

# Supporting the shift to a low-emission, circular construction in Chile

Review PIF and Make a recommendation

## Basic project information

**GEF ID**

11071

**Countries**

Chile

**Project Name**

Supporting the shift to a low-emission, circular construction in Chile

**Agencies**

UNEP

**Date received by PM**

4/5/2023

**Review completed by PM**

4/18/2023

**Program Manager**

Esteban Bermudez Forn

**Focal Area**

Climate Change

**Project Type**

## GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET

### 1. General Project Information / Eligibility

a) Does the project meet the criteria for eligibility for GEF funding?

b) Is the General Project Information table correctly populated?

#### Secretariat's Comments

EBF 5/8/2023: The LoE and the General Project Information table in the PIF indicate the Ministry of Environment as the Executing partner. Cleared.

EBF 4/24/2023: The General Project Information table has two Executing Partners (Ministry of Environment and Fundacion Chile), but only one (Ministry of Environment) is endorsed by the OFP in the letter endorsement letter. Please, either submit a new LoE including Fundacion Chile or remove Fundacion Chile from Portal (it can be included later during the preparation).

#### General Project information table:

<b>Project Title:</b>	Supporting the shift to a low-emission, circular construction in Chile		
<b>Region:</b>	Chile	<b>GEF Project ID:</b>	11071
<b>Country(ies):</b>	Chile	<b>Type of Project:</b>	FSP
<b>GEF Agency(ies):</b>	UNEP	<b>GEF Agency ID:</b>	N/A
<b>Executing Partner:</b>	Ministry of Environment	<b>Executing Partner Type:</b>	Government
	Fundación Chile		CSO

Letter of endorsement:

Subject: Endorsement for “Supporting the shift to a low-emission, circular construction in Chile.”

In my capacity as GEF Operational Focal Point for Chile, I confirm that the above project proposal (a) is in accordance with my government’s national priorities and our commitment to the relevant global environmental conventions; and (b) was discussed with relevant stakeholders, including the global environmental convention focal points.

I am pleased to endorse the preparation of the above project proposal with the support of the GEF Agency listed below. If approved, the preparation of the proposal will be supported by and the project executed by the **Ministry of the Environment**. I request the GEF Agency to provide a copy of the project document before it is submitted to the GEF Secretariat for CEO endorsement / approval.

Agency's Comments

4 May 2023:

Done.

## 2. Project Summary

**Does the project summary concisely describe the problem to be addressed, the project objective and the strategies to deliver the GEBs or adaptation benefits and other key expected results?**

Secretariat's Comments EBF 4/24/2023: Yes, the project summary concisely describes the problems to be addressed, the project objective and the strategies to deliver the GEBs. Cleared.

Agency's Comments

## 3 Indicative Project Overview

**3.1 a) Is the project objective presented as a concise statement and clear?**

**b) Are the components, outcomes and outputs sound, appropriate and sufficiently clear to achieve the project objective and the core indicators per the stated Theory of Change?**

Secretariat's Comments EBF 4/24/2023: Yes. Cleared.

Agency's Comments

**3.2 Are gender dimensions, knowledge management, and monitoring and evaluation included within the project components and appropriately funded?**

Secretariat's Comments EBF 4/24/2023: Yes, gender dimensions are addressed in Component 1 and 4, knowledge management in Component 4, and M&E in Component 5. Cleared.

## Agency's Comments

**3.3 a) Are the components adequately funded?**

**b) Are the GEF Project Financing and Co-Financing contributions to PMC proportional?**

**c) Is the PMC equal to or below 5% of the total GEF grant for FSPs or 10% for MSPs? If the requested PMC is above the caps, has an exception (e.g. for regional projects) been sufficiently substantiated?**

## Secretariat's Comments

EBF 5/8/2023: Cleared.

EBF 4/24/2023: The GEF Project Financing and the Co-financing contributions for PMC correspond to 5.00% and 4.57% of the total GEF grant and total co-financing contributions respectively. If possible, please adjust the co-financing contribution to the PMC so that it is proportional to the GEF project financing contribution.

## Agency's Comments

4 May 2023:

The allocation of co-finance has been revised to match exactly the PMC proportion of GEF funds.

## 4 Project Outline

### A. Project Rationale

#### 4.1 SITUATION ANALYSIS

**a) is the current situation (including global environmental problems, key contextual drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective?**

**b) Are the key barriers and enablers identified?**

Secretariat's Comments EBF 4/24/2023: Yes, the current situation is clearly and adequately described and includes key barriers and drivers.

## Agency's Comments

### 4.2 JUSTIFICATION FOR PROJECT

**a) Is there an indication of why the project approach has been selected over other potential options?**

**b) Does it ensure resilience to future changes in the drivers?**

**c) Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences in the country/region?**

**d) are the relevant stakeholders and their roles adequately described?**

### Secretariat's Comments

EBF 5/8/2023:

1. Cleared.
2. Cleared

EBF 4/24/2023: Please address the following comments:

1. Please explain how the project will ensure resilience to future changes in the drivers.
2. The project lists stakeholders consulted during PIF development. It also states that Civil society has been consulted. Please clarify which civil society organizations have been consulted and also further elaborate on efforts to develop a Stakeholder Engagement Plan prior to CEO Endorsement.

### Agency's Comments

4 May 2023

1. The revised PIF includes a discussion on resilience of the project's outcomes to the system drivers (project description section, 'overview' sub-section).
2. Civil society organizations consulted during the PIF stage have been included in Table 2 of the PIF (see 'stakeholder engagement' subsection). These are Fundación Chile, the College of Engineers, the National Council of Construction Standards, and the Council of Circular Economy Strategy (among others to be engaged during the design phase). The approach for stakeholder engagement is also now included in the stakeholder section of the PIF.

## **5 B. Project Description**

### **5.1 THEORY OF CHANGE**

**a) Is there a concise theory of change that describes the project logic, including how the project design elements will contribute to the objective, the expected causal pathways, and the key assumptions underlying these?**

**b) Are the key outputs of each component defined (where possible)?**

Secretariat's Comments

EBF 5/8/2023:

1. Cleared.

EBF 4/24/2023:

1. Regarding Output 2.1, please specify if you are targeting any specific construction materials (e.g., cement, asphalt, steel, wood, iron, plastic).

Agency's Comments

4 May 2023:

1. The scope of the project pilots will not necessarily focus on specific materials. Instead, it will cover innovations showing the largest potential in terms of efficiency improvements and GHG emission reductions, covering building design (e.g. through reduction of overspecification of materials such as concrete and steel, and the introduction of design for extended lifetime and disassembly), production processes (e.g. innovative cement types with a lower clinker content), consumption models (e.g. optimized use of space through an increased intensity in building use) and waste management (e.g. recycling of aggregates and other building materials). During the PPG phase the pilots will be defined in greater detail, following a deeper baseline analysis and detailed consultations with local project proponents.

The text in the PIF (component 2) was revised to include these clarifications.

## **5.2 INCREMENTAL/ADDITIONAL COST REASONING**

**Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?**

Secretariat's Comments EBF 4/24/2023: Yes.

Agency's Comments

### 5.3 IMPLEMENTATION FRAMEWORK

**a) Is the institutional setting, including potential executing partners, outlined and a rationale provided?**

**b) Comments to proposed agency execution support (if agency expects to request exception).**

**c) Is there a description of potential coordination and cooperation with ongoing GEF-financed projects/programs and other bilateral/multilateral initiatives in the project area**

**d) Are the proposed elements to capture and disseminate knowledge and learning outputs and strategic communication adequately described?**

#### Secretariat's Comments

EBF 5/8/2023:

1. Thank you for the clarification. Cleared.
2. Cleared.
3. Cleared.

EBF 4/24/2023: Please address the following comments:

1. Please explain the expected division of responsibilities between the Ministry of Environment and Fundacion Chile regarding project execution.
2. An overall approach to Knowledge Management (KM) and Learning has been provided in the Project Description. The project proposal includes KM and learning deliverables such as an open-source platform for information exchange and dissemination of good practices and lessons, training events, knowledge materials and tools. However, there is no mention of a communications strategy/plan.  
Please provide a brief description of a Communications Strategy/Plan for outreach, awareness raising and dissemination of outputs/results.
3. The proposed training activities in Component 4 and the communication plan should also target the real estate industry and potential building/facility owners, occupants, and operators, as key demand-side stakeholders and decision-makers related to construction. Please amend this.

#### Agency's Comments

4 May 2023:

1. Fundacion Chile will execute the project on behalf of the Ministry of Environment (MMA). Thus, Fundacion Chile will be in charge of procurement activities, reporting, and fund management. The Ministry will provide overall leadership through the designation of

a National Project Director, to whom the project team will report. Moreover, the MMA will chair the Project Steering Committee (PSC), which will be the leading project authority, providing overall guidance and strategic direction and responsible for the oversight of the project progress and implementation of outputs, approval of annual work plans and budget, coordination and alignment with national priorities, etc. Fundacion Chile is also expected to act as the Secretary to the PSC. A similar institutional arrangement was used successfully in two previous GEF projects in Chile: 5150 (Delivering the transition to energy efficient lighting in Chile) and 9496 (Leapfrogging Chilean's markets to more efficient refrigerator and freezers). A detailed division of roles and responsibilities will be established during the project design phase.

The coordination section in the PIF has been revised to include these clarifications.

2. The communications campaign is included as part of the stakeholder engagement strategy and campaign (output 1.5). This is now clarified in the main text.

3. The PIF has been revised to include the suggested stakeholders as part of component 4. This also includes a revised wording for output 4.5; specific associations have been added in the list of Stakeholders in Attachment 3.

**5.4 a) Are the identified core indicators calculated using the methodology included in the corresponding Guidelines (GEF/C.54/11/Rev.01)?**

**b) Are the project's indicative targeted contributions to GEBs (measured through core indicators)/adaptation benefits reasonable and achievable?**

Secretariat's Comments

EBF 4/24/2023: Yes.

Agency's Comments

**5.5 NGI Only: Is there a justification of financial structure and use of financial instrument with concessionality levels?**

Secretariat's Comments N/A



## Agency's Comments

### 5.6 RISKS

- a) **Are climate risks and other main risks relevant to the project described and addressed within the project concept design?**
- b) **Are the key risks that might affect the project preparation and implementation phases identified and adequately rated?**
- c) **Are environmental and social risks, impacts and management measures adequately screened and rated at this stage and consistent with requirements set out in SD/PL/03?**

Secretariat's Comments EBF 4/24/2023: Yes, climate risks and other main risks that might affect the project preparation and implementation phases are described and addressed. Cleared.

## Agency's Comments

### 5.7 Qualitative assessment

- a) **Does the project intend to be well integrated, durable, and transformative?**
- b) **Is there potential for innovation and scaling-up?**
- c) **Will the project contribute to an improved alignment of national policies (policy coherence)?**

## Secretariat's Comments

EBF 5/8/2023: Cleared.

EBF 4/24/2023: Although this is addressed throughout the document, please include a specific sub-section explaining the project's potential for innovation and scaling-up (including the potential to scale up finance).

## Agency's Comments

4 May 2023:

Sub-sections discussing the potential for innovation and scaling-up have now been added in the project description section.

## 6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities

**6.1 Is the project adequately aligned with focal area and integrated program strategies and objectives, and/or adaptation priorities?**

Secretariat's Comments

EBF 4/24/2023: The project is in line with the GEF-8 Climate Change Focal Area Strategy, Pillar I ("Promote innovation, technology development and transfer, and enabling policies for mitigation options with systemic impacts"), Objective 1.1 ("Accelerate the efficient use of energy and materials").

Agency's Comments

**6.2 Is the project alignment/coherent with country and regional priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors)**

Secretariat's Comments EBF 4/24/2023: Yes.

Agency's Comments

**6.3 For projects aiming to generate biodiversity benefits (regardless of what the source of the resources is - i.e. BD, CC or LD), does the project clearly identify which of the 23 targets of the Kunming-Montreal Global Biodiversity Framework the project contributes to and how it contributes to the identified target(s)?**

Secretariat's Comments N/A

Agency's Comments

#### **7 D. Policy Requirements**

**7.1 Is the Policy Requirements section completed?**

Secretariat's Comments EBF 4/24/2023: Yes.

Agency's Comments

**7.2 Is a list of stakeholders consulted during PIF development, including dates of these consultations, provided?**

Secretariat's Comments EBF 4/24/2023: Yes.

Agency's Comments

#### **8 Annexes**

**Annex A: Financing Tables**

**8.1 Is the proposed GEF financing (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):**

**STAR allocation?**

Secretariat's Comments

EBF 4/24/2023: Yes, \$1.1 and \$3.3 million are requested to be sourced from the climate change and biodiversity focal areas, respectively.

Agency's Comments

**Focal Area allocation?**

Secretariat's Comments N/A

Agency's Comments

**LDCF under the principle of equitable access?**

Secretariat's Comments N/A

Agency's Comments

**SCCF A (SIDS)?**

Secretariat's Comments N/A

Agency's Comments

**SCCF B (Tech Transfer, Innovation, Private Sector)?**

Secretariat's Comments N/A

Agency's Comments  
**Focal Area Set Aside?**

Secretariat's Comments N/A

Agency's Comments

**8.2 Is the PPG requested within the allowable cap (per size of project)? If requested, has an exception (e.g. for regional projects) been sufficiently substantiated?**

Secretariat's Comments EBF 4/24/2023: Yes.

Agency's Comments

**8.3 Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines?**

Secretariat's Comments EBF 4/24/2023: Yes.

Agency's Comments

**Annex B: Endorsements**

**8.4 Has the project been endorsed by the country? (ies) GEF OFP and has the OFP at the time of PIF submission name and position been checked against the GEF database?**

Secretariat's Comments EBF 4/24/2023: Yes, the project has been endorsed by Mr. Miguel Stutzin, OFP of Chile.

Agency's Comments

**Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?**

Secretariat's Comments EBF 4/24/2023: Yes.

Agency's Comments

Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?

Secretariat's Comments

EBF 5/8/2023:

1. We acknowledge a new LoE has been uploaded using the correct template. Cleared.
2. The LoE and the General Project Information table in the PIF indicate the Ministry of Environment as the Executing partner.

EBF 4/24/2023: Please address the following comments:


1. Regarding the numbers on the Letter of Endorsement (LoE) and the Portal, please note that a revised LoE is required to reflect the current sources of funds table in the portal with two sources of funds coming from climate change and biodiversity focal areas.

Funds table in the Letter of Endorsement:

Trust Fund	GEF Agency	Focal Area Source	Amount (in US\$)				Total
			GEF Project Financing	GEF Project Financing Agency Fee	Project Preparation Grant (PPG)	Project Preparation Grant (PPG) Agency Fee	
GEFTF	UNEP	CC STAR Allocation	2,963,699	281,551	50,000	4,750	3,300,000
Total GEF Resources			2,963,699	281,551	50,000	4,750	3,300,000

The STAR resources indicated above are being endorsed for the project listed above and submitted by the Agency via the GEF Portal.

Sincerely,

  
Miguel Stutzin S

Funds table in the portal with two sources of funds:

## 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	1,100,000.00
UNEP	GET	Chile	Biodiversity	BD STAR Allocation	2,200,000.00
				Total GEF Resources(\$)	3,300,000.00

2. As mentioned earlier, the General Project Information table has two Executing Partners (Ministry of Environment and Fundacion Chile), but only one (Ministry of Environment) is endorsed by the OFP in the letter endorsement letter. Please, either submit a new LoE including Fundacion Chile or remove Fundacion Chile from Portal (it can be included later during the preparation).

### Agency's Comments

4 May 2023:

1. Apologies ? we uploaded the incorrect letter. The correct letter has now been uploaded. It might be that two letters are visible in the portal ? the latest being the correct one.
2. Portal corrected.

**8.5 For NGI projects (which may not require LoEs), has the Agency informed the OFP(s) of the project to be submitted?**

Secretariat's Comments N/A

### Agency's Comments

**Annex C: Project Location**

**8.6 Is there preliminary georeferenced information and a map of the project's intended location?**

Secretariat's Comments EBF 4/24/2023: Yes.

Agency's Comments

**Annex D: Safeguards Screen and Rating**

**8.7 If there are safeguard screening documents or other ESS documents prepared, have these been uploaded to the GEF Portal?**

Secretariat's Comments EBF 4/24/2023: Yes, the ESS screening document for this project is provided and the risk classification is "Low".

Agency's Comments

**Annex E: Rio Markers**

**8.8 Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?**

Secretariat's Comments EBF 4/24/2023: Yes.

Agency's Comments

**Annex F: Taxonomy Worksheet**

**8.9 Is the project properly tagged with the appropriate keywords?**

Secretariat's Comments EBF 4/24/2023: Yes.

Agency's Comments

**Annex G: NGI Relevant Annexes**

**8.10 Does the project provide sufficient detail (indicative term sheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table to assess the project capacity of generating reflows? If not, please provide comments. Is the Partner Agency eligible to administer concessional finance? If not, please provide comments.**

Secretariat's Comments N/A

Agency's Comments

## 9 GEFSEC Decision

### 9.1 Is the PIF and PPG (if requested) recommended for technical clearance?

Secretariat's Comments

EBF 4/24/2023: Please address the comments above.

\*\* Please highlight in green the changes made on the portal version of the CEO approval document for ease of reference. \*\*

Agency's Comments

### 9.2 Additional Comments to be considered by the Agency at the time of CEO Endorsement/ Approval

Secretariat's Comments

EBF 5/8/2023:

1. Noted, cleared.
2. Noted, cleared.

EBF 4/24/2023:

1. Regarding Output 1.2 related to the creation of a certification, please explain its design and how it will be operated in more detail.
2. Regarding Output 3.2, please provide more detail about the financial instruments to be developed.

Agency's Comments

4 May 2023:

1. Output 1.2 will design a quality infrastructure system (QIS) aligned with circularity principles for the entire sector, i.e. its scope will be much broader than a single



certification scheme. The design will build upon existing institutions and regulations, identifying gaps and needs where necessary, but also considering the integration of new products and services that arise as a result of the shift towards circularity. Roles and responsibilities of each institution during the operation of the QIS will be established as part of the output's deliverables, and the MMA will have a key role in the supervision of the system (besides its role in the design). As an example of concrete measures included within the scope of this output, two currently existing certification schemes, namely, the Certificate of Sustainable House (CVS) and the Certificate of Sustainable Building (CES), will be revised to reflect circularity principles. For example, the weight given in CES to the generation and management of waste is currently very low, and even buildings that generate vast amounts of CDW are currently plausible of certification. Other elements in the QIS may include certification of services as well as labeling schemes for both existing and new products.

A roadmap for the implementation of the QIS will be included as part of the deliverables, to set a clear timeline with roles, responsibilities and funds required. The QIS will involve a complex ecosystem of actors and elements, including legislation and norms (mainly covered through output 1.1), as well QI institutions (existent, but requiring capacity building, which can be provided through component 4), standards for products and services, and QI service providers (e.g. conformity assessment). The exact level of development that the QIS will achieve by the end of the GEF project will be determined during the project design phase, and made explicit in the CEO ER.

The text in the PIF (component 1) was revised to include these clarifications. This will be further considered at the time of CEO Endorsement/ Approval as requested.

2. The project will adapt existing instruments in the public and private sector. More specifically, the project will focus on adapting existing loans in Banco Estado (specific credit line for eco-housing), CORFO (grants and insurance instruments such as the Green Credit program. successfully used in energy), the Ministry of Finance's Sustainable Bonds, and financing instruments from the private sector (including sector-specific loans and guidelines for the inclusion of circular construction criteria in the issuance of green bonds). Thus, instruments will include bonds, loans, and guarantees of varying degrees of concessionality from both the public and the private sector. Use of leasing instruments will also be explored during the design phase.

The text in the PIF (component 3) was revised to include these clarifications. This will be further considered at the time of CEO Endorsement/ Approval as requested.

#### **Review Dates**

**PIF Review**

**Agency Response**

<b>First Review</b>	<b>4/24/2023</b>
<b>Additional Review (as necessary)</b>	<b>5/8/2023</b>
<b>Additional Review (as necessary)</b>	
<b>Additional Review (as necessary)</b>	
<b>Additional Review (as necessary)</b>	