Project Implementation Report

FISCAL YEAR 2026

Reporting period: 1 July 2025 to 30 June 2026

UNEP GEF Coordination Office

United Nations Environment Programme

SECTION 1

1 PROJECT IDENTIFICATION

In this section, you'll identify your project. Most fields are basic facts about the project that don't change year to year (project ID, title, financing, dates, key contacts).

1.1 Project Details

REFERENCE NUMBERS

GEF ID * *The 4–6 digit identifier from the GEF database.*	11071
Umoja WBS * *Format: SB-XXXXXX. Found in the project's Umoja record.*	SB-027553
SMA IPMR ID *The Strategic Management Application Implementation Plan and Monitoring Report ID.*	219329
Grant ID *Format: S1-XXXXX-NNNNNN.*	S1-32GFL-000998

PROJECT IDENTITY

Project Short Name * *A short name to identify the project in lists. E.g. "Togo E-mobility".*	Chile B&C
Full Project Title * *The full official title from the ProDoc.*	Supporting the shift to a low-emission, circular construction in Chile
Project Type *	Full Sized Project (FSP)
Parent Programme *(Optional)* *If this is a child project of a larger programme, name the parent.*	
Project Scope *	National
Region * *E.g. "Asia Pacific" — or list multiple if cross-regional.*	Latin America and Caribbean
Countries * *List all project countries. Write them however you usually do — comma-separated, line-break, etc.*	Chile
GEF Focal Area(s) * *E.g. Climate Change Mitigation, Biodiversity, International Waters, Land Degradation, Chemicals & Waste.*	Climate Change

DURATION

Planned Duration * *In months. E.g. "48".*	48
Project Age at Reporting Date * *How long the project has been running, in months.*	13

FINANCIALS

GEF Financing Amount * *Total GEF grant amount.*	USD 2,963,699.00
Co-financing (Total Planned) * *Total co-financing pledged at CEO endorsement.*	USD 31,922,703.00
Co-financing (Actual to date) * Total co-financing materialized to date — verified actual amount.	USD 25,000
Total Disbursement (as of 30 June) * *Total disbursed by UNEP since project start.*	USD 426,500
Total Expenditure (as of 30 June) * *Total spent by EA since project start.*	USD 284,202 (as of 30 march)

KEY DATES

CEO Endorsement / Approval *	11/11/2024
UNEP Project Approval Date *	13/05/2025
Start of Implementation * *Date PCA came into force.*	13/05/2025
Date of Inception Workshop *(Optional)*	18/08/2025
Date of First Disbursement *	04/09/2025
Completion Date — Original PCA *	30/05/2029
Completion Date — Revised / Current PCA *(Optional)* *Only fill if the project has been formally extended or revised.*	Click to pick date (DD/MM/YYYY) — leave blank if no revision
Midterm Review Undertaken? *	No
Actual Mid-Term Date *(Optional)* *Only fill if Midterm = Yes.*	Click to pick date (DD/MM/YYYY) — leave blank if MTR not done yet

Expected Mid-Term Date *(Optional)* *Only fill if Midterm = No.*	11/11/2028
Expected Terminal Evaluation Date *	30/05/2030
Expected Financial Closure Date *	30/05/2031

1.2 Project Description

Describe the project in 3–5 paragraphs. Include the project objective, the problem being addressed, the main components, and the expected outcomes. If you've written this in the ProDoc, you can copy from there.

Project Description

This project aims to address the global environmental challenge by promoting the shift to a low-emission circular construction model, breaking the 'take-make-waste' logic. It will increase the usage of resources that are currently disposed of unused and drastically reduce the sector's energy consumption and GHG emissions. For this purpose, the country needs to address the following barriers:

I. An absence of low-carbon, circular economy principles in Chile's legal and regulatory framework;
II. Limited confidence and awareness of the viability of low-carbon, circular construction;
III. The absence of associative business models and insufficient financing for innovation and scaling-up of low-carbon, circular construction;
IV. Insufficient knowledge management and capacity to support the transition to a low-carbon, circular construction.

This objective will be achieved through four components that directly address the four key barriers:

1. Updating sectoral policies and regulations.
   The expected outcome from this component is that national, regional and local governments adopt policies and legislation to accelerate the adoption of low-carbon and circular principles in the construction and demolition sector.
2. Creation of confidence and awareness of low-emission circular construction.
   By strengthening Chile's quality infrastructure system, this component will create confidence in circular materials and solutions for the construction sector.
3. Financing for a sustainable transformation to circular production and consumption models.
   The expected outcome of this third component is that the government, private sector, and financing institutions implement innovative mechanisms to scale-up the implementation of low-carbon and circular economy approaches in the construction and demolition sector.
4. Knowledge management and capacity building.
   The expected outcome from this component is that the Chilean construction sector has access to systematized sectoral data and demonstrates enhanced capacity for promoting a low-carbon and circular approach in construction and demolition.

Through achievement of the four outcomes above, the project is expected to play a key transformative role and support Chile in achieving its nationally determined contribution (NDC) and long-term climate strategy. The project is expected to achieve greenhouse gas emissions mitigation of 352,004 tonnes of CO_2eq. The interventions included in this proposal will also lead to additional socio and environmental benefits, e.g. the reduction of harmful chemicals used in construction and an indirect contribution to land restoration and

biodiversity through the reduction of illegal raw material extraction and construction and demolition waste (CDW) disposal.

Executing Agency: Ministry of Environment
Co-Executing Agency: Fundación Chile

Main Government partners involved:

- Ministry of Public Works
- Ministry of Housing and Urban Development
- Ministry of Social Development and Family

1.3 Project Contact

IMPLEMENTING AGENCY

Implementing Division(s) * *The UNEP division(s) leading this project.*	Climate Change Division
UNEP Portfolio Manager(s) *	Asher Lessels
UNEP Task Manager(s) *	Luis Ignacio Simon Zinno
UNEP Budget / Finance Officer *	Fatma Twahir
UNEP Support / Assistants *(Optional)*	Luis Ignacio Simon Zinno

EXECUTING AGENCY

Executing Agency(ies) * *Full official name as it appears in the PCA.*	Fundación Chile
Co-implementing Agency *(Optional)*	Click here to type the name — leave blank if none
EA Manager / Representative *	Karien Volker
EA Project Coordinator / Manager *	Cecilia Vidal
EA Finance Manager *	Gilda Zúñiga / Jorge Alarcón
EA Communications Lead *(Optional)*	Rafaella Truffa
Other Project Partners *(Optional)* *List any other organisations partnering on this project.*	Click here to list partners — leave blank if none

SECTION 2

2 OVERVIEW OF PROJECT STATUS

In this section, you'll describe how the project is progressing this year — the ratings, the co-finance, stakeholder engagement, gender, safeguards, and management risks.

2.1 UNEP Programme of Work and UN Linkages

How this project links to UNEP's Programme of Work and UN frameworks.

Current UNEP Subprogramme(s) * *E.g. "Climate action subprogramme".*	GEF Climate Mitigation Unit, Climate Change Division
Previous UNEP Subprogramme(s) *(Optional)* *Only if the subprogramme has changed during this project.*	Click here to type previous name — leave blank if no change
PoW Indicator(s) *The Programme of Work indicators this project contributes to.*	i, ii and v
UNSDCF / UNDAF Linkages *The UNSDCF/UNDAF outcome(s) this project contributes to.*	Click here to describe the linkage
Relevant SDG Goal(s) * *E.g. "Goal 13: Climate Action, Goal 15: Life on Land".*	Goal 13
Relevant SDG Target(s) * *E.g. "13.1, 13.2, 15.3".*	13.1, 13.2

2.2 GEF Core and Sub Indicators

One row per GEF core indicator or sub-indicator that this project reports against. Each indicator gets its own targets and materialised value. ***The first row below is shown as a sample — replace with your data.*** *Press Tab in the last cell to add new rows.*

Indicator	Mid-Term Target	End-of-Project Target	Total Target	Materialised to Date
Indicator 6 Greenhouse Gas Emissions Mitigated (metric ton of CO2e)	Mid-term target	End-of-project target	352	0
Indicator 11 People benefiting from GEF-financed investments disaggregated by sex	Mid-term target	Total: 635 Men: 381 Women: 254	Total: 635 Men: 381 Women: 254	Total: 75 Men: 51 Women: 24

Need more rows? Press Tab in the last cell of the bottom row to add an indicator.

2.3 Implementation Status & Risk

Fill in the PIR number and rating codes for THIS reporting year (FY 2026 — the leftmost column). Past years will be filled in automatically by the Implementing Agency (UNEP) from prior PIRs. If you see past-year cells that are blank, leave them as they are.

Past-year columns (FY 2025 and earlier) are auto-filled by UNEP from prior PIRs — do not edit. Only fill the FY 2026 column.

	FY 2026 THIS YEAR	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
PIR #	1											
Outcomes rating	S — Satisfactory											
Outputs rating	HS — Highly Satisfactory											
Risk rating	L — Low											

Summary of Progress this Reporting Period

Summarise progress towards outcomes and outputs, including the key achievements this reporting period. This is the most important narrative in the report — take your time.

The first year of the project has primarily been an establishment and activation phase, focused on creating the institutional, technical, and operational conditions required for successful implementation over the coming years. During this reporting period, priority was given to building the project team, establishing governance arrangements, formalizing strategic partnerships and collaboration agreements, contracting key technical studies and specialized consultancies, initiating pilot projects and territorial implementation processes. Overall, the project has reached 24% implementation progress measured as advance in deliverables, slightly exceeding the 23% planned for this stage, in line with the approved project work plan.

These foundational efforts have enabled the activation of the project's main work streams and laid the groundwork for achieving its long-term objectives. The following section provides further detail on the main work streams implemented during the reporting period.

1. National, regional, and local governments adopt circular and low-carbon policies and regulations in the construction and demolition sector.
2. Public and private stakeholders in Chile increasingly adopt and implement circular and low-carbon construction practices.
3. The Chilean construction sector has access to systematized sectoral data and demonstrates enhanced capacity to promote circular and low-carbon approaches in construction and demolition activities.

Under **Component 1** of the Project, significant progress was made in the development of the Legal and Regulatory Strategy. Key achievements also included the establishment of the project's technical support team

and the initiation of collaboration with regional and local governments across different regions of Chile, with the aim of generating impact not only at the national level but also at the regional and local scales. Further details are provided below.

- Legal and Regulatory Strategy and Action Plan Framework: Through a collaborative effort between the Ministry of the Environment and Fundación Chile, a Legal and Regulatory Strategy was developed to serve as a roadmap for guiding future legislative and regulatory work. The strategy proposes a six-stage process aimed at identifying legislative and regulatory amendments, as well as new public policy instruments; validating, refining and co-developing these proposals with a broad range of stakeholders; preparing draft regulations; and supporting pre-legislative and pre-regulatory processes to facilitate their adoption. The document also presents the results of the first two stages of the strategy, which identified and prioritized a portfolio of legal, regulatory and policy instruments requiring amendments to enable circularity in the construction sector. Based on this prioritization, key thematic areas were defined for a series of multi-stakeholder working groups, conceived as the main participatory mechanism for the co-development of future proposals. These outputs will also serve as key inputs for the preparation of the project's Action Plan, which is scheduled for development during the following reporting period.
- Establishment of the Legal and Regulatory Team: During the reporting period, a dedicated legal and regulatory team was established to lead the development of the project's regulatory agenda. Terms of Reference were prepared and two specialized consultants in public policy development were contracted to draft two priority regulatory instruments: (i) a regulation under Law No. 20,920 focused on promoting waste prevention and discouraging waste generation through the Extended Producer Responsibility (EPR) framework; and (ii) a Framework Law on Circular Economy in the Construction Sector. Both consultancies are expected to run for approximately seven months and deliver draft legislative proposals. In parallel, a third expert was contracted to lead the participatory co-development process for these and other regulatory proposals identified during the first stage of the Legal and Regulatory Strategy. Both consultancies were formally launched during the reporting period through their respective kick-off meetings.
- Regional and local government activities: Initial engagement was established with the Los Lagos and Los Ríos Regions through a series of meetings and workshops aimed at identifying the main regional barriers to advancing circularity in the construction sector. Based on these discussions, the project team developed a portfolio of projects and programs that could be submitted by regional governments through different public investment funding mechanisms. In the Los Ríos Region, collaboration with the Municipality of La Unión has advanced towards the submission of an initiative to the 2027 Regional Preliminary Investment Plan (ARI 2027), as part of the project's strategy to unlock regional financing opportunities. Complementing these efforts, territorial engagement was also initiated in northern Chile. A mission to the Tarapacá Region was conducted on 2 July 2026, including meetings with the Municipalities of Iquique and Alto Hospicio, as well as participation in the 2nd Municipal Summit. Initial coordination has also been established with the Chilean Association of Municipalities (ACHM), with the aim of integrating the project's territorial network into ACHM's existing municipal collaboration framework and supporting the future scaling of project activities across municipalities.

Under **Component 2** of the Project, implementation began on the technical standards workstream, while two enabling pilot initiatives were successfully launched. The main achievements and progress made under these activities are presented in greater detail below.

- Technical Standards: As part of efforts to strengthen the national quality infrastructure system, progress was made in designing an action plan to expand the development and adoption of technical standards relevant to circular construction. The plan identifies several implementation pathways, including direct collaboration with the National Standards Institute to develop new technical standards that will complement those already under development under the mandate of the Ministry of the Environment. It also considers collaboration with the Construction Institute through a crowdfunding initiative, for which a cooperation agreement with Fundación Chile is currently under discussion. In addition, CORFO was identified as a strategic partner to support the adoption and harmonization of international standards, particularly those based on ISO, ASTM and European standards. Complementing the development of this action plan, an international review of existing technical standards relevant to the project was carried out during the reporting period. This assessment covered topics such as low-impact design, material health, biomaterials and standardized construction materials, among others. The findings will provide a key technical reference for the development of future national standards.
- CENAMAD Pilot: As part of its efforts to advance circularity in the construction in wood sector, the project initiated a pilot in collaboration with CENAMAD aimed at developing circularity standards for the forestry, timber, and timber-based construction industries. The purpose of this pilot is to lay the groundwork for a circular timber certification scheme that facilitates compliance with the circular public procurement targets established by the State and stimulates low environmental impact timber construction. This effort is aligned with the forthcoming Roadmap for Timber Construction required under Chile's 2025 NDC, positioning circular timber as a key enabler for a more sustainable construction sector.

  During the reporting period, steady progress was made in the execution of the pilot, with four of the eight contractual deliverables submitted to date. A key milestone was the seminar "From the Forest to Construction" ("Del Bosque a la Construcción"), which gathered 75 participants and included the issuance of certificates of participation. The seminar contributed to the dissemination and positioning of circular timber construction among stakeholders from the forestry, timber, and construction sectors. Building on these efforts, technical working tables were held under the initiative "From the Forest to the Future: Circularity Standards for Sustainable Timber Construction" ("Desde el Bosque al Futuro: Estándares de Circularidad para una Construcción Sustentable con Madera"). Two sessions were conducted in June 2026, hosted at the UC Innovation Center in Santiago and at the Faculty of Forest Sciences of the University of Concepción. These closed sessions, led by the CENAMAD team, convened key actors from across the value chain to discuss current circular economy practices, levels of implementation, and the main gaps and enablers for their adoption in the national context, providing participatory validation inputs for the Circular Timber Standard under development.

  This initiative is also expected to contribute to the implementation of Chile's forthcoming Timber Construction Roadmap under the Nationally Determined Contribution (NDC), positioning circular timber as a strategic solution for reducing embodied carbon and promoting sustainable construction practices.

- CTEC Pilot: To strengthen CTEC's capacity to test alternative circular solutions for road infrastructure, substantial progress was made during the reporting period in the conceptual design of an environmental testing framework that enables the safe use of valorized waste and industrial by-products in road construction.
  The technical foundations of the pilot were established through the completion of three complementary studies. The first provided a baseline assessment of the use of industrial by-products and waste materials in road infrastructure, drawing on both international and national experience. The second evaluated Chile's laboratory capacities, identifying existing testing capabilities relevant to the pilot, together with associated costs, technical requirements, and current gaps. Building on these findings, the third study developed the overall pilot framework, defining its implementation phases and identifying the key environmental variables and performance criteria to be assessed throughout the testing process.
  In parallel, a strategic collaboration was consolidated with the Ministry of Public Works (MOP), specifically with the Directorate of Highways and the General Directorate of Public Works. Through this partnership, the project has benefited from the Ministry's technical expertise and experience in testing alternative materials and waste-derived products for road infrastructure. Key commitments include the review and validation of the pilot's technical progress and major implementation decisions, as well as continued technical collaboration throughout its implementation. The partnership may also facilitate access to road sections for future full-scale field trials and provide additional technical support to strengthen the validation of the proposed testing framework.
  Finally, a strategic partnership is currently being formalized to implement this pioneering pilot initiative. The pilot is expected to be co-financed through contributions from the private sector, particularly from stakeholders associated with end-of-life tire (ELT) management, creating an innovative public-private collaboration model to support the demonstration and future scaling of circular road infrastructure solutions.

Under **Component 4** of the Project, substantial progress was also made in launching key studies, developing methodological approaches, advancing occupational competency profiles, and conceptualizing a remote monitoring tool for the detection of illegal aggregate extraction and illegal construction and demolition (C&D) waste disposal. The main achievements under these workstreams are presented in greater detail below.

- Study to define the social price of environmental impacts of CDW: During the reporting period, the first two technical deliverables were completed, establishing the conceptual and methodological foundations of the study. The first report provides a comprehensive assessment of the current construction and demolition (C&D) waste management context in Chile, including the identification and prioritization of representative C&D waste streams and treatment alternatives to define the life cycle assessment (LCA) case studies that will be evaluated throughout the project. It also highlights key sectoral challenges, including the lack of reliable data, low material recovery rates, and the environmental impacts associated with current waste management practices.
  The second report develops the institutional, conceptual and methodological framework for estimating the social price of environmental impacts beyond carbon in the construction sector. Drawing on international best practices and the Chilean policy context, it establishes the methodological basis for monetizing environmental externalities throughout the life cycle of construction activities, providing a framework to support future incorporation of environmental costs into public investment appraisal,

policy design and financial decision-making. Together, these deliverables provide the technical basis for the subsequent development of social price estimates and their application to the selected LCA case studies.

Another important milestone has been the strengthening of the collaboration with the Ministry of Social Development and Family, which will serve as the project's technical counterpart throughout the development of the methodology. The Ministry will actively contribute to the definition of key methodological decisions, helping ensure the technical robustness and institutional relevance of the study. This collaboration also creates important synergies with ongoing efforts to integrate circular economy principles into Chile's public investment system, supporting the incorporation of environmental externalities into future investment appraisal processes.

- Study to asses over-specification in the Chilean construction sector: During the reporting period, the study "Evaluation and Optimization of Design, Construction Works, and Material Use in Projects Pursuing Circularity and Resilience" was completed. The study assessed the causes and impacts of overdesign, overspecification, and oversizing practices in the Chilean construction sector, examining their implications for material consumption, costs, environmental performance, resilience, and innovation. Based on a comprehensive review of international experience, national regulations, expert consultations, and case studies, the study developed a set of technical, regulatory, and capacity-building recommendations aimed at promoting more efficient, circular, and resilient design and construction practices.
- Tools for sectoral surveillance and risk management: To strengthen the capacity of the Superintendence of the Environment (SMA), the National Disaster Prevention and Response Service (SENAPRED), municipalities, and other public authorities to detect and monitor illegal aggregate extraction sites and illegal construction and demolition (C&D) waste disposal, the project is developing a remote sensing tool that supports territorial surveillance and environmental enforcement through the use of satellite imagery.

  During the reporting period, the project established key strategic partnerships to support the development of this initiative. A collaboration was formalized with CIPYCS and CINNDA, which is leading the development of the satellite image analysis component. From a technical perspective, the platform mock-up was completed, providing the first functional and visual representation of the tool and its core features. Development of the satellite image analysis component (the analytical core of the platform) is currently underway and focuses on the processing and interpretation of satellite imagery to identify illegal aggregate extraction sites and illegal C&D waste disposal areas. The initiative was also presented at the 2nd Municipal Circular Economy Summit in the Tarapacá Region, raising awareness among municipal stakeholders about the tool's potential applications for territorial surveillance, environmental monitoring, and enforcement support.
- Occupational competencies: During the reporting period, the project advanced the development of occupational competency profiles for the circular construction sector in collaboration with ChileValora and the Ministry of the Environment. This work resulted in the development of nine new occupational profiles covering key roles across the construction waste value chain, including base recyclers, waste transporters, and scrap and metal recovery workers. Building on these results, a strategic partnership was established with Aceros AZA, ChileValora, and the Ministry of the Environment to strengthen training, certification, and the professionalization of workers in the recycling sector. As part of this

initiative, a pilot certification program for base recyclers will be implemented based on the competency profiles developed under the project.
In parallel, a second phase was launched to develop five additional occupational profiles focused on the circular reuse of timber and the production of wood-plastic composite (WPC) materials. This phase also includes the development of training content and the design of a certification pilot in collaboration with key sector stakeholders.

In Summary: What Have We Achieved in our first year?

- More than 37 institutions now take part in the project's collaborative ecosystem.
- 7+ outreach and dissemination events
- 629+ participants engaged through project events
- 14+ collaboration agreements and service contracts signed
- 3 enabling pilot projects initiated
- 3 studies and methodological developments underway
- 7 regions across Chile actively collaborating with the project
- 9 occupational competency profiles developed
- 5 additional occupational competency profiles under development
- Four formal governance instances have been convened, including the first Strategic Committee, with the active commitment of the Ministry of Public Works (MOP), Ministry of Housing and Urban Development (MINVU), Ministry of Social Development and Family (MDSF), and the Ministry of the Environment (MMA).

Summary of Challenges & Actions Taken to address them

Describe the main challenges encountered this reporting period and the corrective actions taken (or planned) to address them.

The first year of project implementation coincided with the establishment and operationalization phase of the project. A key challenge during this period was the simultaneous initiation of multiple technical workstreams while, at the same time, recruiting and onboarding the project team, establishing governance arrangements, formalizing partnerships, and activating implementation mechanisms. This was particularly relevant for the design and launch of the pilots and technical studies under Components 2 and 4.

To address this challenge, significant effort was dedicated to refining scopes of work, validating methodological approaches with project partners, and ensuring alignment among technical counterparts before launching activities. While this process required more time than initially anticipated in the Project Document, it contributed to improving the technical quality, ownership, and feasibility of implementation. As a result, all major studies and pilot initiatives planned for the reporting period were successfully contracted and launched, including the CTEC Pilot, the CENAMAD Pilot, the remote sensing surveillance tool, the study on over-specification practices, the study on the social price of environmental impacts of construction and demolition waste, and the associated life-cycle assessment activities.

A second challenge has been maintaining active engagement, alignment, and commitment across a large and diverse stakeholder ecosystem. Given the project's transformative nature, implementation depends on the

sustained participation of multiple public institutions, private sector organizations, industry associations, academia, regional governments, municipalities, and technical partners. Keeping stakeholders informed, ensuring alignment of expectations, and maintaining motivation and ownership throughout the implementation process has required substantial coordination efforts and continuous engagement.

To address this challenge, the project invested significant effort in establishing formal governance mechanisms, conducting regular coordination meetings, creating opportunities for technical participation, and ensuring continuous communication of project progress and achievements. More than 37 institutions are currently engaged in the project's collaborative ecosystem, supported by over 230 stakeholder meetings conducted during the reporting period. These efforts have strengthened trust, reinforced institutional ownership, and created a solid platform for the co-development and future adoption of project outputs.

Looking ahead, an important contextual challenge relates to the political transition associated with Chile's presidential elections and the subsequent change in government authorities. Changes in leadership across key ministries and public institutions may affect policy priorities and the pace of adoption of regulatory proposals developed under the project, particularly those linked to Component 1.

To mitigate this risk, the project has invested early in building broad institutional ownership across multiple government agencies and technical levels, thereby reducing dependence on individual decision-makers. During the next reporting period, engagement efforts will focus on briefing incoming authorities, revalidating priorities, and reinforcing the alignment between project objectives and national commitments related to climate change, circular economy, sustainable construction, and the implementation of Chile's Nationally Determined Contribution (NDC). The project team will continue to closely monitor this risk and adapt stakeholder engagement strategies as necessary.

Overall, despite the challenges associated with project start-up, stakeholder coordination, and the evolving political context, implementation progress remains on track and slightly above the level originally planned for this stage of the project, providing a strong foundation for the next phase of implementation.

2.4 Co-Finance

Planned Co-Finance *	USD 31,922,703
Actual Co-Finance to Date *	USD 25,000

Co-Finance Justification

Explain why actual co-finance differs from planned co-finance. Note any delays or challenges in materialising co-finance commitments.

The project is currently in its establishment phase. Most co-financing commitments are linked to implementation-stage activities, including infrastructure pilots, technical assistance, capacity-building initiatives, and partner-led investments. Consequently, materialization of co-financing is expected to accelerate during Years 2 and 3 as project activities transition from design and planning to implementation. Early indications of future co-financing are already emerging through advanced collaboration agreements currently under formalization and through pilot initiatives expected to leverage private-sector contributions during the next

implementation phase. In addition, early engagement with private sector stakeholders, industry associations, and financial institutions is creating opportunities to leverage future investments and support the implementation of financing-related activities under Component 3.

At this stage, Fundación Chile reports a contribution of 25,000 USD, corresponding to the Equivalent Advertising Value (EAV) of press publications during the period from July 2025 to June 2026. This figure is an estimate of how much it would have cost to achieve the same level of visibility had it been paid for as advertising.

2.5 Stakeholder Engagement

Date of PSC / Steering Committee Meeting * 05/03/2026

Most recent PSC meeting in this reporting period.

Stakeholder Engagement Narrative

Describe PSC meetings, consultations, workshops, and key partnerships during this period.

The designed Stakeholder Engagement Plan (see in prodoc) identified at least 60 relevant institutions that, based on their respective mandates and perspectives, can make a meaningful contribution to the work and ambition of the project. These institutions represent a broad range of stakeholders, including the private and public sectors, construction-related industry associations in Chile, banking institutions and potential financiers, as well as international agencies. For our project, conforming and strengthening a collaborative ecosystem is one of our top priorities. Building and maintaining this collaborative ecosystem has become one of the project's core implementation strategies, recognizing that systemic transformation in the construction sector requires sustained collaboration across government, industry, academia, financial institutions, and civil society.

During the first year of project implementation, A series of meetings were held with key stakeholders to engage them in the project's collaborative ecosystem. Over 40 stakeholder engagement meetings were conducted, with the participation of 7 municipalities, 19 government agencies (excluding the Ministry of Environment), 13 private sector organizations, and 13 academic institutions. As a result of this process, a public–private collaborative governance structure was established, comprising - at this stage, more than 37 institutions that committed to contributing to the achievement of the project’s objectives. The collaboration of these institutions in our project has different ways, some of them are part of our Project Steering Committee (PSC), some of these are partners for communications and disseminations activities, others are consulted for technical contributions, and others for are direct beneficiaries for our capacity building activities and so on.

To ensure traceability and accountability, we record each meeting in an activity log that distinguishes by activity type; for example: prospecting activities versus coordination activities, technical meetings versus communication and dissemination activities, etc. Our log currently contains more than 230 meetings with stakeholders (see Annex 11, Activity Log). In the next paragraph we will specifically address the most significant examples of governance, communication and dissemination activities, and consultation-oriented activities.

Regarding official governance activities, in the reporting period, two meetings of the Project Steering Committee were held, strengthening the project's governance arrangements and inter-institutional coordination. The first meeting, held in December 2025, formally established the Committee, bringing together senior representatives

from the Ministry of the Environment, the Ministry of Public Works, the Ministry of Housing and Urban Development, the Ministry of Social Development and Family, UNEP and Fundación Chile; Overall, the composition of this governance body is 40% women and 60% men. The Committee was created to provide strategic guidance from a public policy perspective, prioritize legislative, regulatory and standardization initiatives, and facilitate the implementation of project outcomes across relevant public institutions.

A second extraordinary meeting was convened in March 2026 to review and validate adjustments to the Year 1 work plan requested as part of the GEF implementation process. During the session, the project team presented implementation progress, including technical achievements, enabling activities and budget execution, as well as proposed adjustments to the sequencing of selected workstreams. The meeting also reinforced inter-ministerial collaboration, particularly regarding future joint initiatives related to the integration of environmental considerations into public investment decision-making.

These meetings have contributed to strengthening strategic oversight of the project, fostering ownership among key government institutions, and providing a high-level coordination mechanism to support the implementation and future uptake of the project's outputs across the public sector (See Annex 0 for further details).

Regarding communication and disseminations activities, a key part of our stakeholder engagement plan is the positioning of our initiative among the construction ecosystem in Chile, which is especially important in this establishment year. One of the first activities was to hold the launch event where our project was officially introduced to the construction community in Chile. This event was held on August 12, under the name of "Moving Toward Circular and Decarbonized Construction in Chile". This meeting was attended by high-ranking officials such as the Minister of the Environment, the Undersecretary of the Ministry of Social Development, the Executive Director of CORFO, the General Manager of FCH, and GEF, represented by its climate change specialist Esteban Bermudez.

The call and the positioning achieved was an absolute success. There were over 235 attendees in person and another 200 online. Considering only in-person participation, women accounted for 48% (112 participants) of total attendees. In this instance 27 institutions signed the commitment to be part of our collaborative governance, such us: ANARCH, ASCC, Banca Ética (BELAT), State Bank, Santander Bank, Chilean Chamber of Construction, CENAMAD, CHILE GBC, ChileValora, CIPYCS, Construye 2025 Program, CORFO, CTEC, FCH, GEF, INE, INN, INNOVACICLOS, Construction Institute, Ministry of Social Development and Family, Ministry of Husing and Urban Planning, Ministry of Environment, Ministry of Public Works, Circular Economy Network of Construction, SENAPRED, PNUMA, MonGerch and ICHA. This number has risen to 37 institutions that are today part of our collaborative ecosystem. Finally at this time we have managed to have 7 communication and dissemination events which in total counted with 629+ participants.

Regarding consultation-oriented activities, this category includes activities such as workshops, technical meetings and focus groups. We have organized more than 16 workshops on a wide range of topics from territorial challenges to implementing construction projects, discussions on how to promote Regenerative, Adaptive and Resilient Construction sector, Discussion on the problem of illegal aggregates, among others.

Regarding workshops, a training program on circular economy in timber construction was delivered to a diverse group of stakeholders from the timber sector, bringing together +75 participants; 24 women. Participants completed a series of training sessions focused on circular construction principles, sustainable timber

management, and opportunities for enhancing resource efficiency across the value chain. Those who successfully completed the program received a certificate of participation. Beyond strengthening technical capacities, the workshop contributed to building a network of practitioners and institutions interested in advancing circular timber construction practices. This network is expected to continue supporting knowledge exchange and provide valuable technical inputs for the development of the future standard on circular timber construction.

Regarding key partnerships, the first year of project implementation has been marked by the establishment of strong strategic collaborations with the Ministry of Public Works (MOP) and the Ministry of Social Development and Family (MDSF), both of which are expected to play a critical role in ensuring the long-term uptake of the project's outcomes.

Collaboration with the Ministry of Public Works has been particularly strengthened through the General Directorate of Public Works and the Directorate of Highways. This partnership has enabled close technical coordination on two strategic workstreams. First, the development of legal and regulatory proposals that support the Ministry's commitments under its Sectoral Climate Change Mitigation and Adaptation Plan and Chile's Nationally Determined Contribution (NDC). Second, the implementation of technical work aimed at enabling the environmentally safe use of industrial by-products and waste materials in road infrastructure, including the review and validation of technical advances and the identification of opportunities for future pilot implementation.

Likewise, collaboration with the Ministry of Social Development and Family has become increasingly relevant during the reporting period. The Ministry has committed to serving as a technical counterpart for the methodological study on estimating the social cost of environmental impacts associated with construction and demolition waste. This partnership is expected to play a key role in ensuring the robustness and policy relevance of the methodology, while also creating the conditions for the future integration of circular economy considerations into Chile's National Public Investment System, thereby supporting more environmentally informed public investment decision-making.

We have made significant progress in strengthening strategic partnerships with the private sector and industry associations. A key example is our collaboration with the Chilean Chamber of Construction (CChC), through which we are advancing a joint agenda to embed circular economy principles within the construction sector and support the implementation of its sustainability roadmap. Furthermore, we are in the final stages of formalizing two strategic collaboration agreements. One will enable the implementation of CTEC pilot project, while the other will support the certification of competencies associated with new occupational profiles developed in partnership with ChileValora, contributing to the development of the skills needed for a more circular construction industry.

The participation of financial institutions within the project's collaborative ecosystem is also generating valuable input for the future implementation of Component 3. Early exchanges with banking stakeholders and potential financing partners have helped identify opportunities and barriers associated with scaling circular construction solutions, creating a foundation for the future development of financial mechanisms and investment strategies under the project.

2.6 Gender

Does the project have a Gender Action Plan? * Yes

Gender Mainstreaming Activities

Describe gender mainstreaming activities and results, including participation rates by gender.

During the first year of implementation, the project focused on establishing the foundations required for the effective integration of gender considerations across its governance, stakeholder engagement, communication, and capacity-building activities. While the full implementation of the Gender Action Plan (GAP) is scheduled for subsequent phases of the project, important steps have already been taken to ensure that gender equality considerations are incorporated into project design and delivery.

A first priority has been to promote balanced participation in project activities and decision-making processes. Within the PMU, women represent 75% of the total unit, including the PM and the executing agency supervisor. Gender-disaggregated participation data is systematically collected for all project events, workshops, consultations, and capacity-building activities. To date, women represent approximately 45% of total participants across project activities, reflecting a strong level of engagement in a sector traditionally characterized by lower female participation.

The project has also sought to promote gender balance and visibility in its communication and outreach activities. For example, during the project launch event, mixed-gender speaking panels were intentionally designed to showcase diverse leadership and expertise within the construction and sustainability sectors. Similar considerations have been applied to subsequent dissemination and stakeholder engagement activities.

In parallel, gender considerations are being incorporated into the design of future capacity-building and workforce development initiatives. This includes the development of occupational competency profiles for emerging circular economy-related occupations, as well as the design of future training and certification initiatives that aim to expand access to skills development opportunities across different stakeholder groups. The project will continue to explore opportunities to encourage the participation and professional development of women in circular construction value chains, particularly in occupations linked to resource recovery, recycling, materials management, and sustainable construction practices.

The project will also seek collaboration with relevant professional associations, networks, and organizations that promote women's participation in the construction sector, including initiatives such as Women in Construction and other industry platforms.

Looking ahead, the project's communications strategy will provide an important platform for the implementation of the Gender Action Plan. Planned activities include increasing the visibility of women working in the construction and circular economy sectors, promoting role models and success stories, and collaborating with relevant professional associations and civil society organizations to support women's participation and leadership in the transition towards a circular and low-carbon construction sector.

Overall, the first year of implementation has laid the groundwork for a more systematic integration of gender considerations across project activities, helping ensure that the benefits and opportunities arising from the transition to circular and low-carbon construction can be accessed more equitably by women and men.

2.7 ESSM (relating to safeguards)

ESSM compliance and risks during this period.

Was the project classified as moderate/high risk? * *At project design.*	Yes
If Yes, what safeguard risks were identified? * *Leave blank if you answered No above.*	SS 1: Biodiversity, Ecosystems and Sustainable Natural Resource Management, SS 3: Pollution Prevention and Resource Efficiency
New environmental/social risks this period? *	No
If Yes, describe the new risks * *Leave blank if you answered No above.*	Click here to describe — leave blank if none
Any complaints received this period? *	No
If Yes, describe the complaints * *Leave blank if you answered No above.*	Click here to describe — leave blank if none received

ESSM Management Narrative *

Describe how environmental and social safeguards are being managed.

During the reporting period, no new environmental or social risks were identified and no grievances were received. The project focused primarily on studies, stakeholder engagement activities, capacity building, and pilot design. Environmental and social considerations are being incorporated into the design of future pilot activities, and the project will ensure that all required ESSM assessments, including ESIAs and ESMPs where applicable, are undertaken prior to pilot implementation. Attention will also continue to be given to stakeholder inclusion, gender considerations, occupational health and safety, and equitable participation across project activities.

2.8 Knowledge Management and Learning

Knowledge Activities and Products *

Knowledge products developed, events participated in, knowledge shared.

During the reporting period, the project generated a significant body of technical knowledge to support Chile's transition towards a circular and low-carbon construction sector. The knowledge products developed to date includes strategic planning instruments, technical studies, methodological frameworks, and pilot methodologies aimed at informing future policy reforms, investment decisions, and implementation initiatives. It is important to highlight that an important element of the KM approach is the systematic documentation and analysis of lessons learned across all project outputs, ensuring that implementation

experience can be shared, replicated, and used to inform adaptive project management throughout the project lifecycle.

Among the most significant products was the Legal and Regulatory Strategy, which identified and prioritized legal, regulatory, and policy instruments requiring modification to accelerate circularity in the construction sector. The project also completed a study on over-specification and over-dimensioning practices in construction, providing technical recommendations to improve resource efficiency while maintaining safety and resilience standards. In addition, the project advanced the methodological framework for estimating the social price of environmental impacts associated with construction and demolition activities, creating an evidence base to support future policy and investment decisions.

Knowledge generation was also supported through the development of the circular road infrastructure pilot and the occupational competency profiles for emerging circular economy occupations. These initiatives combine technical innovation with practical implementation experience and are expected to generate transferable lessons for future replication and scaling.

Several technical workshops, consultation processes, and knowledge-sharing events were organized during the reporting period to validate findings and facilitate dissemination among key stakeholders. Notable examples include the technical working sessions conducted under the CENAMAD pilot for the development of circular timber standards, stakeholder consultations associated with the Legal and Regulatory Strategy, and technical discussions related to the development of the environmental surveillance tool and the methodology for estimating environmental externalities.

The project will continue to strengthen its Knowledge Management approach by ensuring that technical evidence, lessons learned, and implementation experiences are systematically documented and translated into practical tools, guidance, and capacity-building resources that support the adoption of circular and low-carbon practices across the construction sector.

The project includes a structured file database and sophisticated project management software that will serve as the basis for the project's website.

Main Learning During the Period *

Lessons learned this period and how they'll influence future implementation.

The first year of implementation focused on establishing the foundations required for long-term success, including governance structures, strategic partnerships, technical studies, and pilot initiatives. These efforts have confirmed the importance of strong planning, stakeholder collaboration, and evidence-based decision-making in supporting systemic change. The project has also demonstrated that building institutional ownership, maintaining strategic focus, and designing interventions with scalability in mind are critical to maximizing long-term impact. Above all, the experience has reinforced that while strong institutional frameworks provide the foundation for success, sustained collaboration, commitment, and alignment among key stakeholders are essential for translating project objectives into tangible and lasting results.

The first year of implementation confirmed the importance of investing early in the enabling conditions required for long-term project success. Establishing governance arrangements, building the project team, formalizing strategic partnerships, commissioning key studies, and initiating pilot projects created a strong foundation for future implementation and reduced execution risks in subsequent phases.

Another key lesson has been the value of co-developing project outputs with a broad range of stakeholders. Early and continuous collaboration with public institutions, academia, industry, and regional actors has strengthened the technical quality, legitimacy, and future implementation of the project's outputs, while fostering greater institutional ownership and alignment.

The project also demonstrated that robust technical evidence is essential for supporting regulatory and policy reforms. Studies, benchmarking exercises, and stakeholder consultations have provided the evidence base needed to develop well-founded proposals and will continue guiding the project's next implementation phase.

Managing multiple interconnected work streams has highlighted the importance of maintaining a strong strategic focus. While each component requires technical depth, implementation must remain aligned with the project's KPIs and long-term objectives, ensuring the timely delivery of its core outputs and intended outcomes.

An additional lesson learned is that creating shared ownership among partner institutions is as important as delivering technical outputs. Actively involving stakeholders in the design and development of project activities has strengthened commitment, increased collaboration, and improved the prospects for the long-term sustainability and implementation of project results.

The first implementation phase also confirmed that early identification of opportunities for replication and scaling can significantly enhance the impact of project interventions. Integrating scalability considerations from the outset helps ensure that pilot projects, studies, and policy recommendations can be expanded, adapted, and adopted more broadly across the sector.

Finally, the project reinforced the understanding that the success of complex, multi-stakeholder initiatives depend not only on strong institutional arrangements, but also on the commitment, motivation, and shared vision of the individuals representing those institutions. While robust governance structures provide the foundation for continuity and accountability, sustained collaboration and alignment among key actors are essential for translating project objectives into tangible and lasting results.

Building these lessons, future implementation will focus on scaling impact through stronger integration across work streams, broader stakeholder engagement, and the identification of new opportunities that further accelerate the transition towards a circular and low-carbon construction sector.

2.9 Stories

Stories to be Shared *

A story illustrating the project's impact or a significant achievement this period. Helps GEF communications team showcase the work.

From invisible trades to recognized work: building the human capital of the circular economy

The transition to a circular economy in construction depends not only on new technologies and plants, but on the people who make material recovery possible every day. Across Chile, base recyclers, transporters and scrap managers have long sustained the recovery of materials such as scrap and metals, often working informally and without any formal recognition of their skills.

To close this gap, the Entorno+Circular program, led by the Ministry of the Environment and executed by Fundación Chile, worked together with ChileValora, the national system responsible for the certification of labor competencies, to develop nine new occupational profiles for the circular economy and the sustainable management of materials across the construction waste value chain. For the first time, trades that had been passed on through experience and practice were described, standardized and made eligible for formal certification, giving thousands of workers a path to have their knowledge recognized.

This work has continued to grow. A second stage, currently under execution before ChileValora, is developing five new profiles for the circular reuse of timber and the production of wood-plastic composite (WPC) materials, spanning both the segregation and non-destructive recovery of timber and the operation of wood-plastic plants. Together with a first set of nine profiles, these efforts are gradually building a shared language of competencies for the trades that sustain circular construction in Chile.

This effort took its most concrete form through a strategic alliance between the Ministry of the Environment, Aceros AZA, ChileValora and Fundación Chile. As a first step, the alliance will strengthen the "AZA Contigo" program through a pilot, to be implemented during 2026, to certify the labor competencies of base recyclers specialized in scrap and metals, based on one of the profiles developed under the initiative. The scale of the opportunity is significant. AZA works with a network of close to 20,000 people across the country, who in 2025 contributed 147,427 tons of scrap, equivalent to 23% of the company's total supply. Building on this base, the company projects certifying close to 500 specialized recyclers by 2030, progressively expanding the number of certified workers and strengthening the professionalization and organization of the entire value chain.

What began as a technical effort to define occupational profiles is becoming a tangible transformation in people's lives, recognizing the essential role of those who, for years, have been quietly driving Chile's circular economy forward.

SECTION 3

3 PERFORMANCE

In this section, you'll rate progress against each project outcome and each output. Please ensure that this aligns with the Project Structure and Log Frame from your Project Document. These tables grow — press Tab in the last cell to add new rows.

3.1 Rating of Progress Towards Achieving Project Outcomes

One row per objective or outcome indicator. The first column says "Objective" for the project objective row, or "Outcome 1", "Outcome 2" etc. ***The first row below is shown as a sample — replace with your data.***

Objective / Outcome	Indicator	Baseline	Mid-Term Target	End-of-Project Target	Progress (Current)	EA Summary	TM Rating
Objective	Metric tonnes of greenhouse gas emissions avoided during the project lifetime (20 years).	0	-	352,004 tCO2e (2029 – 2048)	0	Nothing to report yet,	S — Satisfactory
Objective	Number of direct beneficiaries disaggregated by gender.	0	Women: 25 Men: 75 Total: 100	Women: 254 Men: 381 Total 635	Women: 24 Men: 51	A series of training sessions was delivered to forestry practitioners and stakeholders, enhancing their knowledge and skills in the implementation of circular and sustainable forest management	HS — Highly Satisfactory

						approaches. 75 beneficiaries.	
Outcome 1: National, regional and local governments adopt low-carbon, circular policies and regulations in the construction and demolition sector	1. (a) % of circular construction framework regulations (bill, regulations and programmes) submitted for approval/adoption by relevant authorities.	n.a.	The regulatory package has been drafted and adopting entities for each identified. 100% of the proposals have been submitted and approved by the PSC and relevant entities in the advisory body	At least 70% of the package (i.e. all bills, regulations and programmes in C1) has initiated adoption process in the relevant institution	0	No progress has been recorded under this indicator during the reporting period, as the submission of legal and regulatory proposals is planned for subsequent phases of the project. Current efforts have focused on developing the Legal and Regulatory Strategy, identifying priority regulatory instruments, and initiating the drafting of proposed amendments together with the relevant public	S — Satisfactory

						institutions. This preparatory work is a necessary prerequisite to ensure that future proposals are technically sound, broadly validated, and ready for formal submission to the competent authorities.	
Outcome 2: Private and public stakeholders in Chile gradually implement low-carbon, circular construction	2. (a) Number of certification schemes (CVS, CES, LEED, others proposed by the project) and/or regulatory requirements that include circular criteria / requirements	0	By mid-term, the project should have identified and conversations should be underway to revise relevant certification schemes (or create new ones). Draft regulations in C1 should also be available.	At least 3 elements are in full force by the end of the execution phase.	0	As of the reporting period, according to the Gantt chart, the activities related to the development of proposals for certification schemes (CVS, CES, LEED, others proposed by the project) and/or regulatory requirements that include circular criteria / requirements. have not yet commenced.	S — Satisfactory

Outcome 3: Key actors (government, private sector, and financing institutions) implement innovative mechanisms to scale-up the implementation of low-carbon and circular economy principles in the construction and demolition sector	3. (a) # of financial mechanisms (funds, credit lines) explicitly incorporating circular and gender-responsive criteria as eligibility requirements	0	0. By mid-term, work on C3 should have already started according to the workplan.	At least one credit line and one national fund has been revised to include circular criteria.	0	Implementation of Component 3 is scheduled for subsequent phases of the project and has therefore not formally commenced during the reporting period. Nevertheless, important enabling conditions have already been established through the project's stakeholder engagement activities, including the participation of banking institutions, potential financing partners, industry associations, and private sector	S — Satisfactory

						actors within the collaborative ecosystem.	
Outcome 4: The Chilean construction sector has access to systematized sectoral data and demonstrates enhanced capacity for promoting a low-carbon and circular approach in construction and demolition	# of persons enrolled in one or more of the project's capacity building mechanisms	0	0. By mid-term actions in C4 (specifically, 4.3 and 4.4, as the outputs relevant for strengthening of capacities) should be underway. Institutions hosting the training modules should be	At least 50 persons are enrolled for courses in the public sector, and 200 for courses in the private sector. As a minimum, 60/40 male / female participation is expected	75 persons enrolled 68/32 male / female participation was obtained (24 female participants)	A series of training sessions was delivered to forestry practitioners and stakeholders, enhancing their knowledge and skills in the implementation of circular and sustainable forest management approaches. 75 beneficiaries.	S — Satisfactory

Need more rows? Press Tab in the last cell of the bottom row to add an outcome.

3.2 Rating of Progress Towards Delivery of Outputs

Please put one output per row. In the Component column, write the number and name (e.g. "1 Component 1: Institutional capacity"). Press Tab in the last cell to add rows.

Component	Output / Deliverable	Expected Completion	Previous (%)	Current (%)	EA Justification & Challenges	TM Rating
1	Output 1.1: A gender-responsive legal framework for low-emission and circular economy	01/05/2029	11 %	25%	During the reporting period, the Legal and Regulatory Strategy was developed, establishing a roadmap for the	S — Satisfactory

	principles in construction and demolition, aligned with the Chilean long-term climate strategy, is submitted for adoption by the national government				development of legislative and regulatory instruments to enable circular construction. In addition, more than 70 proposed legal, regulatory, and public policy modifications were identified and prioritized, including a draft Framework Law on Circular Economy for the construction sector. A dedicated technical team was also established to lead the development and co-creation of the priority regulatory proposals. (See Annex 1 for further details).	
1	Output 1.2: Public procurement and management mechanisms are updated to promote the use of gender-responsive low-carbon and circular economy principles in public	01/03/2028	3 %	10%	Progress under this output was achieved through the Legal and Regulatory Strategy, which identifies public procurement as a key intervention area. The strategy includes preliminary proposals to incorporate circular	S — Satisfactory

	construction and demolition				economy principles into public investment instruments and public procurement processes for construction and demolition projects. (See Annex 1 for further details).	
1	Output 1.3.Regional and municipal governments have strengthened capacity to facilitate investments and planning for a resilient, circular, and regenerative built environment	01/05/2029	4 %	18%	First, a region in southern Chile, the Los Lagos Region, was identified as being interested in advancing towards circular construction across multiple levels of governance (regional government, regional ministerial secretariats, municipalities, and associations). As a result, several meetings were coordinated with diverse stakeholders to enable smoother coordination. This process led to the delivery of inputs to the project team regarding the region's diagnostic on circular construction, which allowed for the	HS — Highly Satisfactory

					identification of the key gaps in this area. Within this context, the project team developed a proposal consisting of five programs designed to address the identified gaps in the region. These programs are intended to be presented by a public institution to the National Investment System and other financing mechanisms. Subsequently, this initial proposal was presented to stakeholders through two regional workshops held in Los Lagos during December. These workshops aimed to validate the relevance of the proposed programs and gather additional evidence and inputs to further refine their profiling Additionally, meetings have been held with	

					stakeholders in the Los Ríos Region, who have also expressed interest in advancing circular construction within their territory. (See Annex 2 for further details).	
2	Output 2.1: Chile's quality infrastructure system is strengthened to reflect low-carbon and circular economy principles in construction and demolition	01/04/2028	7 %	27%	An action plan was developed to strengthen Chile's quality infrastructure for circular construction by identifying multiple pathways to expand the development and harmonization of technical standards. In addition, more than 90 international technical standards covering priority topics for the project were reviewed to support the development and/or harmonization of future national standards. Progress was also made in designing a co-financing mechanism with the	S — Satisfactory

					Construction Institute to broaden the development of new technical standards. (See Annex 3 for further details).	
2	Output 2.2: Private sector adoption of wood-based building products is fostered through a certification scheme for circular timber products	01/07/2027	14 %	21%	During the reporting period, up to July 2026, initial progress was achieved through the definition of the work plan and the payment schedule, jointly developed with the technological center CENAMAD, as established in the ProDoc for the implementation of this output. Building on this, a first contract was drafted and signed in August 2025 for the development of a "Circularity Model for the Forest–Wood Value Chain: Sustainable Infrastructure and Construction." This initiative aims to establish a quality infrastructure framework and promote	S — Satisfactory

					best practices along the forest–wood value chain, from production to wood-based products, with a strong focus on sustainability and circularity. The model seeks to foster low-embodied-impact construction aligned with circular economy standards and national public policy objectives. To date, four deliverables have been produced under this contract. Among the main results is the development of the Circular Wood Standard, advanced through technical roundtables held in Santiago and Concepción. In addition, an online training cycle titled "From the Forest to Construction: The Role of Wood in the Transition Towards a Circular Economy in Chile" was	

					carried out on 13 and 14 May 2026. (See Annex 4 for further details).	
2	Output 2.3: CTEC's capacity to test alternative circular solutions for road infrastructure is strengthened	01/03/2028	14 %	18%	A pilot system for testing and evaluating circular solutions for road infrastructure was designed (preliminary pilot system, subject to future adjustments), supported by three technical studies covering the use of industrial by-products and waste, national laboratory capacities, and environmental assessment criteria. In addition, a strategic collaboration was established with the Ministry of Public Works to provide technical and institutional support for pilot implementation and its future validation at full scale. (See Annex 5 for further details).	HS — Highly Satisfactory

2	Output 2.4: A multi-cultural, gender-sensitive stakeholder engagement campaign for promoting a just-transition to a low-carbon, circular construction is developed for enhancing private sector and civil society participation	01/04/2029	30 %	34%	The project's visual identity and communications strategy were developed through a participatory process involving key stakeholders from the construction sector. In addition, the first outreach activities were implemented, including the distribution of project newsletters and the launch of the project's official LinkedIn and Instagram channels to promote circular construction and disseminate project progress. (See Annex 6 for further details).	HS — Highly Satisfactory
3	Output 3.1: A sectoral financial strategy for scaling-up application of low-carbon and circularity principles is developed for adoption by public institutions (such as the Ministry of Environment,	01/11/2028	0 %	0%	This output has not yet begun during the reporting period according to the Prodoc work plan.	S — Satisfactory

	Ministry of Housing and Urbanism (MINVU), Ministry of Public Works (MOP), and others) and the private sector					
3	Output 3.2: Financial instruments in the construction and demolition sector are strengthened to integrate low-carbon and circular economy principles	01/11/2028	0 %	0%	This output has not yet begun during the reporting period according to the Prodoc work plan.	S — Satisfactory
3	Output 3.3: Business models and networks for low-carbon and circular construction are developed to support small and medium enterprises (SMEs)	01/04/2029	0 %	0%	This output has not yet begun during the reporting period according to the Prodoc work plan.	S — Satisfactory
4	**Output 4.1:** Methodologies and information products on, inter alia, costs, impacts, carbon accounting and environmental	01/12/2027	8 %	18%	Study on Over-Specification The overspecification study advanced with the completion of its methodological phase, defining the study	S — Satisfactory

	footprint relevant for the valuation of externalities in the construction and demolition sector are available to public and private stakeholders				framework, assessment criteria, analytical methodology, and implementation roadmap. These deliverables provide the foundation for identifying opportunities to reduce material overdesign, improve resource efficiency, and develop technical and regulatory recommendations that support circular and resilient construction. (See Annex 7 for further details) <u>Methodology for Estimating the Social Price of Environmental Impacts of C&D Waste</u> During the reporting period, the study to develop a methodology for estimating the social price of environmental impacts associated with construction and demolition (C&D) waste was launched. Progress	

					included the completion of an international benchmarking review, the initiation of four life cycle assessment case studies, and the establishment of a collaborative framework with the Ministry of Social Development and Family to support the methodology's integration into public investment decision-making. (See Annex 8 for further details).	
4	**Output 4.2:** The National Statistics Institute (INE) has strengthened capacity to collect and produce circular construction data and indicators	01/07/2028	0%	0%	This output has not yet begun during the reporting period according to the Prodoc work plan.	S — Satisfactory
4	Output 4.3: Gender-sensitive training to incorporate low-carbon and circular economy principles in construction and demolition are made available for	01/04/2029	0 %	0%	This output has not yet begun during the reporting period according to the Prodoc work plan	S — Satisfactory

	application by government officials at national and local levels					
4	Output 4.4: Gender-sensitive training to incorporate circular principles are provided to service providers and material producers in the construction sector	01/01/2028	15 %	20%	During the reporting period, the project advanced, in collaboration with ChileValora, the development and certification of labor competency profiles for the circular construction sector. A first set of nine occupational profiles for the construction waste value chain was completed, and a strategic alliance was established with Aceros AZA, ChileValora and the Ministry of the Environment to launch, during 2026, a pilot to certify base recyclers specialized in scrap and metals under the "AZA Contigo" program. In parallel, a second stage is under execution before ChileValora for the development of five new	HS — Highly Satisfactory

					profiles for the circular reuse of timber and the production of wood-plastic composite (WPC) materials. (See Annex 9 for further details).	
4	**Output 4.5:** Tools for sectoral surveillance and risk management are provided to government officials in the Superintendence of the Environment (SMA), the National Service for Disaster Prevention and Response (SENAPRED) and other government bodies	01/04/2027	5 %	12%	The technical scope of the tool's development has been defined in detail between Cipycs, FCh and MMA teams. The contract is in the process of being signed, so the development will begin as planned. As part of this progress, Cinnda has joined to support Cipycs in the development of the tool. In this role, Cinnda has advanced with the acquisition of satellite imagery and the testing of the algorithm, which are key inputs for the development of the tool.	S — Satisfactory

					(See Annex 10 for further details).	
		Total progress (for QBR)	UNEP to complete	UNEP to complete		

Need more rows? Select the last row of the table, then go to the "Table Layout" in the Word ribbon. Click "Insert Row Below" to add a new row beneath the selected one.

SECTION 4

4 RISKS

In this section, you'll log all project risks and describe how you're mitigating them. Please ensure you use the Safeguard Risk Identification Form (SRIF) to help you fill out this section. Risks are tracked across multiple PIRs — past columns are pre-filled.

4.1 Project Management Risk

Rate each management risk factor from BOTH the EA's perspective and the Task Manager's perspective. Use the drop-downs in each cell.

Risk factor	EA Rating	TM Rating
1. Management structure & roles *Are roles clear? Is the team well-structured?*	Low	Low
2. Governance & oversight *Is the steering committee functional? Are decisions documented?*	Moderate	Moderate
3. Implementation schedule *Is the project on track? Are milestones being hit?*	Low	Low
4. Budget *Is the budget realistic and tracking to actual spend?*	Low	Low
5. Financial management *Are financial controls in place? Audits clean?*	Low	Low
6. Reporting *Are progress reports timely and accurate?*	Low	Low
7. Capacity to deliver *Does the EA have the capacity to deliver the project?*	Low	Low

4.2 Risk Log

One row per risk. The Δ (delta) column shows whether the risk has changed since last PIR. Past PIR columns are pre-filled by the Implementing Agency (UNEP).

Overall project risk rating →		*L – Low*	*L - Low*	*L/M/S/H*	*L/M/S/H*	*L/M/S/H*	*L/M/S/H*	*L/M/S/H*	*Δ*	
Risk Description	**Affecting**	**CEO ED**	**PIR 1**	**PIR 2**	**PIR 3**	**PIR 4**	**PIR 5**	**PIR 6**	**Δ**	**Justification**
Risk 1: Project activities disrupted by extreme climate events	Both	L — Low	L — Low	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	= (unchanged)	The risk remains Low. No project activities were disrupted by extreme climate events during the reporting period. The project maintains flexible implementation arrangements and continues to integrate climate resilience considerations into planning and future pilot activities.
Risk 2: Environmental and social safeguards. This project can be categorized as moderate risk, triggering safeguard	Both	M — Moderate	M — Moderate	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	= (unchanged)	The risk remains Moderate as future pilot and demonstration activities may require environmental

standard SS4 (community health, safety and security).										and social assessments and mitigation measures. No safeguard-related incidents were reported during the period, and UNEP environmental and social requirements continue to be applied throughout implementation.
Risk 3: Lack of political buy-in and support for a transition to circularity leads to reduced support for the project and a lack of adoption of project outputs.	Outputs	M — Moderate	M — Moderate	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	= (unchanged)	The risk remains Medium. Adoption of project outputs depends on sustained political support for circular economy and low-carbon construction policies. While changes in institutional priorities may affect implementation

										timelines, the project remains strongly aligned with national climate and circular economy commitments and continues to benefit from active engagement of key government institutions.
Risk 4: Need to redefine activities due to unexpected changes or other unforeseen circumstances.	Both	L — Low	L — Low	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	= (unchanged)	The risk remains Low. The project has established adaptive management and governance mechanisms that allow activities to be adjusted in response to emerging circumstances without affecting overall objectives or implementation progress.
Risk 5: Low institutional capacity	Both	L — Low	L — Low	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	= (unchanged)	The risk remains Low. The project

for execution of activities in the workplan.										has established an effective governance and management structure, with adequate technical and administrative capacity to implement planned activities. Progress achieved during the reporting period demonstrates that institutional arrangements remain sufficient to support project execution.
Risk 6: Low institutional capacity for execution of funds.	Both	L — Low	L — Low	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	L/M/S/H	= (unchanged)	The risk remains Low. Project funds continue to be managed and executed through established fiduciary, procurement, and financial management

										procedures. Implementation experience during the reporting period demonstrates adequate institutional capacity for effective financial administration and budget execution.
Risk 7: Lack of buy-in from the private sector and other stakeholders leads to reduced support for the project and a lack of adoption of its outputs. The downscaling of concrete mitigation actions might generate opposition from stakeholders that perceive themselves as adversely affected by the transition.	Both	M — Moderate	M — Moderate						=	The risk remains Moderate. The transition towards circular and low-carbon construction may generate resistance from stakeholders affected by changes in existing practices. However, strong stakeholder participation, consultation processes, and collaborative governance mechanisms

										implemented during the reporting period have strengthened ownership and support for project objectives and outputs.
Risk 8: This category relates to the uncertainty of success from the development or application of technological innovations applied by the project; in this case, this category could apply to output 2.3 (road solutions circular solutions) and output 4.5 (remote sensing tool for environmental surveillance).	Both	M — Moderate							=	The risk remains Moderate. Innovative technological solutions developed under Outputs 2.3 and 4.5 require validation, testing, and institutional acceptance before wider adoption. The project is mitigating this risk through pilot implementation, technical validation processes, and collaboration with specialized

										institutions and end users.
Risk 9: Inflation, exchange and other macroeconomic risks affect the project's procurement processes	Both	L — Low							=	The risk remains Low. No significant procurement or implementation delays associated with inflation, exchange rate fluctuations, or macroeconomic conditions were observed during the reporting period. Financial monitoring and adaptive management measures continue to support effective project implementation.

Need more rows? Press Tab in the last cell of the bottom row to add a risk.

4.3 Outstanding Moderate, Significant & High Risks

*For each outstanding risk **with a rating of Moderate or higher**, describe what was done and what's planned next.*

Risk	Previous Actions Decided	Actions Taken This Period	Next Steps	When	By Whom
Risk 2: Environmental and Social Safeguards (SS4)	Undertake environmental and social due diligence prior to implementation of pilot and demonstration activities and ensure compliance with UNEP safeguard requirements	None of the pilots are currently implementing actions that could in any way impact on environmental or social aspects. Both technological partners are in conceptual design.	When corresponds Undertake environmental and social due diligence	From Y2027	Fundación Chile, Ministry of Environment, CTEC, CIPYCS, and UNEP Task Manager
Risk 6: Lack of Political Buy-In and Support	Maintain high-level engagement with government institutions and align project activities with national climate and circular economy priorities.	The project established a formal governance structure involving the Ministry of Environment, Ministry of Public Works, Ministry of Housing and Urban Development, and Ministry of Social Development and Family. Regulatory and policy activities were designed in alignment with Chile's NDC, Long-Term Climate Strategy, Circular Economy Roadmap, and Climate Change Framework Law. Since the government change in march 2026 we are be	Continue engagement with senior and technical government counterparts, particularly in preparation for potential changes in public administration. Support incoming authorities through information-sharing, technical briefings, and validation of project priorities.	July 2026	Ministry of Environment, Fundación Chile, Project Steering Committee

		actively repositioning this initiative with new authorities.			
Risk 7: Lack of Buy-In from Private Sector and Other Stakeholders	Establish participatory governance mechanisms and strengthen stakeholder engagement throughout project implementation.	More than 37 institutions joined the project's collaborative ecosystem. Over 230 stakeholder meetings were conducted, and multiple consultation processes, technical workshops, and governance meetings were held. Strategic partnerships were established with organizations including CChC, CTEC, CENAMAD, ChileValora and Aceros AZA, strengthening ownership and support for project objectives.	Continuing expanding stakeholder participation, formalizing collaboration agreements currently under development, and strengthen communication and co-creation mechanisms to support future adoption of project outputs.	October 2026	Fundación Chile, Ministry of Environment
Risk 8: Technological Innovation Risk	Validate technological solutions through studies, pilot testing, and collaboration with specialized institutions before wider deployment.	Technical design and validation processes were initiated for the circular road infrastructure pilot and the remote sensing environmental surveillance tool. Strategic partnerships were established with	Implement pilot activities, conduct technical validation processes, evaluate performance under operational conditions, and document lessons learned to support scaling and replication.	FY27–FY28	Fundación Chile, Ministry of Environment, CTEC, CIPYCS, CINNDA, Ministry of Public Works

		CTEC, MOP, CIPYCS, and CINNDA to support technical validation and implementation. Supporting studies and testing methodologies were completed or initiated.			
SS1: Biodiversity, Ecosystems and Sustainable Natural Resource Management	Pilot interventions have been reviewed according to the safeguards in ProDoc. Actual implementation of pilots will be within laboratories and at a very small scale, with no risks to Biodiversity, Ecosystems and Sustainable Natural Resource Management	Detailed review of pilot interventions	Continuous review of pilot interventions	FY 2027	Fundación Chile
SS3: Pollution prevention and resource efficiency	Pilot interventions have been reviewed according to the safeguards in ProDoc. Actual implementation of pilots will be within laboratories and at a very small scale, with no risks to pollution	Detailed review of pilot interventions	Continuous review of pilot interventions	FY 2027	Fundación Chile
Risk ID	Previous	Taken	Next	When	Who

Need more rows? Press Tab in the last cell of the bottom row to add a mitigation action.

SECTION 5

5 AMENDMENTS & LEGAL AGREEMENTS

In this section, you'll record any project amendments and revision history. Please ensure you have all relevant documents related to project changes, such as PSC documents or revised legal agreements.

5.1 Minor Amendments

For each item below, mark Yes if there has been an amendment to that aspect of the project this period.

Results Framework amended? *	No
Components and Cost amended? *	No
Institutional Arrangements amended? *	No
Financial Management amended? *	No
Executing Entity amended? *	No
Executing Entity Category amended? *	No
Minor Project Objective Change? *	No
Safeguards amended? *	No
Risk Analysis amended? *	No
Increase of GEF Project Financing up to 5%? *	No
Co-Financing amended? *	No
Location of project activity amended? *	No
Other amendment? *	No

Description of Minor Amendments *(Optional)*

If you marked Yes for any amendment above, describe what changed and why.

Click here to describe amendments — leave blank if none

5.2 Legal Agreements Log

One row per formal revision. Leave blank if no revisions. Press Tab in the last cell to add rows.

Version	Type	Signed	Entry Into Force	Expiry	Main Changes
Original PCA	Pick	13/05/2025	13/05/2025	30/05/2030	N/A
Rev 2	Pick	Pick date (DD/MM/YYYY)	Pick date (DD/MM/YYYY)	Pick date (DD/MM/YYYY)	Main changes
Rev 3	Pick	Pick date (DD/MM/YYYY)	Pick date (DD/MM/YYYY)	Pick date (DD/MM/YYYY)	Main changes

Need more rows? Press Tab in the last cell of the bottom row to add a revision.

SECTION 6

6 GEO-LOCATION

In this section, you'll record where your project works on the ground — the geographic locations and coordinates relevant to this reporting period.

6.1 Geo-Location Information

One row per project location. ***Use Decimal Degrees (WGS84) — e.g. -1.286417, 36.817223 for Nairobi — to 6 decimal places.*** *This is the format used by OpenStreetMap, GeoNames, and most web mapping tools. If your source coordinates are in DMS or another format, convert them at https://coordinates-converter.com. Leave blank if not applicable.*

Location Name	Latitude	Longitude	GEO ID	Description	Activity
Chile	3895114	-30.00000	-71.00000	Description	Activity

Need more rows? Press Tab in the last cell of the bottom row to add a location.

Further Geo-Referenced Information *(Optional)*

Any additional notes on project geography that don't fit the table above.

Click here for additional notes — leave blank if none

SECTION 7

7 INTERNAL EXECUTION

In this section, you'll record details regarding internal execution of projects within UNEP. You only need to fill this out if your project has an internally executed component.

7.1 Execution Details

Is this an internally executed project? *	Click and choose
What internal execution modality?	Click and choose
Legal Instrument	Click and choose
Name of Executing Unit / Branch / Division	Click here to type unit name

7.2 Segregation of Duties

Role	Implementing Agency (UNEP)	Executing Agency
Task / Project Manager	Click here to type name	Click here to type name
FRO	Click here to type name	Click here to type name
SRO	Click here to type name	Click here to type name
FMO	Click here to type name	Click here to type name
FMO's FRO	Click here to type name	Click here to type name
FMO's SRO	Click here to type name	Click here to type name

Reporting Lines

Any changes to the reporting lines? *	Click and choose
If yes, explain the changes clearly	Click here to describe — leave blank if not applicable

7.3 Reporting

Have all reports (financial and progress) been submitted? *	Yes
If not, what reports have been submitted and why are others outstanding?	Click here to describe — leave blank if all reports submitted

SECTION 8

8 SUPPORTING DOCUMENTS

In this section, you'll attach or link any documents that support this PIR — for example evaluations, PSC minutes, revised legal agreements, or other evidence referenced elsewhere in the report.

8.1 Additional Supporting Documents

Attach any supporting documents relevant to this PIR. Add one row per file. For files stored in SharePoint or Drive, paste the share link.

File Name	Uploaded By	Uploaded At	Link / URL
Annex 0 related to PSC	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C
Annex 1 related to Legal and regulatory work	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C
Annex 2 related to regional and municipal work	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C
Annex 3 related to IQIS work	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C
Annex 4 related to CENAMAD´s pilot	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C
Annex 5 related to CTEC´s pilot	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C
Annex 6 related to communication work	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C
Annex 7 related to overspecification study	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C
Annex 8 related to InnovaCiclos work (methology and LCA)	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C

Annex 9 related to Chile Valora work	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C
Annex 10 related to CIPYCS pilot	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C
Annex 11 related to activities participated in	Fundación Chile	30/06/2026	Annexes PIR 1 - 11071 Chile B&C

Need more rows? Press Tab in the last cell of the bottom row to add a document.

UNEP GEF Progress Implementation Report