal point	*(not set or not applicable)*
Project Implementing Partner	*(not set or not applicable)*
Other Partners	Hola

G. Minor Amendments

Minor amendments are changes to the project design or implementation that do not have significant impact on the project objectives or scope, or an increase of the GEF project financing up to 5% as described in Annex 9 of the GEF Project and Program Cycle Policy Guidelines.

CO Programme Officer: Please check the box for each category for which a minor amendment occurred during this reporting period (1 July 2023- 30 June 2024).

For each category that is checked off, a text box will appear Please provide a brief description of the change that occurred in the associated text box. You may attach supporting documentation, as appropriate, via the upload feature at the bottom of this section.

The purpose of this section is to capture adaptive management and measure project proactiveness, an indicator outlined in paragraph 70 of the GEF-8 Policy Directions available here.

A) Results Framework
Yes
Provide a description of the change(s) to the 'Results framework'
The project results framework has remained unchanged despite modifications to the institutional framework for biodiversity protection in Chile between the project design phase and its subsequent implementation, especially due to the legal establishment of various economic instruments for biodiversity conservation. If the need for adjustments to the results framework arise, the appropriate procedures will be followed to formalize these changes. In the case of the Derecho Real de Conservación Medioambiental instrument (Law 20,930), the IECB Project will support the development of guidelines with standards to strengthen the implementation of this instrument that seeks to promote the private conservation of the country's environmental heritage. In this case, the order of the products committed in Component 1 of the project is not modified, because the law that regulates this instrument did not mandate the elaboration of regulations. In the case of Core Indicators 4 (Area of landscapes under improved practices and management) and 6 (carbon sequestration or avoided emissions), a roadmap has been prepared to review and make technical adjustments to the calculation methodology used to estimate the number of hectares of landscape under management and improved practices and the carbon emissions avoided by the implementation of conservation and sustainable land use measures. The review of the methodologies for quantifying the area of landscapes under improved practices and management, as well as carbon sequestration or avoided emissions, will not affect the midterm and end-of-project targets committed to in the core indicators agreed.(Annex 57: Roadmap for adjusting the calculation methodology of landscape areas under management and carbon avoided emissions). Moreover, in order to strengthen the project's institutional and governance system, in addition to the work with the IECB Steering Committee, the project will start the work with the project's National Technical Committee and the Regional Technical Committees. These committees will be called to meet in August 2024, and the first task with them will be showing the progress made by the project to date and articulate the support of its stakeholders to the project (Indicator 5). Regarding the implementation of the demonstration experiences in the Valparaíso and Los Lagos Regions, coordination meetings have already been held with the Regional Heads of Natural Resources and Biodiversity Area of Environment Regional Ministerial Secretariats to expedite the

implementation of these demonstration experiences and the Regional Technical Committees. If this analysis concludes that modifications to the demonstration experiences are required, this adjustment will be reviewed by the PSC and presented during the last meeting of 2024. A roadmap was prepared for planning the implementation of these demonstration experiences for the second half of 2024 (Annex 58: Roadmap for planning the implementation of demonstration experiences 2024).

B) Components and cost

Yes

Provide a description of the change(s) to 'Components and cost'

To date, minimal modifications have been made to the budget defined in PRODOC, specifically to Activity 2, Account Code 75700, account description: Training, Workshops and Confer, which was increased by US$1,000. The total budget for this activity was deducted from account 71400. This budget was spent to finance expenses related to training sessions held on December 11 and 12, 2023, on "Ecosystem Services in Conservation Planning". This training was given by a specialist in Natural Resource Economics and Biodiversity, an academic from the University of Los Lagos, FONDAP IDEAL Center, Mileno Institute SECOS and Bariloche Foundation.

C) Institutional and implementation arrangements

Yes

Provide a description of the change(s) to 'Institutional and implementation arrangements'

The PRODOC of the IECB Project was designed in 2019-2020 and its implementation formally began on November 17, 2022. Its organizational structure consists of a Steering Committee formed by the head of the UNDP Environment and Sustainable Development area, the project director from the Environment Ministry and the National Project Coordinator. This organizational structure of the project includes a Project Management Unit that is currently composed of 4 professionals.

The approval of the new law establishing the Biodiversity and Protected Areas Service (SBAP) and the National System of Protected Areas (Law 21,600, which came into force on September 6, 2023) generated modifications in the attributions and responsibilities of the country's environmental institutions, which modified the institutional context for the design and implementation of public policies for biodiversity conservation between the design stage (2019) and the implementation stage of the IECB project (2022). Due to the new responsibilities established by the SBAP law for designing biodiversity conservation instruments, internal changes occurred within the Chilean Ministry of the Environment (MMA). As a result, the project saw a change in its Director and the division responsible for its execution within the MMA on July 10, 2023. The project was subsequently transferred to the Information and Environmental Economics Division (DIEA) of the Ministry of the Environment.

Although these institutional changes have led to some delays in project implementation, this new legal framework gives a new emphasis to the objectives and expected results of the IECB Project. These objectives are fully aligned with the SBAP's new attributions and functions on biodiversity conservation financing in the country. Various roadmaps have been developed to ensure coordinated progress in implementing of the project's actions and achieving the midterm and end of project targets.

These modifications to the country's environmental institutional framework have implied a review of the proposed PRODOC project governance structure, which initially incorporated numerous institutions and organizations with environmental and sectoral competencies related to the design and implementation of the market-based instruments for biodiversity conservation. Thus, in the last

Steering Committee, held in March 2024, it was decided to make an adjustment to the governance proposed for the project, through a selection of the most relevant institutions to form the National Technical Committee and the Regional Technical Committees of the regions where the demonstration experiences are being developed. Therefore, during August 2024 these committees will be formed and will begin to operate. Additionally, in relation to the National Technical Committee, the project results framework defines as a final goal of the project in Indicator 5 that the economic instruments for biodiversity conservation (EIBC) governance model would be implemented through the National Biodiversity Committee. However, currently and due to the entry into force of the SBAP and the process of updating the country's National Biodiversity Strategy (NBSAPs), the creation of an Intersectoral Technical Secretariat to support the implementation of the SBAP and the NBSAPs is being defined, so the National Biodiversity Committee would not be formed or meet again. In this context of transition towards the implementation of SBAP governance, the IECB Project will have to define the best mechanism to implement a sustainable governance model for these instruments.
D) Financial management
Yes
Provide a description of the change(s) to 'Financial Management'
A review of the IECB project's budget was conducted during the Steering Committee meeting in March 2023.
E) Implementation schedule
No
Provide a description of the change(s) to 'Implementation schedule'
(not set or not applicable)
F) Executing Entity
No
Provide a description of the change(s) to 'Executing Entity'
(not set or not applicable)
G) Executing Entity Category
No
Provide a description of the change(s) to 'Executing Entity Category'
(not set or not applicable)
H) Minor project objective change
No
Provide a description of the change(s) to 'minor project objective change'
(not set or not applicable)

I) Safeguards
No
Provide a description of the change(s) to 'Safeguards'
(not set or not applicable)
J) Risk Analysis
No
Provide a description of the change(s) to 'Risk Analysis'
(not set or not applicable)
K) Increase of GEF project financing up to 5%
No
Provide a description of the change to GEF project financing up to 5%
(not set or not applicable)
L) Co-financing
No
Provide a description of the change(s) to 'Co-financing'
(not set or not applicable)
M) Location of project activity
No
Provide a description of the change(s) to project location activity
(not set or not applicable)
Other
No
Please provide a description of other types of minor amendments that do not fall under any of the above categories. For example, minor changes to the project's Gender Action Plan and/or gender activities can be captured here.
(not set or not applicable)
Upload any supporting documentation related to responses in this section. *(Uploaded files will be kept internal and not submitted to the GEF.)*
Anexo 57 Hoja de ruta para el ajuste de memoria de cálculo de áreas de paisaje y emisiones de carbono _1_.pdf Anexo 58 Hoja de ruta planificación para la implementación de experiencias demostrativas 202.pdf

Anexo 59 Hoja de ruta el Plan de trabajo para la Gestión de Salvaguardas Sociales y Ambientales _1_.pdf
Anexo 60 Hoja de ruta para actualizar el análisis e identificación de riesgos detectados, de las medidas de gestión de riesgos y responsables de su gestión.pdf

H. Gender

Progress in Advancing Gender Equality and Women's Empowerment

1) Please review the project's Gender Analysis and Action Plan. If the document is not attached or an updated Gender Analysis and/or Gender Action Plan is available please upload the document below or send to the Regional Programme Associate to upload in PIMS+. Please note that all projects approved since 1 July 2014 are required to carry out a gender analysis and all projects approved since 1 July 2018 are required to have a gender analysis and action plan.
Anexo 61 Análiss de género.pdf Anexo 62 Plan de acción de género.pdf Anexo 63 Hoja de ruta para la actualización del Plan de Acción de Género proyecto IECB.pdf Anexo 64 TdR Coordinadora Nacional.pdf Anexo 65 Versión preliminar LVG Mashue.pdf Anexo 66 Versión preliminar LVG Liquiñe.pdf Anexo 67 Taller de transversalización del enfoque género.pdf Anexo 68 Estrategia Comunicacional.pdf Anexo 69 Plan de Gestión del conocimiento.pdf Anexo 70 Plan desarrollo de capacidades.pdf
Quantum Gender Marker Rating
GEN1: some contribution to gender equality
2) Please indicate in which results areas the project is contributing to gender equality (you may select more than one results area, or select not applicable):
Contributing to closing gender gaps in access to and control over resources: Yes
Improving the participation and decision-making of women in natural resource governance: Yes
Targeting socio-economic benefits and services for women: Yes
Not applicable: No
3) Please specify results achieved this reporting period that focus on increasing gender equality and the empowerment of women. **Please explain how the results reported addressed the different needs of men or women, changed norms, values, and power structures, and/or contributed to transforming or challenging gender inequalities and discrimination.**
The project's PRODOC includes the development of a Gender Analysis and Gender Action Plan (Annex 61.1: Gender Analysis, Annex 61.2 Gender Analysis presentation, and Annex 62: Gender Action Plan). However, both the Gender Analysis and the Gender Plan need to be updated considering the new institutional framework for biodiversity conservation in Chile, the time elapsed since their elaboration (2019) and the current local context of the demonstrative experiences under development. This update will be carried out during the second semester of 2024 and will consider the framework of the Social and Environmental standards of UNDP. To this end, a roadmap has been

defined for the planning of this process, especially with respect to the activities, indicators and targets to be met in order to respond to the gaps identified in the Gender Analysis conducted for PRODOC (Annex 63. Roadmap for updating the Gender Action Plan IECB Project).

In consideration of the current Gender Action Plan, to date the following activities have been completed and made progress in the following activities:

- Hiring of a PMU team that is sensitive and responsive to gender mainstreaming and 50% of the PMU team are women professionals (ToRs of the IECB National Coordinator incorporates responsibility for the implementation of the Gender Action Plan. Annex 64: ToR of the National Coordinator).

- Incorporation in the Low Value Grants of the demonstration experiences of the Los Ríos region of the responsibility for the implementation of the Gender Action Plan (Annex 65: Document of the Low Value Grant of Mashue; Annex 66: Document of the Low Value Grant of Liquiñe).

- On November 9 and 10, 2023, a training course on "Integration and Mainstreaming of the Gender Approach in Environmental Initiatives and Projects" was held in Santiago, Chile (in a hybrid manner). In this instance, the Project's PMU team, professionals from the Environment Ministry, the Metropolitan Government of Santiago and professionals in charge of different projects related to environmental institutions were trained; a total of 23 people participated, 15 women and 8 men, their identification as persons belonging to indigenous peoples was not requested (65% participation of women, 100% of the PMU trained). (Annex 67: Gender mainstreaming workshop). This training will be a fundamental input for updating the Gender Action Plan of the IECB Project.

- The Communications Strategy, the Knowledge Management Plan and the Capacity Building Plan consider explicit goals for women's participation and involvement (Annex 68: Communications Strategy; Annex 69: Knowledge Management Plan and Annex 70: Capacity Building Plan).

* Quantum Gender Marker Rating of the IECB Project should be upgraded to GEN 2 - Gender equality as an important objective according to the PRODOC.

4) Please describe how work to advance gender equality and women's empowerment enhanced the project's environmental and/or resilience outcomes.

Once the Gender Action Plan is updated during the second half of 2024, it will be possible to begin to analyze the relationship between the environmental and resilience outcomes of the IECB Project and the favorable conditions generated by the implementation of gender-focused activities centered on equity and women's empowerment. In the activities already developed in the demonstration experiences, the interest of women in the actions that the project will implement in relation to training and capacity building processes on environmental issues has been demonstrated.

I. Risk Management

A) Overall Risk Management

BPPS RTA: Please discuss the risks flagged in the Quantum project Risk Register and the VF Risk Dashboard in PIMS+ with the CO and then provide an assessment of project risk management undertaken during the reporting period. Document actions, agreed with the CO, to address all project risks in the coming year.

For PIR purposes, a discussion specifically about risks management was held on July 2, 2024 with the CO, PMU, Regional PA and RTA. In addition to this, it is worth to mention that the RTA and Regional PA monitor every quarter the risks in PIMS+ and QUANTUM, and based on this, an e-mail is sent to the management team at the CO indicating corrective actions, and a copy to the project manager.

From the call, the following can be highlighted:

- The project has NO RISK in PIMS+.

- The SESP approved with the CEO Endorsement has 8 risks with an overall rating of MODERATE (7 risks rated as moderate and 1 low). This SESP was prepared using the 2015 version template. These socio-environmental risks have been registered in QUANTUM, but as UNDP updated its risks policy, including the substantive rating, the rating in QUANTUM differs of the rating in the approved SESP. Hence, the SESP registered in QUANTUM has 5 moderate risks and 3 low risks. Therefore, the SESP update is encouraged.

- The CO of Chile reviews and updates the risks in QUANTUM every year and when new risks are identified. Currently there are 10 risks (including the risks from the SESP) registered and updated, 3 low and 7 Moderate.

- The project has to start activities to be aligned with UNDP's Social and Environmental Standards (SES), started reviewing the SESP and ESMF prepared during the design phase, and based on that prepare a SES Working Plan to manage the social and environmental standards in the project.

ASSESSMENT OF THE RISK MANAGEMENT IN THE PIR

Based on the previous, it could be said that the project presents a moderately satisfactory risk management approach, which could be improved applying the management measures suggested below.

KEY MANAGEMENT MEASURES FOR THE COMING YEAR

The key management measures in the coming year are:

- Update the SESP using the latest version available. Send the updated SESP to the CO for review and to the RTA for validation/clearance. Present the updated SESP to the PSC.

- Update the risks related to the SESP in QUANTUM, once the updated version has been cleared by the RTA.

- Review the ESMF and prepare a SES Working Plan to manage the social and environmental standards in the project. Once the ESMF and SES Working Plan have been finalized, share with the RTA for clearance.

- Include the SES Working Plan in the M&E Plan of the project to track its progress.

- The CO is encouraged to track and update risks continuously (at least every semester) based on the PMU reports.

- Include the suggestions/recommendations in terms of risks sent by the RTA in the quarterly oversight report.

- Present an overview of the risks during the PSC meetings, giving special attention to the high and substantial risks, if it is the case.

B) SES Implementation

2b) Provide an update on progress, challenges and outcomes related to stakeholder engagement based on the description in the Stakeholder Engagement Plan or equivalent documentation submitted at CEO Endorsement/Approval.

During the reporting period, the proposed Stakeholder Engagement Plan has been implemented, involving the various types of stakeholders identified in the plan, namely: (i) the public sector, with the establishment of the National Technical Committee in September 2024 and the Regional Technical Committees in the three project implementation regions; private sector; community-based organizations; universities; research centers; and non-governmental organizations. The National Inception Workshop has been held in August 2023, and Regional Inception Workshops (in 3 regions) are scheduled for August and September 2024. Additionally, a Communications and Knowledge Management Strategy has been developed and the Capacity Strengthening Plan has been implemented. Progress has been made in applying the FPIC in the demonstration experiences in the Los Ríos and Los Lagos regions, incorporating a gender perspective. During the second semester of 2024, the Stakeholder Engagement Plan will be updated to incorporate new stakeholders and address implementation challenges in accordance with the proposed roadmap (Annex 60: Roadmap for Updating the Analysis and Identification of Detected Risks, Risk Management Measures, and Responsible Parties).

J. Knowledge Management & Communications

The **Project Manager** must complete the three questions below.

1) Please provide progress on the implementation of the project's Knowledge Management approach approved at CEO Endorsement/Approval. If there is no KM approach/strategy, please comment on how the project is capturing and disseminating best practices and lessons learned.
Knowledge management and capacity building corresponds to Component 3 of the IECB Project and seeks to manage the knowledge and experiences generated during the project implementation and the sensitization of stakeholders through the application of an effective communication strategy with a focus on gender and indigenous issues and a capacity building plan (Annex 48: Communication Strategy). The Communication Strategy and its plans are expected to promote the inclusion of the value of biodiversity conservation and ecosystem services in the planning, financing and goals of government institutions, companies, communities and in the actions of other key stakeholders. In order to strengthen the technical capacity of the PMU and strategic partners, a training on the application of the ecosystem services approach in environmental policies was held on December 11 and 12, 2023: "Ecosystem services in conservation planning", aimed at officials from different public institutions related to environmental issues and the project's PMU. A total of 17 professionals participated, 7 women and 10 men. This training was given by a specialist in Natural Resource Economics and Biodiversity, an academic from the University of Los Lagos, Chile (Annex 76: Training attendance list) (Annex 77: Presentation on Ecosystem Services in Conservation Planning). In addition, to contribute to the implementation of the Gender Action Plan of the IECB Project and to strengthen technical capacities in the application of the gender approach in the PMU and strategic partners, a workshop was held on November 9 and 10, 2023 on "Integration and Mainstreaming of the Gender Approach in Environmental Initiatives and Projects" conducted by Andrea Quesada-Aguilar, Gender and Environment Expert, UNDP-LAC (Annex 78: Field Report). In addition, with respect to the Strategic Communication Plan focused on knowledge management and capacity building, a Communications Strategy, a Knowledge Management Plan and a Capacity Building Plan have been developed and will be implemented as of August 2024, after final approval by the project Steering Committee (Annex 79: Communications Strategy, Annex 80: Knowledge Management Plan and Annex 81: Capacity Building Plan). Furthermore, the PMU will focus its efforts on conducting dialogue and facilitating decision making by generating administrative acts among key stakeholders for the institutionalization of Economic Instruments for biodiversity conservation regulations that define the scope and procedures for the implementation of market-based mechanisms, promoting their replicability and scalability.
2) Please provide URLs specific to this project in the relevant field below. Please categorize the URLs appropriately (for example: project websites, social media sites, media coverage, etc.)
To date, the website and Social Networks (for example, Instagram, Facebook, others) of the project have not been activated. We are waiting for the Information Technology Department of the Environment Ministry of Chile to authorize the publication of the Project website on its domain:

https://gefinstrumentos.mma.gob.cl/

To give new impetus to the project's communications and knowledge dissemination activities, a strategic communications specialist was hired in May of this year. After joining the PMU, this specialist developed a Communications Strategy, a Knowledge Management Plan and a Capacity Building Plan, which will be approved by the IECB Project Steering Committee during August 2024.

In addition, during the PIR evaluation period, a Corporate Identity Manual for the IECB Project was developed, including the creation of a project logo.

Media coverage:

Chilean Environment Ministry website with information on the IECB Project Inception workshop: https://mma.gob.cl/proyecto-gef-potenciara-el-cuidado-de-biodiversidad-y-desarrollo-sostenible-a-traves-del-uso-de-instrumentos-economicos-para-la-conservacion/

Chilean Environment Ministry website with information on the IECB Project advances: https://mma.gob.cl/avanza-ley-para-la-naturaleza-el-proyecto-instrumentos-economicos-para-la-conservacion-de-la-biodiversidad-trabajara-con-casos-piloto-en-el-centro-y-sur-de-chile/

UNDP web page informing about the IECB Project: https://www.undp.org/es/chile/noticias/proyecto-gef-potenciara-el-cuidado-de-biodiversidad-y-desarrollo-sostenible-traves-del-uso-de-instrumentos-economicos-para-la.

3) In the PIR platform, please upload any supporting files, including the project's Communications Strategy, photos, videos, stories and other communication/knowledge materials.

Anexo 76 Lista de asistencia capacitación.pdf
Anexo 77 Presentación Servicios ecosistémicos en la planificación de la conservación.pdf
Anexo 78 Reporte en terreno género.pdf
Anexo 79 Estrategia Comunicaciones.pdf
Anexo 80 Plan de Gestión del conocimiento.pdf
Anexo 81 Plan desarrollo de capacidades.pdf

K. Annex - Ratings Definitions

Development Objective Progress Ratings Definitions

(HS) Highly Satisfactory: Project is on track to exceed its end-of-project targets, and is likely to achieve transformational change by project closure. The project can be presented as 'outstanding practice'.

(S) Satisfactory: Project is on track to fully achieve its end-of-project targets by project closure. The project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Project is on track to achieve its end-of-project targets by project closure with minor shortcomings only.

(MU) Moderately Unsatisfactory: Project is off track and is expected to partially achieve its end-of-project targets by project closure with significant shortcomings. Project results might be fully achieved by project closure if adaptive management is undertaken immediately.

(U) Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets by project closure. Project results might be partially achieved by project closure if major adaptive management is undertaken immediately.

(HU) Highly Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets without major restructuring.

Implementation Progress Ratings Definitions

(HS) Highly Satisfactory: Implementation is exceeding expectations. Cumulative financial delivery, timing of key implementation milestones, and risk management are fully on track. The project is managed extremely efficiently and effectively. The implementation of the project can be presented as 'outstanding practice'.

(S) Satisfactory: Implementation is proceeding as planned. Cumulative financial delivery, timing of key implementation milestones, and risk management are on track. The project is managed efficiently and effectively. The implementation of the project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Implementation is proceeding as planned with minor deviations. Cumulative financial delivery and management of risks are mostly on track, with minor delays. The project is managed well.

(MU) Moderately Unsatisfactory: Implementation is not proceeding as planned and faces significant implementation issues. Implementation progress could be improved if adaptive management is undertaken immediately. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are significantly off track. The project is not fully or well supported.

(U) Unsatisfactory: Implementation is not proceeding as planned and faces major implementation issues and restructuring may be necessary. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are off track with major issues and/or concerns. The project is not fully or well supported.

(HU) Highly Unsatisfactory: Implementation is seriously under performing and major restructuring is required. Cumulative financial delivery, timing of key implementation milestones (e.g. start of activities), and management of critical risks are severely off track with severe issues and/or concerns. The project is not effectively or efficiently supported.