GEF-8 REQUEST FOR CEO CHILD ENDORSEMENT/APPROVAL

TABLE OF CONTENTS

GENERAL CHILD PROJECT INFORMATION 3
Project Summary 4
Child Project Description Overview 5
CHILD PROJECT OUTLINE 9
A. PROJECT RATIONALE 9
B. CHILD PROJECT DESCRIPTION 36
Institutional Arrangement and Coordination with Ongoing Initiatives and Project. 74
Table On Core Indicators 84
Core Indicators 84
Key Risks 88
C. ALIGNMENT WITH GEF-8 PROGRAMMING STRATEGIES AND COUNTRY/REGIONAL PRIORITIES 92
D. POLICY REQUIREMENTS 97
Gender Equality and Women's Empowerment: 97
Stakeholder Engagement 98
Private Sector 99
Environmental and Social Safeguards 99
E. OTHER REQUIREMENTS 99
Knowledge management 99
Socio-economic Benefits 99
ANNEX A: FINANCING TABLES 100
GEF Financing Table 100
Project Preparation Grant (PPG) 101
Sources of Funds for Country Star Allocation 102
Focal Area Elements 102
Confirmed Co-financing for the project, by name and type 103
ANNEX B: ENDORSEMENT 103
Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s): 104
ANNEX C: PROJECT RESULTS FRAMEWORK 104
ANNEX D: STATUS OF UTILIZATION OF PROJECT PREPARATION GRANT (PPG) 116
ANNEX E: PROJECT MAP AND COORDINATES 117
ANNEX F: ENVIRONMENTAL AND SOCIAL SAFEGUARDS DOCUMENTS INCLUDING RATING 119
ANNEX G: BUDGET TABLE 119
ANNEX I: RESPONSES TO PROJECT REVIEWS 123

General Child Project Information

Child Project Title	
Accelerating the transition to a net-zero, nature-positive economy in Chile	
Region Chile	GEF Project ID 11088
Country(ies) Chile	Type of Project FSP
GEF Agency(ies) UNEP	GEF Agency Project ID
Project Executing Entity(s) Fundación Chile (FCh)	Project Executing Type CSO
GEF Focal Area (s) Multi Focal Area	Submission Date 9/4/2024
Type of Trust Fund GET	Project Duration (Months) 48
GEF Project Grant: (a) 4,822,966.00	Agency Fee(s) Grant: (b) 434,066.00
PPG Amount: (c) 69,999.00	PPG Agency Fee(s): (d) 6,300.00
Total GEF Financing: (a+b+c+d) 5333331	Total Co-financing 37,149,990.00
Project Sector (CCM Only) Technology Transfer/Innovative Low-Carbon Technologies	

Rio Markers

Climate Change Mitigation	Climate Change Adaptation	Biodiversity	Land Degradation

Principal Objective 2	No Contribution 0	Principal Objective 2	Significant Objective 1

Project Summary

Provide a brief summary description of the project, to offer a snapshot of what is being proposed. The summary should include: (i) what is the problem and issues to be addressed? ii) as a child project under a program, explain how the description fits in the broader context of the specific program; (iii) what are the project objectives, and if the project is intended to be transformative, how will this be achieved? and (iv) what are the GEBs and/or adaptation benefits, and other key expected results. (max. 250 words, approximately 1/2 page)

Chile has one of the world's most advanced and robust climate change policy strategic and legal frameworks. Its Long-Term Strategy (ECLP for its acronym in Spanish) aims for carbon neutrality by 2050, while the Framework Climate Change Law lays the institutional foundations on how to advance towards that goal by asking sectorial ministries and regions to develop their own climate change instruments. To achieve net zero and nature positivity, all sectors, activities and institutions need to be involved in the creation of these instruments. The decentralized nature of this effort requires strong coordination that is still insufficient, with GHG emissions continuing showing an upward trend. The energy sector accounts for 77% of the country's GHG balance and although its emissions have stabilized from the supply side, emissions need further reductions, particularly on the demand side, for the country to achieve its goals. In terms of nature, the country recently developed its Biodiversity Strategy, completing a set of advanced policies that also consider circular economy and adaptation. However, this biodiversity strategy does not have its financing completely covered in coordination with the country's climate change financing strategy.

There are three barriers identified that are slowing Chile in achieving its environmental goals:

1. Absence of aligned and coherent climate change instruments, measurements, private sector involvement tools, and financing instruments
2. Absence of integrated and coherent national-regional-private gender-responsive public policy, strategic planning, business development and regulatory guidance for promoting energy demand decarbonization
3. Insufficient knowledge and capacities to promote energy demand decarbonization alternatives and net-zero nature-positive economic growth

This project aims to address this global environmental challenge by supporting Chile in the accelerated implementation of its Long-Term Climate Strategy (ECLP) through fostering policy development, capacity building, and investment pilots. The project's upstream component will strengthen sectorial, regional and private sector coordination, while also including biodiversity in the climate change financing strategy The downstream component will focus on the energy sector, which accounts for 77% of Chile's greenhouse gas emissions, making it a crucial area for decarbonization efforts under the ECLP. GEF8 funds will play a pivotal role in overcoming incremental costs and barriers to this transformation.

- The project's upstream component leverages Chile's advanced and robust climate change legal and strategic framework, focusing on policy coherence for the next generation of climate change instruments: NDC, NBSAP, sectorial and regional plans. These plans are

developed in a decentralized manner by nature, resulting in challenges in their coherence, although the general climate change Law requires them to be aligned and coherent. The first generation of these instruments is being completed, allowing the project to deliver a comprehensive evaluation and methodologies to improve their alignment and coherence in their next generation, building towards a new LTS 2.0. This component will also build on policy coherence through strengthening the climate change information system in Chile to deliver MRV of the regional and sectoral plans. It will also involve the private sector through a new voluntary certification scheme. Finally, it will complete the Ministry of Finance's Climate Change financial strategy by developing its biodiversity financing chapter, towards a net zero nature positive financial strategy. These outputs will form a new level of foundations for Chile to build upon to reach its net zero commitments, now considering nature as well.

- The downstream component will focus on energy demand decarbonization, which implies substituting many different technologies, in different processes and operations, and considering various types of stakeholders such as households, mSMEs, large industries, commercial and public institutions. As there is no 'silver bullet' technology for energy demand decarbonization, and building upon the decarbonization efforts Chile has been implementing on the supply side, the project will deliver a public policy roadmap for the Energy ministry to promote the energy sector's decarbonization, a public-partnership to drive adoption of energy demand decarbonization technologies in sync with the government's policies, a pipeline of shovel-ready projects in industrial energy demand decarbonization to kick-start their financing and implementation, and new regulations that guarantee the technical and economic performance of new equipment. As such, these outputs will also provide the foundations for Chile to build upon towards decarbonizing its energy sector and contributing to the whole economy's decarbonization.

By leveraging GEF8 funding, the project will accelerate Chile's transition to a net-zero and nature-positive economy, contributing to global efforts to combat climate change and build a more sustainable future. It is expected to achieve greenhouse gas mitigation over the project's lifetime of 550,000 tones of CO2eq, as well as an area of 500 Ha under improved practices. As part of the Net-Zero Nature-Positive Accelerator Integrated Programme (IP), the Project inherits its innovative approach of combining the nature and climate agendas, benefitting from the IP's knowledge generated at the global level through capacity building, finance and investment support, and tracking and communications tools (among others). Child projects to the IP will implement a two-way knowledge flow, allowing the Chilean experience, best practices and lessons learned from this project to be replicated around the world as well.

Child Project Description Overview

Project Objective

Strengthen Chilean institutions to accelerate nature positive, net-zero development pathways

Project Components

1: Upstream – Cross sectional policy coherence

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)
1,116,960.00	7,399,750.00

Outcome:

1. National and regional governments in Chile, along with the private sector, adopt a Net Zero Nature Positive development path

Output:

1.1 The Environment Ministry has access to a methodology, principles and recommendations for increasing the ambition of regional and sectoral plans to ensure alignment with a Climate Change Long Term Strategy 2.0, and enhancing the coherence of the country's climate change instruments through integration of net-zero and nature

1.2 The Environment Ministry has access to a strengthened climate change information system to track implementation of enhanced regional and sectoral plans aligned with the LTS 2.0

1.3 A voluntary certification tool for certifying the net-zero nature-positive footprint of public and private organizations is made available through the Environment Ministry's 'Huella Chile' programme

1.4 A net-zero nature-positive financial strategy, created by integrating biodiversity, circular economy and socio-ecological just transition components into the existing LTS Financial Strategy, is adopted by the Ministry of Finance

2: Downstream – Energy policy coherence

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)
1,609,634.00	13,746,088.00

Outcome:

2. The National Government adopts a gender-responsive roadmap to decarbonize energy demand to significantly advance the energy sector's contribution to the LTS

Output:

2.1.A public-private partnership is established to guide the decarbonization of energy demand in a nature-positive way

2.2. A gender-responsive roadmap for the decarbonization of energy demand, taking into account regional and local specificities and the private sector's role, is presented to the Ministry of Energy for adoption

2.3 A pipeline of pre-feasible investment projects for the decarbonization of energy demand, according to the investments identified in the roadmap (output 2.2), is shared with financial institutions (FIs), including Banco Estado, and development finance institutions (DFIs), for financing the roadmap implementation (output 2.2)

2.4 The Ministry of Energy has access to a new package of regulations and guidelines aligned with the roadmap to ensure the performance and economic viability of energy demand decarbonization technologies and processes

3: Awareness and confidence

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)
837,811.00	6,787,601.00

Outcome:

3. Public and private stakeholders demonstrate increased confidence in gender-responsive net-zero nature-positive solutions

Output:

3.1 A participation, communication, just transition and cultural change strategy promotes the decarbonization of energy demand with key stakeholders

3.2 A gender-responsive capacity building programme trains key stakeholders on promoting and investing in decarbonization of the energy demand

3 - Pilot

Component Type	Trust Fund
Investment	GET
GEF Project Financing ($)	Co-financing ($)
858,904.00	6,958,487.00

Outcome:

3. Public and private stakeholders demonstrate increased confidence in gender-responsive net-zero nature-positive solutions

Output:

3.3 Participatory pilots in the industrial and commerce sectors demonstrate the technical, social, environmental and economic feasibility of energy demand decarbonization solutions for local, regional and national stakeholders

M&E

Component Type	Trust Fund
Technical Assistance	GET
GEF Project Financing ($)	Co-financing ($)
225,512.00	858,111.00

Outcome:

4. Project is effectively monitored and evaluated

Output:

4.1. Monitoring and evaluation products are delivered (see section 9 and Annex J)

Component Balances

Project Components	GEF Project Financing ($)	Co-financing ($)
1: Upstream – Cross sectional policy coherence	1,116,960.00	7,399,750.00
2: Downstream – Energy policy coherence	1,609,634.00	13,746,088.00
3: Awareness and confidence	837,811.00	6,787,601.00
3 - Pilot	858,904.00	6,958,487.00
M&E	225,512.00	858,111.00
Subtotal	**4,648,821.00**	**35,750,037.00**

Project Management Cost	174,145.00	1,399,953.00
Total Project Cost ($)	**4,822,966.00**	**37,149,990.00**

Please provide Justification

PMC required to effectively deliver the project and its outputs

CHILD PROJECT OUTLINE

A. PROJECT RATIONALE

Describe the current situation: the global environmental problems and/or climate vulnerabilities that the project will address, the key elements of the system, and underlying drivers of environmental change in the project context, such as population growth, economic development, climate change, sociocultural and political factors, including conflicts, or technological changes. Since this is a child project under a program, please include an explanation of how the context fits within the specific program agenda. Describe the objective of the project, and the justification for it. (Approximately 3-5 pages) see guidance here

A1. Global environmental problem

Overview

In accordance with the IPCC's Sixth Assessment Report[1]1, achieving global net-zero emissions by 2050 is needed to limit global temperature rise to 1.5°C above preindustrial levels. To achieve deep decarbonization of economic activity, many aspects of the economy must change—from how energy is consumed, how we produce and deliver goods and services, to how biodiversity is protected. This is the essence of this project.

Among other measures, decarbonization requires reducing the emissions produced by the combustion of fossil fuels. But as complete decarbonization of all economic activity is not possible in the near and medium term, to deal with hard-to-abate carbon emissions decarbonization also requires absorbing carbon from the atmosphere by enhancing carbon storage in agricultural lands and forests, while reducing emissions in parallel. This requires each nation to assess, plan and implement -in a relatively short period of time- an unprecedented transition in their primary energy matrixes.[2]2

Climate change is also a major driver of biodiversity loss as it alters the habitats, distributions, and behaviors of many species. At the same time, biodiversity is a key factor in mitigating and adapting to climate change, as it provides ecosystem services and prevents land degradation. While these two global environmental problems had been traditionally handled separately, there is now growing consensus that the issues need to be addressed in parallel.[3]3

These twin environmental challenges are analyzed in the following sections for specific context of Chile. Mirroring the project's structure, the discussion of the challenges and the baseline situation will be presented from an upstream (i.e. economy-wide) perspective, followed by a closer look at the energy sub-sector and particularly energy demand, i.e. the project's downstream component.[4]4

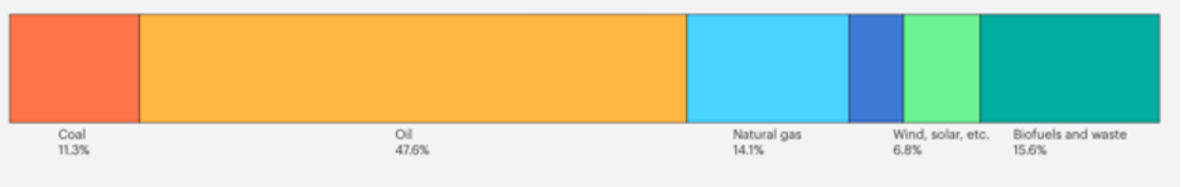
National context

Chile's long extension, particular geology, geographic location, and complex climatic interactions expose it to a multitude of natural hazards. Due to its location in the Pacific's ring of fire[5]5, Chile presents constant threats due to intense seismic and volcanic activity, registering some events of great magnitude. In addition, natural events such as floods are increasing due to climate change[6]6, in the form, for example, of heat waves. The country is also no stranger to technological disasters, such as oil spills on the coasts and large fires.

Chile is considered a country highly vulnerable to climate change according to the United Nations Framework Convention on Climate Change (UNFCCC, 1992) due to presenting seven of the nine characteristics defined by the organization: low-lying coastal areas; arid and semi-arid zones; areas with forest cover and areas exposed to forest deterioration; areas prone to socio-natural disasters; areas exposed to drought and desertification; areas of high urban air pollution, and areas of fragile ecosystems, including mountainous ecosystems.

The energy sector is the country's most important emitter, with coal being the historic backbone of electricity generation in the country. Chile's energy policy has evolved significantly, with the important milestone of the 2022 update of the Long-Term Energy Policy (PELP) by the Energy Ministry, which re-emphasizes the pledge to net-zero and lays out a clear decarbonization pathway that addresses all sectors of the national economy. During the last 20 years, the emissions intensity of electricity has decreased as a result of coal's displacement by natural gas. This reduction however has largely been offset by the transport and IPPU sectors, highlighting the importance of decarbonizing not only energy supply, but also energy demand.

FIGURE 1 CHILE'S ENERGY MIX OF THE TOTAL ENERGY SUPPLY (2022)



Overview of GHG emissions

In 2020, Chile's GHG[7] balance accounted for 55,825 kt CO2 eq, increasing by 429% since 1990 and decreasing by 4% since 2018 (Table 1). The main drivers of the trend in GHG balance are CO2 emissions generated by the burning of fossil fuels (accounted for in the Energy sector) and CO2 removals from forest land (accounted for in the LULUCF sector).

Sector	1990	2000	2010	2013	2016	2018	2020
Energy	33,336.1	51,804.0	65,751.0	77,090.6	83,101.5	84,202.9	79,724.3
IPPU	1,890.0	3,150.8	3,765.1	5,054.2	5,741.4	6,221.2	6,930.2
Agriculture	12,008.1	13,798,6	13,090.5	12,695.0	11,969.4	11,651.8	11,237.7
LUCLUF	-65,811.6	-66,219.7	-63,615.5	-64,525.2	-61,910.9	-51,579.2	-49,727.4
Waste	1,584.5	2,745.4	4,363.0	5,598.4	6,733.2	7,348.8	7,659.6
Balance	-16,992.9	5,279.1	23,354.1	35,913.0	45,634.5	57,881.6	55,824.5
Total	48,818.7	71,498.7	86.969.7	100,438.5	107,545.5	109,460.8	105,551.9

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TABLE 1 CHILE'S EMISSIONS INVENTORY: EMISSIONS AND ABSORPTIONS BY SECTOR (1990 - 2020)
Source: INGEI 2020 Chile

The decrease in the balance of 2020 compared to recent years is because of the measures related to the COVID-19 pandemic and its effects on the economy, as evidenced by the drop in emissions from the Energy sector, which has decreased by 5% since 2018.

The decrease in the balance of 2020 compared to recent years is because of the measures related to the COVID-19 pandemic and its effects on the economy, which has decreased by 5% since 2018. In 2020, Chile's GHG balance per gas was dominated by CO2, accounting for 53%, followed by CH4 with 27%, N2O with 12%, and F-gases, which collectively accounted for the remaining 8%. CO2 is the GHG that drives the trend, as shown by the peaks (1998, 2002, 2007, 2012, 2015 and 2017) and valleys (2002, 2004 and 2010) of the series.

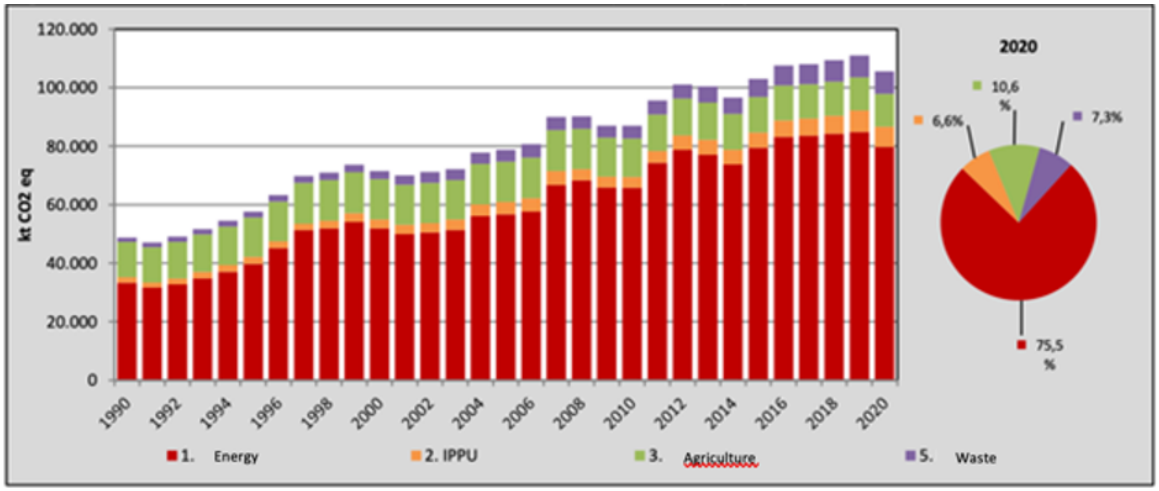
In 2020, total GHG emissions per capita (excluding the LULUCF sector) was 5.4 t CO2 eq, increasing by 53% since 1990, and decreasing by 7% since 2018. This trend is influenced by emissions from the Energy sector, which dominates the country's total GHG emissions, which in time were lower in 2020 as a result of the lower economic activity brought about by the pandemic.

Given this project's focus on energy demand, emissions from these sectors are presented in greater detail below.

Energy sector emissions

In terms of emissions, according to the latest data available (INGEI 1990 – 2020) Chile's energy sector accounts for 51,3% of a total 105,552 kt CO2 eq[8] emissions. The main drivers of the trend in total GHG emissions are CO2 emissions generated by burning of fossil fuels for electricity generation and land transport (accounted for in the Energy sector), CH4 emissions generated by livestock (enteric fermentation and manure management) and N2O emissions generated by the application of nitrogen in agricultural soils (the last two accounted for in the sector Agriculture). Regarding the share of each sector in the country's total GHG emissions (Figure 2), the Energy sector accounted for 75%, followed by the Agriculture sector (11%), the Waste sector (7%), and finally the IPPU sector (7%). This shows that, both in the GHG balance and in total emissions, the Energy sector is the most relevant.

FIGURE 2. CHILE'S TOTAL GHG EMISSIONS PER SECTOR (SERIE 1990 – 2020)



As mentioned previously, since 2016 emissions from the energy sector have stabilized due to the entry of natural gas plants, which are responsible for approximately 25% of electricity generation since 2010. Added to this is the role of new renewable energy sources (especially wind and solar energy, which together generated 26.72% of the country's electricity in 2020) that have replaced coal-fired power generation. The main subcategories of the energy sector are: energy industries (mainly electricity generation), 39%; followed by transportation, 33%; manufacturing and construction industries, 18%; and 9% from other sectors. The remaining 1% corresponds to fugitive fuel emissions.

Biodiversity

Chile has rich biodiversity given its long territory and interface between coastal and mountainous areas. The country is home to around 31,000 species, including plants, animals, algae, fungi and
bacteria, which occur in a great diversity of marine, coastal, terrestrial and island ecosystems. The central and southern areas of the country house an unusual concentration of endemic species, which made this area listed as one of the 35 global biodiversity hotspots[9].

In terrestrial ecosystems, forest formations represent approximately 22% of continental Chile's surface and concentrate the greatest wealth in potential ecosystem services. Native forests are concentrated in the southern zone, particularly between the Los Lagos Region and the Magallanes and Chilean Antarctic Region. Considering continental aquatic ecosystems, the country has a total area of approximately 1,317,704 ha of wetlands[10], which are characterized by hosting unique biological diversity, with a high level of endemism, both of animal and plant species. As for marine ecosystems, 72% of Chile's coastline has the Humboldt current, which is characterized by its biodiversity and productivity due to important upwelling areas.

Biodiversity and the ecosystem services it provides contribute significantly to the economic development of Chile, particularly given the country's significant reliance on the extraction and export of natural resources. In general, the economic value of the native forest is USD $16,000 million/year, including the valuation of water production and CO2 fixation services, among others[11]. For the forestry sector, the native forest provides logs, and can reach a production of 43.6 million m3, with an economic value is estimated at USD $3,400 million a year. Meanwhile, the contribution of exported non-wood forest products is approximately USD $66 million per year. In the agriculture sector, studies indicate that 52 of the 115 most important food crops worldwide depend on pollination by bees, many of which are native in Chile. The area demanded by pollinating insects is around 177,000 ha. The production of honey generated by domestic bees, from the pollination of native forest species, is considered the main primary livestock product exported by Chile, with 90% of total production being exported. Marine biodiversity offers a variety of resources for the fisheries sector, with 141 marine species of economic importance, and in recent years, some 3.8 million tons per year have been produced by capture fisheries and aquaculture combined. Finally, the tourism sector depends strongly on biodiversity, as it provides essential recreational, provision, regulation and support services, which are essential for it. The areas that make up the National System of State Protected Areas (SNASPE) received 2,408,269 visitors in 2013, generating income (only from entrance tickets) of approximately $5,000 million

In general, the degradation and loss of Chile's ecosystems could increase if economic development does not progressively adopt sustainability standards that decrease the economy's impacts on biodiversity. This requires enhancing competencies in natural resources and biodiversity management, as well as generating new and more efficient instruments for conservation.

As such, there's a need to reduce the pressure on terrestrial ecosystems by incorporating an ecosystem approach both in the planning and development of interventions by public and private actors, as well as in the state programs that promote and finance them. Considering public and private sector interventions, projects that enter the Environmental Impact Assessment System (SEIA) generally do not include an impact assessment at the ecosystem level. It is necessary to consider that the synergies and trade-offs across interventions must be properly evaluated, considering that the SEIA regulation mentions the need to look at this scale. In this sense, the characteristics of ecosystems and their resilience should influence the kinds of interventions to be carried out in the territory so that they favor conservation and sustainable management. For this purpose, it is decisive to incorporate the ecosystem approach.

A2. Baseline – Chile's current and future existing efforts

Country-wide decarbonization, biodiversity and energy actions

Key aspects related to decarbonization

Element	Description
Ambition (Paris agreement + NDC)	Chile ratified the Paris Agreement on February 2017
Net-zero target	2050
Net-zero plan	Chile's GHG neutrality target by 2050 was launched together with its first NDC, underscored in its updated 2020 NDC, and cemented in its Framework Climate Change Law (Law Nº 21,455). The purpose of this law is to face the challenges posed by climate change, to move towards a development low in greenhouse gas emissions and other climate forcing factors, until reaching and maintaining the neutrality of greenhouse gas emissions by 2050 Additionally, Chile has a Long Term Strategy (LTS) to achieve net zero emissions in 2020, which is aligned with its NDC and establishes the general objectives in the country related mitigation of and adaptation to climate change. It sets a path towards neutrality by assigning carbon budgets to economic and governance sectors.
Governance and coordination	The Framework Climate Change Law (Law Nº 21,455) establishes the governance and coordination system in Chile for achieving net zero. The Interministerial Technical Team on Climate Change (ETICC for its acronym in Spanish) analyzes and provides information, prepare reports, develop proposals for actions and measures, and coordinate the different representatives of the public bodies that comprise it, among other actions, on Climate Change. During September 2024 a regulation of the Ministry of the Environment was issued to regulate the formation and operation of the ETICC. It is comprised by representatives from the Ministry of Environment, Ministry of the Interior and Public Safety, Ministry of External Relations, Ministry of National Defense, Ministry of Economy, Ministry of Social

	Development and Family, Ministry of Education, Ministry of Public Works, Ministry of Health, Ministry of Housing and Urbanism, Ministry of Agriculture, Ministry of Mines, Ministry of Transport and Telecommunications, Ministry of National Goods, Ministry of Energy, Ministry of Finance, Ministry of Woemen and Gender Equity, Ministry of Science, Technology, Knowledge and Innovation. [1] https://cambioclimatico.mma.gob.cl/organismos-colaboradores/eticc/
Legal framework	• Framework Climate Change Law (Law Nº 21,455) is the main legislation, which creates a legal framework for Chile to face climate change in terms of mitigation and adaptation in a long-term view and thus comply with its international commitments assumed in the Paris Agreement. It establishes a national goal that proposes to achieve carbon neutrality by 2050 at the latest, and to adapt to climate change, reducing vulnerability and increasing resilience to the adverse effects of climate change. The law creates and recognizes in a binding manner a series of instruments that will allow climate action in the country to meet the objectives of carbon neutrality and resilience. To this end, it formalizes the existing institutional framework and institutionalizes responsibilities and obligations to 13 ministries and to all the regions and communes of the country. • NDC. These are the commitments made by countries to meet the international climate change goal of limiting the increase in global temperature by reducing greenhouse gas emissions.
International coalitions	Chile is a member of: 2050 Pathways Platform Soils for Food Security and Climate Bonn Challenge - Landscape Restoration CCAC: Climate and Clean Air Coalition (Main) CCAC: Global Green Freight Action Plan CCAC: Phasing Down Climate Potent HFCs / HFCs Initiative CCAC: Waste, Mitigating SLCPs from the Municipal Solid Waste Sector CEM: Clean Energy Ministerial Carbon Neutrality Coalition Carbon Pricing Leadership Coalition Climate Ambition Alliance: Net Zero 2050 Climate Change Impacts on Cultural and Natural Heritage (CCICH) Coalition for Climate resilient Investment (CCRI) Collaborative Climate Action Across the Air Transport World Cool Coalition Decarbonizing Shipping: Getting to Zero Coalition Global Bioenergy Partnership Global Clean Water Desalination Alliance (GCWDA) Global Fuel Economy Initiative (GFEI) Global Geothermal Alliance

	Global Methane Initiative Global Research Alliance on Agricultural Greenhouse Gases Initiative 20x20 International Alliance to Combat Ocean Acidification International Carbon Action Partnership International Solar Alliance International Zero-Emission Vehicle Alliance (ZEV Alliance) Mission Innovation Powering Past Coal Alliance Renewable Energy and Energy Efficiency Partnership (REEEP) The New York Declaration on Forests UN-REDD Programme Under 2 Coalition
Progress tracking	• Since 2012 the Environment Ministry implements and maintains the National System of GHG inventory (SNICHILE). This system contains the institutional arrangements, the legal and procedural mechanism established for the periodic and constant updating and compilation of the INGEI of Chile, in accordance with the national and international commitments related to this matter. SNICHILE therefore has the main objective of the periodic updating of the national and regional inventory, to ensure the sustainability of the preparation of INGEIs in the country and to maintain the coherence of the reported GHG flows and the quality of the results. • The Framework Climate Change Law has in its founding pillars facilitating timely and adequate access to climate change information, promoting dissemination and awareness in the field and reducing information asymmetries. To this end, it assigns to the LTS the task of defining progress tracking. • The LTS contains the criteria for monitoring, reporting and verification of compliance with the goals and measures of the climate change management instruments, the sectoral mitigation and adaptation plans, defined in accordance with the requirements of Chile's international commitments and ensuring transparency in the monitoring, quality and coherence of the data reported

Fiscal and financial aspects

Element	Description
Strategy	• The Ministry of Finance has developed a Financing Strategy against climate change, published in 2019[12]. • The measures to be carried out in this Financial Strategy against Climate Change will be the responsibility of the Ministry of Finance with the support of the Ministry of the Environment, sectoral ministries and financial regulators, among others. The Strategy will be every 5 years from 2025 after the new NDCs, and will include the assessment of the measures identified in it • It defines a framework for action through three lines of work

	○ The first axis is focused on the generation of information, data and analysis to mobilize capital flows under an institutional framework of policies and measures consistent with the country's climate objectives, economic growth priorities, fiscal responsibility and sustainable development with a long-term vision. This will allow for the generation of robust evidence to inform decision-making, as well as the periodic evaluation and improvement of the instruments that make up the institutional framework of climate finance. Among its advances is the establishment of the Green Climate Fund's institutional framework and progress in having a methodology to measure public and private spending on climate change ○ The second axis seeks to promote the design and implementation of green financial instruments and the promotion of markets to contribute to the development of climate-resilient and low-carbon economic sectors. Through intersectoral collaboration, and with private actors, this line of action seeks to promote the development of new green financial instruments, in a technically feasible way and to scale up existing ones. Likewise, actions will be promoted to mobilize different sources of financing, including multilateral sources, for the development of skills and knowledge required to catalyze and enhance green finance through various instruments, policies and measures. The main advances in this axis are the creation and implementation of the green tax under Law No. 20,780, and the issuance of the first two sovereign green bonds, for a total of US$2,377 million. ○ The third axis aims to strengthen the understanding, capacities and action of the local financial sector in terms of risks and opportunities derived from climate change. Among its advances is the creation of the Public-Private Roundtable on Green Finance, whose objective is to define a joint work agenda between the Government, regulators and financial market institutions, to incorporate the risks and opportunities of climate change
Instruments under the Ministry of Finance	• Sovereign Green Bonds • Report on assigning and environmental impact of Sovereign Green Bonds • Joint declaration con climate change • Public-private roundtable on green finance • Coalition of ministers for climate action • Strategy against Climate Change in Finance Markets • National Designed Authority and Technical Secretary for the Green Climate Fund

Key aspects related to biodiversity / nature

Element	Description
Chile's Nationally Determined	The NDC includes the following LULUCF climate actions: ○ sustainable management of 200,000 ha of native forest; ○ an additional 100,000 ha of industrial plantations;

Contribution (NDC)	○ afforestation of 100,000 ha (70 % native forest and 30 % non-native species); and ○ the reduction of forest degradation and deforestation associated with forestry. The above actions are expected to contribute to a carbon sink of 7.4 MtCO2eq y from 2030 to 2050 on top of the LULUCF sector's existing sink capacity of 65 MtCO2eq y (Gobierno de Chile, 2020; Ministry of the Environment, 2018). The updated NDC of 2020 incorporates components on oceans, forests, peat bogs and ecosystems. In November 2022, Chile presented a further update to their NDC at the COP27, further committing to expand the current area of official protection of terrestrial and aquatic ecosystems by 2030.
Coastal and marine ecosystems	Chile will identify peatlands, as well as other categories of wetlands under a national inventory framework by 2025, recognizing and quantifying the mitigation value of such areas. It also plans for three Marine Protected Areas (MPAs) to have standardized metrics to evaluate mitigation and adaptation capacities by 2025.
Latest report to the Convention on Biological Diversity	NBSAP (2017-2030), which includes a section on biodiversity and climate change
Land Degradation Neutrality (LDN)	Chile defined nine measures to achieve land degradation neutrality by 2025, which are set out in the 2016 plan of the National Forestry Corporation (CONAF) and many of which will have important co-benefits for biodiversity. The plan involves interventions on around 565,000 ha, including: (i) afforestation, revegetation, restoration and forest management programmes in 80 of the country's communes, (ii) strengthening wood energy by means of firewood certifications (16,000 ha), (iii) afforestation and revegetation with native species in keeping with the new Forestry Development Act (140,000 ha), (iv) ecological restoration in degraded native forests and woodlands (20,000 ha), (v) ecosystem restoration plans following forest fires (10,000 ha), (vi) forest management cordons to prevent forest fires (8,000 ha), (vii) the development of woodland management plans (70,000 ha), (viii) phytosanitary protection of native vegetation resources through integrated forest pest management (300,000 ha), and (ix) buffer strips for livestock activity in zones adjacent to protected areas (800 ha). The 2021–2030 National Landscape Restoration Plan sets the goal of restoring a million hectares and its principles include a reference to nature-based solutions (NBS) (CONAF/MINAGRI/MMA, 2021).
Kunming-Montreal Global Biodiversity Framework	The country is a Party to the Convention on Biological Diversity (CBD) that agreed to the Kunming-Montreal Global Biodiversity Framework (GBF) in 2022, which is to be revised to ensure alignment with the post-2020 GBF. It is taking a wide range of actions that are contributing to achievement of the Framework, notably including, *inter alia*: restoration of degraded ecosystems (Target 2); Protecting land and marine areas (Target 3). Reducing pollution from plastic and nutrients (Target 5), Invasive species control (Target 6), Sustainable management of wild species (Target 9), Mainstreaming and enhancing ecosystem services (Target 11),

	mobilizing financial resources for biodiversity (Target 19), protecting the rights of indigenous peoples and local communities (Target 21) and ensuring equitable access to genetic resources (Target 22).
REDD+	Direct drivers of deforestation and forest degradation in Chile include fuelwood production, the expansion of livestock and agricultural activities, urban expansion, and forest fires. In this context, Chile is implementing a National Strategy for Climate Change and Vegetation Resources (ENCCRV), which aims to decrease the forest-related social, environmental, and economic vulnerability generated by climate change, desertification, land degradation, and loss of vegetation resources. The program focuses on helping Chile address its main drivers of deforestation through strategic activities such as preventive forest fire management and postfire restoration, sustainable forest management, forest and livestock management models, and sustainable use of vegetation resources, along with reforestation of priority areas with native species.
Key legislation	Enacted in 2022, Chile's Climate Change Framework Law includes provisions for biodiversity conservation. It integrates climate change mitigation and adaptation measures into national policies, including the protection of ecosystems and biodiversity. The law supports the sustainable management of natural resources and aims to enhance the resilience of ecosystems to climate change impacts.
Progress tracking	In March 2018, CONAF published the Monitoring and Measurement System (Sistema de Medición y Monitoreo, SMM) as part of the ENCCRV, which encompasses the national forest monitoring system (NFMS). The SMM includes a detailed description of institutional arrangements and structure, sources of information related to each of the different integrated systems, planning of activities for the development of cross-sectoral improvements and report generation, available financing and a sustainability strategy, through 2025.

Key aspects related to energy

Element	Description
Long term planning	The Long Term Energy Planning[13] it is led by the Ministry of Energy and its main objective is to project the country's energy future in a 30-year horizon. To this end, its task is to define different long-term energy scenarios that show alternative paths for the development of our energy matrix
Energy target	The Long Term Energy Planning allows for better planning of the infrastructure necessary to achieve the goals and commitments in Chile, such as carbon neutrality and the retirement of coal-fired power plants. In addition, it is important to continue with the massive integration of renewable energies, to guide the various sectors of the country regarding the cleanest energy alternatives, along with anticipating situations and being able to have a reliable energy system
Legal framework	• Law Nº 20,805: Law that perfects the electricity supply system by allowing and promoting better competition in the market through tenders, ensuring conditions • Law Nº 20,936: Creation of a new Coordinator of the Electric System. The National Electricity Coordinator carries out the operation of the electrical installations that operate interconnected with each other, in order to guarantee open access to all transmission systems, in accordance with this law and to preserve the security of the service in the electricity system.

	• Law Nº 20,571: System that allows the self-generation of energy based on Non-Conventional Renewable Energies (NCRE) and efficient cogeneration. This Law gives users the right to sell their surpluses directly to the electricity distributor at a regulated price, which will be published on the website of each distribution company. • Law Nº 20,257: Establishes that in Chile as of 2024; All companies must include at least 10% of their electricity consumption from non-conventional renewable energies. • Law Nº 21,305: The law covers practically all energy consumption in the country, including transport, industry and mining, the residential, public and commercial sectors. Some of the measures contemplated by the law are: o Energy labeling: Electrical and electronic products marketed in Chile must have an energy efficiency label, which informs consumers about their energy consumption. o Energy rating: Buildings for residential, public, commercial and office use must have an energy rating, which classifies them according to their energy efficiency. o Energy efficiency requirements: Energy efficiency requirements are established for new buildings, electrical installations, and electrical and electronic equipment. o Energy efficiency programs: The Ministry of Energy should implement energy efficiency programs to promote the efficient use of energy in the different sectors.

Key projects

Program / Project	**Brief description**	**Leading ministry and any supporting entities**	**Duration (beginning and ending year)**	**Estimated value (total, in USD)**
Greenhouse gas mitigation and adaptation	Contribute to the reduction of greenhouse gases by strengthening the energy efficiency measures contained in the Nationally Determined Contributions (NDCs) of Argentina and Chile.	Ministry of Energy of Chile, Euroclima	2023	€ 1.500.000,00
Renewable Energy and Energy Efficiency Program: Development of Renewable Hydrogen in Chile	Exclusive for cooperation for the development of H2V in Chile in four areas: A) Strengthening of the enabling environment for the green hydrogen economy B) Support	Chilean Ministry of Energy, GIZ	2021-2027	€ 4.000.000,00

	for Technological and Human Capital Development C) Market Development/Business Cooperation D) Project Development/Finance			
Energy Partnership Chile – Germany		Chilean Ministry of Energy, GIZ	2019-2023	Not informed
International Hydrogen Ramp-Up Program (H2-Uppp)	The objective of H2-Uppp is both to identify, prepare and accompany the execution of green hydrogen production and use projects and powerto-X applications, as well as to raise awareness and transfer knowledge for the development of projects related to green hydrogen.	Ministerio de Energia de Chile, GIZ	01/2022 - 12/2023	up to € 2.000.000
Power-to-X Hub	Power-to-X (PtX) is the conversion of electricity into various products, such as gases, liquid fuels, chemicals, or high-value products, covering the entire production chain, often involving hydrogen as an intermediary. Chile has big ambitions to achieve its climate goals. The country plans to shut down all coal-fired power plants by 2040 at the latest. Its huge potential of around 1,800 GW of renewable energy makes it a promising PtX production location. The project will carry out different activities including: Evaluating the potential for local	Chilean Ministry of Energy, GIZ	01/2022 - 12/2023	Not informed

	development through the production of green hydrogen in two Chilean regions, Analyzing the implications of desalination plants for sustainability, Strengthening H2LAC activities in the region, Developing capacities in PtX, among others.			
CONSTRUYE 2025	Refinancing program that seeks to promote the development of projects that mitigate the effects of climate change and/or improve the environmental sustainability of companies. This, through projects for the generation or storage of Non-Conventional Renewable Energies (NCRE), Energy Efficiency, and environmental improvements in production processes.	CORFO	2020- on going	$ 20.000.000,00
Chile Green Hydrogen Facility to Support a Green, Resilient and Inclusive Economic Development	The proposed Project will support the early deployment of Green Hydrogen supply investments in Chile through the creation of an FHV (Green Hydrogen Facility). The Project will consist of a US$150 million Investment Project Finance (IPF) loan to the GoCl to be implemented through CORFO for a period of five years.	Banco Mundial, CORFO	2023-2028	$ 150.000.000,00
CH-L1168: Program to Support the Development of the Green Hydrogen Industry in Chile	The general objective of the development of this second individual operation is to contribute to the development of the Green Hydrogen (H2V) industry and its	BID, CORFO	2023-2028	$ 400.000.000,00

	derivatives in Chile to contribute to the decarbonization of its economy. The specific development objectives are: (i) to promote private investment in H2V projects and their derivatives; and (ii) increase the supply of Public Inputs (IP) for the H2V and its derivatives industry.				
Support to Regional and Municipal Governments for Solid Waste Management and Promotion of the Circular Economy	Support the preparation and implementation of a results-based investment program (PBR CH-L1173) for capacity building between Regional Governments (GOREs) and Municipal Governments (GOMs) in solid waste management and promotion of the circular economy. Specific objectives include: (i) supporting the Undersecretariat of Regional and Administrative Development (SUBDERE) in strengthening the GORES and GOMs (municipalities and associations of municipalities) in planning and coordination; and (ii) capacity building for solid waste management and circular economy.	BID, SUBDERE	2023-2025	$	400.000,00
CH-T1274 : Support for a Fair, Clean and Sustainable Energy Transition II in Chile	This TC aims to contribute to the implementation of the policy measures to be carried out by the Government of Chile (GoCH) for a fair, clean and sustainable energy transition. The	BID	2022-2025	$	400.000,00

	activities to be carried out in this TC are therefore key to continue supporting the decarbonization of the energy matrix to reach carbon neutrality by 2030; strengthening a just energy transition where there will be an effective retirement of coal-fired power plants, which will impact the workers in these plants, and accompanying the design and implementation of actions aimed at reducing the energy poverty gaps in the country.			
A model for a circular network for construction	The project is part of pillar N 3 of the 2025 Program 'Market Niches' and category 2 'Circular Economy' Circular', which seeks proposals to face challenges, reduce barriers and promote the closing of gaps towards circularity and sustainability in waste management in the region. It is based on the recovery of waste in a territorial way in the metropolitan area, which can be replicated to other regions in our project.	CONSTRUYE 2025, CORFO, BID	2024-2026 (24 meses)	268.750
Chile Partnership for Market Implementation	The proposed development objective is to support the Government of Chile in the implementation of national carbon pricing instruments and its participation in international carbon markets.	Banco Mundial, AGCID, Min of Energy, MMA	2023-2027	5.000.000

Fiscal policy for Climate Change	This Technical Cooperation (TC) aims to support the Chilean Ministry of Finance (MH) in the development of tools that promote the integration of climate action in its fiscal policy and management, mainly through the development of two tools: the definition of the structural elements for the elaboration of a Classification System of Environmentally Sustainable Economic Activities of Chile ('Taxonomy'); the implementation of a compensation system within the framework of the green tax (SCIV); and the development of energy efficiency levels for the implementation of a new tax on emissions.	Ministry of Finance, BID	2023-2026	1.000.000
IDB Clima	The Mechanism for Linking Biodiversity and Climate Change Ambition to Performance (IDB CLIMA), currently in the pilot phase, will provide discounts on eligible loans when specific biodiversity and climate objectives are achieved and verified. The discount is given in the form of a subsidy in the amount of 5% of the principal of the loan.	BID	2024-?	111.111.111
CRÉDITO CONDICIONAL PARA PROYECTOS DE INVERSIÓN (CCLIP) PARA LA PRODUCTIVIDAD Y EL	The objective of the CCLIP is to promote an improvement in sustainable productivity in Chile. To this end, the programs to be financed will be	CORFO, BID	2022 - ?	1.000.000.000

DESARROLLO SOSTENIBLE EN CHILE	aligned, among others, with the following main lines of work: (i) facilitate companies' access to productive financing, (ii) promote the digital and green transition of SMEs, (iii) strengthen capacities and human capital for innovation, (iv) promote the internationalization of companies to increase the country's productivity, (v) promote gender parity in the country's productive fabric, and (vi) promote the development of new sectors that contribute to environmental sustainability and the fight against climate change			
Support to the design, coordination, and implementation of sectoral climate change plans	To support the sectoral ministries, such as Agriculture and Infrastructure, in designing and implementing their sectoral long-term climate change strategies, and to support the ministry of environment in coordinating the nacional climate change policy	MMA, BID	2022-2024	600.000
BANCO ESTADO ECOVIVIENDA - ENERGY MBIL	Loan to Chile's public bank BancoEstado to finance mortgages for the acquisition of new housing units with improved energy efficiency standards.	EIB	2023 - ?	200.000.000
Promoting carbon-free energy management in Chile	The energy transition is contributing to the expansion of renewable energy. This is accompanied by a shift away from fossil fuels in the energy sector and the	Ministerio de Energía, GIZ	2019-2022	-

	economy as a whole. **Results** Chile has developed a hydrogen strategy with the support of the project. The decommissioning of a total of five coal-fired power plants and the expansion of renewable energy plants have contributed to a saving of more than 5.5 million tonnes of CO2 equivalents.			
Global Carbon Market: Chile	The Chilean government continues to develop tools for CO2 pricing and explores the use of market mechanisms set out in Article 6 of the Paris Agreement.	Ministry of Energy, GIZ	2018-2023	-
Chilean Sustainable Public Transport Strategy (CLETS)	The project seeks to promote the new normative and regulatory frameworks that Chile has to fight against climate change, such as the recent Framework Law on Climate Change, promoting sustainable mobility systems. It will also support the implementation of four demonstration actions in the use of these systems in regions.	MMA, CAF, AGCID, GEF	2024-2028	2.900.000
Chile REDD+ Emissions Reductions Program	The Project Development Objective is to incentivize reduced deforestation, forest degradation and the enhancement of forest carbon s tocks (REDD+) in selected regions of southern Chile, through payment of verified emission reductions	WB, Forestry Institute (INFOR), National Forestry Corporation (CONAF), Chilean Agency for International Developmen t	2019-2025	26.000.000

	(ER) and to ensure that paid am ounts are distributed according to an agreed benefit sharing plan.	Cooperation (AGCID)		
Greenhouse Gas Mitigation and Adaptation to the Impacts of Climate Change in Latin America by Strengthening Energy Efficiency in Strategic Sectors in Argentina and Chile	The project aims to strengthen energy efficiency policies, norms, standards, tools and good practices in Argentina and Chile through the transfer of knowledge between both countries and the development of actions in sectors considered strategic due to their high energy efficiency potential and their replicative and demonstrative capacity in different productive sectors.	Euroclima, AECID, AFD, Energy Sustainabilit y Agency (ASE)	2023-2026	1.620.000
Technical assistance for the sustainable geothermal development project	Assist the Government of Chile to overcome specific barriers in order to improve geothermal energy market conditions. By addressing key legal, social and market barriers, this technical assistance will contribute to the development of tradable geothermal resources.	World Bank, Ministry of Energy	2017-2021	3.500.000
Transforma Economía Circular	Public-private program that will work with 14 of the 27 initiatives of the national circular economy roadmap to 2040 in two axes - innovation and circular territories.	CORFO, MMA	2018 - on goig	3.000.000

Home Energy Rating (CEV)	Voluntary energy efficiency rating	MINVU, MIN Energía	2012 - on going	2.400.000
Sustainable Home Certification (Certificación Vivienda Sustentable - CVS)	Voluntary environmental certification system that evaluates the performance of residential projects nationwide.	MINVU, CTEC, several public and private organizations	2020 - on going	1.200.000
Sustainable Building Certification (Certificación Edificio sustentable – CES)	Voluntary environmental certification system that evaluates the performance of buildings nationwide.	MOP (leads)	2014 - on going	1.200.000

A3. Barriers

While Chile has a robust policy framework in topics such as net zero and biodiversity, a number of barriers -identified with key country stakeholders- slow down their implementation:

Barrier 1 – Absence of aligned and coherent climate change instruments, measurements, private sector involvement tools, and financing instruments

This barrier refers to the lack of coordination means between different public actors and the private sector to contribute to climate change actions. This barries has 4 root causes:

I.1. *NDC, LTS, sectorial and regional plans[14] are not aligned or coherent.* Climate change mitigation and adaptation requires action at all levels: local, regional, national and sectorial, and their alignment is crucial for effectiveness (and cost-effectiveness). Chile's Framework Climate Change Law establishes that all climate change instruments should maintain coherence, and as such NDCs should be developed considering the LTS, and sectorial plans should also consider the main directions provided by the LTS. However, as these instruments were developed partially in parallel to sectorial and regional plans, currently they show a lack of a common methodology that guides their internal and external coherence. It is important to note that for many of these instruments and particularly for regional and sectorial plans, currently only their first generation is being delivered during 2024. This first-generation cycle of climate change instruments in Chile allows for learning and improvement for their next generation.

Sectorial and regional plans' development is decentralized by nature, but currently lack a concrete methodology that steers their cross-alignment towards shared and common activities and goals. Sectors and regions are expected to align their plans to the LTS but lack methodological support to do so. This lack of technical support for alignment can result in conflicting actions emerging from the climate and biodiversity agendas across the sectorial and regional levels.

I.2. *NDC, LTS, sectorial and regional plans'*[15]*progress is not measured in an integrated manner.* The very same decentralized nature of NDC, LTS, sectorial and regional plans' development fragments their measurement, creating a blind spot that hinders a holistic understanding of Chile's overall environmental progress.

This lack of integrated measurement creates several problems. Firstly, it makes it difficult to identify inconsistencies and overlaps between different plans. Overlapping goals and conflicting targets can lead to wasted resources and missed opportunities for synergy. Secondly, without a unified metric, it's challenging to assess the effectiveness of Chile's overall environmental strategy. This opacity makes it hard to determine if the country is on track to meet its decarbonization and biodiversity protection targets, limiting accountability and course correction.

I.3. *The private sector does not have a net zero nature positive certification tool*. This decentralized reality is even stronger when considering the private sector. An increasing number of firms is interested in implementing and communicating their efforts to combat climate change, land degradation and biodiversity loss.

However, the absence of a robust net-zero nature-positive certification tool for the private sector impedes Chile's progress towards a sustainable economy considering both public and private economic activity. Businesses currently lack a standardized framework to measure and demonstrate their environmental impact considering broader goals in climate change, land degradation and biodiversity loss, such as water footprint, product and services footprint or firm's impact on carbon sinks. This ambiguity creates uncertainty for firms, dissuading some from taking concrete action for fear of greenwashing categorization. Additionally, the lack of a centralized certification system makes it difficult for consumers and investors to identify truly sustainable businesses and products. This hinders the creation of a market incentive for companies to prioritize decarbonization and biodiversity protection efforts.

I.4. *The biodiversity strategy does not have its financing needs measured and covered* Chile's biodiversity strategy faces a critical roadblock due to unmeasured and unmet financing needs. Unlike the already-established climate change financing strategy, the biodiversity plan lacks a comprehensive assessment of its financial requirements. This is a challenge for the Ministry of Finance, responsible for securing public policy funding.

The existing climate change strategy predates the biodiversity plan. Without a clear picture of the biodiversity strategy's financial demands, the Ministry of Finance cannot allocate resources effectively or implement instruments to bridge the financing gap. Climate change-only initiatives might be inadvertently prioritized due to the lack of data on biodiversity funding needs. However, by developing a financing strategy for biodiversity that complements the existing climate change plan, Chile can establish a unified approach to environmental investment. This could involve exploring innovative funding mechanisms or identifying potential synergies between the two strategies. Ultimately, the lack of a coherent financing approach could significantly deaccelerate progress on both decarbonization and biodiversity protection goals.

Barrier 2 – Absence of integrated and coherent national-regional-private gender-responsive public policy, strategic planning, business development and regulatory guidance for promoting energy demand decarbonization

Chile's national decarbonization efforts currently focus heavily on transforming energy supply, neglecting a crucial aspect: energy demand. This barrier refers to the lack of a common approach towards energy demand decarbonization, limiting the energy sector's contribution to the economy-as-a-whole decarbonization. This barries has 4 root causes.

II.1. *Lack of public-private alignment and partnerships to promote energy demand decarbonization*. The current prioritization in Chile in decarbonizing the supply-side of energy means that there is no coordination body yet to align specific solutions to decarbonize demand. As such, collaboration between the public and private sectors to decarbonize energy demand is not currently institutionalized. The lack of such partnerships creates a substantial barrier to achieving Chile's overall decarbonization goals in the energy sector.

Public-private partnerships are essential for tackling energy demand decarbonization due to its inherent complexities. Unlike supply-side solutions, which can be implemented through large-scale infrastructure projects, demand-side decarbonization requires a multifaceted approach. It involves measures such as promoting energy efficiency upgrades in buildings and industries or fostering behavioural changes towards lower energy consumption or better matching grid green energy availability. These initiatives need collaboration – the public sector can establish regulations and incentives, while the private sector possesses the technical expertise and market reach to implement these changes effectively. Without strong public-private alignment and partnerships, Chile risks neglecting a critical pathway towards a truly sustainable energy future.

II.2. *Lack of a long-term national strategy for demand decarbonization that considers regional and local specificities*. Chile's decarbonization ambitions are hampered by the absence of a comprehensive national strategy specifically targeting energy demand decarbonization. While existing plans focus on transforming the energy supply mix, they fail to account for the unique challenges and opportunities in energy demand decarbonization, particularly considering different regions and localities and their different requirements and resource availability. This lack of a nuanced approach poses a significant barrier to achieving widespread and equitable decarbonization of energy demand.

A long-term national strategy for demand decarbonization, acknowledging regional and local specificities, is crucial for several reasons. Firstly, energy consumption patterns vary greatly across Chile. Industries in the north face distinct challenges compared to residential areas in the south. A one-size-fits-all approach risks overlooking these differences, leading to ineffective policy implementation. Secondly, local governments and communities often possess valuable insights into their energy use patterns and potential solutions. A national strategy that incorporates regional and local perspectives can leverage this knowledge to develop targeted interventions that are more likely to succeed. Ultimately, a comprehensive and regionally sensitive approach to demand decarbonization will ensure a more just and effective transition towards a sustainable energy future for all of Chile.

III.3. *Lack of shovel-ready, independently verified investment projects in energy demand decarbonization.* Unlike large-scale infrastructure projects on the supply side, demand-side decarbonization relies on a multitude of smaller initiatives spread across various sectors. This presents a challenge for attracting investment – potential financiers often require clear evidence of a project's viability and impact before committing funds.

The absence of 'shovel-ready' projects with independent verification creates a roadblock for both public and private actors. Public institutions struggle to allocate resources effectively without a pipeline of well-defined projects demonstrating their potential for reducing energy demand. Similarly, private investors and financers hesitate to enter the market due to the perceived risks associated with unproven solutions. By developing a pool of rigorously evaluated, investment-ready projects focused on energy demand decarbonization, Chile can bridge this gap. This could involve establishing mechanisms for project development, verification, and packaging, ultimately attracting the necessary capital to accelerate progress towards a low-carbon energy future.

II.4. *Lack of minimum standards regulations on energy demand decarbonization technologies and equipment that assures their technical and economic performance to stakeholders*. Unlike the well-defined regulations for energy generation sources, there's a lack of clear guidelines for technologies aimed at decarbonizing energy demand. This ambiguity creates a barrier for stakeholders, hindering their adoption.

This lack of minimum standards presents challenges for both consumers and businesses. On the consumer side, individuals and households may be hesitant to invest in energy demand decarbonization technologies due to uncertainty regarding their true effectiveness. Without clear performance benchmarks, it's difficult to assess if a product will genuinely perform as promised and justify the initial investment. Similarly, businesses face difficulties in planning and implementing energy demand decarbonization technologies due to the lack of experience and certainty in their performance to substitute carbon-emitting alternatives. The absence of minimum standards makes it challenging to select the most cost-effective and technologically sound solutions for their needs. Ultimately, establishing minimum standards for energy demand decarbonization technologies and equipment can build trust among stakeholders by reducing uncertainty, incentivize investment, and accelerate the adoption of these solutions, leading to a more rapid energy demand decarbonization.

Barrier 3 – Insufficient knowledge and capacities to promote energy demand decarbonization alternatives and net-zero nature-positive economic growth

This barrier refers to the lack of knowledge and capacities to decarbonize energy demand and net-zero nature-positive economic growth, limiting Chile’s ecologic transformation and threatening achieving its net zero goal. This barries has 3 root causes.

III.1. *Key actors lack motivation and knowledge to promote the decarbonization of economic activity*. While national decarbonization goals exist, many stakeholders within the economic system, including businesses, industry leaders, consumers, and even some government officials, might not be fully invested in achieving them. This lack of buy-in can stem from various factors,

such as limited understanding of the urgency of climate action, concerns about potential economic costs of decarbonization, or a lack of knowledge on how to implement sustainable practices.

Furthermore, even if motivated, these actors might lack the necessary knowledge on solutions to drive decarbonization within their spheres of influence. Businesses and the public sector require better expertise in identifying and implementing energy-efficient technologies or sustainable production processes. Similarly, consumers need tools and resources to effectively implement decarbonization technologies and practices. Both business and consumers need funding and credit to implement decarbonization initiatives, but insufficient knowledge of the opportunities and advantages by both credit suppliers and takers leads to a mismatch for efficient funding allocation, resulting in underfunding for energy demand decarbonization initiatives.

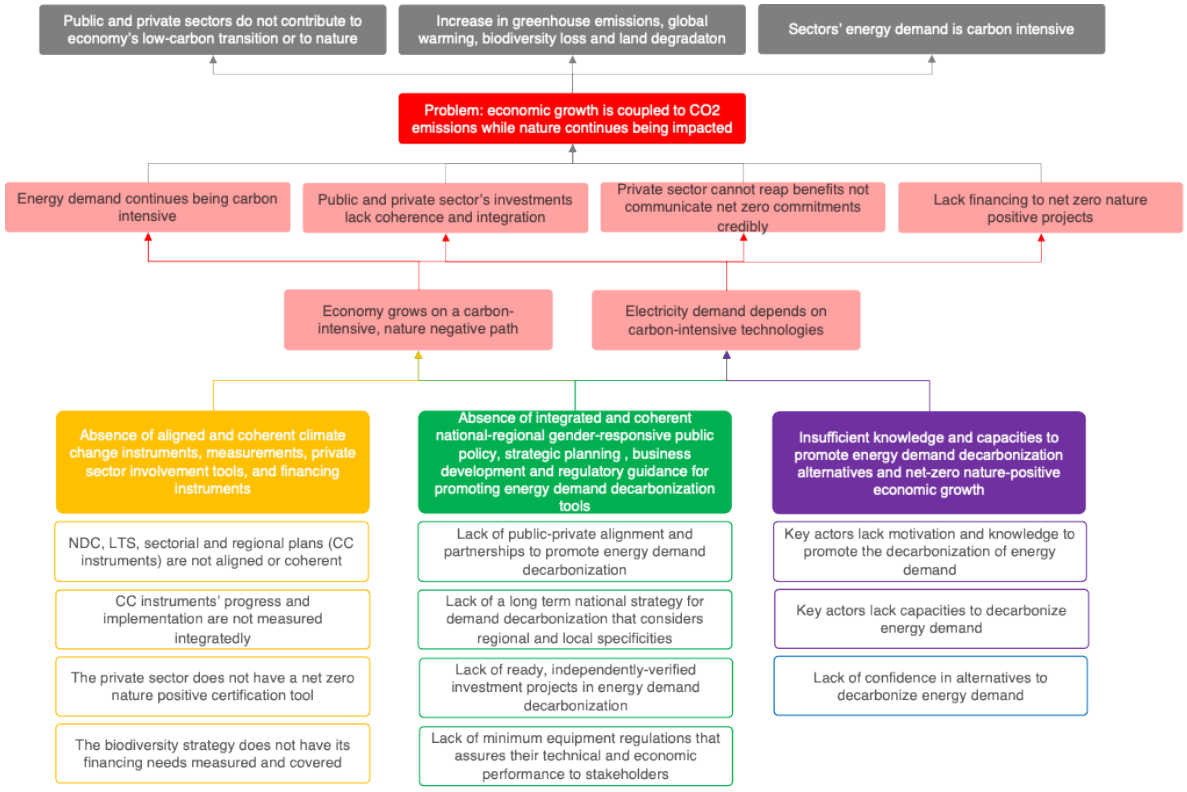
III.2. Key actors lack capacities to decarbonize energy demand. Energy demand decarbonization requires changes in production processes, buildings and other infrastructure and processes that demand specific capacities for their correct and cost-effective implementation. As the specificity of these measures is not within the core competencies of non-energy firms and households, implementing demand decarbonization requires a strong ecosystem of specialized firms with specific energy demand decarbonization capacities. These capacities are currently lacking both at the firm level and at the workers or technician levels.

Demand-side energy decarbonization involves specialized skills for modifying production lines, retrofitting buildings, and optimizing energy use within infrastructure. This expertise gap, increased by a marked gender gap in the energy sector, creates a bottleneck. Without a readily available pool of specialized firms offering these services, and skilled workers or technicians to execute them, achieving widespread and cost-effective implementation of these crucial decarbonization measures remains a significant challenge.

III.3. Lack of evidence as to the economic, social and environmental viability energy demand decarbonization alternatives as a means to provide reliable energy services to industries and the public sector

Although energy efficiency measures have been implemented in the country in the industrial, public and commercial sectors, profound and transformative decarbonization technologies such as electrification, grid energy demand management, heat storage or other technologies are not being implemented in Chile due to a lack of evidence about their viability and ease of implementation in the Chilean context. Without such evidence, regional and national governments, as well as private sector actors, are hesitant to make the necessary investments. Given the lack of a 'silver-bullet' kind of one-size-fits-all technology or solution to energy demand decarbonization, micro-level individual stakeholders are a key element of energy demand decarbonization. Additionally, energy demand decarbonization technologies are generally not within the core capacities of the stakeholders that need to implement them. To interest these stakeholders and show them the benefits of decarbonizing their energy demand, they need to know the viability and benefits of implementing energy demand decarbonization technologies and operations.

Problem tree



A4. Project objective

The overarching objective of this development project is to strengthen Chilean institutions to accelerate nature positive, net-zero development pathways . This ambitious goal will be achieved by focusing on several key outputs, each designed to address specific aspects of the challenge. Specific objectives are:

- Strengthen the coherence, aligning and complementarity (and their measurement) of various climate change instruments and tools for both public and private stakeholders.
- Incorporate the nature dimensions into the climate change financing strategy, towards a net zero nature positive financing strategy.
- Promote a comprehensive energy demand decarbonization roadmap, focusing on industrial, household, commercial and public energy demand.
- Build capacities and raise awareness on energy demand decarbonization alternatives.

GEF funds will play a key role in supporting Chile stay on track in its efforts to decarbonize its economy in a nature-positive way. Overall, the project is covering the incremental costs of barrier removal; facilitating, mobilizing, and complementing activities and investments envisaged by the country. In particular, GEF funding will support the country in removing key obstacles that have been identified during the implementation of the first LTS and its General Climate Change Law, building towards a next generation of climate change instruments and a new LTS 2.0.

Through the new public and private climate change instruments and their measurement, biodiversity integration into the financing strategy, energy demand decarbonization policies, and capacity and awareness-raising activities, the project will deliver several socioeconomic benefits:

In economic Growth and Job Creation:

- Stimulates investment in green technologies and sustainable practices.
- Boosts innovation, productivity, and competitiveness.
- Creates jobs in renewable energy, energy efficiency, sustainable agriculture, and ecosystem restoration.

In enhanced Ecosystem Services and Resilience:

- Helps safeguard critical ecosystem services like clean water, fertile soil, and pollination.
- Helps protecting and restoring natural ecosystems, supporting economic activities such as agriculture, tourism, and fisheries.

In energy Security and Affordability:

- Reduces dependence on fossil fuels.
- Lowers energy costs for households and businesses.
- Creates jobs in renewable energy infrastructure.
- Improved Public Health:
- Reduces air pollution and its associated health risks.
- Lowers healthcare costs.

Social Inclusion and Empowerment:

- Fosters broader social acceptance and support for climate action.
- Enhances employability through green skills training.
- Improves livelihoods, particularly for women.

The project has been designed to maximize its resilience to future changes in key drivers. This includes a detailed risk assessment and mitigation measures (section B6) to identify potential changes that could arise during the project execution phase, as well as a thorough stakeholder engagement process that started in the design phase but will continue during the entire execution phase, establishing a clear and shared vision and purpose for the project. Moreover, the project team has conducted detailed revision and analyses of all recent, on-going, and planned projects and activities that are synergetic to the project's objectives. During the execution phase, UNEP will monitor the project's progress and performance regularly, supporting the Project's Steering Committee to adjust and improve interventions as needed.

In particular, considering the drivers identified in the project's theory of change, although these drivers are expected to accelerate in the near-term future, the project's design is resilient to them loosing impulse. Even if the technologies for decarbonization prices slow down their price reductions, they are already economically sound and they allow access to more stringent markets

and consumers who want to be more conscious about their choices, maintaining their attractiveness to firms. Connected to that, in the unlikely scenario that consumers loose interest in greener technologies, there are still economic and political reasons to adopt them for firms. Finally, in a context where policy reform is not undertaken and energy prices do not reflect their external costs, the economic and consumer drivers still would push firms to adopt these technologies.

[14] All considered Climate Change Instruments under the Framework Climate Change Law.
[15] All considered Climate Change Instruments under the Framework Climate Change Law.
[13] https://energia.gob.cl/pelp
[12] https://cambioclimatico.mma.gob.cl/wp-content/uploads/2020/04/Estrategia-financiera.pdf
[11] https://estrategia-aves.mma.gob.cl/wp-content/uploads/2023/03/MMA_2017_Estrategia_Nacional_Biodiversidad_2017-2030.pdf
[9] https://estrategia-aves.mma.gob.cl/wp-content/uploads/2023/03/MMA_2017_Estrategia_Nacional_Biodiversidad_2017-2030.pdf
[10] Not considering wetlands of the oceanic islands, peatlands or marshes of the southern southern zone
[8] https://unfccc.int/sites/default/files/resource/2022%20IIN%20CL.pdf
[7] The term 'GHG balance' or 'net emissions' refers to the sum of GHG emissions and removals, expressed in carbon dioxide equivalent (CO2 eq). This term includes the LULUCF sector as a whole.
[1] IPCC (2021). Viewable here.
[2] Yergin, D. The new map: Energy, Climate, and the Clash of Nations (2021). Penguin Press.
[3] United Nations, *Tackling Biodiversity & Climate Crises Together and Their Combined Social Impacts* (2021). Available here.
[4] Energy demand for this project will not include transport and mining, as these two activities have very different specificities to the rest of energy demand, and are considered in other initiatives.
[5] https://sinia.mma.gob.cl/wp-content/uploads/2021/04/17-eventos-extremos-y-desastres.pdf
[6] https://sinia.mma.gob.cl/wp-content/uploads/2021/04/17-eventos-extremos-y-desastres.pdf

B. CHILD PROJECT DESCRIPTION

This section asks for a theory of change as part of a joined-up description of the project as a whole, including how it addresses priorities related to the specific program, and how it will benefit from the coordination platform. The project description is expected to cover the key elements of good project design in an integrated way. It is also expected to meet the GEF's policy requirements on gender, stakeholders, private sector, and knowledge management and learning (see section D). This section should be a narrative that reads like a joined-up story and not independent elements that answer the guiding questions contained in the guidance document. (Approximately 3-5 pages) see guidance here

B1. Overview

The project reflects the global program's theory of change; its structure and components take the basic logic from the program in a way adjusted to the national context. The project will have upstream and downstream components, with an upstream focus on establishing the enabling conditions required to deliver coherent next generation climate change policies, private sector integration and financing, through the improvement of alignment and coherence of plans, their measurement, fostering net zero nature positive actions in the private sector, and investment in

nature that is missing in the current financing strategy. Additionally, the project will have a downstream focus on building the required policies and investment pipelines for supporting Chile in accelerating the decarbonization of energy demand.

As such, the project is organized into 3 components, integrating climate, public policies, private sector alignment, biodiversity, public-private partnerships, and gender responsiveness:

- Component 1 includes public policy tools, private sector engagement tools and financing tools to integrate various public policy initiatives and to empower the private sector to align to those initiatives in a coherent way, towards fully integrating all initiatives as well as nature under a next generation net zero nature positive LTS 2.0.
- Component 2 will focus on energy and specifically energy demand decarbonization, promoting public and private sector alignment and coherence of action through partnerships, a public policy roadmap for energy demand decarbonization, and through standards that assure equipment performance and quality.
- Component 3 will provide the required capacity building for the transformation, empowering women as a change agent in the energy sector by building capacities in the policies and regulations developed in component 2. Component 3 will also provide a testing ground for new technologies and processes for energy demand decarbonization in the industrial sector, strengthening stakeholder's confidence in them through their piloting. As there is no 'silver bullet' technology or process for energy demand decarbonization, many alternatives need to be tested and have their performance validated in real Chilean conditions. The project's pilot will implement an energy demand decarbonization challenge, providing an opportunity for implementing new alternatives while raising awareness on energy demand decarbonization opportunities.

Long term sustainability

The project's upstream component leverages Chile's advanced and robust climate change legal and strategic framework, focusing on policy coherence for the next generation of climate change instruments: NDC, NBSAP, sectorial and regional plans. These plans are developed in a decentralized manner by nature, resulting in challenges in their coherence, although the general climate change Law requires them to be aligned and coherent. The first generation of these instruments is being completed, allowing the project to deliver a comprehensive evaluation and methodologies to improve their alignment and coherence in their next generation, building towards a new LTS 2.0. This component will also build on policy coherence through strengthening the climate change information system in Chile to deliver MRV of the regional and sectoral plans. It will also involve the private sector through a new voluntary certification scheme. Finally, it will complete the Ministry of Finance's Climate Change financial strategy by developing its biodiversity financing chapter, towards a net zero nature positive financial strategy. These outputs will form a new level of foundations for Chile to build upon to reach its net zero commitments, now considering nature as well.

The downstream component will focus on energy demand decarbonization, which implies substituting many different technologies, in different processes and operations, and considering various types of stakeholders such as households, mSMEs, large industries, commercial and public institutions. As there is no 'silver bullet' technology for energy demand decarbonization, and

building upon the decarbonization efforts Chile has been implementing on the supply side, the project will deliver a public policy roadmap for the Energy ministry to promote the energy sector's decarbonization, a public-partnership to drive adoption of energy demand decarbonization technologies in sync with the government's policies, a pipeline of shovel-ready projects in industrial energy demand decarbonization to kick-start their financing and implementation, and new regulations that guarantee the technical and economic performance of new equipment. As such, these outputs will also provide the foundations for Chile to build upon towards decarbonizing its energy sector and contributing to the whole economy's decarbonization.

Incremental cost reasoning of the project

The project aims to strengthen Chilean institutions to accelerate nature-positive, net-zero development pathways. Although Chile has one of the most advanced climate change institutional and legal frameworks in the region, there are still significant challenges in coordinating regions, the private sector, incorporating nature and in decarbonizing energy demand to set the country into a net-zero nature-positive growth path. The funds provided by the GEF and complemented by co-financing aim at improving the current institutions and regulations for intra government and public-private coordination, crowding the private sector in the net-zero nature-positive growth path, including nature in finance, and de-risking investments in innovative energy demand decarbonization technologies in sectors that do not know the benefits of these alternatives.

Components	Business as usual	Incremental cost reasoning	Main outcomes expected
1 Upstream – Cross sectional policy coherence	A net-zero nature-positive development path plan is not known nor shared among stakeholders as climate change instruments, measurements, private sector involvement tools, and financing instruments are not coherent nor aligned.	Climate change instruments, measurements, private sector involvement tools, and financing instruments are coherent and aligned, with measures that are not superimposed but work towards common objectives and measured integratedly.	All government levels, the private sector and the financing sector work coherently to achieve shared net-zero nature-positive objectives
2 Downstream – Energy policy coherence	Although electricity supply is decarbonizing, end uses of energy are still reliant on fossil fuels as there is no integrated and coherent national-regional-private gender-responsive public policy, strategic planning, business development and regulatory guidance for promoting energy demand decarbonization.	A specific roadmap and policies for decarbonizing energy demand are available and implemented by the Ministry of Energy to complement electricity supply decarbonization	Energy demand reliant on fossil fuels starts decarbonizing, leveraging the decarbonization of electricity supply and other thermal technologies.
3 Awareness and confidence	There is insufficient knowledge and capacities	Public and private sectors stakeholders discover and	Governments, firms and consumers increasingly

	to promote energy demand decarbonization alternatives and net-zero nature-positive economic growth	understand the benefits of net-zero nature positive growth and long-term sustainability	adopt new net-zero technologies and goods

BOX 1. Linkages to the Net-Zero Nature-Positive Accelerator Global Platform

The Net-Zero Nature-Positive Accelerator Global Platform aims to support Country Child Projects in several key areas, including: adoption of net-zero long-term strategies and policies, effective integration of the climate and nature agendas at both national and global levels, investment in NZNP-aligned pipelines of projects that generate multiple Global Environmental Benefits (GEBs), and development of robust data systems to monitor progress towards NZNP targets. The Global Platform will add value to Country Child Projects by providing the following support:

- **NZNP knowledge and capacity**, ensuring new global knowledge is created and applied in participating countries drawing upon increased capacity in achieving net-zero nature-positive targets and integrating net-zero and nature-positive agendas:
    - Opportunities to participate in working groups, global webinars, regional peer-to-peer workshops and study tours; access to helpdesk, country clinics and guidance materials (on NZNP planning and modelling).
- **NZNP finance and investment**, supporting participating countries to strengthen their enabling environments for net-zero nature-positive public financing and capital flow:
    - Opportunities to participate in global webinars and regional peer-to-peer workshops; access to helpdesk, country clinics and guidance materials (including on fiscal policy, Sustainable Budgeting Approach, NZNP taxonomies and the ENCORE tool).
- **NZNP tracking and communication**, providing the tools for participating countries and the global community to take steps to track progress and communicate efforts in achieving a net-zero and nature-positive future:
    - Opportunities to participate in global webinars and regional workshops; access to project needs assessments, country clinics, communications support and manual on measuring progress towards a net-zero nature-positive economy.

The Chile Child Project will be able to engage in the Global Platform activities through the following actions:

1. The *project* will **set aside resources for relevant stakeholders to participate in peer-to-peer capacity building workshops and study tours.** The Chile Child Project will ensure the engagement (with gender balanced participation) of national and local government officials, academia, private sector and civil society in Global Platform activities. This will allow the country to not only learn but also share knowledge with other countries on how to accelerate action to achieve a net-zero nature-positive economy. The country will also be able to share the knowledge gained within the country to maximize engagement of a broad set of stakeholders.
2. The *project* will **engage in more bespoke in-country activities offered by the Global Platform**. The Global Platform will tailor in-country NZNP support based on country demand and budget availability. This support will strengthen national capacities in NZNP planning and modelling, fiscal policy, sustainable budgeting approaches, and measurement.
3. The *project* will apply knowledge acquired through the Global Platform in upstream and downstream components, for instance on developing Long-Term Strategies that incorporate nature-positive

aspects, NZNP-aligned policies and regulations, NZNP investments, pilots, public budget alignment, bankable projects, tracking frameworks, etc.

4. The *project* will **share the national knowledge products developed, experiences, best practices and lessons learnt with the Global Platform** from both upstream and downstream components, including from demonstrations and pilots. The Chile Child *project* will generate gender responsive lessons learnt and success stories from these experiences and share them with the Global Platform for fine-tuning knowledge products, training and for broader dissemination through the NZNP website.

5. The *project* will introduce an innovative approach to financing NZNP-aligned strategies and infrastructure, including through potential pilots of NZNP-linked financial instruments offered by Multilateral Development Banks (MDBs) (ADB and CAF as appropriate), as proof-of-concept to validate their feasibility and explore their potential for wider application and scalability. The focus of ADB and CAF will be on providing targeted technical assistance to align projects and loan operations with the NZNP principles.

6. The *project* will **appoint a country focal point to coordinate activities and ensure the flow of information with the Global Platform**. The focal point for the Chile Child Project will be the Project's Chief Technical Advisor. This focal point role will facilitate effective and ongoing communication between the Global Platform and the country project team, ensuring that necessary actions are well-coordinated and communicated, and information is shared in a timely fashion.

Changes in project design

The project maintains the same objective and components as per the submitted Concept Note. Changes to the Concept Note are summarized and justified in the following table:

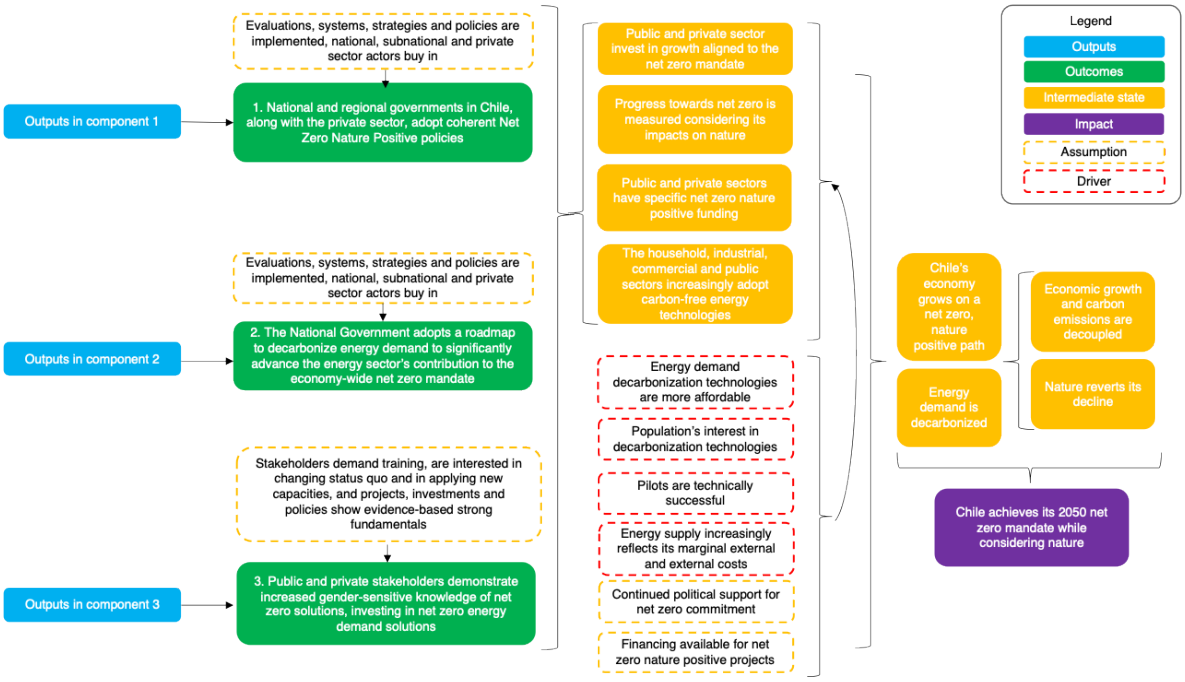
Project element	Concept note	CEO ED	Description of change
Project core indicators 3 and 4	Core indicator 3 – 250 Ha Core indicator 4 – 250 Ha	Core indicator 4 500 Ha	Although the original benefits are expected to be achieved, the project will pilot an improved private sector voluntary certification tool (Huella Chile) that will deliver 500 Hectares under indicator 4..
Executing agency	Ministry of Energy Ministry of Environment Agency of Sustainable Energy	Fundación Chile	During the PPG phase, the Ministry of Energy implemented a call for proposals to select an executing agency, aiming to foster embedding international experience into the project. This call for proposals resulted in Fundación Chile being selected as the executing agency
Project Steering Committee	Composed of Ministry of Energy Ministry of Environment	Added the Ministry of Finance to the PSC	During the PPG phase, the Ministry of Finance was invited to and accepted being part of the project, strengthening its institutional linkages particularly for the upstream component

B2. Theory of change

The project will deliver 4 outcomes designed to overcome the barriers identified that are currently slowing Chile in achieving its 2050 net zero commitment, including nature. Upstream, component 1 will provide a coherent set of public national and local, private, financing and MRV activities to promote economic growth aligned with the net zero mandate, now considering nature. This outcome rests on the assumption that all actors support Chile's climate change instruments and adopt the project's methodologies to improve their alignment and coherence. It also assumes that the private sector continues its commitment towards achieving net zero, that decarbonization technologies continue increasing their availability, and that financial institutions continue their pursuance of supporting environmental goals through their financing.

Downstream, component 2 will provide a complete set of public policies for the Energy Ministry to promote energy demand decarbonization, leveraging the decarbonization Chile is already undertaking in its energy supply. It will also crowd in private investment through a public-private alliance to guide coherent actions, as well as through a pipeline of shovel-ready energy demand decarbonization investment projects, responding to the need of both credit suppliers and takers to have third-party validated investment programs available to fund. The assumptions and drivers for this component are the same than those of component 1: it is assumed that political support for net zero nature positive actions support the adoption of the policies, investment projects and regulations developed by the project, as well as that financing institutions continue being interested in financing the transition. Drivers that can accelerate changes are that low-carbon energy solutions continue their availability increase, the population's interest in accelerating the transition, and a continuation of the current adjustment in energy prices in Chile to reflect their social marginal costs more correctly.

Also downstream, component 3 will on the one hand, motivate actors to promote energy demand decarbonization through increased awareness, information tools and networking trade shows, an on the other hand, empower women as change agents in the energy sector to promote energy demand decarbonization. The assumptions and drivers for this component are the same than those of component 2: it is assumed that political support for net zero nature positive actions support drive policies, investment projects and regulations developed by the project, as well as that financing institutions continue being interested in financing the transition. Drivers that can accelerate changes are that low-carbon energy solutions continue their availability increase, the population's interest in accelerating the transition, and a continuation of the current adjustment in energy prices in Chile to reflect their social marginal costs more correctly. This component will also provide a testing ground in Chile for innovative energy demand decarbonization technologies and operational changes. It is assumed that these pilots will provide strong evidence on the environmental and economic benefits of energy demand decarbonization, supporting further uptake without the project's funds.



B3. Project elements

Component 1: Upstream - Cross sectional policy coherence

This component aims to support Chile in improving the coherence and aligning public and private efforts towards its net zero commitment and integrating nature into it.

Outcome 1: National and regional governments in Chile, along with the private sector, adopt a Net Zero Nature Positive development path

Barrier addressed: Barrier 1 – Absence of aligned and coherent climate change instruments, measurements, private sector involvement tools, and financing instruments

Output	Title
1.1	The Environment Ministry has access to a methodology, principles and recommendations for increasing the ambition of regional and sectoral plans to ensure alignment with a LTS 2.0, and enhancing the coherence of the country's climate change instruments through integration of net-zero and nature
1.2	The Environment Ministry has access to a strengthened climate change information system to track implementation of enhanced regional and sectoral plans aligned with the LTS 2.0
1.3	A voluntary certification tool for certifying the net-zero nature-positive footprint of public and private organizations is made available through the Environment Ministry's 'Huella Chile' programme

1.4	A net-zero nature-positive financial strategy, created by integrating biodiversity, circular economy and socio-ecological just transition components into the existing LTS Financial Strategy, is adopted by the Ministry of Finance

Through output 1.1, Chile will gain access to a comprehensive methodology, guiding principles, and actionable recommendations designed to elevate the ambition of future Regional and Sectoral Plans while improving their coherence and alignment. This enhanced policy framework will be instrumental in aligning these plans with while setting the goals of the next Long-Term Strategy (LTS) 2.0, ensuring that Chile's climate change instruments work cohesively towards a net-zero, nature-positive future. The methodology, principles and recommendations will be developed through a multi-stakeholder co-creation process and will include specific elements for different climate change instruments, ready for adoption by the Environment Ministry as the overarching authority in climate change policy, but also by sectorial ministries and regional governments, who under the general climate change framework law are required to develop their own plans. As the Ministry will develop an updated LTS, while also having completed the first generation of climate change instruments, the project will support the alignment of these instruments and the implementation of their next generation.

Under output 1.1, the project will produce the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
1.1.1	Climate change instruments coherence diagnosis and recommendations	Diagnosis of coherence between the NDC, the NBSAP, the LTS and the sectoral and regional plans (30 plans), including their nature positivity and gender responsivity. It will include an evaluation of the plans, their coherence and strategic alignment, and recommendations for enhancing policy coherence.	Ministry of Environment 14 Sectorial ministries required to develop sectorial mitigation plans 16 Chile regions	Project Core Team Ministry of Environment
1.1.2	Methodology and principles for improving coherence between climate change instruments	Methodology and principles to develop new sectorial and regional plans with improved alignment and coherence between each other, the LTS 2.0, the NDC and the NBSAP, considering the diagnosis developed in deliverable 1.1.1. This methodology will be shared with the Interministerial Technical Team on Climate Change for its adoption across ministries.	Ministry of Environment 14 Sectorial ministries required to develop sectorial mitigation plans 16 Chile regions Interministerial Technical Team on Climate Change (ETICC for its acronym in Spanish)	Project Core Team Ministry of Environment
1.1.3	Nature-positive LTS 2.0 gender-responsive implementation	A nature-positive LTS 2.0, is currently being developed by the Environment Ministry. The project will support its implementation in line with the diagnosis and recommendations developed in 1.1.1 and the methodology developed in 1.1.2.	Ministry of Environment	Project Core Team LTS 2.0 implementation assistant Ministry of Environment
1.1.4	New methodology for climate change instruments and LTS 2.0 coherence gender-responsive regional workshops	4 regional workshops to present and implement the new methodology for improving coherence between climate change instruments and the LTS 2.0, as developed in 1.1.2	Ministry of Environment	Project Core Team Ministry of Environment

Output 1.2 will deliver a strengthened climate change information system to follow up on improved regional and sectoral plans towards the LTS 2.0. As such, this GEF-supported information system will focus on the implementation of the general climate change framework Law, symbiotically complementing the GEF-supported CBIT II project, which will center on delivering the requirements of the Enhanced Transparency Framework.

In both cases, the 'SNAICC' system is referenced as the overarching information system created by the general climate change framework Law. This system is made up of subsystems, such as inventory, foresight, MRV, citizen participation, adaptation platform, among others. While the CBIT II project will support the implementation of the inventory, foresight, MRV subsystems for monitoring the NDC and support and needs, the deliverables under the NZNP GEF project aims to improve the platform of the general system, the subsystems of citizen participation, and the reporting of progress of sectoral and regional plans.

This output will leverage the knowledge provided by the global NZNP platform on improved climate change information systems to help develop a set of tools, indicators, institutional arrangements, data platforms and data processing to monitor the new generation of sectorial and regional plans, as well as participatory involvement, with particular attention towards their symbiotic aspects, providing improved coherence and alignment.

Under output 1.2, the project will produce the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
1.2.1	Climate Change Data Platform (SNAICC) improvement plan	Evaluation of the current climate change data platform and its supporting institutional arrangements to monitor implementation of improved Regional and Sectoral Plans developed under the methodology in 1.1.2. Development of improvement plan including as related to improving the general system, the subsystems of citizen participation, and the reporting of progress of sectoral and regional plans.	Ministry of Environment 14 Sectorial ministries required to develop sectorial mitigation plans 16 Chile regions	Project Core Team Ministry of Environment
1.2.2	Implementation of the SNAICC improvement plan	Support for the implementation of the strengthened Ministerial Data Platform to monitor the implementation of regional and sectorial plans, including a post-project operation plan and gender-segregated data	Ministry of Environment 14 Sectorial ministries required to develop sectorial mitigation plans 16 Chile regions	Project Core Team

Output 1.3 will deliver to Huella Chile a new voluntary certification tool for public and private organizations to create a net zero nature positive footprint certification, helping empower public and private organizations in Chile to measure, manage, and reduce their environmental footprints, and fostering a nationwide movement towards a net-zero, nature-positive economy through the certification of improved practices. This tool will go beyond carbon emissions, encompassing sinks, water footprint, footprint of products or services, and short-lived climate forcers, offering a holistic approach to environmental sustainability that considers an integrated net zero nature positive perspective.

By providing a clear framework for assessing and improving environmental performance, Huella Chile will incentivize organizations to adopt improved sustainable practices, drive innovation, and enhance their competitiveness. The tool has the potential to create a virtuous cycle where organizations strive to outperform each other in terms of environmental stewardship, ultimately accelerating the transition towards a net-zero future. A participatory process involved in developing and piloting the tool will ensure that the tool is relevant, user-friendly, and aligned with the specific needs and challenges of Chilean organizations, and will deliver at least 500 Ha of land under improved practices. The inclusive approach is expected to build trust and ownership among

stakeholders, fostering widespread adoption and engagement. The project will support the Ministry in implementing the new voluntary certification system, providing capacities to the Ministry to manage the system efficiently, monitor its impact, and adapt it to evolving needs and circumstances.

By crowding in the private sector, Huella Chile's new voluntary certification tool can unlock the potential of businesses to drive environmental sustainability, aligning them to the improved sectorial and regional plans developed in output 1.1. It is expected that the certification can serve as a powerful market signal, enabling consumers to make informed choices and rewarding organizations that demonstrate leadership in environmental stewardship. This will accelerate the current demand-driven incentive for businesses to invest in sustainable technologies and practices, accelerating the transition to a net-zero, nature-positive economy. Moreover, by integrating nature into the certification framework, Huella Chile's new certification tool can encourage organizations to invest in activities that protect and restore ecosystems, enhancing biodiversity and ecosystem services.

Under output 1.3, the project will produce the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
1.3.1	New Huella Chile voluntary certification system proposal	Proposal for a new voluntary certification tool and training manuals for measuring a net zero nature positive footprint that will include, in addition to emissions: estimation of sinks, water footprint, footprint of products or services and short-lived climate forcings. The new tool will consider international best practices and the current regulatory framework of Chile	Huella Chile	Project Core Team Ministry of Environment Huella Chile
1.3.2	New voluntary certification tool piloting	Piloting, adjustments and validation of the new voluntary certification tool through a gender-responsive participatory process that includes the civil society, academia and the private sector, including SMEs.	Huella Chile Consumer associations Universities Industry chambers	Project Core Team Ministry of Environment Huella Chile
1.3.3	Support for adoption and implementation of new voluntary certification tool	Support provided to the Environment Ministry for adopting the voluntary certification tool	Huella Chile Ministry of Environment	Project Core Team Huella Chile improved certification program implementation assistant

Output 1.4 aims to accelerate the transformation of Chile's financial sector by going beyond traditional climate finance, integrating biodiversity into the Ministry of Finance's Climate Change Financial Strategy, and developing as a result a comprehensive NZNP financing strategy. This integration is key to unlocking the full potential of the financial sector to drive a holistic and sustainable transformation of the Chilean economy, considering a net zero nature positive approach.

By analyzing the financial commitments of the National Biodiversity Strategy and identifying synergies with the LTS, resource allocation can be optimized to avoid duplication of efforts. The establishment of a Net Zero Nature Positive Finance working group, composed of diverse stakeholders from the public and private sectors, will foster collaboration and knowledge exchange, leading to innovative financial solutions that address both climate and biodiversity challenges. This collaborative effort will result in a comprehensive proposal of strategies and financial instruments designed to bridge the financing gap for Chile's biodiversity plan, which in turn the Finance Ministry can leverage to achieve IDB Clima's objectives . By integrating these instruments with the existing Climate Financing strategy, Chile will create a unified approach to sustainable finance that aligns with the net-zero, nature-positive vision. The development of a guide for measuring the impact and dependence of companies on nature, along with the integration of the Taskforce on Nature-related Financial Disclosures (TNFD) into the Chilean financial system, will enhance transparency and accountability for private sector financial companies. This will enable investors and financial institutions to assess and manage nature-related risks and opportunities, driving capital towards sustainable investments.

The project will leverage the best practices and knowledge provided by the global program to catalyze the financial sector's role in supporting Chile's transition to a net-zero, nature-positive economy.

Under output 1.4, the project will produce the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
1.4.1	National Biodiversity Strategy cost identification, estimation, and financing gap calculation	Aligned with Chile's climate change policies and the Environment Ministry's progress, the deliverable will: a) Analize the financial commitments of the updated National Biodiversity Strategy and their complementarity/overlap with those of the LTS, b) Estimate the costs of such commitments and review which ones have already been considered through the Climate Change financing strategy for the LTS 1.0, c) measure the financial gap to implement the new National Biodiversity Strategy	Ministry of Finance Environment Ministry	Project Core Team Ministry of Finance
1.4.2	Net Zero Nature Positive Finance working group	Establishment of a gender-responsive Net Zero Nature Positive Finance working group, composed of financial experts – including the participation of the public and private sectors – to lead and coordinate biodiversity financing discussions and strategies and their integration / coordination with climate change financing, based on the work done in updating the National Biodiversity Strategy with the Kunming Montreal framework, as well as link and coordinate and ensure policy coherence between the different existing financing efforts, such as circular economy, Net Zero, and other strategic financing plans in Chile. It will include the identification and proposal of members (including Ministry of Finance, Ministry of Environment, Banco Estado, and MDBs), member inclusion processes into the group, terms of reference and 5-year workplan. The group will coordinate with the Interministerial Technical Team on Climate Change (ETICC for its acronym in Spanish) through the Ministry of Finance	Ministry of Finance Environment Ministry Interministerial Technical Team on Climate Change (ETICC for its acronym in Spanish)	Project Core Team Ministry of Finance
1.4.3	Net Zero Nature Positive Finance working group annual meetings	All secretarial work required to plan and implement the meeting of the Net Zero Nature Positive Finance working group Meeting Minutes of the Net Zero Nature Positive Finance Working Group Documentation on how to integrate biodiversity financing into climate change financing	Ministry of Finance Net Zero Nature Positive Finance working group members Environment Ministry	Project Core Team Ministry of Finance
1.4.4	Draft Net Zero Nature Positive financing strategy	Strategy and financial instruments – public and private – to bridge the financing gap of Chile's biodiversity plan and its integration to the Climate Financing strategy, resulting in a net zero nature positive financial strategy	Ministry of Finance Environment Ministry	Project Core Team Ministry of Finance
1.4.5	Guide for measuring nature impact exposure for firms	Guide for measuring the impact and dependence on nature for companies. Analysis and strategy to integrate Taskforce on Nature-related Financial Disclosures (TNFD) alongside the Task Force on Climate-Related Financial Disclosures (TCFD) guidelines into Chile's financial system and guidelines, including barriers and opportunities aligned with the Natural Capital Coalition	Ministry of Finance Environment Ministry	Project Core Team Ministry of Finance
1.4.6	Support for the adoption of the net zero nature positive financial strategy and the Guide for measuring nature impact exposure for	Support for adopting the Net Zero Nature Positive financing strategy by the Ministry of Finance. Support for the adopting the Guide for measuring nature impact exposure for firms by the Ministry of Finance		

	firms by the Ministry of Finance			

Component 2: Downstream – Energy policy coherence

Chile is rapidly advancing in decarbonizing its energy supply, particularly electricity generation. To symbiotically complement that effort, this component aims to support Chile in decarbonizing its energy demand. Energy demand decarbonization comprises the transformation of many technologies, processes and operations, as well as diverse stakeholders such as households, SME, big industries, commercial and public organizations. This component aims to provide new institutionality, public policies, investment avenues and norms to accelerate decarbonization of energy demand in Chile.

Outcome 2: The National Government adopts a gender-responsive roadmap to decarbonize energy demand to significantly advance the energy sector's contribution to the LTS.

Barrier addressed: Barrier 2 – Absence of integrated and coherent national-regional-private gender-responsive public policy, strategic planning, business development and regulatory guidance for promoting energy demand decarbonization

Output	Title
2.1	A public-private partnership is established to guide the decarbonization of energy demand in a nature-positive way
2.2	A gender-responsive roadmap for the decarbonization of energy demand, taking into account regional and local specificities and the private sector's role, is presented to the Ministry of Energy for adoption
2.3	A pipeline of pre-feasible investment projects for the decarbonization of energy demand, according to the investments identified in the roadmap (output 2.2), is shared with financial institutions (FIs), including Banco Estado, and development finance institutions (DFIs), for financing the roadmap implementation (output 2.2)
2.4	The Ministry of Energy has access to a new package of regulations and guidelines aligned with the roadmap to ensure the performance and economic viability of energy demand decarbonization technologies and processes

Output 2.1 focuses on establishing a robust collaboration framework between the public and private sectors to drive the decarbonization of energy demand in Chile, considering a nature-positive approach. The partnership aims to leverage the strengths and expertise of the public and private sectors to accelerate the transition to a net-zero, nature-positive energy demand. This output is designed to support the other outputs in this component, as the partnership will be the prime participatory instance to guide the public policy roadmap, investment projects pipeline, and the regulatory package in this component.

The partnership aims to institutionalize a dialogue and cross-coordination of ideas and initiatives between the public and private sectors, as both need to take coordinated action to decarbonize energy demand. The partnership will encourage innovation in adopting energy demand decarbonization technologies and practices by collectively shaping a supportive policy environment, removing barriers for accessing financing, and promoting knowledge sharing between the public and private sectors. This can attract investments in clean energy solutions, accelerate the adoption of sustainable practices, and drive the creation of green jobs. The partnership will also serve as a dissemination instance of nature-positive thinking, as well as to enhance transparency and accountability in policy design and implementation.

As a high-level coordination body for energy demand decarbonization, the partnership needs to have parity in its membership to be gender transformative. The project core team, together with the Energy Ministry stakeholders, will assure gender parity in the partnership representatives.

Under output 2.1, the project will produce the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
2.1.1	Membership campaign	Communication campaign including public call for companies, business associations, and academic institutions to participate in the public-private partnership for the decarbonization of energy demand.	Ministry of Energy Business associations Academic institutions	Project Core Team Ministry of Energy
2.1.2	Partnership establishment foundations documents	Establishment of partnership objectives, formal member list (considering substantive participation of women), work plan for 4 years, signing of partnership establishment agreement	Ministry of Energy Business associations Academic institutions	Project Core Team Ministry of Energy
2.1.3	Partnership implementation	Secretarial work for calling members to meetings, organizing meetings, delivering meeting minutes and agreements, responding to members inquiries. Including, from the project's year 2, minimum one national partnership expo per year (minimum one day duration) and 2 steering committee meetings per year. The partnership will host the National Forum on Energy Demand Decarbonization	Ministry of Energy Partnership members	Project Core Team Ministry of Energy
2.1.4	Continuity plan (exit strategy)	Plan for partnership continuity after the GEF project finishes, including developing a financial strategy for maintaining the partnership operations and an agreement with the ministry on delegation of secretarial tasks of the partnership.	Ministry of Energy Partnership members	Project Core Team

Output 2.2 is pivotal for this component and the project in general, as it equips the Ministry of Energy and the private sector with a comprehensive gender-responsive roadmap for decarbonizing

energy demand across Chile, considering to regional and local contexts. The roadmap will serve as a guiding document for policymakers and stakeholders, outlining the specific strategies, actions, and investments needed to promote decarbonization of energy demand while minimizing environmental impact. It will study and identify current policies and regulations which may be hindering the adoption of energy demand decarbonization alternatives, such as the natural gas compensatory contributions to natural gas in the Magallanes region that sets an artificially low price to the fuel, rendering all alternatives uncompetitive. These policies and regulations are not yet identified in the country, requiring not only their study but the provision of best-practice alternatives for their reform. By leveraging international best practices and incorporating a thorough analysis of Chile's energy landscape, the roadmap will provide an evidence-based approach to energy demand decarbonization. It will identify the most effective technologies and practices and address potential barriers and challenges.

A core aspect of the roadmap is its commitment to a nature-positive approach. It will not only focus on energy demand decarbonization but also on ensuring that decarbonization efforts do not harm nature or better, contribute to the protection and restoration of natural ecosystems. This will involve promoting measures that also do not harm or enhance biodiversity, minimizing the environmental impact of energy infrastructure and usage. The roadmap will also address social equity considerations, ensuring that the transition to a low-carbon energy system is fair and inclusive. It will identify and address potential disparities in energy access and affordability, as well as opportunities to empower vulnerable communities and promote gender-responsive or transformative energy initiatives. Finally, the roadmap provides the opportunity to better integrate the Energy Ministry’s decarbonization efforts with the Environment Ministry’s air quality improvement efforts. As such, the roadmap will provide insights on how to reduce short lived contaminants leveraging decarbonization efforts, as well as supporting the achievement of the goals of the Energy Sector Mitigation Plan, the Energy Sector’s contribution to the LTS and the NDC, particularly considering black carbon.

The roadmap also needs to be inclusive. Gender responsiveness and consideration of indigenous peoples will be cross-cutting to the roadmap. A specific deliverable will study these realities and their intersection with energy demand decarbonization, not only considering UNEP ESSF guiding principles-- resilience and sustainability; human rights, gender equality and women empowerment, accountability and leave no one behind, but also taking energy demand decarbonization as an opportunity to reduce or eliminate current gaps.

By leveraging the public-private partnership for energy demand decarbonization from output 2.1, the roadmap will foster collaboration and ensure that decarbonization efforts are tailored to the specific needs and priorities of different regions and sectors. This participatory approach will also help build consensus and support for the implementation of the roadmap.

The roadmap will ultimately provide a clear and actionable pathway for the Energy Ministry to increase its sectorial contribution to Chile’s climate goals while promoting a just and nature-positive energy transition.

Under output 2.2, the project will produce the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
2.2.1	International best practices study tour	Study tour of Ministry of Energy staff (with gender parity) for in-depth knowledge of best practices and lessons learned in the decarbonization of energy demand, with a focus on public policies for innovation and digitalization, to a country to be agreed between the Project Core Team and the Ministry that is leading public policies in energy demand decarbonization	Ministry of Energy Project Core Team	Project Core Team Ministry of Energy
2.2.2	Energy demand decarbonization policies best practices report	Report on international best practices in public policies for the decarbonization of energy demand in a nature-positive or nature-neutral way	Ministry of Energy Ministry of Housing and Urbanism Ministry of Environment	Project Core Team Ministry of Energy
2.2.3	Survey and analysis report on energy end-uses in the residential, industrial, commercial and service sectors in Chile	Region-representative gender-responsive survey, analysis and actionable report on energy end-uses in the residential, industrial, commercial and service sectors in Chile, to inform decarbonization policies	Ministry of Energy Ministry of Housing and Urbanism Ministry of Environment	Project Core Team Ministry of Energy
2.2.4	Report: socially just energy demand decarbonization pathways analysis	Diagnosis and report of gender and indigenous peoples' gaps in energy demand decarbonization technology pathways and opportunities for transforming gender relations and those of indigenous peoples through the decarbonization of energy demand in a nature-positive way	Ministry of Energy	Project Core Team Ministry of Energy
2.2.5	Energy Efficiency Plan Evaluation and proposals for improvement	Evaluation of the Energy Efficiency plan and proposal for improvement, with an emphasis on increasing outreach to actors that are not covered by the current Energy Efficiency Law (e.g. small and medium enterprises and suppliers).	Ministry of Energy Ministry of Housing and Urbanism Ministry of Environment	Project Core Team Ministry of Energy
2.2.6	Report: energy demand decarbonization definition, technology and practices substitution identification, public policy proposals for energy demand decarbonization	Report defining the decarbonization of energy demand in the residential, industrial, commerce and services sectors in Chile, by region, considering inputs from 2.2.2, 2.2.3, 2.2.4 and 2.2.5. Includes an identification of technologies and processes that will need to be transformed to decarbonize energy demand in a way which is nature positive and socially just, their possible decarbonization paths and costs, and their contribution to the carbon budget of the energy sector	Ministry of Energy Ministry of Housing and Urbanism Ministry of Environment	Project Core Team Ministry of Energy
2.2.7	Participatory process for the roadmap	Gender-responsive participatory process for the drafting, reviewing and publishing of the energy demand decarbonization roadmap	Ministry of Energy Ministry of Housing and Urbanism Ministry of Environment	Project Core Team Ministry of Energy
2.2.8	Draft energy demand decarbonization roadmap	Roadmap for the nature-positive decarbonization of energy demand and its contribution to the carbon budget of the energy sector, including a package of public policies to be adopted, technological pathways for the decarbonization of energy demand, estimates of	Ministry of Energy Ministry of Housing and Urbanism Ministry of Environment	Project Core Team Ministry of Energy

		necessary investments, estimation of trade-offs with nature and recommendations arising from 2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.2.6 and 2.2.7		
2.2.9	Support for adoption of the energy demand decarbonization roadmap	Support provided to the Ministry of Energy for adopting the energy demand decarbonization roadmap	Ministry of Energy	Project Core Team

Output 2.3 aims to accelerate the decarbonization of energy demand in Chile by creating a pipeline of pre-feasible investment projects that align with the energy demand decarbonization roadmap. The focus will be on projects that are ready for adoption by financial institutions (FIs), including Banco Estado, and development finance institutions (DFIs) such as IDB (particularly considering IDB Clima, for which Chile is one of the first recipients), linking to the Ministry of Finance's Net Zero Nature Positive financing strategy. This approach responds to a repeated observation made by financial institutions (which IDB Clima leverages): they have financing available to fund decarbonization projects, but already-appraised projects are not available, while at the same time credit-taking firms may not be experts in decarbonization, reducing their demand for decarbonization funding. The pipeline will prioritize projects that target small and medium-sized enterprises (SMEs) supplying large companies, recognizing their significant potential for energy efficiency improvements and emissions reductions not yet tapped by the current Energy Efficiency Law. By focusing on this segment, the project will create a ripple effect throughout the value chain, allowing large companies to report sustainable procurement and inputs, driving a broader transformation of value chains.

The output will provide an analysis to identify and segment potential customers for energy efficiency and decarbonization projects, considering their specific needs, barriers to adoption, and risk profiles. This information will be shared with Banco Estado to facilitate the development of tailored financial products and services that cater to the unique requirements of different customer segments. During the GEF project's development, customer identification for banks for energy demand decarbonization projects was highlighted as a current blind spot for banks to push for green financing. It will also deliver an identification and Development of Investment Projects, focusing on identifying and developing pre-feasibility studies for a minimum of three energy demand decarbonization projects in three different regions of Chile. These projects will be selected based on their potential for emissions reductions, replicability, and alignment with local energy resources and infrastructure. The pre-feasibility studies will assess the technical, financial, and environmental viability of each project, ensuring that they are attractive to investors and lenders.

By providing a better understanding of firms as credit takers for energy demand decarbonization projects, as well as by creating a pipeline of pre-feasible investment projects, this output will unlock private sector financing for energy demand decarbonization. It will provide financial institutions with a clear understanding of the market potential and investment opportunities in this sector, enabling them to develop targeted financial products and services. This will, in turn, accelerate the adoption of energy-efficient technologies and practices by SMEs, leading to significant emissions reductions and contributing to Chile's net-zero goals. The focus on SMEs supplying large companies

was selected to create a multiplier effect, allowing large companies to adopt sustainable procurement of inputs and driving a broader transformation of production systems.

Under output 2.3, the project will produce the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
2.3.1	Report: analysis of energy demand decarbonization projects customer identification and segmentation for financial institutions	Report: analysis customer identification and segmentation, analysis of barriers by segment aligned with the 2.2 roadmap and the Net Zero Nature positive financial strategy (output 1.4)	Ministry of Energy Banco Estado Other Chilean financial institutions	Project Core Team Ministry of Energy
2.3.2	Financial sector risk management and risk analysis tools for investment in energy demand decarbonization	Development of risk management tools, for adoption by Banco Estado, aligned with Net Zero Nature Positive Finance working group's directives.		
2.3.3	Energy demand decarbonization investment projects pipeline	Identification, pre-feasibility studies and pipeline development (minimum 3 projects in 3 regions with different energy vectors availability) of energy demand decarbonization investment projects ready for investment, with a focus on SMEs that supply large companies, aligned with the roadmap of 2.2	Ministry of Energy Banco Estado Other Chilean financial institutions SMEs interested in energy demand decarbonization	Project Core Team Ministry of Energy

Output 2.4 aims to equip the Ministry of Energy with a robust package of regulations and guidelines to ensure the optimal performance and economic viability of energy demand decarbonization technologies and processes across Chile's sectors. By establishing clear standards and providing actionable guidance, this output will create a conducive environment for the widespread adoption of energy-efficient and low-carbon solutions, helping firms adopt energy demand decarbonization technologies that may not be at the core of their knowledge.

For this package, the project will provide international standards for thermal systems and updated price indices for heat pumps and solar thermal systems, giving the Ministry access to up-to-date information and benchmarks for evaluating the performance and cost-effectiveness of these technologies. This will enable the development of informed regulations that promote the adoption of high-quality and affordable solutions. A comprehensive report on best practices for thermal system legislation and regulation will provide valuable insights into successful approaches from around the world. This will inform the development of regulatory instruments that are tailored to Chile's specific context and priorities. After that, the project will develop a proposal for drafting regulatory instruments for thermal systems, ensuring that they meet high standards for energy efficiency, safety, economic and environmental performance. Currently, low-emission thermal systems do not have a clear institutional regulator, with responsibilities diluted between various governmental bodies. This regulatory package will also establish which governmental body will be responsible of enforcing thermal regulations, simplifying regulatory processes for manufacturers and installers, encouraging competition and innovation while protecting tech adopters. In line with helping decarbonization tech adopters, two comprehensive guides will be developed, focusing on nature-positive decarbonization in the industrial and commercial/public sectors, aimed at facilitating these sector’s actors efforts in decarbonizing their energy demand. As the efforts to decarbonize energy demand are inherently decentralized, industrial and public actors currently need guidance on best practices, technologies and business cases for implementing it. These guides will provide practical advice on the most effective technologies and financing options available, highlighting solutions that not only reduce emissions but also protect and enhance natural ecosystems.

By strengthening the regulatory framework and providing coherent guidance to stakeholders, this output will accelerate the adoption of energy demand decarbonization technologies and processes, helping businesses and institutions to invest in energy demand decarbonization. The focus on nature-positive decarbonization will ensure that these efforts not only contribute to climate change mitigation but also support the conservation and restoration of Chile's biodiversity.

Under output 2.4, the project will produce the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
2.4.1	International thermal systems standards	Acquisition of international standards for thermal systems	Ministry of Energy	Project Core Team Ministry of Energy
2.4.2	Report: Best practices for thermal systems regulation and legislation	Report on best international practices and lessons learned in Thermal System Legislation and Regulation, Including Effects of Regulatory Alternatives and institutional arrangements	Ministry of Energy	Project Core Team Ministry of Energy
2.4.3	Thermal systems regulatory proposal	Proposal for the drafting of regulatory instruments for thermal systems, considering international best practices and international standards	Ministry of Energy	Project Core Team Ministry of Energy
2.4.4	Support for adoption of the thermal systems regulatory proposal	Support provided to the Ministry of Energy for adopting the thermal systems regulatory proposal, formalizing the thermal system's regulations institutional regulator	Ministry of Energy	Project Core Team Ministry of Energy
2.4.5	Guide for energy demand decarbonization in the industrial sector	Guidance document for industrial actors for a Nature-Positive Decarbonization of energy demand in the Industrial Sector, including technologies and financing options	Ministry of Energy	Project Core Team Ministry of Energy
2.4.6	Guide for energy demand decarbonization in the commercial and public sectors	Guidance document for public and commercial sector actors for a Nature-Positive Decarbonization of energy demand in the Commercial and Public sectors, including technologies and financing options	Ministry of Energy	Project Core Team Ministry of Energy

Component 3: Downstream - Awareness and confidence

This component aims to build a supportive and accelerating environment for energy demand decarbonization, while also empowering women as a change agent in the energy sector for decarbonizing energy demand.

Outcome 3: Public and private stakeholders demonstrate increased confidence in gender-responsive net-zero nature-positive solutions

Barrier addressed: Barrier 3 – Insufficient knowledge and capacities to promote energy demand decarbonization alternatives and net-zero nature-positive economic growth.

Output	Title
3.1	A participation, communication, just transition and cultural change strategy promotes the decarbonization of energy demand with key stakeholders
3.2	A gender-responsive capacity building programme trains key stakeholders on promoting and investing in decarbonization of the energy demand
3.3	Participatory pilots in the industrial and commerce sectors demonstrate the technical, social, environmental and economic feasibility of energy demand decarbonization solutions for local, regional and national stakeholders

Output 3.1 seeks to create support for energy demand decarbonization in Chile by engaging key actors and fostering a culture of change in energy demand. The centerpiece of this output is a comprehensive strategy for mobilizing and empowering stakeholders across all levels of society. This strategy will be developed through a collaborative process, involving government agencies, private sector entities, civil society organizations, and local communities. Key components of this strategy include communication through a targeted campaign to raise awareness about the benefits of energy demand decarbonization, highlight success stories, and dispel misconceptions. This will utilize various channels, including traditional media, social media, workshops, and community events, to reach a wide range of audiences.

The project will also foster a cultural transformation that values energy efficiency, sustainable practices, and environmental stewardship. This will involve promoting behavioral change through education and community engagement initiatives. Trade Shows will be implemented as a way to increase potential technology adopters knowledge of decarbonizing tech solutions, asl well as to provide matchmaking services to connect providers of energy demand decarbonization technologies with potential users, facilitating the adoption of innovative solutions. These events will also serve as a meeting point between credit takers and providers, accelerating funding of energy demand decarbonization. For consumers, user-friendly apps will be developed to empower them to monitor their energy consumption, identify opportunities for savings and decarbonizing, and make informed choices about energy use.
Finally, for the public and commercial sectors, a new Net Zero Nature Positive public and commercial buildings certification tool will be developed. This will bridge a gap in current Chilean energy efficiency framework that requires housing unit to have energy efficiency labelling, but leaves out commercial and public sectors buildings. As such, this deliverable will complete the information and knowledge tools for this output aimed at industries, consumers and the commercial and public sectors, by reducing energy demand through energy efficiency, thus maintaining comfort and/or output with reduced energy consumption. This new certification standardized tool will pave the way for energy efficiency labelling of public and commercial sectors buildings in the future.

Under output 3.1, the project will produce the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
3.1.1	Stakeholder engagement, communication, and cultural change strategy workplan	Workplan for facilitating the development of a stakeholder engagement, communication and cultural change strategy to promote the decarbonization of energy demand	Ministry of Energy	Project Core Team Ministry of Energy
3.1.2	Stakeholder engagement, communication, and cultural change strategy implementation - Awareness-raising campaign and funders marketing campaign	Gender-responsive stakeholder engagement, communication, just transition and cultural change strategy to promote the decarbonization of energy demand is submitted for adoption and implementation by the Energy Ministry - Awareness-raising campaign to involve the key decarbonization public and private stakeholders, including the residential sector, in the decarbonization of its energy demand, including behavioural economics tools - Design and implementation of a funders marketing campaign for energy demand decarbonization projects, considering the Net Zero nature Positive financing strategy (1.4.4) and the investment projects pipeline (2.3.3) - Survey at the end of the implementation to measure the number of people aware of the integrated climate and nature agendas	Ministry of Energy	Project Core Team Ministry of Energy
3.1.3	Stakeholder engagement, communication, and cultural change strategy implementation - Forum on Energy Demand Decarbonization	Gender-responsive stakeholder engagement, communication, just transition and cultural change strategy to promote the decarbonization of energy demand is submitted for adoption and implementation by the Energy Ministry - Industrial, commercial and public sector energy demand decarbonization annual trade shows called Forum on Energy Demand Decarbonization, starting project year 2, including a National Forum on Energy Demand Decarbonization Financing (Match-Making event between Public, Private sectors and Financiers) hosted by the public-private partnership (output 2.1) - Presentation of the guide for decarbonization of energy demand in the industrial sector and public sector.	Ministry of Energy	Project Core Team Ministry of Energy
3.1.4	Stakeholder engagement, communication, and cultural change strategy implementation - Consumer awareness-raising apps improvement	Gender-responsive stakeholder engagement, communication, just transition and cultural change strategy to promote the decarbonization of energy demand is submitted for adoption and implementation by the Energy Ministry - Improvement of interactive apps for citizens to guide their energy demand decarbonization (Explore your Energy, My Efficient Home and Energy Quiz)	Ministry of Energy	Project Core Team Ministry of Energy
3.1.5	Stakeholder engagement, communication, and cultural change strategy implementation - Project's website	Website of the NZNP Chile project, containing: • Information for civil society on NZNP development, its advantages, climate action, impact studies, real-time information from pilots and other learning resources.		

		• Information for national and regional stakeholders, according to studies and strategies developed in the project. • Information for regional governments, including progress by region, commitments, information on events, guides and resources. • Information for industries, commercial and public stakeholders, including business models, simplified investment evaluation tools, access to financing, training courses. • Quarterly and annual progress reports • Newsletters and social networks. • Mainstreaming the gender and diversity perspective in the decarbonization of energy demand (baseline, mapping of actors, analysis of gender gaps, participatory processes, training, manuals, etc.).		
3.1.6	Net Zero Nature Positive public and commercial buildings certification tool	Online certification tool to help public and commercial sector stakeholders label the energy efficiency of public sector buildings	Ministry of Energy Ministry of Housing and Urbanism	Project Core Team Ministry of Energy

Output 3.2 aims to build capacities for energy demand decarbonization while fostering gender relations transformation by empowering women to play a leading role in Chile's energy demand decarbonization through targeted capacity-building initiatives. It recognizes that women do not participate as much as men in the energy sector's jobs, while being disproportionately affected by energy poverty and climate change.

To build capacities and promote the transformation of gender relations in the energy sector, the output will provide training in the newly developed thermal regulations, exclusively for women, focused on the technical knowledge and skills necessary to implement the regulations, enabling women to participate actively in the design and implementation of low carbon energy systems. In line with that, a leadership program for women in the energy sector will focus on developing leadership skills and empowering women to take on decision-making roles in the energy sector, particularly in areas related to energy demand decarbonization. It will provide training on strategic planning, project management, advocacy, and communication, enabling women to become influential change agents in the energy transition. Finally, there will be workshops to raise awareness of gender gaps in the energy sector, bringing together stakeholders from across the sector to discuss the gender disparities that exist in the field and identify opportunities to address them. By raising awareness and promoting dialogue, the project aims to create a more inclusive and equitable energy sector that harnesses the talents and perspectives of both men and women. By investing the capacity building on women, this output will not only empower individual women but also strengthen the overall capacity of the energy sector to achieve its decarbonization goals.

Women bring unique perspectives and skills to the table, and their full participation is essential for developing innovative and effective solutions to the energy challenges facing Chile.

Furthermore, by promoting gender equality in the energy sector, this output will contribute to a more just and equitable energy transition. It will ensure that the benefits of decarbonization are shared by all members of society, regardless of gender, and that the unique needs and concerns of women are taken into account.

Under output 3.2, the project will produce the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
3.2.1	Training in thermal regulations for women	Specific training on the newly proposed thermal regulations from output 2.3. The deliverable will include the development of the courses, identifying women to take the courses and the courses' implementation.	Ministry of Energy	Project Core Team Ministry of Energy
3.2.2	Leadership program for women in the energy sector	Leadership program for women in the energy sector with a focus on energy demand decarbonization. The deliverable will include the development of the program, based on a leadership program from a leading Chilean university, identifying women to take the courses and the courses' implementation, and will centre on advancing the Energy demand decarbonization roadmap (output 2.2).	Ministry of Energy	Project Core Team Ministry of Energy
3.2.3	Gender-gaps in energy sector awareness-raising workshops	Workshops to raise awareness and visibility of gender gaps in the energy sector in energy demand decarbonization. The deliverable will include the development of the workshops, identifying trainers or organizations to organize and hold the workshops.	Ministry of Energy	Project Core Team Ministry of Energy

Output 3.3 Pilot

Why this pilot

Energy demand decarbonization at the industry, commercial sector, tertiary buildings and household levels does not have a 'silver bullet' kind of technology or process that can be implemented to decarbonize activities, such as electrification can be for transportation. Instead, many different technologies, operational processes and best practices need to be implemented in different industrial processes and buildings to decarbonize energy demand.

Currently, industrial, commercial and public sectors predominantly have technologies with predictable costs, maintenance cycles and servicing procedures. However, most users are neither aware of the individual and global benefits of new energy demand decarbonization technologies nor of the positive effect in the environment and nature in general. In this baseline situation, the stakeholders that could incorporate energy demand decarbonization technologies do not know nor demand these technologies, while financers are also not certain of the parameters these technologies may entail, restricting their adoption from both the supply and demand side.

Additionally, these new technologies, processes and best practices may not be part of the core competencies of the industries or buildings that need to implement them (e.g.: a bakery may not be an expert in electric ovens, or a school building may not know how to choose a correct heat pump to substitute a fossil fuel boiler) and as such, these technologies need real-world implementation in Chile to promote their benefits and back their accelerated adoption.

As addressed in national and international policies and roadmaps, low carbon technologies for thermal uses are key for successful decarbonization. In Chile, the transition from fossil fuels to low emission alternatives has been slow for thermal uses. Furthermore, Chile doesn't have a clear regulatory framework for thermal energy. In this sense, the Project will provide guidelines and regulations for that, complementing the pilot.

What

The pilot will aim to enhance stakeholder confidence as to the technical, social, environmental and economic feasibility of innovative energy demand decarbonization technologies, focusing on industries, commerce and public buildings, considering the following demand decarbonization usages:

- Building efficiency retrofitting (e.g., building energy management systems, insulation materials, electric normalization)
- Thermal production and use (e.g., boilers upgrades, global efficiency improvements, pipe insulation, control and instrumentation)
- Electrification (e.g., heat pumps, electric ovens)
- Energy storage (e.g., batteries, thermal storage)
- Demand response (e.g., smart electric devices, grid-interactive water heaters)
- Industrial process optimization (e.g., waste heat recovery, energy-efficient motors)

Although some of the technologies for decarbonizing energy demand in these usages is known and mature, the project will centre on those that are not currently being adopted in Chile (for example: industrial electric boilers). Their nature positivity (or at least neutrality) will also be considered on an experimental basis. As such, technologies using fossil fuels will not be considered for the pilot: conventional boilers rub by fossil fuels are part of the technologies to be substituted, and are ruled out as part of the pilot.

According to the IEA, electrification is one of the most important strategies for reducing CO2 emissions. In industry the highest potential for electrification is in low-temperature heat processes, such as food drying and beverage processes. Due to the highly competitive market and long lifetime of equipment, the electrification of industrial and commercial end uses is slower compared to other demand sectors. This trend in Chile is significant and fossil fuels dominate this segment. Options to electrify industrial processes include electric and plasma arc furnaces and high-temperature heat pumps. Industrial heat pumps are currently a viable option[1][7] in processes that require

temperatures between 90 to 140 °C, including many steam processes, being most efficient when maintaining a temperature difference of 50 to 60 °C.

Industrial companies achieve greater flexibility through electricity to heat conversion systems that transform available electricity into heat and store it for later use with the help of thermal storage systems. Unlike electricity, heat can be easily stored with comparatively low losses. The combination of electricity- derived from the electricity grid or renewable self-production- to heat conversion systems with thermal storage solutions makes sense for several reasons, especially in industry. Conventional boilers can be replaced by modern electricity to heat conversion systems and energy storage solutions. In this way, companies can easily reduce or even completely replace fossil fuels without jeopardizing the supply security of their processes.

Through successful testing and implementation of demand decarbonization technologies and processes, the pilot will allow stakeholders to:

- Accelerate adoption: Drive the rapid testing and validation of promising energy demand decarbonization technologies.
- Acquire real-world data: Gather crucial performance, cost, and user experience data in diverse settings.
- Understand consumer needs
- Improve the regulatory learning curve: Acquire specific technical parameters for a potential regulatory proposal based on the real-world data.
- Reduce risks: Mitigate investment risk for technology promoters and adopters.
- Incentivise investment
- Guide policy development: Inform evidence-based policy and regulatory decisions.
- Engage the public: Raise awareness and encourage public participation in the energy transition

Where

The pilot will take place in 3 regions in Chile where energy demand technologies vary, to consider different energy vectors and technology substitution. The concrete places where the pilots take place will depend on the private organizations and public institutions that apply and are selected for the challenge (see below for a description of the challenge).

Who

The pilot will be implemented as a collaborative effort between public sector, industry associations, research institutions and technology companies. A joint evaluation committee for proposals with representatives from the Energy Ministry, Environment Ministry, Ministry of Finance and Fundación Chile to evaluate and select proposals will be set up. The evaluation criteria shall include:

- Barrier removal. Identifying barriers is a crucial step in selecting a pilot project. These barriers can be regulatory, where rules or lack thereof may inhibit project

implementation; knowledge-based, where there may be a lack of understanding or awareness that hampers progress; financial, where the absence of sufficient funds or incentives can stall project development; or other barriers. Addressing these barriers early on can help ensure the successful execution of the pilot project and foster its potential for broader implementation.

For this criterion, a thorough analysis will be undertaken which will include a wide range of stakeholder inputs. The regulatory status must be analyzed for identifying barriers and possibilities, for example, to reduce costs due to peak and off-peak tariffs or net billing choices. Finance options will also be identified and characterized to determine opportunities and gaps. Finally, knowledge and perceptions of key technologies will be considered for the pilot selection.

- Decarbonization potential of selected sectors. Pilots should be established in those sectors where their replicability leads to high impacts on decarbonization. In this sense, although the implementation of pilots in the Public Sector may be faster in it can be considered if these provide scalability to the private sector.

Ex ante, thermal energy in commercial and industrial sectors could be interesting considering this criterion. An installed thermal power of 12.3 GW of boilers was estimated in the national territory (GIZ, 2017. A total of 4,347 pieces of equipment were analyzed, with the majority of them concentrated in the commercial (1,488) and industrial sectors (1,477). Most of the boilers are steam boilers, with 92% of the share of the installed power at a national level, and of these, 80% have installed capacities equal to or less than 8,250 kWt.

- Profitability: The replicability of the pilot in the commercial or industrial sector will largely be achieved by its economic merits. For example, if considering technological change leading to fuel substitution, it is convenient to apply the pilot in those areas and customers where the costs of the replaced fuel are high (discard alternatives from industries that want to replace biomass or fuel oil for example) and where prices of electricity, natural gas or other low-emission fuel are lower. This criterion maximizes economic benefits and reduces the return-on-investment periods, a highly valued element by the industry.
- Business model: a relevant criterium for pilot selection is to propose innovative business models that could provide insight into collaborative approaches to obtain economic resources and increase viability, among other possibilities.
- Reliability: Another highly relevant element for the replicability of the pilot plan is reliability. In the industrial sector, the costs of unplanned shutdowns are high, and therefore it is necessary to guarantee technology availability and support. The reliability of supply of the low carbon fuel or electricity is also key since this could result in a failure of the pilot, especially when the replaced unit is indispensable for the operation of a company.
- Mitigation Potential: Just as it is expected that the measures show high economic potential, it is expected to focus on those projects where the greatest amount of GHG emissions are reduced. Choose projects whose replaced fuel generates a greater impact on the reduction of GHG emissions. In this sense, for example, discard biomass replacement projects. Choosing projects with greater reduction

potential may be favored in the eventual case of the implementation of an emission trading system (ETS).

- Technical maturity of the technology: technological change refers to the improvement of the already existing technologies and the invention of new ones to improve the existing products, to create new ones, to increase the efficiency of a product or process, to improve sustainability, among others. The phases of technological change include invention, innovation, and diffusion. The stage of technical maturity can be considered as an evaluation criterium depending on the barriers and gaps identified in the national ecosystem. In general, proven technologies may require demonstration and access support
- Ex-ante nature positivity potential
- Exposure: ability to raise awareness with a large number of stakeholders as to the feasibility and viability of the solution as an alternative to high emission business as usual solutions
- Nature positiveness: potential to have a positive impact on nature or a least a nature-neutral impact, considering cradle to grave.
- Other key criterion is the willingness to participate and share data

The pilot will support participants to match selected technologies with appropriate pilot sites based on their needs, infrastructure, and goals. It will also establish a robust data collection system to track:

- Energy consumption and demand
- Technology performance
- User satisfaction
- Environmental impact / nature positiveness-neutralness
- Economic benefits

Thorough evaluation and reporting will be implemented to regularly assess pilot results, publish reports, and share findings with stakeholders to inform on their decision-making. With the industry associations included as a key stakeholder into the process as well as the ministries we will ensure the dissemination of the results and the scale-up possibilities of the technological changes.

Under output 3.3, the project will produce the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
3.3.1	Scope-of-work	Definitions, guidelines and agreements about the pilot's development, including the ultimate objective to disseminate energy demand decarbonization technologies (that where possible, are nature positive), total budget (for detailed design, execution and monitoring), call for proposal procedure, key trade associations (leading and to be involved, including beneficiaries), timeline, etc. This should be prepared in consultation and agreement with the lead ministries and the partner trade associations where the pilot will take place.	Ministry of Energy Fundación Chile Ministry of Environment Ministry of finance	Project Core Team Ministry of Energy Fundación Chile
3.3.2	Call for proposal preparation	Detailed document with the requirements and specification of the open call or contest process, including: - Context of the GEF Programme and main challenges of the pilot. - Minimal administrative, technical, economic and financial requirements for the applicant. - Budget and cofinance conditions. - Deadline to apply and whole process. - Selection criteria including gender-responsiveness of proposals . - Rules for the participant selection. - Consultation period. - Contractual agreements. Also, other technical inputs and work to be provided by the project team to establish the administrative internal procedures including the procurement processes and approvals. It can be expected that the submission will include: - A detailed baseline assessment and situation analysis: This should include a mapping and modelling of any key pilot contextual factors - Description how the pilot will work without going in to details, gives an estimated budget, identifies what impact assessments need to be undertaken (i.e. it identifies assumptions and drivers) and other factors - Process analysis, including all administrative work, permits, licensing and environmental considerations. - Pilot exit strategy post GEF project	Ministry of Energy Fundación Chile Ministry of Environment Ministry of Finance	Project Core Team Ministry of Energy Fundación Chile
3.3.3	Call for proposal and pilots selection	According to the Call for Proposal procedures the call will be launched, and several activities of dissemination and informative meetings will be developed by the project team, with the goal of motivating the submissions. Into the open period the project team will respond to technical inquiries from participating entities. The business associations will play a key role in encouraging their companies to apply; thus, the project team will arrange informative meetings with the target sectors. Finalizing the open call period, the project team will evaluate the submissions, according to the detailed criteria already established in the document and will propose the pre-selected pilot project. A detailed technical review and site visit will be	Ministry of Energy Fundación Chile Ministry of Environment Ministry of Finance	Project Core Team Ministry of Energy Fundación Chile

		placed to ensure the coherence of the proposal and delivered information by the pre-selected applicants. If a proposal is deemed non-feasible at this stage, another proposal from the ordered list will be pre-selected. The final selection of participants will be made by a committee and the final selected projects will be notified.		
3.3.4	Detailed design of the pilot projects	Contracts will be signed with beneficiaries to mitigate risks, assure data sharing and assign roles and responsibilities. Will be developed feasibility and detailed design studies for the 3 selected projects These studies will include at least: - Technical support for the technology selection. - Pilot design and specifications down to the last millimetre, including detailed construction budget, monitoring budget and construction plans (for both the pilot and the monitoring systems). - Depending on the type and scale of the pilot intervention, an Environmental Impact Assessment. - Independent of the EIA requirement, all pilots shall include an Environmental Management Plan. - A social analysis. - Climate risk analysis - Economic evaluation in terms of the private and social conditions. - Replicate potential evaluations.	Ministry of Energy Fundación Chile Ministry of Environment Ministry of Finance	Project Core Team Ministry of Energy Pilot participants Fundación Chile
3.3.5	Pilot build and operate	The project team will prepare the tender documents and specifications for equipment purchasing according to the detailed design of the projects. Construction and operation of the pilot.	Ministry of Energy Fundación Chile Ministry of Environment Ministry of Finance	Project Core Team Ministry of Energy Pilot participants Fundación Chile
3.3.6	Monitoring	Monitoring of the pilot for at least 12 months	Ministry of Energy Fundación Chile Ministry of Environment Ministry of Finance	Project Core Team Ministry of Energy Pilot participants Fundación Chile
3.3.7	Lessons learned	This report will capture the main conclusions, challenges, lessons learned, future lines of work and outstanding gaps in relation to work conducted under this output. This deliverable will provide recommendations in terms of replicability, scalability (including an assessment of all relevant supply chains), regulatory reform, environmental impacts and other relevant topics.	Ministry of Energy Fundación Chile Ministry of Environment Ministry of Finance	Project Core Team Ministry of Energy Pilot participants Fundación Chile

Component 4: Monitoring and evaluation

In this component, project monitoring and evaluation will be undertaken in accordance with GEF and UNEP policies.

Barrier(s) addressed
All – cross cutting output to support the entire project.

Output	Title
4.1	Monitoring and evaluation products are delivered

The output details the projects M&E framework, including:

- Inception workshop and report
- Yearly planning
- Project database
- Lessons learned and recommendations template and support
- Project memoir: compilation of lessons learned and recommendations
- Meetings logs
- PIRs
- Half-yearly reports
- Gender Action Plan reports
- Mid-term review
- Terminal review
- Expenditure reports
- Co-finance reports
- Audit reports
- PSC minutes
- Final report

Under Output 4.1, the project will be producing the following deliverables:

Code / Ref.	Deliverable statement	Tentative content and required activities / work	Relevant stakeholders	Entity in charge of producing deliverable
4.1.1	Inception workshop & report	The Inception Workshop will consist of 1 event for 100 participants, to take place after the appointment of the Chief Technical Advisor. Its primary objective is to create momentum for the upcoming activities and the engagement of stakeholders. This workshop will: - present the project's vision, objectives, outcomes and outputs; - present and discuss the project workplan; - provide an overview of the project's implementation arrangements and base project team, together with their roles and responsibilities; and - highlight the relevance of stakeholder engagement and establish main communication channels, to be further refined through the Stakeholder engagement and communication strategy and action plan	Project Core Team UNEP GEF FCh (EA)	Project Core Team
4.1.2	Yearly planning	The objective of this deliverable is to support yearly planning and facilitate project supervision. An executive document (max. 10 slides) will be prepared by the project's CTA at the beginning of each calendar year, including: 1. Yearly knowledge management planning (including internal repositories, references, manuals, cloud storage, access to files, etc.) 2. Review of outputs that are going to be active during the year, for each component; 3. For each active output, key goals, actions and deliverables in alignment with the project's workplan and objectives. 4. Key actions on gender (by component). 5. Key procurement processes (by component). 6. Key communication actions 7. Key partners and stakeholder engagement actions. 8. Key risks and challenges 9. Date of planned Project Steering Committee meetings. 10. Expected cash-advance requests. 11. Any other key actions or information of relevance for yearly planning (e.g. expected budget revisions, travel, etc.).	Project Core Team UNEP GEF FCh (EA)	Project Core Team
4.1.3	Project database	The project database is meant as a tool to inform the project base team (and any other relevant stakeholders) of any on-going initiatives of relevance to the project. This deliverable consists of a yearly update to the project database created during the PPG phase.	Project Core Team UNEP GEF FCh (EA)	Project Core Team
4.1.4	Lessons learned and recommendations template and support	Standardized template for the "Lessons learned and recommendations" deliverable to be included as the last deliverable in every output of the project. Includes support required by the rest of the project unit.	Project Core Team UNEP GEF FCh (EA)	Project Core Team
4.1.5	Project memoir: compilation of	This deliverable consists of an e-book compiling all the lessons learned and recommendations produced throughout the project (i.e. final deliverable of each output). This deliverable	Project Core Team UNEP	Project Core Team

	lessons learned and recommendations	captures the editing work required for converting individual reports prepared by different professionals into a coherent, consistent body of knowledge.	GEF FCh (EA)	
4.1.6	Meeting log	Consolidated meeting log. Includes minutes from all meetings held over the course of the project, including as part of stakeholder engagement but also planning and supervision (first deliverable in each output). Maintenance of this record will be the responsibility of the project core team to provide the respective inputs.	Project Core Team UNEP GEF FCh (EA)	Project Core Team
4.1.7	PIRs	Progress will be reviewed yearly through the Project Implementation Report (PIR), which is the tool foreseen in the GEF's Project and Program Cycle Policy. The purpose of the PIR is to assess project performance, to analyse whether the project is on track, what problems and challenges it encountered, and which corrective actions are required so that the project can achieve its intended outcomes by project completion in the most efficient and sustainable way. It is the responsibility of the UNEP Task Manager to monitor whether the agreed recommendations are being implemented.	Project Core Team UNEP GEF FCh (EA)	Project Core Team
4.1.8	Half-yearly reports	In between PIRs, the project team shall prepare and present intermediate internal progress reports (the "Half Yearly Progress Reports") to update project data and facilitate management.	Project Core Team UNEP GEF FCh (EA)	Project Core Team
4.1.9	GAP progress reports	The gender specialist will be responsible for the activities and the indicators in the project's Gender Action Plan, and report on a half-yearly basis to the CTA. The GAP progress reports will be submitted as an annex to the project's own technical reporting, i.e. the PIRs and half-yearly progress reports.	Project Core Team UNEP GEF FCh (EA)	Project Core Team
4.1.10	Mid-term review/evaluation	In line with the GEF Evaluation requirements and UNEP's Evaluation Policy, GEF Full-Sized Projects and any project with a duration of 4 years or more will be subject to an independent Mid-Term Evaluation or management-led Mid-Term Review at mid-point.	Project Core Team UNEP GEF FCh (EA)	Project Core Team
4.1.11	Terminal review/evaluation	All GEF funded projects are subject to a performance assessment when they reach operational completion. This performance assessment will be either an independent Terminal Evaluation or a management-led Terminal Review. In case a Review is required, the UNEP Evaluation Office will provide tools, templates, and guidelines to support the Review consultant. For all Terminal Reviews, the UNEP Evaluation Office will perform a quality assessment of the Terminal Review report and validate the Review's performance ratings. This quality assessment will be attached as an Annex to the Terminal Review report, validated performance ratings will be captured in the main report. If an independent Terminal Evaluation (TE) of the project is required, the Evaluation Office will be responsible for the entire evaluation process and will liaise with the Task Manager and the project implementing partners at key points during the evaluation. The TE will provide an independent assessment of project performance (in terms of relevance, effectiveness and efficiency), and determine the likelihood of impact and sustainability. It will have two primary purposes: (i) to provide evidence of results to meet accountability requirements, and (ii) to promote learning, feedback, and knowledge sharing through results and lessons learned among UNEP staff and implementing partners. The direct costs of the evaluation (or the management-led review) will be charged against the project evaluation budget. The TE will	Project Core Team UNEP GEF FCh (EA)	Project Core Team

		typically be initiated after the project's operational completion. If a follow-on phase of the project is envisaged, the timing of the evaluation will be discussed with the Evaluation Office in relation to the submission of the follow-on proposal. The draft TE report will be sent by the Evaluation Office to project stakeholders for comment. Formal comments on the report will be shared by the Evaluation Office in an open and transparent manner. The project performance will be assessed against standard evaluation criteria using a six-point rating scheme. The final determination of project ratings will be made by the Evaluation Office when the report is finalized. The evaluation report will be publicly disclosed and will be followed by a recommendation compliance process. The evaluation recommendations will be entered into a Recommendations Implementation Plan template by the Evaluation Office. Formal submission of the completed Recommendations Implementation Plan by the Chief Technical Advisor is required within one month of its delivery to the project team. The Evaluation Office will monitor compliance with this plan every six months for a total period of 12 months from the finalization of the Recommendations Implementation Plan. The compliance performance against the recommendations is then reported to senior management on a six-monthly basis and to member States in the Biennial Evaluation Synthesis Report.		
4.1.12	Expenditure reports	Quarterly expenditure reports using UNEP's templates and guidelines. The financial report shall contain information that forms the basis of a periodic financial review and its timely submission is a prerequisite to the continuing funding of the project.	Project Core Team UNEP GEF FCh (EA)	Project Core Team UNQUI (EA)
4.1.13	Co-finance reports	Within 1 month of the PIR reporting period, i.e. on or before 31 July, the Executing Agency shall submit to UNEP, an annual co-financing report for the project as at 30 June showing amount of cash and in-kind co- financing realized and compared to the amount of co-financing committed to at the time of the project approval, using templates and guidelines to be provided by UNEP.	Project Core Team UNEP GEF FCh (EA)	Project Core Team
4.1.14	Audit reports	The total expenditures incurred by 31st December, wherein GEF funding is clearly identified, shall be endorsed by a duly authorized official of the Executing Agency and audited by an independent audit authority or by a government auditor and dispatched to UNEP within 180 days, i.e. on or before 30th June. The audit report and recommendations shall include such comments as the auditor may deem appropriate in respect of GEF funded operations and in particular, shall clearly indicate that in their opinion: - GEF funds were covered by the scope of the audit; - Proper books of account have been maintained; - All project expenditures are supported by vouchers and adequate documentation; - Expenditures have been incurred in accordance with the objectives outlined in the project document; - The expenditure reports provide a true and fair view of the financial condition and performance of the project. - On operational completion of the project, a final audited statement of account containing signatures and audit opinion as	Project Core Team UNEP GEF FCh (EA)	Project Core Team UNQUI (EA)

		required above, shall be dispatched to UNEP within 6 months. General guidelines for the audit will be provided by UNEP.		
4.1.15	PSC minutes	Minutes of each PSC meeting.	Project Core Team UNEP GEF FCh (EA)	Project Core Team
4.1.16	GHG reductions estimations	Two emissions reductions estimations from project action will be delivered, one by the end of year 2 of the project, and one by the end of the project, before its terminal evaluation.		
4.1.17	Final report	A final report will be prepared based on all the individual output reports (see the last deliverable of each output in the project). The final report will also include the revised results in all the indicators in the Project Results Framework (Annex C), including a reassessment of GHG emission reductions ex-ante calculations.	Project Core Team UNEP GEF FCh (EA)	Project Core Team UNQUI

Innovation in the project

There are three main dimensions where the project incorporates and promotes innovation, plus their intersection:

1. Public policies
    a. Although Chile has one of the most advanced strategic and legal frameworks regarding climate change, it still needs further policy development to improve national-local-sectorial policy alignment and coherence. The project will develop a new methodology, unique to Chile's framework, to guide the next generation of climate change instruments to be coherent and aligned.
    b. To crowd-in the private sector into the country's overarching climate policies, a new voluntary certification tool, leveraging Huella Chile, will be developed by the project. This certification tool will innovate in considering product's impact on nature as well as emissions.
    c. Incorporating biodiversity financing into a climate change financing strategy is also an innovation in the Latin American context
2. Technologies
    a. Energy demand decarbonization is frequently thought of as electrification of energy demand. However, the energy demand decarbonization roadmap and thermal regulations proposal will be much broader than that, including innovative energy demand decarbonization techniques such as sharing or transferring heat between buildings or incorporating green hydrogen as an alternative to fossil fuels in industrial applications that require very large amounts of energy.
3. Financing

a. Financing energy demand decarbonization will require innovative de-risking instruments and matching financial instruments' parameters to those of the new technologies (such as very low operating costs with high capital expenditures). It may even require developing new business models considering energy-as-a-service. These will be developed by the project in parallel with the new roadmap for energy demand decarbonization.

4. Cross-cutting
    a. Some of the most innovative developments will be in the intersection of financing, policies and technologies: for example, as electricity supply becomes greener, regulation can introduce market signals (varying prices) for energy, which in turn new technologies (electric boilers) can leverage to allow new business models (heat-as-a-service) to function under innovative financing schemes (IDB Clima).

Key knowledge management elements of the project

Description	Output / deliverable	Estimated timeframe	Budget (USD)
The Environment Ministry has access to a methodology, principles and recommendations for increasing the ambition of regional and sectoral plans to ensure alignment with a LTS 2.0, and enhancing the coherence of the country's climate change instruments through integration of net-zero and nature	1.1	Month 5 to month 18	188,567
The Environment Ministry has access to a strengthened climate change information system to track implementation of enhanced regional and sectoral plans aligned with the LTS 2.0	1.2	Month 10 to month 24	120,000
A net-zero nature-positive financial strategy, created by integrating biodiversity, circular economy and socio-ecological just transition components into the existing LTS Financial Strategy, is adopted by the Ministry of Finance	1.4.1 1.4.4 1.4.5	Month 5 to month 32	127,058
A gender-responsive roadmap for the decarbonization of energy demand, taking into account regional and local specificities and the private sector's role, is presented to the Ministry of Energy for adoption	2.2.2 2.2.3 2.2.4 2.2.5 2.2.6 2.2.8	Month 10 to month 38	500,000
A pipeline of pre-feasible investment projects for the decarbonization of energy demand, according to the investments identified in the roadmap (output 2.2), is shared with financial institutions (FIs), including Banco Estado, and development finance institutions (DFIs), for financing the roadmap implementation (output 2.2)	2.3	Month 7 to month 30	97,416

The Ministry of Energy has access to a new package of regulations and guidelines aligned with the roadmap to ensure the performance and economic viability of energy demand decarbonization technologies and processes	2.4	Month 19 to month 29	147,500
A participation, communication, just transition and cultural change strategy promotes the decarbonization of energy demand with key stakeholders	3.1	Month 4 to month 42	340,000
A gender-responsive capacity building programme trains key stakeholders on promoting and investing in decarbonization of the energy demand	3.2	Month 22 to month 47	90,000
Participatory pilots in the industrial and commerce sectors demonstrate the technical, social, environmental and economic feasibility of energy demand decarbonization solutions for local, regional and national stakeholders	3.3.7	Month 13 to month 48	4,000

Changes in project design

The project maintains the same objective and components as per the submitted Concept Note. Changes to the Concept Note are summarized and justified in the following table:

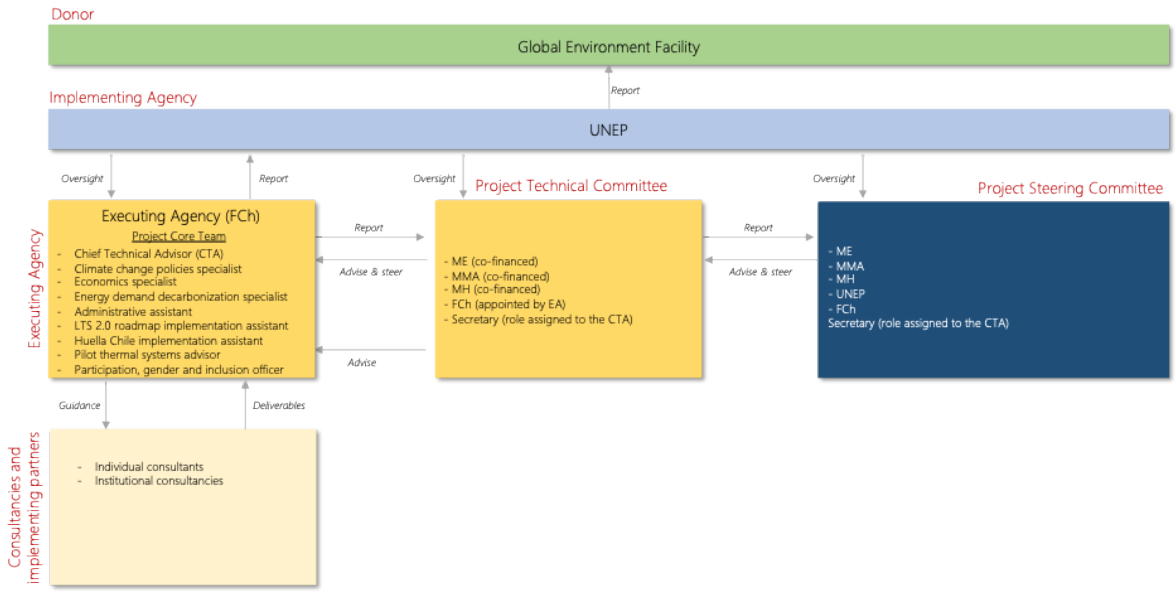
Project element	Concept note	CEO ED	Description of change
Project core indicators 3 and 4	Core indicator 3 – 250 Ha Core indicator 4 – 250 Ha	Core indicators 3 and 4 not included	Although these benefits are expected to be achieved, the pilot's focus was aimed towards energy demand decarbonization. As such, these benefits will not be achieved during the project's execution timeframe, and are not included within the core indicators as a result.
Executing agency	Ministry of Energy Ministry of Environment Agency of Sustainable Energy	Fundación Chile	During the PPG phase, the Ministry of Energy implemented a call for proposals to select an executing agency, aiming to foster embedding international experience into the project. This call for proposals resulted in Fundación Chile being selected as the executing agency
Project Steering Committee	Composed of Ministry of Energy Ministry of Environment	Added the Ministry of Finance to the PSC	During the PPG phase, the Ministry of Finance was invited to and accepted being part of the project, strengthening its institutional linkages particularly for the upstream component

[1] https://heatpumpingtechnologies.org/annex58/task1/

Institutional Arrangement and Coordination with Ongoing Initiatives and Project.

Please describe the Institutional Arrangements for the execution of this child project, including framework and mechanisms for coordination, governance, financial management and procurement. This should include consideration for linking with other relevant initiatives at country-level (if a country child project) or regional/global level (for coordination platform child project). If possible, please summarize the flow of funds (diagram), accountabilities for project management and financial reporting (organogram), including audit, and staffing plans. (max. 500 words, approximately 1 page)

Project implementation organogram:



The United Nations Environment Programme (UNEP) is the Global Environment Facility (GEF) Implementing Agency of this Project. The Energy Ministry is the project's leading government Agency, delegating responsibility for day-to-day action to an executing partner, Fundación Chile (FCh). The Project Governance structure will be organized as follows: a Project Steering Committee (PSC), a Project Technical Committee (PTC), the Executing Agency (EA), and a Project Core Team (PCT), as described below.

Institutional arrangements:

Roles and responsibilities of each body are detailed in the following table:

Body	Constitution and role
Implementing agency (IA)	**UNEP is the GEF Implementing Agency (IA)** for this project. The IA will coordinate and communicate with the respective executing agency (Fundación Chile - FCh). The GEF implementing agency is responsible for the implementation of the project, which entails oversight of project execution to ensure that the project is being carried out in accordance with agreed standards and requirements. The GEF implementing agency is accountable to the GEF Council for its GEF-financed activities and is responsible for project cycle management services and corporate activities. GEF Agency Fees cover Agency costs for providing these services. The GEF Agency performs Project Cycle Management Services that involve project approval and start-up, risk management and mitigation, project supervision and oversight, and project completion and evaluation. The GEF Agency implements projects according to its internal guidelines and rules after approval of GEF-funded projects by its governing body, following GEF CEO Endorsement/Approval[1]8. UNEP will oversee and provide technical guidance for the overall project implementation, in accordance with the Project Document (Prodoc), as follows: • UNEP will lead the delivery of all outcomes and outputs of the project. • Participate in the planning of contracting and technical selection processes. UNEP will coordinate fund transfers to the Executing Agency / Operational Partner as per provisions, terms, and conditions of the signed Execution Agreement (Project Cooperation Agreement -PCA- with FCh). • Monitor and oversee the Executing Agency /Operational Partner's compliance with the respective Execution Agreement and project implementation in accordance with the project document, annual work plans and budgets, co-financing agreements and the rules and procedures of the GEF implementing agency in terms of efficiency and transparency. • Review and approve, together with the Project Steering Committee, the project progress and financial reports, as detailed in the respective Execution Agreement and their annexes; undertake and complete monitoring, assessment and control activities, evaluations and project oversight. • Liaise on an ongoing basis, as needed, with the relevant Government agencies, other members of the United Nations Country Team, Resource Partners and other stakeholders.

	• Provide overall guidance, oversight, technical assistance, and leadership, as appropriate, for the Project. • Report to the GEF Secretariat and the Evaluation Office through the annual Project Implementation Review (PIR), on project progress and provide consolidated financial reports to the GEF Trustee. In the development of the PIR, UNEP will coordinate the provision of inputs from the GEF Operational Focal Point and other key stakeholders. • Conduct at least one supervision mission per year. • UNEP will lead the Mid-Term Review with the collaboration of the Project Core Team and the Project Technical Committee. • UNEP Evaluation Office will lead the project independent Terminal Evaluation. It will be an evaluation of the whole project. • Monitor the implementation of the Environmental and Social Risk Management Plan and the Gender Action Plan, in accordance with the IA's Environmental and Social Safeguards, in partnership with Environment Undersecretariat.
Executing agency (EA)	The Government of Chile selected Fundación Chile (FCh) to delegate the execution of the project activities, under the Project Technical Committee and Project Steering Committee supervision, as well as acting as fund administrator/sub-executing agency. UNEP has conducted a fiduciary analysis of the selected sub-executing agency. Based on the outcomes of that assessment, execution agreements will be signed by the GEF implementing agency and the selected sub-executing agency. **Fundación Chile will act as the Project executing agency (EA)** and will abide byUNEP rules and regulations on implementation of projects. The EA will be accountable to the Government of Chile and the GEF implementing agency for the appropriate administration and management of the Project financial resources. The EA under the technical leadership of the Project Steering Committee (PSC), the Project Technical Committee, and the implementing agency, will contract the Chief Technical Advisor (CTA) and the team of experts and consultants specified in this Project Document for (i) the execution, monitoring and quality control of project activities, (ii) the quality and timely achievement of Project outcomes, and (iii) monitoring the co-financing commitments set up by the Project partners during full Project formulation. The EA will manage the budget in full compliance with the terms and conditions of the execution agreement to be signed between the EA and UNEP. UNEP will closely monitor Project implementation, monitor the EA in light of the execution agreementand its operational implementing protocols, and provide overall guidance and technical support to the EA. The EA will be responsible for the day-to-day management and execution of administrative and financial activities required for the execution of agreed Project components in full compliance with the signed execution agreement and the Project Document and in close coordination with the Project Steering Committee and Project Technical Committee (see below).
Project Steering committee (PSC)	The project steering committee will supervise and provide overall guidance to the executing agency and its management team for project execution. This will include as related to political alignment, technical quality, procurement, and

	financial management of the project. The PSC will seek to have gender parity in its composition. The PSC will have the following functions: 1) Approve project Annual Work Plan and Budget(s) AWP/B; 2) Approve the six-monthly progress reports and financial reports; 3) Approve the Project Terminal Report; 4) Approve the adjustments to the total amounts of the budget lines, if needed and duly justified; 5) Review and approve changes to project outcomes, outputs and risk management plan(s), if recommended by the Mid-Term Review or relevant; 6) Propose and agree any amendments to the Agreements signed with the GEF implementing agencies, if relevant; 7) Invite relevant people according to the subject of each meeting; 8) Approve the Terms of Reference of the Project Unit members. Decisions shall be taken by consensus. The PSC will meet on notification by FCh and at least twice a year. At the end of each meeting a report should be drafted and circulated for the information of all participants and support decisions. Each report will be approved through an email in which the respective member approves the minutes and makes appropriate adjustments. The steering committee will consist of focal points from the following entities: • Ministry of Energy (ME) • Ministry of Environment (MMA) • Ministry of Finance (MH) • UNEP • Fundación Chile
Project Technical Committee (PTC)	The project technical committee will provide overall guidance and approval to the project's deliverables, assuring their alignment with the requirements of the government. This will include as related to political alignment, technical quality, and financial management of the project. The PTC will meet on notification by FCh and at least once a month and will be required to have gender parity in its composition. The PTC will have the following functions: 1) Review deliverables as they progress; 2) Approve deliverables for payment; 3) Provide input on possible adjustments, to be discussed at the PSC; 7) Invite relevant people according to the subject to review deliverables; 8) Approve the Terms of Reference of the Project Consultancies. Decisions shall be taken by consensus. At the end of each meeting a report should be drafted and circulated for the information of all participants and support decisions. Each report will be approved through an email in which the respective member approves the minutes and makes appropriate adjustments. The technical committee will consist of focal points from the following entities, co-financed by them: • Ministry of Energy (ME) • Ministry of Environment (MMA) • Ministry of Finance (MH) • Fundación Chile
Project Core Team (PCT)	The PCT reports directly to the EA and PSC. Its main function, following the guidelines of the PSC, PTC and the EA, is to ensure the coordination and

	execution of the Project through the effective implementation of the annual work plans and budgets. Consultancies will be supervised by members in the PCT, according to their profile. Members of the PCT will also be responsible for the provision of specific deliverables (i.e. without external consultants), as well as for the integration of the deliverables into outputs and for their materialization into outcomes. In particular, the PCT will make their best efforts to achieve all the targets set as goals in Annex C, which go beyond the deliverables described in each of the components. The PCT is required to have gender parity in its composition. The PCT will be hired by the executing agency and consist of a Chief Technical Advisor, technical experts in various fields (climate change policies specialist, economics specialist, energy demand decarbonization specialist, LTS 2.0 implementation assistant, Huella Chile certification program implementation assistant, Pilots thermal systems advisor and Participation, gender and inclusion officer) and an administrative assistant. All the PCT will work at the EA's premises at least 3 times a week, with visits to the ministries the remaining two days of the week. It is important to note that two positions are dedicated exclusively to support the implementation of knowledge products: 1. The LTS 2.0 implementation assistant will support the Environment Ministry in implementing the LTS 2.0 that the Ministry is developing with own funds in 2024. 2. The Huella Chile certification program implementation assistant will support the Ministry to implement the improved certification program developed in output 1.3. ANNEX I mentions the functions of each position and the TORs, detailing profile, experience, necessary skills and the tasks and functions of each position. ANNEX J details the responsible staff of the PCT for each deliverable. ANNEX G details the salaries for staff, which do not include the "company costs" of their employment. Those costs will be covered separately through the "Procurement, HR, legal, record keeping and other operational support costs" account.
Project service providers	Project-financed goods and services provided by consultants and consultancies to prepare project deliverables and support the achieving of project outputs.

About the Executing Agency – Fundación Chile (FCh)

Fundación Chile is a non-profit organization owned by the Government of Chile aimed at fostering Chile's sustainable development[2]. It was funded in 1976 and has already executed GEF projects implemented by UNEP, such as the Efficient Refrigerators project (GEFID 9496). For this project, Fundación Chile has partnered with two leading institutions in decarbonization and energy transition to assure the implementation of best practices in the projects activities:

- **Carbon Trust** is a United Kingdom-based consultancy established in March 2001. Its aim is to accelerate the pace of private sector decarbonization and increase energy efficiency in the

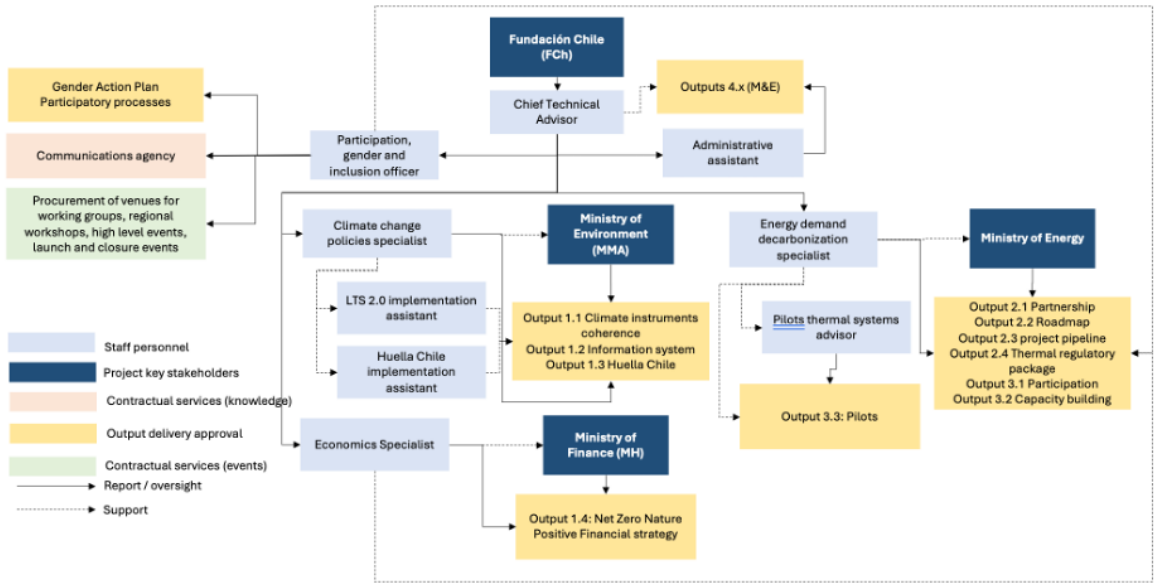
United Kingdom and worldwide. Carbon Trust was originally funded by around £50m of UK tax revenue generated from the Climate Change Levy (CCL), a tax on business energy use. The trust's initial goal was to help businesses reduce energy costs and therefore offset the additional cost of paying the CCL. The establishment of the Carbon Trust was announced in the 2000 UK White Paper 'Climate Change - the UK Programme'. For this project, Carbon Trust will bring international experience into the project's policy design and implementation.

- **E2BIZ** is a company that conducts applied research in the areas of energy, environment, economy and territory, based in Chile. With extensive experience in the analysis, modeling, and policy development in energy, climate change, co-benefits and impact, E2BIZ will provide Fundación Chile with specific and specialized knowledge rooted in Chile for the decarbonization of energy demand.

Please find in Annex I a ToR for the services these firms will provide to Fundación Chile.

Micro institutional arrangements – set-up of core team and relationship with technical committee

The PCT will work with specified Ministries, through their representatives in the PTC, to supervise and deliver the project's outputs, as per the diagram below.



[2] https://fch.cl/que-hacemos/
[1] GEF/C.59/Inf.03

Will the GEF Agency play an execution role on this child project?

If so, please describe that role here and the justification.

N/A

Also, please add a short explanation to describe cooperation with ongoing initiatives and projects, including potential for co-location and/or sharing of expertise/staffing (max. 500 words, approximately 1 page)

Project	Objectives and relevance to this project	Intended coordination and synergies
(GEF) Strengthening inter-institutional coordination for the mainstreaming of biodiversity conservation in national, regional and local public policies in Chile	Increase institutional and policy coherence for biodiversity conservation management, and thus has a strong focus on supporting the SBAP implementation process	This GEF project will integrate biodiversity into Chile's Climate Change financing strategy, supporting the goals of the biodiversity GEF project
(GEF, under development) Supporting the shift to a low-emission, circular construction in Chile	Support Chile's construction sector in shifting to low-emission and circular, 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	Construction as an industry will benefit from the GEF project's energy demand decarbonization support. Construction as a residential provider will also benefit from the GEF project's energy demand dercabonization support.
(GEF) Accelerating the Adoption of Electric Mobility in Chile	Promote electric mobility	As transport is a significant part of energy demand decarbonization, this project is symbiotic with the electric mobility GEF project.
(GEF) Supporting the Chilean Low Emissions Transport Strategy	Promote sustainable transport	As transport is a significant part of energy demand decarbonization, this project is symbiotic with the sustainable mobility mobility GEF project.
(GEF) Accelerating investment in efficient and renewable district energy systems in Chile	Accelerate the decarbonisation of the heating sector in Chile by fostering the deployment of district energy systems	This GEF project has a symbiotic relationship with the district energy project as they both seek complementary approaches to energy demand decarbonization.
(GEF) CBIT II	Support Chile in delivering the requirements of the Enhanced Transparency Framework	While the CBIT II project will support the implementation of the inventory, foresight, MRV subsystems for monitoring the NDC and support and needs, the deliverables under the NZNP GEF project aims to improve the platform of the general system, the subsystems of citizen participation, and the reporting of progress of sectoral and regional plans.
LTS 2.0	The Environment Ministry will develop with own funds a LTS 2.0 during 2024.	The GEF project will provide an LTS 2.0 implementation assistant to assist the Environment Ministry in the implementation of the LTS
Solar Thermal Systems and Heat pumps price index updates	The Energy Ministry has recently started a study to update the price indexes of Heat pumps and Solar Thermal Systems	These updated price indexes will serve as a valuable input for correct appraisal for the pipeline of energy demand decarbonization projects
IDB Clima	A new financing facility by IDB that rewards countries for climate and biodiversity ambition by providing a discount to the principal of a loan when climate and biodiversity goals are achieved	The GEF project's output 1.4 will strengthen Chile's position to achieve IDB Clima objectives on biodiversity, with coordination between the project and IDB leveraged through the Finance Ministry. Output 2.3 is also aligned with IDB Clima, as it provides a pipeline of investment projects in decarbonization, responding to IDB Clima's diagnosis in the region that concludes that there is a lack of ready-to-implement decarbonization projects.

Project	Objectives and relevance to this project	Intended coordination and synergies
Strengthening institutional capacities and processes to improve project development and increase the mobilization of climate finance for the implementation of the Designated National Contributions and the Long-Term Strategy in Chile	The Ministry of Finance, together with CAF, is developing this project to improve the capacities and processes to increase climate finance for implementing the NDC and LTS	This project has significant synergies with the NZNP finance strategy.
Climate Change Mitigation and Adaptation Plan for the Energy Sector	Chile is committed to achieving net-zero greenhouse gas (GHG) emissions by 2050, as outlined in its Nationally Determined Contribution (NDC, 2020) and legally mandated through the Climate Change Framework Law (LMCC, N° 21.455, 2022). The LMCC also aims to reduce vulnerability and increase resilience to climate change while fulfilling international commitments. The Ministry of Energy is tasked with developing sectoral mitigation and adaptation plans to meet these goals within the energy sector.	This plan is integral to Chile's broader climate policy, ensuring that the energy sector aligns with national and international decarbonization targets. It coordinates closely with other sectoral plans and international commitments to mitigate and adapt to climate change.
Ruta de la Luz	This initiative aims to reduce energy access gaps in rural and isolated areas of Chile by ensuring continuous and secure electricity supply through targeted programs and projects.	Coordinated by the Ministry of Energy, it involves public and private sector partnerships to achieve nationwide energy access.
Heating Stove Replacement Program[1]	Aims to reduce emissions from residential wood combustion by offering efficient and less polluting heating alternatives in exchange for old stoves.	Supported by the Ministry of Energy, this program directly contributes to national air quality improvement efforts.
Better Home Program (Programa Hogar Mejor)	Focuses on improving living conditions in urban areas through subsidies for home repairs, expansions, and energy efficiency upgrades, including thermal conditioning and solar systems.	Coordinated by the Ministry of Housing and Urban Development, the program works in synergy with national energy efficiency goals.
Decarbonization Plan	The goal is to achieve greenhouse gas neutrality by 2050, enhancing resilience to climate change and fulfilling international commitments. Progress will be evaluated every five years by the Ministry of Environment.	The plan forms the backbone of Chile's climate policy, ensuring coordination across sectors to meet decarbonization targets.
Decarbonization Working Group	A voluntary agreement to cease new coal projects without carbon capture, focusing on analyzing and coordinating the shutdown of existing coal plants by the Ministry of Energy and private energy companies.	This working group is crucial for phasing out coal in Chile's energy mix, aligned with broader energy transition goals.
Energy + Women (Energía + Mujer)	An initiative to promote gender diversity within the energy sector, targeting systemic barriers to increase female participation and leadership. It aligns with the UN's Sustainable Development Goal 5 on gender equality by 2030.	This initiative has become a model for other sectors, enhancing diversity and inclusion within Chile's energy industry, with broad international recognition.

Project	Objectives and relevance to this project	Intended coordination and synergies
House heating replacement program[2]	Aims to reduce emissions from residential wood combustion by offering efficient and less polluting heating alternatives in exchange for old heaters.	Coordinated by the environment ministry and a key cofinancing of this GEF project, this program directly contributes to national air quality improvement efforts and reduce short-lived contaminants
Mitigation of Greenhouse Gases and Adaptation	Contribute to reducing greenhouse gases by strengthening energy efficiency measures contained in the Nationally Determined Contributions (NDC) of Argentina and Chile.	This project is symbiotic to the GEF project in reducing GHG emissions in the energy sector
Renewable Energy and Energy Efficiency Program: Development of Renewable Hydrogen in Chile	Cooperation for the development of Green Hydrogen (H2V) in Chile in four areas: A) Strengthening the enabling environment for the hydrogen economy; B) Supporting technological development and human capital; C) Market development/Business cooperation; D) Project development/Financing.	Green Hydrogen can be crucial in decarbonizing hard-to-abate emissions
Energy Partnership Chile-Germany	Energy partnership between Chile and Germany to promote the development of renewable energies and energy efficiency.	Energy Efficiency can reduce energy demand, promoting decarbonization
International Hydrogen Ramp-Up Program (H2-Uppp)	Identify, prepare, and support the execution of green hydrogen production projects and power-to-X applications, as well as raising awareness and transferring knowledge for the development of related projects.	Green Hydrogen can be crucial in decarbonizing hard-to-abate emissions
Power-to-X Hub	Power-to-X (PtX) refers to the conversion of electricity into various products such as gases, liquid fuels, chemicals, or high-value products. Chile has great potential to develop PtX due to its renewable energy capacity. The project includes activities such as evaluating local potential and developing PtX capabilities.	PtX can be crucial in decarbonizing hard-to-abate emissions
Construye 2025	Program that promotes the development of projects that mitigate climate change effects or improve environmental sustainability, supporting projects in NCRE, energy efficiency, and environmental improvements.	Improving housing efficiency can help reduce emissions from energy
Chile Green Hydrogen Facility to Support a Green, Resilient and Inclusive Economic Development	Support early investments in green hydrogen supply in Chile through the creation of a Green Hydrogen Facility. The project involves a US$150 million loan to the Government of Chile, implemented through CORFO.	Green Hydrogen can be crucial in decarbonizing hard-to-abate emissions
CH-L1168: Support Program for the Development of the Green Hydrogen Industry in Chile	Contribute to the development of the green hydrogen industry and its derivatives in Chile to decarbonize the economy, promote private investment, and increase public inputs for the industry.	Green Hydrogen can be crucial in decarbonizing hard-to-abate emissions
Support to Regional and Municipal Governments for Solid Waste Management and	Support the implementation of an investment program for solid waste management and promotion of the circular economy in regional and municipal governments.	Solid waste is a significant sources of emissions in Chile. Reducing those will help the country achieve its NDC

Project	Objectives and relevance to this project	Intended coordination and synergies
Promotion of the Circular Economy		
CH-T1274: Support for a Just, Clean, and Sustainable Energy Transition II in Chile	Contribute to the implementation of policy measures for a just and clean energy transition, supporting the decarbonization of the energy matrix and the retirement of coal plants to achieve carbon neutrality by 2030.	Symbiotic with the achievement of Chile's NDC
A Model for a Circular Network for Construction	Project framed in the Construye 2025 program that seeks to promote the circular economy in construction waste management, focusing on territorial waste valorization in the metropolitan area.	Construction as a sector entails significant GHG emissions. Promoting circular economy principles in construction can reduce those emissions, helping Chile achieve its NDC
Chile Partnership for Market Implementation	Support the Government of Chile in applying carbon pricing instruments and participating in international carbon markets.	Carbon markets can help reduce emissions and allocate carbon emissions, supporting the achievement of Chile's NDC
Fiscal Policy for Climate Change	Support the Ministry of Finance in integrating climate actions into its fiscal policy, including developing a system for classifying sustainable economic activities and a new emissions tax.	The GEF project alligns with this initiative by supporting the Ministry of Finance in its climate finance goals
Support for the Design, Coordination, and Implementation of Sectoral Climate Change Plans	Support sectoral ministries in designing and implementing long-term climate change strategies, coordinated by the Ministry of Environment.	The GEF project will evaluate the first generation of sectorial climate change plans, and provide a methodology for improving their coherence and alignment
Banco Estado Ecovivienda - Energy Mobile	Loan to BancoEstado to finance mortgages for acquiring homes with high energy efficiency standards.	Improving housing efficiency can help reduce emissions from energy
Promoting Carbon-Free Energy Management in Chile	Support the energy transition in Chile by expanding renewable energies and reducing fossil fuel use, contributing to the decarbonization of the energy sector and the economy as a whole.	The decarbonization of energy supply helps the project achieve its goals, particularly in the upstream component
Global Carbon Market: Chile	Development of tools for CO2 pricing and exploration of market mechanisms under Article 6 of the Paris Agreement.	Carbon markets can help reduce emissions and allocate carbon emissions, supporting the achievement of Chile's NDC
Chilean Strategy for Sustainable Public Transport (CLETS)	Promotion of regulatory frameworks for sustainable mobility systems and the implementation of demonstrative actions in regions.	This GEF project will not treat the transport sector. As such, the project has a symbiotic relationship with the GEF project.
Chile REDD+ Emissions Reductions Program	Encourage the reduction of deforestation and forest degradation in southern Chile through payments for verified emission reductions (ER).	Carbon sinks play a key role in the LTS 1.0 and are expected to do so as well in the new LTS 2.0

Project	Objectives and relevance to this project	Intended coordination and synergies
Mitigation of Greenhouse Gases and Adaptation to the Impacts of Climate Change in Latin America	Strengthen energy efficiency policies, standards, and practices in strategic sectors of Argentina and Chile through knowledge transfer and specific actions.	This Euroclima, AECID, AFD, ASE project will also support the achievement of the NDC
Technical Assistance for the Sustainable Geothermal Development Project	Assist the Government of Chile in overcoming legal, social, and market barriers for geothermal energy development.	This World Bank, Ministry of Energy project will also collaborate in decarbonizing energy
Circular Economy Transformation	Public-private program working on initiatives within the national circular economy roadmap until 2040, focusing on innovation and circular territories.	Waste reduction is a key component of Chile's NDC
SNAICC roadmap implementation	Establishing the technical and IT requirements for the implementation of the National System for Access to Information and Citizen Participation on Climate Change (SNAICC)	This GEF project will also support further developments of the SNAICC

[1] https://calefactores.mma.gob.cl
[2] https://calefactores.mma.gob.cl

Table On Core Indicators

Core Indicators

Indicate expected results in each relevant indicator using methodologies indicated in the GEF-8 Results Measurement Framework Guidelines. There is no need to complete this table for climate adaptation projects financed solely through LDCF and SCCF.

Indicator 3 Area of land and ecosystems under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
0	0	0	0

Indicator 3.1 Area of degraded agricultural lands under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 3.2 Area of forest and forest land under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 3.3 Area of natural grass and woodland under restoration

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 3.4 Area of wetlands (including estuaries, mangroves) under restoration

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
250	500	0	0

Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
250.00	0.00		

Indicator 4.2 Area of landscapes under third-party certification incorporating biodiversity considerations

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
	0.00		

Type/Name of Third Party Certification

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
	500.00		

Indicator 4.4 Area of High Conservation Value or other forest loss avoided

Disaggregation Type	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.5 Terrestrial OECMs supported

Name of the OECMs	WDPA-ID	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)

Documents (Document(s) that justifies the HCVF)

Title

Indicator 6 Greenhouse Gas Emissions Mitigated

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)	0	0	0	0
Expected metric tons of CO_2e (indirect)	5500000	550000	0	0

Indicator 6.1 Carbon Sequestered or Emissions Avoided in the AFOLU (Agriculture, Forestry and Other Land Use) sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)				
Expected metric tons of CO_2e (indirect)		126,717		
Anticipated start year of accounting		2030		
Duration of accounting		20		

Indicator 6.2 Emissions Avoided Outside AFOLU (Agriculture, Forestry and Other Land Use) Sector

Total Target Benefit	(At PIF)	(At CEO Endorsement)	(Achieved at MTR)	(Achieved at TE)
Expected metric tons of CO_2e (direct)		0		
Expected metric tons of CO_2e (indirect)	5,500,000	423,283		
Anticipated start year of accounting	2028	2030		
Duration of accounting	20	20		

Indicator 6.3 Energy Saved (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Total Target Benefit	Energy (MJ) (At PIF)	Energy (MJ) (At CEO Endorsement)	Energy (MJ) (Achieved at MTR)	Energy (MJ) (Achieved at TE)
Target Energy Saved (MJ)				

Indicator 6.4 Increase in Installed Renewable Energy Capacity per Technology (Use this sub-indicator in addition to the sub-indicator 6.2 if applicable)

Technology	Capacity (MW) (Expected at PIF)	Capacity (MW) (Expected at CEO Endorsement)	Capacity (MW) (Achieved at MTR)	Capacity (MW) (Achieved at TE)

Indicator 11 People benefiting from GEF-financed investments

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	480	480		
Male	480	480		
Total	**960**	**960**	0	**0**

Explain the methodological approach and underlying logic to justify target levels for Core and Sub-Indicators (max. 250 words, approximately 1/2 page)

Indicator 4

The project's improved Huella Chile certification tool will enable the private sector to certify, among other dimensions, area used for their production under improved practices, allowing to measure the reductions of their footprint on sinks, water, footprint of products or services and short-lived climate forcers.

Huella Chile is a program that currently promotes the measure, report and verification (MRV) of greenhouse gasses in public and private sector organizations. MRV is a critical tool for benchmarking and improving performance of organizations regarding their climate and biodiversity impact. The project will support Huella Chile to increase its scope considering a Net-Zero Nature-Positive approach, expanding its MRV to also include organization's impacts on sinks, water, footprint of products or services and short-lived climate forcers. After developing the new tools, the project will support their piloting in deliverable 1.3.2, allowing the project to deliver at least 500 Ha of landscapes under improved practices.

Indicator 6

Indicator was developed based on an estimate of the project's contribution in implementing the Chilean Long-term Climate Strategy (ECLP), reducing emissions to achieve nature-positive carbon neutrality by 2050.

The project's contribution relates to direct and indirect emission reductions for the period 2025-2045 (project emission reduction lifetime). Direct and indirect emission reductions will occur due to the project's actions related to, inter alia, financial mechanisms, capacity-building, policies, regulations and the pilot projects and its scalability. A causality factor of 0.1% was applied to determine the estimated project total emission reduction.

Indicator 11

The project will have a positively affected population equal to the entire Chilean population (19.49 million) as the project will have a national scope. Through NZNP actions it will lead to improved air quality, enhanced resilience and ecosystem services and greater economic opportunities. The project is expected to have 960 direct beneficiaries (480 women, 480 men) through capacity building and coordination strengthening in the upstream and downstream components. It is noteworthy that Chile has adopted strong public policies around gender equality, which will be reflected in a transversal manner in the actions carried out by this project.

Although originally this project was going to have benefits for other indicators considering protected areas, during PPG phase the project shifted to a different focus on decarbonization. The project still aims to have positive impact for nature though component 1 as well as specific outputs in component 2, but the proposed policies could not have its nature impact quantified at this point. Further information on the assumptions and calculations of the Core Indicators may be found in Annex M of the Document.

Key Risks

	Rating	Explanation of risk and mitigation measures
CONTEXT		
Climate	Low	Risk: extreme climate events such as heat waves, floods, or others affect the implementation of the project's activities. Project execution mitigation strategy: Adjust workplan as needed to avoid construction during heavy weather events. If needed, postpone construction or change pilot locations if extreme weather events impede progress. For events or other participatory instances, contracts and flexible dates are considered to reschedule instances in case it is necessary due

		to weather conditions. Components 1, 2 and 3 of the project are primarily desktop activities that will not be affected by weather events
Environmental and Social	Moderate	Risk: pilots have considerable negative environmental impacts. Project execution mitigation strategy: The design of the pilots will consider techno-ecological synergies, considering low environmental opportunity cost for the installation of the energy decarbonization projects. Additionally, the project has projected participatory processes for consultation on possible impacts of the pilots already designed into activities, also including environmental impact studies the time of pilot detailed design. Risk: Gender and inclusion issues are not effectively considered in the proposed technological transitions, leaving vulnerable groups behind Project execution mitigation strategy: A gender action plan was developed for project implementation, and a just transition study in energy demand decarbonization will be developed. There are specific capacity building deliverables exclusively for women to reduce inequalities in the energy sector. During PPG phase, a partnership was established with the Unit for Dialogue, Associativity and Indigenous Affairs Processes, of the Division of Participation and Social Dialogue of the Ministry of Energy, to continually asses the inclusivity of proposed measures
Political and Governance	Low	Risk: Lack of political support for energy demand decarbonization, climate change mitigation, nature regeneration, biodiversity protection or to key parties of the project leads to reduced support for the project and failure to adopt the strategies, policies, regulations, and financial mechanisms it proposes Project execution mitigation strategy: The project was co-designed with the Ministry of Finance, Environment Ministry and Energy Ministry, and additional time was invested to engage with newly identified stakeholders, who fully support the project. The three ministries are the national parties at the PSC, and the executing agency also participates in the PSC. Additionally, a participation and communication strategy was designed.
INNOVATION		

Institutional and Policy	Low	Risk: As the project involves different governance levels and institutions, there may be difficulties in coordination, communication and inter-institutional procedures that bring delays and administrative obstacles, leading to the late or partial delivery of the products Project execution mitigation strategy: Clear working procedures were established that link the different levels of the state, with project-funded staff focused on deliverable-critical partner institutions. As such, the project committee (PSC) contains the key Ministries for the adoption of project proposals, and a Project Technical Committee was projected to secure political support to day-to-day project developments. Clear review and audit guidelines were implemented, which validate possible modifications to the project to respond to changes. Finally, awareness-raising strategies were designed the participation and communication component of the project (component 3)
Technological	Low	Risk: energy demand decarbonization technologies do not work or perform as expected in Chile Project mitigation strategy: the project includes strong technical support in component 2 to secure technological energy demand decarbonization pathways that are aligned with the resources and capacities available or viable in the country. The pilots include strong technical support from the project to assure good performance
Financial and Business Model	Moderate	Risk: energy demand decarbonization technologies do not provide the expected economic returns or do not technically adjust to the users requirements (for example, their availability subject to spot market or climate conditions), making them non-viable from an economic and/or technical point of view Project mitigation strategy: the project includes strong technical support (considering both technology and investment appraisal) in component 2 to secure energy demand decarbonization pathways that are aligned with the resources and capacities available or viable in the country, as well as provide sufficient expected economic returns. The pilots include strong technical support from the project to assure good performance. Although demand decarbonization technologies may not be a “drop in” replacement for fossil fuel based ones, the project will promote those that are

		technically and economically sound according to the studies that will be carried out
EXECUTION		
Capacity	Low	Risk: The ministries have difficulties internalizing the project's developments and proposals. Project execution mitigation strategy: A project technical committee was included in the project's design, allowing for ministry-appointed technical staff to review deliverables drafts and requirements, assuring alignment with current ministry developments.
Fiduciary	Low	Risk: Energy demand decarbonization technologies will mostly be imported to Chile, exposing them to exchange rate variation risks. Project execution mitigation strategy: Agile, conservative and fast purchasing processes have been agreed with the executing agency. Budgeting and contracting will only be implemented after all the necessary prior agreements and all the necessary institutional arrangements are already in place to assure swift procurement and minimize the probability of price or exchange rate fluctuations. Cash advance requests will be matched to payments processing to suppliers and the execution times of works, minimizing time spent from money exchange to spending.
Stakeholder	Low	Risk: stakeholders do not understand or internalize the benefits of energy demand decarbonization Project execution mitigation strategy: during project design, extensive consultations were made to assure stakeholder engagement, resulting in a specific project design that focuses on the viability aspects of energy demand decarbonization, which are expected to have a strong crowding-in effect of the benefits from energy demand decarbonization technologies
Other	Low	Risk: An energy demand decarbonization technology with a long-expected use life and high operating costs could be inoperable for local players once the operation contract with the tech's construction contractor is terminated Project execution mitigation strategy: The selection of contractors will consider the Total Cost of Ownership over the use life of the equipment as one of the criteria for selecting the

		contractor, thus ensuring low operating costs throughout is use life
Overall Risk Rating	Moderate	Overall residual risk for the project is considered moderate. The upstream component of the project complements longstanding and cross-party policies from the environment ministry and the Ministry of Finance, reducing the probability of them loosing support. The downstream component is also aligned with long-term Energy Ministry policies, and the equipment and decarbonization projects promoted are expected to reduce environmental impacts from economic activity. Possible non-just transition concerns are addressed through output 3.2, focusing capacity building on women to reduce gender gaps in the energy sector, as well as on output 2.2, studying just transition in an energy demand decarbonization process.

C. ALIGNMENT WITH GEF-8 PROGRAMMING STRATEGIES AND COUNTRY/REGIONAL PRIORITIES

Explain how the proposed interventions are aligned with GEF- 8 programming strategies, including the specific integrated program priorities, and country and regional priorities, Describe how these country strategies and plans relate to the multilateral environmental agreements, such as through NDCs, NBSAPs, etc.

For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e., BD, CC or LD), please identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and explain how.

(max. 500 words, approximately 1 page)

Alignment with GEF-8 Programming Directions

As a child project of the NZNPA IP, the current project is fully aligned with the GEF-8 programming directions for this integrated programme, in accordance with document GEF/R.08/29/Rev.01, paragraphs 216-267. It is also completely aligned with Climate Change Focal objective 1.1. Accelerate the efficient use of energy and materials, especially in Chile's manufacturing sector, as the GEF funds in this project will develop a sectorial roadmap for energy demand decarbonization including electrification, usage of digital technologies, thermal energy management, tech benchmarking, and tech transfer. The energy demand decarbonization pilots of the project are also aligned with Climate Change Focal objective 1.1.

Alignment with national priorities, strategies and plans

The project is aligned with Chile's climate change and sustainable development framework and embodies the essence of the Nationally Determined Contribution (NDC), the Framework Climate Change Law (Nº 21.455). It underscores the nation's commitment to a low-carbon, nature-positive economy by achieving net zero emissions in 2050, through strategic interventions in all economic sectors (upstream), with a particular focus on energy demand decarbonization (downstream). By strengthening intra-national and national-regional coordination and engaging the private sector, the project supports the policy goals of reducing emissions of the economy-as-a-whole and of energy systems in the particular Chilean context. Strategic initiatives include a long-term climate change strategy, about to be updated and for which the GEF project will provide support in its implementation. In addition, Chile's active membership in international coalitions such as the Coalition of Finance Ministers for Climate Action, Climate Ambition Alliance: Net-Zero 2050, 2050 Pathways Platform, Global Methane Pledge, Climate and Clean Air Coalition, and the Deep Decarbonization Pathways Initiative (DDPi), further demonstrates its global commitment to net zero and nature positive goals.

This project is also aligned with country priorities related to the United Nations Framework Convention on Climate Change (UNFCCC). Energy decarbonization is a key component of its long term energy plan (PELP), which in turn provides the contribution of the energy sector to Chile's net-zero target. Promoting a better integration of climate change instruments (regional and sectorial plans), crowding in the private sector of the country's commitments, leveraging the finance sector, and promoting the decarbonization of the energy sector is thus fully aligned with the NDC. The project's focus on decarbonizing the country's energy demand is also aligned with the NDC's emission reduction goals, as well as its aim of achieving GHG emissions neutrality in 2050 in accordance with its UNFCCC long-term strategy[1]9.

As noted in the baseline section, the project is also aligned with country priorities on climate, in particular with objective 2 of its LTS, which seeks to establish energy efficiency of a development pillar in the industrial and residential sectors, objective 3 of increasing the use of technologies and energetics low on emissions, and objective 7 of designing and promoting the use of economic instruments to accelerate the energy transition. Analysis and consultation during the development of this project has identified that flat electricity prices, a politically sensitive matter, may contradict the intended outcomes of this GEF project in the short term. This GEF project will support Chile in studying those prices in the long term to make electricity demand more responsive to renewable supply availability, which has marginal costs that approach zero at certain times of the day. By incorporating energy efficiency, consumption can be aligned to times of generation, accruing zero-marginal cost renewable energy to substitute carbon-intensive fuels, facilitating potential reduction in carbon emissions from energy demand in the medium- to long-term.

The GEF project is also aligned with the four strategic priorities of the UN Sustainable Development Cooperation Framework for Chile 2021 to 2025: substantive equality in access to and enjoyment of economic, social, cultural and environmental rights; strengthened democratic and security instutionality for a new inclusive social contract; sustainable development model,

inclusive and resilient, to face the climate crisis, biodiversity loss and contamination; and gender equality. It is also aligned with the five pillars of the United Nations Framework Agreement for Sustainable Development (UNSDPF) 2030 agenda: People, Planet, Prosperity, Peace and Partnerships (five Ps).[2]10 Its objectives include generating a positive impact to guarantee diversity and an inclusive society, adequate resource management, quality of life and multiple partnerships. UNEP will facilitate coordination with the UN Country Team and Resident Coordinator, ensuring they are informed of the project's progress and that it aligns with the Argentinean UNDAF.

Alignment with UNEP Programme of Work and SDGs

The NZNP Integrated Programme and its suite of national child projects and global platform project are part of UNEP's Decarbonization Programme Coordination Project (PCP). In particular, NZNP child projects will directly support UNEP in implementing its Programme of Work through Outcomes 1.2, 1.4 and 1.5 as well as indicators (i), (ii) and (iv) (Climate Action Sub-programme).

With a focus on nature positiveness, child projects also have a secondary relationship to UNEP's PCP on Conservation, Restoration and Sustainable Use of Biodiversity and will support implementation of Programme of Work Outcomes 2.2, 2.6 and 2.13 and indicator (iii) (Nature Action Sub-programme).

These PCPs encompass a number of UNEP projects aimed at accelerating the socio-economic transition required to reach net-zero GHG emissions by mid-century and leave a nature-positive legacy through concerted conservation actions, biodiversity financing, and nature-based solutions.

Furthermore, all NZNP child projects will also support implementation of UNEP's PCP on Economic and Financial Transformation and the UNEP Programme of Work direct Outcomes related to:

- 1.5 Private and public financial flows are aligned with the goals of the Paris Agreement
- 1.6 The private sector and financial markets apply sustainability and climate-friendly standards and norms as core values of the economy

Finally, this Chile child project is also in line with national commitments under the UNFCCC and the CBD, helping Chile to achieve net zero targets as well as the country's NDC, in addition to contributing towards Targets 2, 3, 8, 10, 11, 14, 18, 19, 20, 21 and 22 of the CBD-Global Biodiversity Framework. The project is aligned with the Kuming-Montreal Global Biodiversity Framework particularly by developing a financing strategy for Chile's biodiversity strategy through output 1.4.

The Chile NZNP project will support achievement of the following targets under the Kunming-Montreal Framework:

GBF Target	Outputs										Description of alignment
	1.1	1.2	1.3	1.4	2.1	2.2	2.3	2.4	3.1	3.3	
Target 8: Minimize the Impacts of Climate Change on Biodiversity and Build Resilience	☑		☑								The project will support the development of net-zero plans which are positive for nature through its interventions
Target 18: Reduce Harmful Incentives by at Least $500 Billion per Year, and Scale Up Positive Incentives for Biodiversity				☑		☑		☑			The project will engage private and public stakeholders and support the development of policy and guidance for governments and companies on achieving nature-positive decarbonization
Target 19: Mobilize $200 Billion per Year for Biodiversity From all Sources, Including $30 Billion Through International Finance				☑			☑				The project will financial institutions on NZNP-aligned finance and good practices, and to build capacity across regional, national and subnational financial institutions on NZNP financing approaches, models and metrics, with a view to participating in pilot programs and projects
Target 20: Strengthen Capacity-Building, Technology Transfer, and Scientific and Technical Cooperation for Biodiversity	☑		☑		☑	☑	☑			☑	The global project will engage private and public stakeholders and support the development of policy guidelines and guidance for governments, MDBs and relevant financial institutions. In addition, a key

											focus of the project will be on building capacity of national governments and other national actors to promote nature-positive action.
Target 21: Ensure That Knowledge Is Available and Accessible to Guide Biodiversity Action				☑	☑		☑		☑	☑	The project will develop the NZNP+ platform that will bring together robust data and insights to support evidence-based decision-making in NDC target development; the project will develop and disseminate knowledge products and policy guidance
Target 22: Ensure Participation in Decision-Making and Access to Justice and Information Related to Biodiversity for all				☑	☑		☑		☑	☑	The project will ensure participation in decision-making through extensive stakeholder consultation particularly through its working group workstreams in under Component 1

Moreover, the programme will contribute towards the following targets through the collective outcomes of the country child projects:

- Target 2: Restore 30% of all Degraded Ecosystems
- Target 3: Conserve 30% of Land, Waters and Seas

Furthermore, this project is fully aligned with Agenda 2030 and geared towards supporting the achievement of targets on several SDGs:

- SDG 7 on sustainable energy
- SDG 8 on decent work and economic growth
- SDG 9 on industry, innovation, and infrastructure

- SDG 11 on sustainable cities
- SDG 12 on responsible consumption and production
- SDG 13 on climate action
- SDG 15 on protection of ecosystems and biodiversity.

UNEP's comparative advantage in delivering this project

As UNEP is leading the NZNP global program and 3 other NZNP projects in Latin America, it is uniquely positioned to support Chile for its success. UNEP will cooperate, seek synergies and complementarities with several existing aligned initiatives, starting with those housed at UNEP. UNEP's urban energy work supports several countries' cities transition to district energy systems, renewables, and integrated cooling and heating services to reduce their energy consumption, as well as associated emissions and energy costs. Collaboration with UNEP will further accelerate financing for NZNP policies and for energy demand decarbonization through cross-fertilization of policy work. In the same way, integration with UNEP FI and UNEP WCMC is seen as a cost-effective means to deliver knowledge and support to countries, with UNEP promoting synergies and value addition by taking advantage of its in-house expertise and different funding streams.

Additional relevant initiatives include the NDC Action Programme (funded by IKI) that helps countries translate their Nationally Determined Contributions (NDCs) into concrete strategies and actions, ready for implementation and financing. Similarly, the experiences under the Global District Energy in Cities (with presence in Chile and Morocco) and the Global Alliance for Buildings and Construction can inform the energy transition and built environment elements for the project. It's worth mentioning that UNEP is the lead agency of the GEF-7 Sustainable Cities Impact Program (SCIP) that supports 24 cities in 9 countries to plan and implement innovative, cross-cutting solutions that address multiple urban issues.

As the project's downstream focus is on energy demand decarbonization, UNEP has extensive experience particularly in urban energy and energy efficiency to draw lessons learned and best practices from other projects. These best practices have also been applied already to the pilot's design in component 4, proposing solutions that minimize risks that are not the main focus of the pilot.

[1]https://unfccc.int/sites/default/files/resource/Estrategia%20de%20desarrollo%20resiliente%20con%20bajas%20emisiones%20a%20largo%20plazo%20a%202050.pdf
[2] https://unsdg.un.org/es/resources/un-sustainable-development-cooperation-framework-argentina-2021to-2025

D. POLICY REQUIREMENTS

Gender Equality and Women's Empowerment:

We confirm that gender dimensions relevant to the project have been addressed during Project Preparation as per GEF Policy and are clearly articulated in the child Project Description (Section B).

Yes

1) Does the project expect to include any gender-responsive-measures to address gender gaps or promote gender equality and women's empowerment?

Yes

If the child project expects to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment, please indicate in which results area(s) the project is expected to contribute to gender equality:

Closing gender gaps in access to and control over natural resources;

Improving women's participation and decision-making; and/or

Yes

Generating socio-economic benefits or services for women.

2) Does the child project's results framework or logical framework include gender-sensitive indicators?

Yes

Stakeholder Engagement

We confirm that key stakeholders were consulted during Project Preparation as required per GEF policy, their relevant roles to project outcomes has been clearly articulated in the Child Project Description (Section B) and that a Stakeholder Engagement Plan has been developed before CEO endorsement**.**

Yes

Select what role civil society will play in the Project:

Consulted only; Yes

Member of Advisory Body; Contractor;

Co-financier;

Member of project steering committee or equivalent decision-making body ;

Executor or co-executor;

Other (Please explain)

Private Sector

Will there be private sector engagement in the Child project?

Yes

And if so, has its role been described and justified in section B "Child project description"?

Yes

Environmental and Social Safeguards

We confirm that we have provided information regarding Environmental and Social risks associated with the proposed child project or program, including risk screenings/ assessments and, if applicable, management plans or other measures to address identified risks and impacts (this information should be presented in Annex E).

Yes

Please provide overall Project/Program Risk Classification

Overall Project/Program Risk Classification

PIF	CEO Endorsement/Approval	MTR	TE
	Medium/Moderate		

E. OTHER REQUIREMENTS

Knowledge management

We confirm that an approach to Knowledge Management and Learning has been clearly described during Project Preparation in the Project Description and that these activities have been budgeted and an anticipated timeline for delivery of relevant outputs has been provided. This includes budget for linking with and participation in knowledge exchange activities organized through the coordination platform.

Yes

Socio-economic Benefits

We confirm that the child project design has considered socio-economic benefits to be delivered by the project and these have been clearly described in the Project Description and will be monitored and reported on during project implementation (at MTR and TER).

Through the new public and private climate change instruments and their measurement, biodiversity integration into the financing strategy, energy demand decarbonization policies, and capacity and awareness-raising activities, the project will deliver several socioeconomic benefits:

In economic Growth and Job Creation:

- Stimulates investment in green technologies and sustainable practices.
- Boosts innovation, productivity, and competitiveness.
- Creates jobs in renewable energy, energy efficiency, sustainable agriculture, and ecosystem restoration.

In enhanced Ecosystem Services and Resilience:

- Helps safeguard critical ecosystem services like clean water, fertile soil, and pollination.
- Helps protecting and restoring natural ecosystems, supporting economic activities such as agriculture, tourism, and fisheries.

In energy Security and Affordability:

- Reduces dependence on fossil fuels.
- Lowers energy costs for households and businesses.
- Creates jobs in renewable energy infrastructure.
- Improved Public Health:
- Reduces air pollution and its associated health risks.
- Lowers healthcare costs.

Social Inclusion and Empowerment:

- Fosters broader social acceptance and support for climate action.
- Enhances employability through green skills training.
- Improves livelihoods, particularly for women.

ANNEX A: FINANCING TABLES

GEF Financing Table

Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

GEF Agency	Trust Fund	Country / Regional / Global	Focal Area	Programming of Funds	Grant / Non-Grant	GEF Project Grant($)	Agency Fee($)	Total GEF Financing ($)

UNEP	GET	Chile	Climate Change	CC STAR Allocation: IPs	Grant	1,003,780.00	90,340.00	1,094,120.00
UNEP	GET	Chile	Climate Change	CC IP Matching Incentives	Grant	334,593.00	30,113.00	364,706.00
UNEP	GET	Chile	Biodiversity	BD STAR Allocation: IPs	Grant	2,070,861.00	186,378.00	2,257,239.00
UNEP	GET	Chile	Biodiversity	BD IP Matching Incentives	Grant	690,287.00	62,126.00	752,413.00
UNEP	GET	Chile	Land Degradation	LD STAR Allocation: IPs	Grant	542,584.00	48,832.00	591,416.00
UNEP	GET	Chile	Land Degradation	LD IP Matching Incentives	Grant	180,861.00	16,277.00	197,138.00
Total GEF Resources ($)						**4,822,966.00**	**434,066.00**	**5,257,032.00**

Project Preparation Grant (PPG)

Was a Project Preparation Grant requested? true

PPG Amount ($) 69999

PPG Agency Fee ($) 6300

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Programming of Funds	PPG($)	Agency Fee($)	Total PPG Funding($)
UNEP	GET	Chile	Climate Change	CC STAR Allocation: IPs	14,569.00	1,311.00	15,880.00

UNEP	GET	Chile	Climate Change	CC IP Matching Incentives	4,856.00	437.00	5,293.00
UNEP	GET	Chile	Biodiversity	BD STAR Allocation: IPs	30,056.00	2,705.00	32,761.00
UNEP	GET	Chile	Biodiversity	BD IP Matching Incentives	10,018.00	902.00	10,920.00
UNEP	GET	Chile	Land Degradation	LD STAR Allocation: IPs	7,875.00	709.00	8,584.00
UNEP	GET	Chile	Land Degradation	LD IP Matching Incentives	2,625.00	236.00	2,861.00
Total PPG Amount ($)					**69,999.00**	**6,300.00**	**76,299.00**

Please provide Justification

Sources of Funds for Country Star Allocation

GEF Agency	Trust Fund	Country/ Regional/ Global	Focal Area	Sources of Funds	Total($)
UNEP	GET	Chile	Climate Change	CC STAR Allocation	1,110,000.00
UNEP	GET	Chile	Biodiversity	BD STAR Allocation	2,290,000.00
UNEP	GET	Chile	Land Degradation	LD STAR Allocation	600,000.00
Total GEF Resources					**4,000,000.00**

Focal Area Elements

Programming Directions	Trust Fund	GEF Project Financing($)	Co-financing($)
Accelerator IP	GET	4,822,966.00	37149990
Total Project Cost		**4,822,966.00**	**37,149,990.00**

Confirmed Co-financing for the project, by name and type

Please include evidence for each co-financing source for this project in the tab of the portal

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
Recipient Country Government	Ministry of Environment	In-kind	Recurrent expenditures	99952
Recipient Country Government	Ministry of Environment	Equity	Investment mobilized	21000000
Recipient Country Government	Ministry of Energy	In-kind	Recurrent expenditures	820810
Recipient Country Government	Ministry of Energy	Equity	Investment mobilized	13492178
Recipient Country Government	Ministry of Energy	In-kind	Recurrent expenditures	1000000
Recipient Country Government	Ministry of Finance	Equity	Investment mobilized	399750
Recipient Country Government	Ministry of Finance	In-kind	Recurrent expenditures	37300
Private Sector	Fundacion Chile	In-kind	Recurrent expenditures	300000
Total Co-financing				**37,149,990.00**

Please describe the investment mobilized portion of the co-financing

The Ministry of Environment will provide investment mobilized co-financing through its heater replacement Programme, identified during PPG consultations. The Ministry of Energy will provide investment mobilized through its “Better School” and “Solar house” programmes, identified during PPG consultations.

ANNEX B: ENDORSEMENT

GEF Agency(ies) Certification

GEF Agency Coordinator	Date	Project Contact Person	Telephone	Email
Project Coordinator	9/3/2024	Asher Lessels	00556199152986	Asher.lessels@un.org

Record of Endorsement of GEF Operational Focal Point (s) on Behalf of the Government(s):

Please attach the Operational Focal Point endorsement letter(s) with this template.

Name of GEF OFP	Position	Ministry	Date (MM/DD/YYYY)
Miguel Stutzin	GEF Operational Focal Point	Ministry of Environment	4/6/2023

ANNEX C: PROJECT RESULTS FRAMEWORK

Please indicate the page number in the Project Document where the project results and M&E frameworks can be found. Please also paste below the Project Results Framework from the Agency document. For the Integrated Programs' global/regional coordination child project, please include the program-wide results framework, inclusive of results specific to the coordination child project. For any country child project, please ensure that relevant program level indicators are included.

Project Objective	Objective level Indicators	Baseline	Targets and Monitoring Milestones	Means of Verification	Assumptions & Risks	UNEP MTS reference Relevant Programme of Work (PoW) Outcomes	Relevant SDG target(s) and indicators
Lasting and significant changes to which the project is expected to contribute	*How contributions to the objective will be measured including quantity, quality, time*	*Initial - Baseline for Objective indicator(s)*	*End of project Target Mid-Point Target*	*How the information required to measure the indicator will be collected, when, and by whom*	*Assumptions and Risks that affect objective level*	*Insert the Outcome(s) and indicator(s) from the PoW to which this project directly contributes [1]*	*Insert relevant SDG target and indicator*
Objective: Chile adopts a Net Zero Nature Positive development pathway	*Indicator A: Mitigated greenhouse gas emissions (metric tons of CO2e)*	*Baseline A: 0*	*Mid-term target A: 0* *End target A (project execution end): 64(estimated considering*	*GHG emissions reduction estimation from the project Report*	*Risk: Lack of political support for energy demand decarbonization, climate change mitigation, nature*		

			3 electric boilers operating for at least 1 year) *Lifetime end target A (2050): 550,000 (total emissions during project lifetime)*		*regeneration, biodiversity protection or to key parties of the project leads to reduced support for the project and failure to adopt the strategies, policies, regulations, and financial mechanisms it proposes* *Project execution mitigation strategy: The project was co-designed with the Ministry of Finance, Environment Ministry and Energy Ministry, and additional time was invested to engage with newly identified stakeholders, who fully support the project. The three ministries are the national parties at the PSC, and the executing agency also participates in*		

					the PSC. Additionally, a participation and communication strategy was designed.
	Indicator B: Area of landscapes under improved practices (hectare)	*Baseline B: 0*	*Mid-term target B: 0* *End target B: 500*	*Huella Chile pilot implementation report*	*Risk: stakeholders do not understand or internalize the benefits of energy demand decarbonization or nature-positive production* *Project execution mitigation strategy: during project design, extensive consultations were made to assure stakeholder engagement, resulting in a specific project design that focuses on the viability aspects of energy demand decarbonization and nature positive production, which are expected to have a strong*	

					crowding-in effect		
	Indicator C: Number of gender-disaggregated beneficiaries from GEF	*Baseline C: 0*	*Mid-term target C: 100* *End target C: 960 (480 men, 480 women)*	*PIRs*	*Risk: stakeholders do not understand or internalize the benefits of energy demand decarbonization* *Project execution mitigation strategy: during project design, extensive consultations were made to assure stakeholder engagement, resulting in a specific project design that focuses on the viability aspects of energy demand decarbonization, which are expected to have a strong crowding-in effect of the benefits from energy demand decarbonization technologies*		

Project Outcomes	Outcome Indicators	Baseline	Targets and Monitoring Milestones	Means of Verification	Assumptions & Risks	Relevant PoW Outcome(s) and indicator(s)[1]	Relevant SDG target(s) and indicators
Capacity or behavioral changes to which the project is expected to contribute	*How the outcome will be measured including quantity, quality, time*	*Initial Baseline for Outcome Indicator(s)*	*End of project Target* *Mid-Point Target*	*How the information required to measure the indicator will be collected, when, and by whom*	*Assumptions and Risks that affect processes by which outcomes contribute to objectives*	*Insert relevant PoW Outcome(s) and indicator(s)*	*Insert relevant SDG target and indicator*
Outcome 1: National and regional governments in Chile, along with the private sector, adopt a Net Zero Nature Positive development path	*Indicator 1.1: Number national revised NZNP plans or cross-sectorial strategies that include nature positive elements*	*Baseline 1.1: 0* *(There is no verified coherence between Climate Change instruments* *LTS 2.0 is not yet delivered nor measured by the CC information system* *The current voluntary certification scheme does not consider net zero and the impacts on nature*	*Mid-term target 1.1: 1* *(An evaluation of coherence and alignment of climate change instruments is available)* *End target 1.1: 3* *(1. Methodology for coherence between Climate Change instruments is adopted by the Environment Ministry* *2. LTS 2.0 is implemented and information*	*Three-tier strategy adopted by Ministry of Environment (availability of the strategy on the Ministry of Environment's website).*	*Risk: The ministries have difficulties internalizing the project's developments and proposals.* *Project execution mitigation strategy: A project technical committee was included in the project's design, allowing for ministry-appointed technical staff to review deliverables drafts and requirements, assuring*		

		form economic activity)	*is measured in Chile's climate change information system* *3. New thermal regulatory package)*		*alignment with current*		
	Indicator 1.2: Number of revised financial instruments aligned with NZNP targets and goals	*Baseline 1.2: 0* *(The biodiversity strategy does not have its financing requirements measured nor met)*	*Mid-term target 1.2: 0* *(The biodiversity strategy has its financing requirements measured)* *End target 1.2: 1* *(The biodiversity strategy has its financing integrated into a NZNP financing strategy)*	*NZNP financing strategy published to Ministry of Finance's website*	*Risk: The ministries have difficulties internalizing the project's developments and proposals.* *Project execution mitigation strategy: A project technical committee was included in the project's design, allowing for ministry-appointed technical staff to review deliverables drafts and requirements, assuring alignment with current*		
Outcome 2: The National Governme	*Indicator 2.1: Number of new sectorial policies on*	*Baseline 2.1: 0*	*Mid-term target 2.1: 0*	*Ministry of Energy public decree*	*Risk: The ministries have difficulties*		

nt adopts a roadmap to decarboni ze energy demand to significant ly advance the energy sector's contributi on to the economy-wide net zero mandate	*energy demand decarbonizat ion submitted for adoption*		*(Report: energy demand decarbonizati on definition, technology and practices substitution identification, public policy proposals for energy demand decarbonizati on)* *End target 2.1: 1* *The Ministry of Energy signs a decree adopting the roadmap*	*record, published on its website*	*internalizing the project's development s and proposals.* *Project execution mitigation strategy: A project technical committee was included in the project's design, allowing for ministry-appointed technical staff to review deliverables drafts and requirements , assuring alignment with current*		
Outcome 3: Public and private stakehold ers demonstr ate increased gender-responsive knowledg e of net zero solutions	*Indicator 3.1: Number of practitioner women that use the knowledge acquired from trainings or materials from capacity building activities*	*Baseline 3.1:0*	*Mid-term target 3.1: 50* *End target 3.1: 100*	*PIR*	*Risk: stakeholders do not understand or internalize the benefits of energy demand decarbonizati on* *Project execution mitigation strategy: during project design, extensive*		

					consultations were made to assure stakeholder engagement, resulting in a specific project design that focuses on the viability aspects of energy demand decarbonization, which are expected to have a strong crowding-in effect of the benefits from energy demand decarbonization technologies		
	Indicator 4.1: Number of high level for a that discuss the integration of climate and nature agendas	*Baseline 4.1: 0*	*Mid-term target: 0* *End target: 4*	*PIR*	*Risk: energy demand decarbonization technologies do not work or perform as expected in Chile* *Project mitigation strategy: the project includes strong technical support in component 2 to secure technological energy*		

					demand decarbonization pathways that are aligned with the resources and capacities available or viable in the country. The pilots include strong technical support from the project to assure good performance		

Project Outputs	Output Indicators	Baseline	Targets and Monitoring Milestones	Means of Verification	Assumptions & Risks	Relevant PoW Direct Outcome(s)	Relevant SDG target(s) and indicators
Tangible products or services delivered by the project	*How the outputs will be measured including quantity quality, time*	*Initial Baseline for Output Indicator(s)*	*End of project Target Mid-Point Target*	*How the information required to measure the indicator will be collected, when, and by whom*	*Assumptions and Risks that affect processes by which outputs contribute to outcomes*	*Insert relevant PoW Direct Outcome(s)*	*Insert relevant SDG target and indicator*
1.1 The Environment Ministry has access to a methodology, principles, and recommendations to increase the ambition of future Regional and Sectoral Plans towards the LTS 2.0, to	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project target: 100%*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder Engagement risk*		

align and improve the coherence of the country's Climate Change instruments considering the integration of net zero and nature.							
1.2 The Environment Ministry has access to a strengthened climate change information system to follow up on improved regional and sectoral plans towards the LTS 2.0	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project target: 100%*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder Engagement risk*		
1.3 Huella Chile (Environment Ministry) has access to a revised voluntary certification tool for public and private organizations to create a net zero nature positive footprint certification.	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project target: 100%*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder Engagement risk*		
1.4 The Ministry of Finance integrates biodiversity, circular economy and just socio-ecological transition components into its LTS Financial	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder*		

Strategy, developing a Net Zero Nature Positive financial strategy.			*target: 100%*		*Engagement risk*
2.1.A public-private partnership is established to guide the decarbonization of energy demand in a nature-positive way.	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project target: 100%*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder Engagement risk*
2.2. The Ministry of Energy, together with the private sector, has access to a roadmap for the decarbonization of energy demand, taking into account regional and local specificities.	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project target: 100%*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder Engagement risk*
2.3 A pipeline of pre-feasible investment projects for the decarbonization of energy demand, according to the investments identified in the roadmap (output 2.2), is shared with financial institutions (FIs), including Banco	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project target: 100%*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder Engagement risk*

Estado, and development finance institutions (DFIs), for scaling energy demand decarbonization.							
2.4 The Ministry of Energy has access to a new package of regulations and guidelines to ensure the performance and economic viability of energy demand decarbonization technologies and processes	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project target: 100%*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder Engagement risk*		
3.1 Key actors are motivated to promote decarbonization of energy demand through the implementation of a strategy of participation, communication, just transition, and cultural change.	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project target: 100%*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder Engagement risk*		
3.2 Key actors have capacities to decarbonize energy demand through the implementation of gender-transforming capacity building	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project target: 100%*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder*		

					Engagement risk		
3.3 Participatory pilots in the industrial and commerce sectors demonstrate the technical, social, environmental and economic feasibility of energy demand decarbonization solutions for local, regional and national stakeholders	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project target: 100%*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder Engagement risk*		
4.1. Project is effectively monitored and evaluated	*% of completed to total deliverables in the output measured at a given point in time*	*0%*	*Mid-point target: as per progress indicated in the workplan* *End of project target: 100%*	*Completed deliverables will be stored in a cloud filing system according to C5*	*Risks in section B.6 affecting execution of activities (Climate risk, Environment, Political and Social risks), and Stakeholder Engagement risk*		

[1] When a project is relevant to more than one PoW outcome indicator, provide outcomes and outputs for each indicator in order to enable budget details per output and PoW Outcome.

[1] For projects with more than one relevant PoW outcome indicator, there should be at least one outcome indicator for each of the relevant PoW outcome indicators.

ANNEX D: STATUS OF UTILIZATION OF PROJECT PREPARATION GRANT (PPG)

Provide detailed funding amount of the PPG activities financing status in the table below:

Project Preparation Activities	GETF/LDCF/SCCF Amount ($)

Implemented	Budgeted Amount	Amount Spent To date	Amount Committed
Consultancy on climate finance	10,000.00	8,000.00	2,000.00
Stakeholder consultation workshops	25,179.00	20,901.00	0.00
Nature positive consultant	7,070.00	0.00	7,070.00
GEF project stakeholder facilitator	15,150.00	15,150.00	0.00
GEF Project Developer	25,250.00	25,250.00	0.00
Total	**82,649.00**	**69,301.00**	**9,070.00**

ANNEX E: PROJECT MAP AND COORDINATES

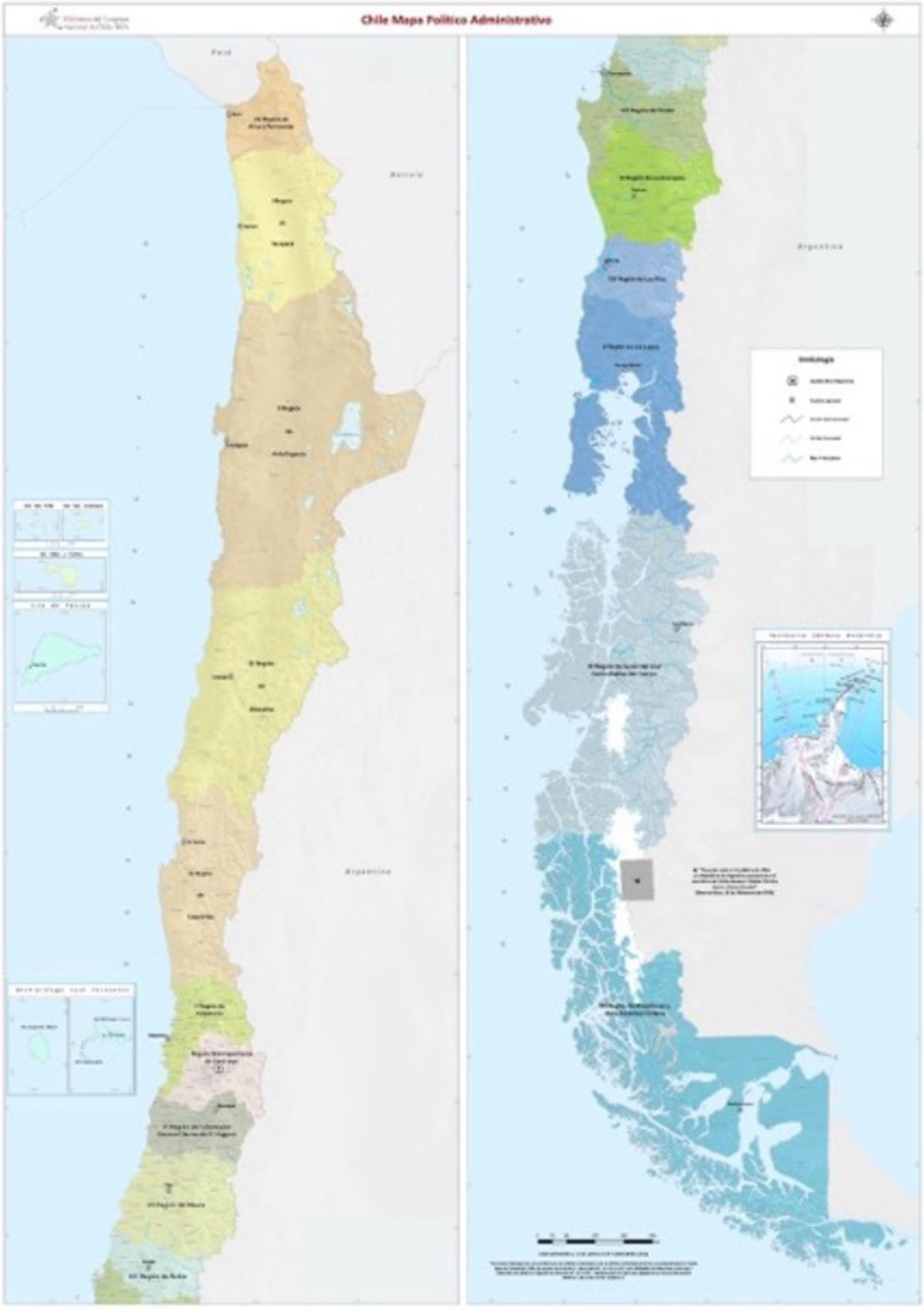
Please provide geo-referenced information and map where the project interventions will take place

Location Name	Latitude	Longitude	GeoName ID
Chile	-30	-71	3,895,114

Location Description:

Activity Description:

Please provide any further geo-referenced information and map where project interventions are taking place as appropriate.


Chile Mapa Político Administrativo
Perú
Bolivia
Argentina
Argentina

ANNEX F: ENVIRONMENTAL AND SOCIAL SAFEGUARDS DOCUMENTS INCLUDING RATING

Attach agency safeguard datasheet/assessment report(s), including ratings of risk types and overall project/program risk classification as well as any management plans or measures to address identified risks and impacts (as applicable).

Title
SRIF signed

ANNEX G: BUDGET TABLE

Please upload the budget table here.

GEF budget category & detailed description	Outcome 1	Outcome 2	Outcome 3	Subtotal	M&E	PMC	Total	Responsible entity
02. Goods						**$6.000**	**$6.000**	
Laptops						$6.000	$6.000	FCh
04. Grants/Subgrants		**$400.000**	**$343.704**	**$743.704**			**$743.704**	
Energy demand decarbonization roadmap and guides development		$250.000		$250.000			$250.000	FCh
Energy Efficiency Plan Evaluation and proposals for improvement		$150.000		$150.000			$150.000	FCh
Website of the project			$5.000	$5.000			$5.000	FCh
Awareness-raising campaign			$155.000	$155.000			$155.000	FCh
Energy demand decarbonization trade shows			$100.000	$100.000			$100.000	FCh

Leadership program for women in the energy sector			$ 60.000	$ 60.000			$ 60.000	FCh
Pilot energy demand decarbonization challenge design			$ 23.704	$ 23.704			$ 23.704	FCh
06. Sub-contract to executing partner/entity	**$102.256**	**$102.256**	**$167.960**	**$372.472**		**$103.845**	**$476.317**	
Technical supervision Fundación Chile executing agency support (procurement plans & packages, consultant management, stakeholder consultations)	$102.256	$102.256	$167.960	$372.472		$103.845	$103.845	FCh
07. Contractual services (company)	**$525.625**	**$744.897**	**$905.200**	**$ 2.175.722**	**$100.000**		**$ 2.275.722**	
Consultancy firm for: Diagnosis of coherence between climate change instruments, Methodology for aligning and improving coordination between Climate Change instruments	$188.567			$188.567			$188.567	FCh
Evaluation of climate change current data platform. Regional and sectorial plans data system proposal	$120.000			$120.000			$120.000	FCh
New Huella Chile voluntary certification system proposal	$ 90.000			$ 90.000			$ 90.000	FCh
Consultancy firm for NZNP	$127.058			$127.058			$127.058	FCh

financing strategy and NZNP impact and exposure guide for firms					
Survey, analysis and report of energy end-uses in the residential, industrial, commercial and service sectors	$400.000		$400.000	$400.000	FCh
Consultancy firm for Energy demand decarbonization diagnosis, best practices, and policy recommendations	$100.000		$100.000	$100.000	FCh
Net Zero Budlings labelling tool development consultancy		$ 50.000	$ 50.000	$ 50.000	FCh
Consultancy firm for financing the scaling of energy demand decarbonization	$ 97.397		$ 97.397	$ 97.397	FCh
International thermal system standards purchase	$ 27.500		$ 27.500	$ 27.500	FCh
A report on best practices for thermal systems regulation and legislation and					
Training in thermal regulations for women	$ 50.000	$ 80.000	$130.000	$130.000	FCh
Legal firm for thermal systems regulatory proposal	$ 70.000		$ 70.000	$ 70.000	FCh
Consumer awareness-raising apps improvement		$ 30.000	$ 30.000	$ 30.000	FCh

Mid-term review					$ 30.000		$ 30.000	UNEP
Terminal review					$ 30.000		$ 30.000	UNEP
Annual financial audits					$ 40.000,00		$ 40.000,00	FCh
Pilot detailed design engeneering, legal, operational and administrative consulting, plan, build and operate			$745.200,00	$745.200,00			$745.200,00	FCh
08. Contractual services (individuals)	**$138.000,00**	**$ 30.000,00**	**$115.417,00**	**$283.417,00**			**$283.417,00**	
Long Term Strategy 2.0 implementation assistant	$ 48.000,00			$ 48.000,00			$ 48.000,00	FCh
Huella Chile improved certification program implementation assistant	$ 90.000,00			$ 90.000,00			$ 90.000,00	FCh
Pilot design assistant thermal systems advisor			$ 90.000,00	$ 90.000,00			$ 90.000,00	FCh
Participation, gender and inclusion officer		$ 30.000,00	$ 25.417,00	$ 55.417,00			$ 55.417,00	FCh
11. Salary and benefits/Staff Costs	**$281.079,00**	**$207.481,00**	**$144.434,43**	**$632.994,43**	**$115.512,00**	**$ 63.100,00**	**$811.606,43**	
Chief Technical Advisor	$ 54.137,00	$ 54.137,00	$105.113,00	$213.387,00	$ 26.712,00	$4.900,00	$244.999,00	FCh
Climate change policy specialist	$158.475,00			$158.475,00			$158.475,00	Fch
Economics Specialist	$ 68.467,00	$ 13.667,00		$ 82.134,00			$ 82.134,00	FCh
Enegy demand decarbonization specialist		$139.677,00	$ 39.321,43	$178.998,43			$178.998,43	FCh
Project administrative assistant					$ 88.800,00	$ 58.200,00	$147.000,00	FCh
12. Training, Workshops, Meetings	**$ 20.000,00**	**$ 20.000,00**	**$ 20.000,00**	**$ 60.000,00**			**$ 60.000,00**	
NZNP Workshop	$ 20.000,00	$ 20.000,00		$ 40.000,00			$ 40.000,00	FCh

Gender-gaps in energy sector awareness-raising workshops			$ 20.000,00	$ 20.000,00			$ 20.000,00	FCh
Grand Total	**$ 1.116.960**	**$ 1.609.634**	**$ 1.696.715**	**$ 4.423.310**	**$225.512**	**$174.145**	**$ 4.822.966**	

Please explain any aspects of the budget as needed here

ANNEX I: RESPONSES TO PROJECT REVIEWS

From GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF.

Response to GEF Sec Project PIF/PFD Reviews

(This applicable to projects which had PIF/PFD GEF Sec review comments requiring to be addressed at the CEO Endorsement/ Approval development stage.)
Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval stage.

The following comments and responses apply mostly to the NZNP Global Platform and its partners and extend in some cases to the country child projects. Attending to these comments therefore relies on alignment and coordination between the Global Platform and individual country child projects, during both the project preparation and implementation phases.

GEF Secretariat's Comments at PIF stage	Agency's Response Comments
On the MDB coordination mechanism: While the objectives and the functions outlined are appropriate, the governance and functioning modalities of the platform/mechanism will have to be further detailed at CEO ER stage. To this end, it is important to ensure that the organization and convening responsibilities of the working group(s) be assigned based on criteria including: (i) Recognized thought leadership on the topics being covered, (ii) Willingness and ability of the convening organization to engage at an appropriate level of	The MDB Coordination Group is already being incubated / facilitated by ADB, with co-facilitation from CAF, and technical support from UNEP and CPI. The Group was first established at the margins of the 7thGEF Assembly (August 2023), and has since organized two more meetings, the most recent at the 66th GEF Council Meeting (February 2024). In this time, members of the Group have begun to develop Terms of Reference to guide its work under the NZNP IP. Once the NZNP Programme is operational, the Group will finalize these Terms of Reference, and establish rules of procedures and a 5-year workplan, as deliverables under Output 2.2.

organizational seniority and expertise (e.g. at the Heads of Nature or Climate Division Chief/Lead Officer level); (iii) Ability to lead by example, for instance by having already adjusted internal structures to bring together nature and climate topics; and (iv) Ability and willingness to put in practice the outcomes, tools, guidance stemming from the work of the NZNP MDB coordination platform and to apply those to a subset of the institution's lending and TA operations. These elements are considered necessary to ensure that the MDB coordination mechanism will be successful, and that participating MDBs/IFIs will be incentivized and motivated to actively participate and contribute. The ability of the convening MDB(s) to lead by example is key for the group to produce results. The proposed leadership arrangements and governance for the mechanism will therefore have to be further assessed and fleshed out during PPG stage, including, for instance, through a design workshop or consultation between interested MDBs. These arrangements will be further assessed and verified by the GEF SEC at the time of the submission of the CEO ER, as a condition for technical clearance.	ADB has the necessary thought leadership and commitment to continue leading the MDB Coordination Group and to motivate its members to fully engage in NZNP work streams and test the tools and guidance produced by the NZNP Global Platform. ADB is well poised to lead by example in integrating climate and nature, as it is already playing a leadership role in Asia and the Pacific promoting low-carbon, clean energy pathways as well as new approaches to nature-positive investments. ADB President, Masatsugu Asakawa, stated at the launch of ADB's Nature Solutions Finance Hub at COP28 that *"[n]ature is a critical carbon sink with forest and land ecosystems as well as oceans absorbing around 55% of carbon dioxide emissions. It is vital to protect nature in our battle against climate change"*. Through this Hub, ADB has committed to mobilise at least USD 2 billion, and deliver climate financing of up to USD 100 billion from its own resources, for 2030. ADB also has a Nature-Positive Investment Roadmap which sets a clear direction to mainstream nature into its operations, and runs a Catalytic Green Finance Facility, which supports governments in Southeast Asia to prepare and finance infrastructure projects that promote environmental sustainability and contribute to climate change goals. CAF is similarly committed to promoting knowledge exchange and learning across financial institutions, for more socially inclusive, gender responsive and nature-positive climate and development action. In a plan to become the green bank of LAC, it aims to promote green growth through greater positioning and financing of green and blue projects in key economic sectors. CAF's goals include moving from 24% annual share of green operations in the portfolio in 2020 to 40% in 2026. As announced at COP26, this means that, in the next five years, CAF is looking to mobilise USD 25 billion for green growth. In addition, ADB is also a member of the MDB Paris Alignment Working Group, which has been collaborating since 2017 to ensure alignment of their operations with the Paris Agreement, and recently expanded its scope to include nature through a Joint MDB Working Group on Nature. As described in the project's baseline (section A.2), this group comprises ten MDBs, of which five are GEF Agencies and also members of the MDB Coordination Group: the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank Group (IADB) and the

	World Bank Group (WBG). There is therefore potential for cross-fertilization and learning across groups through these GEF Agencies, with ADB well poised to take the lead. Both NZNP IP co-leads are well poised to promote wider MDB coordination, initially involving GEF Agencies that are DBs/MDBs, with a view to expanding across other DBs/MDBs, IFIs, national development banks and others, as time and additional resources permit. The initially proposed participants include ADB (Coordinator), AfDB, BOAD, CAF (Co-Coordinator), DBSA, EBRD, IADB, IFAD, and WBG. Although ADB will play a coordination role, the governance will be horizontal to enable equal participation across peer organizations, taking into account gender balance. ADB aims to engage a Technical Coordinator to facilitate interactions and act as an informal secretariat. As per its draft Terms of Reference, the MDB Coordination Group will involve close collaboration with: a) Climate Change working groups, notably Senior Climate Advisors group, b) MDBs for Nature / Heads of Nature WGs, c) ministries of finance, economy, environment etc. in respective client countries, and d) various 'think tanks' and similar organizations working in climate and nature finance. Finally, to attend to the comment received, the following text has been added to the NZNP Global Platform project, in its description of the MDB Coordination Group (Output 2.ii section B.3): *This coordination structure will aim to:* 1. *Promote thought leadership across financial institutions on various topics related to integrating climate and nature;* 2. *Engage participating MDB and DFI at relevant leadership levels (e.g. at the Heads of Nature or Climate Division Chief/Lead Officer level);* 3. *Inform on institutional structural modifications or innovations which can bring climate and nature agendas closer;* 4. *Motivate participating MDB and DFI to put into practice the recommendations, tools and guidance stemming from the group, the NZNP Global Platforms, and others as relevant;* 5. *Serve as a knowledge sharing and learning platform on good practice in NZNP integration; and* 6. *Incentivize the adoption of transparent science-based targets and quality metrics for*

	monitoring, tracking, and reporting on NZNP investments.

Responses to GEF Council and STAP Comments

GEF Council and STAP Comments	Agency's Response Comments
Canada comments	
Recommend including a new indicator that shows the net impact of the Programs in halting and reversing ecosystem loss, in particular deforestation, in particular for the Amazon, Congo, and Critical Forest Biome Integrated Program and the Net-Zero Nature-Positive Accelerator Program.	The inclusion of new indicators for the NZNP IP are welcome once identified and requested by the GEF. The teams for the Global Platform project and country child projects will be attentive to any requests coming from the GEF Secretariat in relation to the inclusion of new indicators in the IP.
The current core indicators can show only the positive impacts of the Programs (e.g. CI3, CI4, CI5 ad CI6) but fail to consider any negative change such as deforestation leakage (I.e. improved protection/conservation in one area leading to more deforestation in other or new areas), which may be directly or indirectly related to policy reforms, a whole-of-government strategy, integrated approaches or others that the GEF Programs try to achieve.	Please see response above. In guidance provided to country child projects, the NZNP Global Platform will be sure to underscore the need to consider the potentially negative impacts of policy reforms and a whole-of-government approach when developing NZNP strategies. The Global Platform's support to countries with modelling will allow decision makers to examine trade-offs when developing strategies or reforming policies that promote sustainable practices and enhance resilience. This should increasingly foster decisions that do not favor certain environmental assets at the expense of others.
GEF should consider including a new core indicator for the two Programs, or at least a project level-indicator for the projects that aim to halt and reverse deforestation: • a net change in forest area (considering both forest gain and loss) in the target landscapes, or • a change in area affected by deforestation in the target landscapes	As above, the inclusion of new indicators for the NZNP IP are welcome once identified and requested by the GEF. The teams for the Global Platform project and country child projects will be attentive to any requests coming from the GEF Secretariat in relation to the inclusion of new indicators in the IP.
Germany comments	
Germany welcomes the high amount of co-financing generated from a great variety of sources, both public and private. However, we would like to better understand which firewalls and safeguards are in place to prevent influence and greenwashing of fossil fuel companies providing co-financing for the Integrated Programme, including Shell, BP, and the Nigerian National Petroleum Company. What measures are taken in terms of avoiding reputational risks for the GEF?	The Global Platform team has been and will continue reviewing the Country Child projects CEO ER documents before their submission, including their co-finance commitments. This review process helps to ensure that the mentioned risks are identified and taken into consideration at the design stage, and that adequate mitigation measures are included. Guidance for countries on risk management, including reputational risks stemming from private sector engagement, is also one of the early deliverables of the Global Platform project (Deliverable 4.1.8) that aims to assist countries to conduct balanced and transparent NZNP planning and

	alignment processes. This Deliverable now specifically mentions reputational risk in relation with the private sector.
The IP's Monitoring and Evaluation scheme plans for an independent Terminal Evaluation undertaken by UNEP Evaluation Office. We urge UNEP strongly to ensure a truly independent and impartial evaluation by an external stakeholder.	The Terminal Evaluation of the IP will be undertaken by the UNEP's independent Evaluation Office, following strict UNEP policies, and aligned with the GEF Evaluation Policy to ensure independent and impartial evaluation. The Global Platform project refers to this in its section B.3 and Annex J.
Germany recognises the need for increased Multilateral Development Bank (MDB) coordination and recommends making use of existing formats such as the MDB Paris Alignment Working Group. Furthermore, there are many related ongoing initiatives of the respective public counterparts and other donors (beyond MDBs). It is essential that the program aligns and coordinates thoroughly with these initiatives.	Under ADB's lead and with support from CAF in the Global Platform project, the MDB Coordination Group will take due consideration of existing formats and groups tackling similar issues, including the MDB Paris Alignment Working Group that ADB is a part of. Within the project baseline, the Global Platform project has identified a number of related ongoing initiatives, driven by financial institutions and their networks, that have potential for alignment, coordination, and complementarity with the NZNP global platform (see section A.2 Baseline). Two key allies in the integration of climate and nature financing are the Network for Greening the Financial System (NGFS) and the MDB Paris Alignment Working Group. The NZNP Global Platform recognises that the trajectory and experience of the MDB Paris Alignment Working Group can be of tremendous value to other MDBs who are less advanced in their NZNP pathways. There is potential for cross-pollination and learning through this initiative, given that ADB and four other GEF Agencies take part in this group whilst also being members of the MCDB Coordination Group. Furthermore, as per its draft ToR, the MDB Coordination Group will involve close collaboration with: a) Climate Change working groups, notably Senior Climate Advisors group, b) MDBs for Nature / Heads of Nature WGs, c) ministries of finance, economy, environment etc. in respective client countries, and d) various 'think tanks' and similar organizations working in climate and nature finance.
Germany would welcome a more detailed indication on how the GHG emission reductions are calculated.	A GHG reduction estimation methodology has been prepared and shared with Child Project countries for guidance in order to ensure alignment across the IP. Each Country Child Project will include the elaboration of the GHG emission reduction calculations in their respective CEO ER documents once submitted.
Germany emphasises that political risks, including government change, should not be underestimated and suitable containment	The Global Platform considers such risks in the Country Child Projects and its effects on the work of the Global Platform; each country will need to examine these risks

strategies should be put in place, such as intensified cooperation with national and local civil society stakeholders.	carefully. The Global Platform project contemplates this risk in its risk assessment (section B.6) and includes adequate mitigation measures. As such, these risks will be tracked alongside other identified risks as part of M&E. Adaptive management strategies that can buffer these risks include regular coordination with other GEF Implementing Agencies and identification and promotion of co-leadership roles across Ministries, to help pre-empt or mitigate government changes.
Switzerland comments	
The knowledge products of the IP (and the child projects) should be shared and made accessible with as many stakeholders as possible including youth and women.	All the knowledge products produced and collected across the IP (including all Child Projects) will be gathered and curated within the Global Platform knowledge repository and made accessible to all. Special consideration will be given to gender-responsive aspects and the desired target audience when developing the knowledge products. Furthermore, as per the Global Platform's Gender Action Plan (see Annex K), action will be taken to ensure gender inclusivity. In the IP Programme Steering Committee, a representative of a youth concerned CSO will be invited for participation. On the level of the both the Global Platform and the Country Child Projects, in-depth stakeholder consultations will be undertaken when developing the knowledge products (for the Global Platform project, this is fleshed out in the Stakeholder Engagement Plan, Annex L).
The expected deliverables/output such as policy tools, guidelines, roadmaps, pathways, workshops, webinars, training, feasibility studies, pilots, and peer learning – these are good to have, but can be overwhelming and used little in the end. Thus, it is important to produce fewer, selected, targeted and tailor-made deliverables/outputs tends to be more impactful and sustainable.	During the PPG phase, the Global Platform team has undertaken thorough consultations with the Country Child Projects to ensure the Global Platform's offer is tailored to the Country Child Projects' needs. In the Global Platform project, this is explained in Annex L on the stakeholder engagement during project preparation. Further tailoring of such tools and events will be made on the basis of the Country Child Project needs assessments, which the Global Platform project will reinforce annually (Y1-Y3) through surveys with the Country Child Projects in order to ensure they are as targeted as possible with the most impactful and sustainable outcomes. The supporting goods and services on offer from the Global Platform will be continually reviewed, in order to prioritize, based on adaptive management principles, those deliverables that produce the best results.
To coordinate all the different stakeholders, source of (co)financing etc of the IP and child projects in an efficient and effective way will	Coordination and reporting across the IP and the Country Child Projects will be done through the Global Platform using several methods and channels. Annual Reports for

be challenging. It will be important to use resources to this end judiciously, transparently, and accountably.	Programme-level M&E will be a key mechanism that will include an anotated reporting framework to guide countries and yearly needs assessments (Y1-Y3) to inform Global Platform and NZNP IP delivery. Reporting across the IP will also include the regular reporting the countries will be undertaking towards the GEF (including reporting against the indicators aligned with the NZNP IP) and any additional ad hoc reporting as needed. Lastly, a communication protocol has been developed and agreed between the Global Platform and the Country Child Projects to ensure a regular, transparent, and accountable two-way communication (please see section B.4).
United Kingdom comments	
Aware of a lot of programmes now developing and implementing country plans for countries to meet the GBF targets – greatly encourage coordination between these to ensure synergies between their delivery: especially the GEF funded NBSAP umbrella programmes, and the Biodiversity Finance Plan umbrella programme delivered with UNEP and UNDP and others like the NBSAP Accelerator.	The Global Platform will be establishing a work stream on nature positive (Component 1), which aims to gather all relevant stakeholders, including the UNCBD representatives, to ensure that all existing and ongoing efforts and initiatives, especially in relation to GBF targets, are taken into account when providing guidance and support to the Country Child Projects. On the finance aspects, through the work of the MDB Coordination Group, CPI and UNEP FI, the Global Platform will ensure alignment with other similar initiatives (Component 2), especially those linked to UNEP and joint UNEP-UNDP umbrella programmes. In addition, through the planned outreach of the Global Platform in its Component 3, extensive coordination and consultation with the relevant stakeholders will be undertaken on regular basis (please Global Platform's Stakeholder Engagement Plan, Annex L). The relevance of the country child projects and the Global Platform's knowledge products for the NBSAP and NDC revision, target-setting and reporting processes ongoing in countries, will be highlighted as part of the Global Platform's Output 3.2, in order to encourage countries to consider NZNP efforts as part of UNFCCC and CBD–GBF implementation.
Recognise that the proposal is challenging, especially around long-term policy coherence – would be good to see a long term evaluation and learning plan to build understanding of what works and impacts beyond the lifespan of the project.	The Global Platform team understands the limitations of a 6-year donor-bound project and so focuses its efforts on identifying and providing learning avenues and enabling conditions for the Country Child Projects. The expectation is to gather lessons learnt continually, and to carry out needs assessments from early on, in order to gauge how the Global Platform and the child projects are reducing capacity gaps relating to NZNP. It is also to enable participating countries to apply tailored recommendations, good practices and lessons learned beyond the project duration, and to continue measuring

	progress based on agreed metrics, thus ensuring not only long-term impacts but also their monitoring.