

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TFOA8848
Printed On: 10/09/2019

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

Assignment: TFOA8848

El Salvador FCPF Readiness Additional Grant Funding FCPFR - Forest Carbon Partnership Facility

Task Team Leader: 00000467066 - Rodrigo Martinez Fernandez
Approving Manager: 00000253690 - Valerie Hickey

Summary Information	
TF Status	ACTV
Recipient Country	El Salvador
Executed By	Recipient
Managing Unit	9272 - SLCEN
Grant Start Date / End Date	01/10/2019 to 12/30/2020
Original Grant Amount	2,500,000.00
Grant Amount	2,500,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	500,000.00 as of 06/30/2019
Disbursed 07/01/2018 to 06/30/2019	500,000.00
Donor	TF602001 - MULTIPLE DONORS

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

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OVERVIEW

Overall Assessments

Grant Objectives:

The development objective of the proposed Project is to strengthen the enabling conditions for the implementation of the National Strategy for the Restoration of Ecosystems and Landscapes (EN-REP).

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

Comment:

The Ministry of Environment and Natural Resources (MARN) has increasingly made progress in FY19 on building upon the completed activities and project milestones financed by the original Grant. With the World Bank and FCPF financial and technical support, El Salvador has advanced in integrating forest and sustainable rural management and good conservation practices. To help the Ministry of Environment and Natural Resources (MARN) consolidate achievements of the original donation, the Government of El Salvador (GoES) requested an Additional Financing Grant from the FCPF for US\$2.5 million to continue the Readiness process.

The Additional Financing (AF) prepares MARN for the next stage in the REDD+ Process, and the implementation framework of the National Strategy for the Restoration of Ecosystems and Landscapes. The AFG has been used for: strengthening the strategy's incentives and compensation within the Local Sustainable Development Plans; improving citizen consultation and capacity building processes with civil society organizations regarding the implementation of the National Strategy for Restoration of Ecosystems and Landscapes; integrating, operationalizing and strengthening technologies for the national carbon and non-carbon monitoring system, and Safeguards Information Systems (SIS); establishing an MRV degradation system; and establishing monitoring and reference levels with higher accuracy.

In light of this change, the Additional Funding Grant will have a closing date of June 2020.

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

Comment:

Implementation of the grant has been successful. During FY2019, US\$150,192 from the original Grant (3.95% of the funds) and US\$500,000 (20% of the funds) from the Additional Grant were disbursed.

A mission by the bank in June 2019 aimed at confirming progress in the implementation of the different grant components and activities. The different processes leading to the execution of Additional Financing for the Republic of El Salvador were reviewed in detail. Based on this analysis, the 2019-2020 Annual Operation Plan was defined and adjusted for efficiency and adjustment to implementation priorities. Furthermore, a specific timeline and next steps were agreed upon.

Grant follow-up and structure

Description and context of Grant:

The project contemplated activities aiming at supporting El Salvador in designing and establishing policies and programs to reduce emissions from deforestation and forest degradation, which anticipates the full and meaningful engagement of potentially impacted stakeholders. To reflect the progress achieved and reflect better the new objectives of the project, the original PDO has been modified to strengthen the enabling conditions for the implementation of the EN-REP. The Additional Financing (AF) expands and complements the results obtained to date with the originally proposed components. The main results expected at project closure are listed below:

Component 1. Consultation and Awareness Raising

- a.#Raising national awareness for the preparation of the EN-REP strategy.
- b.#Raising awareness about the rights of Indigenous Peoples in relation to the EN-REP.
- c.#Grievance redress and consultation.

Component 2. Enabling Environment for the EN-REP

- a.#Main causes of deforestation and landscape degradation.
- b.#Assessment of potential modalities for marginalized groups to access funding for restoration activities within the framework

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of the EN-REP.

Component 3. National Forest Reference Level/National Forest Emissions Level

a.#Elaboration of forest emission reference levels, and the preparation of the report for the FCPF and the UNFCCC Secretariat.

Component 4. National Forest Monitoring System

a.#Operalization of the Monitoring, Reporting and Verification system.

b.#Expansion of the Monitoring, Reporting and Verification system for non-carbon co-benefits and safeguards management.

Expected follow up (if any):

Comment on follow up:

A technical review mission was conducted in June 2019. This mission focused on: (i) working with the MARN to review the implementation of the annual REDD+ Readiness operational plan with the Project Implementation Unit; (ii) supervising the improvement of safeguard instruments and progress made in the implementation of REDD+ Readiness components; (iii) collaborating with MARN technical teams to advance the development of the GEF-7 project; and (iv) providing trainings on the Collect Earth platform to MARN staff.

A follow up mission on implementation will take place during mid December, 2019.

End Date of Last Site Visit:

Restructuring of Grant:

June 2020 is expected to be the project's new closing date. The analysis and discussion phase of the proposals submitted for the third grant took longer than expected, and the actions to be carried out originally in 24 months had to be adjusted to a period of 18 months.

OUTCOME

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

As previously mentioned, El Salvador progressed until completion of activities in the project and achievement of REDD+ Readiness milestones. The EN-REP has been built on a broad, legitimate and representative participation and consultation process receiving a strong high-level political support and local engagement. Nonetheless, further work is required when supporting the country in the preparation of the implementation of the EN-REP.

Current outcomes refer to complementary activities funded by the new Grant aimed at consolidating existing achievements. Key outcomes include:

Component 1

During FY19, efforts to raise national awareness for the preparation for the EN-REP strategy involved engagement across institutions. Arrangements to enable prosecutors, technicians and police officers to evaluate forest fires were made with the National Forest Fire Commission (CNIF). Workshops have been planned for October and November to combat deforestation, namely forest fires, and strengthen the evaluation of forest fire impacts. 10 workshops will be held with representatives from governance structures in the East, Center, and West of the Country. In addition, arrangements were made to strengthen the Local Advisory Committee (COAL) operationalize the Environment Law and the Law on Natural Protected Areas.

In addition, important advancements to raise awareness for Indigenous People's Rights in Relation to EN-REP took place in FY19. Strategic issues have been strengthened, such as the feedback process on safeguards documents with Indigenous Populations (1 workshop) and enabling institutions to further propagate the rights of Indigenous Peoples (3 workshops). In terms of improving coordination between Indigenous Peoples and MARN, the First Meeting between MARN and the MNIMA (National Indigenous Environment Board) was held and established plans to publicize the work of the Indigenous Round Table.

During the XVIII session of the UN Permanent Forum, the GoES and Indigenous People of El Salvador launched the National Plan

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of Action of the Indigneous Peoples of El Salvador.

The SESA has been achieved, the ESMF and its annexes have been prepared, and the Pest Management Plan, the Peoples Planning Framework for Indigenous People, the Involuntary Resettlement and the Procedures Framework have been drafted and are being validated in a second round of consultations funded by the new Grant. Participatory workshops with the Restoration Roundtable, representatives of the National Safeguards Committee, and FIAES have been scheduled to receive feedback on the ESMF documents and provide training on the application of safeguards.

The grievance mechanism has been presented, and will be driven by FIAES, Fondo Iniciativa de las Americas de El Salvador, an entity receiving environmental compensation funds collected by the MARN. The FIAES system is being prepared under the safeguard requirements of the Green Climate Fund, and is being reviewed in parallel with the ESMF so that the systems align with the EN-REP in implementation and monitoring. The mechanism constitutes a basic element to conform the country's Safeguard Information System (SIS) and the Feedback Grievance and Redress Mechanism (FGRM) within the Framework of REDD+. The Terms of Reference have been developed for the hiring of a Legal Specialist to carry out an analysis of the legal framework of El Salvador and the new standards in the World Bank's Social and Environmental Framework.

The present donation has initiated the validation the FGRM in 3 pilots over 3 priority areas corresponding to 8 FIAES territories where REDD+ actions are currently being carried out by the government and other donors. The key actors, biophysical description, and developed restoration actions in each have been identified.

Component 2

MARN has developed and launched its National Strategy for the Restoration of Ecosystems and Landscapes, or EN-REP. The new Grant has paved the way for important advancements to foster enabling conditions addressing the identified causes of deforestation and landscape degradation. These include:

##Promoting actions for better control of forest fires.

##Adapting legal instruments to recognize rights over natural resources and inclusive forest management.

##Recognizing the rights of Indigenous Peoples.

##Designing and implementing an incentive program and compensation mechanism for marginal groups to implement restoration activities.

In FY19, the purchase of fire fighting equipment began and the winning company for fire monitoring vehicles was selected. The aforementioned Legal Specialist ToR has also assigned the task of evaluating the country's feasibility to transfer emissions reduction titles to the FCPF according to its Methodological Framework.

The PIU committed to setting up 6 workshops between August and November 2019 for the Action Plan for Strengthening Institutional and Community Capacities. Also scheduled are 3 more workshops with indigneous organizations for a participatory study on Indigenous People's Rights. The PIU has agreed to prepare a proposal of different mechanisms for access to benefits for vulnerable populations in the context of EN-REP. A Concept Note will be ready by October 8, 2019 and provide the overall conceptual framework and specify the objectives, scope, expected results, and timeline of the study.

Component 3

The new Grant is expected to complement the reference levels of forest emissions and removals, by fine-tuning the historical series already obtained with Landsat satellite images (2000, 2005, 2010) both at precision and year extension level by including a longer year series (2000-2018).

A specialist has been hired to visually interpret systematically distributed plots nationwide for changes in land cover and land use within the 2000-2018 period using high resolution satellite images with the Collect Earth tool (Online and Desktop). The study is expected to be completed in January 2020, and will subsequently inform the report to be prepared and submitted to the FCPF and the UNFCCC.

Additional studies have been planned for defining the reference levels of the country and trainings for improving the use of the

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National Forest Inventory (INB), along with technical assistance from the US Forest Service and GIZ. The servers where the INB databases will be hosted have been purchased.

Component 4

Important progress has been made in this component. A proposal for co-benefits indicators and their respective monitoring scheme has been prepared. An information platform has been formed to connect databases from different systems to calculate the defined indicators. The process of purchasing equipment for the National Monitoring Network is at an advanced stage, and hardware and software have strengthened MARN's capacity to store and process information related to monitoring activities.

Consultants are being hired to prepare MRV modules related to forest management, restoration of ecosystems and landscapes, co-benefits, and social and economic carbon.

Grant Outcome Indicators

No Outcome indicators are defined or used for this grant.

COMPONENTS

Output and Implementation by Component

Component 1: Creation of Awareness and Participation

Status:	Under Implementation
Planned Output:	Q1: REDD+ communications strategy. Q2: cross-sectoral REDD+ coordination body. Q4: 3+ activities to raise IP rights in relation to the EN-REP.
Actual Output:	National Council for Environmental Sustainability and Vulnerability established. Implementing communications strategy. Workshops on safeguards and Indigenous rights underway.

Component 2: Enable the Essential Conditions for the EN-REP

Status:	Under Implementation
Planned Output:	EOP: ENREDD+ operating, SESA carried out, ESMF prepared, differentiated mechanisms for vulnerable designed, and safeguards instruments validated. Q6: SIS. Q4: improved capacity for fire fighting.
Actual Output:	Finalized ENREDD+, implementation started in Barra de Santiago, and NSA and preliminary SIS established. SESA and ESMF completed and under validation.

Component 3. National Forest Reference Level/Forest Emissions Reference Levels

Status:	Under Implementation
Planned Output:	EOP: capacity to establish National FREL/RL. Q4: RL submitted to UNFCCC. Q3: expand RL analysis with new time change series.
Actual Output:	RL maps developed and are under validation. Concept of forests defined. First National Forest Inventory completed. Revised reference level will be sent to UNFCCC in January.

Component 4. National Forest Monitoring System

Status:	Under Implementation
Planned Output:	EOP: NFMS for MRV. Q4: framework and arrangements for MRV in place. Q6: MRV system operating.
Actual Output:	Institutional arrangements required for MRV defined. Capacity building for NFMS involved institutions developed. Finalized information technology platform where MRV indicators will be generated.

Comment on planned and actual Output

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Comment on component implementation progress

Component 1

The SESA and ESMF documents have been completed. After reviewing the final ESMF documents, the World Bank Regional Safeguards Unit will provide their feedback before submitting them to a participatory review by key stakeholder representatives who participated in the SESA process. The final edition will be made for publication.

In 2018, the documents on the Legal Framework were finalized for the implementation of the EN-REP, the Institutional Framework and the Compliance Framework. Likewise, an analysis of the alignment between El Salvador's Legal Framework and the World Bank's Operational Policies was developed. However, given the World Bank's new Environmental and Social Framework (ESF) as of October 1, 2018, it is necessary to correlate the Legal Framework of El Salvador with the ESF of the WB in this project.

Component 2

The MARN is concentrating on creating the enabling conditions to fight fires, organize and train local actors, and mobilizing the appropriate resources for monitoring and verification of activities.

Activities to be carried out will support MARN's work on linking and harmonizing planning processes of key organizations, on continuing improving the dialogue with indigenous and other vulnerable communities with difficult access to urban areas, and on providing valuable feedback inputs for the future implementation of the EN-REP, which includes the design of a mechanism to support restoration activities for indigenous groups, women and vulnerable producers. The evaluation of financing for restoration activities by marginalized groups will be developed in the first half of 2020. Donors that can provide funds oriented towards these groups will be sought and a mechanism will be designed that includes windows where they can apply to such funds.

Component 3

Several studies will be carried out in the coming months to build the Forest Reference Levels:

- #Development of forest and non-forest time series maps from 2001 to 2019.
- #Conceptualization, methodology and selection of tools to measure forest degradation.
- #Establishment of temporary plots to estimate the growth of 3 types of forest.
- #Estimation of Emission Factors due to deforestation, removal, and loss of biomass due to the degradation of forest lands.

With the Additional Funding, the reference level of emissions and forest absorption will be refined. To improve information, the current information on the Reference Level is needed, since the historical data based on the interpretation of Landsat images of 2000, 2005 and 2010 show an error margin of 75%. To refine the historical series of data coverage, MARN aims to apply a methodology based on remote sensing sampling sites to interpret a historical series with annual estimates of coverage. This process consists of interpreting systematic net of sampling points of 1x1, using free platforms that offer a visualization of very high-resolution images such as Google Earth, allowing for analysis at national and subnational levels. By January 2020, the interpretation of 21,103 plots nationwide from 2001 to 2018 will be completed. The improved Reference Levels will be reported to the FCPF and the UNFCCC.

In order to improve the use of the National Forest Inventory (INB) database carried out in 2017-2018, intensive training is planned for computer technicians of the MARN. This training will make the most of the INB data once they are integrated into the MARN platform, thus responding to the requirements of the users i.e. technicians, researchers, students, and planners.

Component 4

This component seeks to adjust the operationalization of the MRV system at the sub-national and national levels and prepare protocols for each component (carbon, co-benefits, forest management). In parallel, it is intended to strengthen technological capabilities (software and hardware) for the operation of the MRV system. The National Forestry Monitoring System (NFMS) must be properly designed and operationalized. The design of the NFMS should be carried out by MRV experts, who have a solid

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knowledge of remote sensing, database development and information technology. This ultimately aims at integrating the system to the MRV platform already developed. Prior to the design of the NFMS, an institutional diagnosis and existing capacities should be carried out, to know the roles of each participating institution or organization, in addition to defining the needs for strengthening / training local capacities.

The GIZ has started working on deepening the 2000-2018 forest cover and land use change analyses using a higher resolution satellite images and a 1x1 km reference systemic mesh. It is expected that this analysis will serve as basis for the future replication of this exercise in other sites of country, and to then be integrated into the country's national forest monitoring system.

Additional activities include the identification of priority co-benefits, the design, development and implementation of an information system, the development of system modules, the procurement of software, image licenses and hardware, and the establishment of networks to define the monitoring network, optimization of the network and establishment of a baseline and an indirect monitoring mechanism and field verification.

EXECUTION

Bank project related to the grant

Project ID / Name:	P124935 - El Salvador FCPF REDD Readiness
Project Status:	Lending
Global Focal Area:	Climate change
Product Line:	CN - Carbon Offset

Implementing agency and contact details

Agency:	Ministry of Environment and Natural Resources (MARN)		
Contact:	Lina Pohl		
Address:	Ministerio de Medio Ambiente y Recursos Naturales		
Phone:	503-2132-9418	Email:	lpohl@marn.gob.sv
Website:	www.marn.gob.sv		

PROGRAM

Program Specific Questions

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

The Additional Funding Grant complements other World Bank-financed projects such as the new GEF-7 project #Increasing Resilience and Sustainable Development through Landscape Restoration# , as well as, other initiatives led by allied international organizations such as the GIZ with its REDD+ Landscape Restoration Program and FAO-GCF's project for El Salvador's dry corridor that seeks to boost resilience by promoting climate adaptation measures.

The country has made a commitment to restore one million hectares by 2030, a pledge that has been reaffirmed by the launch of its National Ecosystem and Landscape Restoration Plan. The plan proposes activities for the initial restoration of 100,000 hectares in key protected natural areas, including mangrove ecosystems. To achieve this goal, the government of El Salvador has 20 million dollars distributed in several projects financed by Spain (micro-watershed Water Cooperation Fund), the German Federal Enterprise for International Cooperation, USAID Regional Climate Change Program, sources of income from national environmental compensations as well as resources managed by El Salvador's Initiative for the Americas Fund (FIAES), among others. These supporters have contributed with different components and activities laid out in the R-PP.

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

Additional funding has been requested in the amount of \$2.5M to work on the aforementioned new activities strengthening existing processes and creating synergies with other donor initiatives towards the National Strategy for Landscape and Ecosystems Restoration. The actions to be carried out originally in 24 months had to be adjusted to a period of 18 months because the analysis and discussion phase of the proposals submitted for the third grant took longer than expected.

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

The team of specialists has provided a close collaboration to the Project Implementation Unit team throughout the year. Three missions took place in FY19 to further support implementation. In addition, video-conferences have taken place on a regular schedule.

4. Describe progress in addressing social and environmental issues (including safeguards) related to the Grant. Is the SESA conducted in accordance with the Common Approach?

The SESA was conducted in accordance to the Common Approach. The ratification of the commitment by national and territorial stakeholders to participate in the dialogue and consultation process took place, with the following objectives: a) building the National Strategy for Ecosystem and Landscape Restoration; b) preparing the SESA; c) building the Environmental and Social Management Framework (MGAS); and d) developing the Safeguards Information System (SIS).

As part of the project the Safeguards Facilitating Team (EFS) and the National Safeguards Committee (CNS) were established.

Training took place with both organizations to develop a common language on safeguards and its components. A road map was designed to be implemented in each territory.

1st phase of SESA was completed. SESA consultations were useful to identify the potential impacts and environmental risks that could emerge from implementing the EN-REP, all of which are fundamental inputs to build the ESMF.

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

ESMF has been completed with the support of CARE and it was prepared in accordance with the Common Approach. The ESMF will undergo a final validation during the Additional Funding phase.

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

At the sub-national level, a process of dialogue, participation and consultations was implemented to inform the population and key sectors in each territory about the EN-REP process, climate change issues, and the Ecosystems and Landscapes Restoration Program. Consultation regarding the definition of the term forest and the techniques for restoring ecosystems and landscapes within the framework of the EN-REP, based on the Marrakesh agreements was also completed.

The SESA has been achieved, the ESMF documents are in its final stage and are being validated in a second round of consultations with participants from the SESA. Participatory workshops with the Restoration Roundtable, representatives of the National Safeguards Committee, and FIAES have been scheduled to receive feedback on the ESMF documents and provide training on the application of safeguards.

As previously mentioned, the grievance mechanism has been presented, and will be driven by FIAES. The FIAES system is being prepared under the safeguard requirements of the Green Climate Fund, and is being reviewed in parallel with the ESMF so that the systems align with the EN-REP in implementation and monitoring. The mechanism constitutes a basic element to conform the country's Safeguard Information System (SIS) and the Feedback Grievance and Redress Mechanism (FGRM) within the Framework of REDD+. A pilot exercise linked to the current FGRM has been developed in 3 regions of the country where REDD+ actions are currently being carried out. Communication activities will continue to be implemented, mainly the disclosure of feedback and results obtained from the original Grants.

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DISBURSEMENTS

Disbursements Summary in USD

Date From	Date To	Planned Cumulative	Planned Period	Actual Cumulative	Actual Period
01/01/2019	06/30/2019	0.00	0.00	500,000.00	500,000.00
07/01/2019	12/31/2019	0.00	0.00	0.00	0.00
01/01/2020	06/30/2020	0.00	0.00	0.00	0.00
07/01/2020	12/31/2020	0.00	0.00	0.00	0.00