

INTEGRATED SAFEGUARDS DATA SHEET

APPRAISAL STAGE

Date ISDS Prepared/Updated: 24-Apr-2014

I. BASIC INFORMATION

1. Basic Project Data

Country:	Chile	Project ID:	P130378
Project Name:	Partnership for Market Readiness in Chile		
Task Team Leader:	Mark Lambrides		
Estimated Appraisal Date:	24-Apr-2014	Estimated Board Date:	N/A
Managing Unit:	LCSEG	Lending Instrument:	Grant
Sector:	General energy sector (100%)		
Theme:	Climate change (50%), Environmental Policies and Institutions (50%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?	No		
Financing (In USD Million)			
Financing Source		Amount	
Borrower		1.38	
Partnership for Market Readiness		3.00	
Total		4.38	
Environmental Category:	C – Not Required		
Is this a Repeater project?	No		
Is this a Transferred project?	Yes		

2. Current Project Development Objectives

The objectives of the Project are to provide technical assistance to the Beneficiary in the design and implementation of a Monitoring, Reporting and Verification (MRV) framework and registry, and in the design and preparation of one or more carbon pricing instruments in the energy sector.

3. Project Description

Objectives and main implementation phases of the PMR:

The Partnership for Market Readiness (PMR) is a grant-based, capacity building multi-donor trust fund that provides funding and technical assistance for the collective innovation and piloting of

market-based instruments for greenhouse gas emissions reduction. The PMR has received donor pledges totaling about US\$115 million as of April 2013. The PMR brings together developed countries (i.e. the Contributing Participants: Australia, Denmark, European Commission, Finland, Germany, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, United States, and United Kingdom) and developing countries (i.e. Implementing Country Participants: Brazil, Chile, China, Costa Rica, Colombia, India, Indonesia, Jordan, Mexico, Morocco, Peru, South Africa, Thailand, Turkey, Ukraine and Vietnam), as well as other key experts and stakeholders. The PMR provides a platform for technical discussions on market instruments, fostering North-South and South-South exchange, facilitating collective innovation for pilot efforts, and harnessing financial flows for implementation and scale up. The Partnership Assembly (PA; consisting of both the Contributing and Implementing Participants) is the decision-making body and determines the criteria for and allocation of funding.

The PMR is country-led. It provides systemic support to enhance countries' technical and institutional capacities in order to implement market-based and carbon pricing instruments, such as a domestic emissions trading system (ETS), a scaled-up crediting mechanism or a carbon tax. As the Implementing Country Participants are at different stages of development and preparedness for such instruments, each approaches the design and implementation of such instruments in different ways. Some focus on building core "readiness" components, such as new systems for MRV, data collection, baseline setting, and establishing regulatory institutions; others are prepared to go further and pilot an appropriate domestic or international instrument. Regardless of a country's choice, capacity building and piloting can have cross-cutting benefits relevant to implementing non-market-based mitigation actions, designing low emission development strategies, and identifying areas of low cost mitigation potential.

Implementing Country Participants follow a Preparation Phase and an Implementation Phase, for a total period of 4-6 years depending on the circumstances of the specific country and proposed activities. The Preparation and Implementation Phases have the following roles:

- (a) *Preparation Phase:* With a benefit of a US\$350,000 preparation grant, each PMR Implementing Country formulates a Market Readiness Proposal (MRP) for consideration and feedback from the PA. The Implementing Country may also use the preparation grant for activities that continue into and overlap with the Implementation Phase.
- (b) *Implementation Phase:* The Implementing Country Participant begins the PMR *Implementation Phase* once the PA allocates implementation phase funding for the activities outlined in the MRP. Each Implementing Country Participant is required to present its draft MRP within two years after the award of the preparation grant (with a possibility of extension of six months in extraordinary circumstances). PMR implementation funding is allocated in grant sizes of US\$3, 5 or 8 million. The size of the funding is determined by the PA in accordance with a set of criteria and the availability of funding. Implementing Country Participants are invited to return to the PA to ask for additional funding when they can demonstrate further need. With the benefit of the Implementation Grant, the Implementing Country puts in place the readiness components outlined in the MRP, including, where applicable, piloting the proposed market instrument.

Chile's PMR activities:

Chile joined the PMR in May 2011, upon the PA approving its Expression of Interest (EOI) and allocating it \$350,000 to prepare its MRP. The Implementing Agency, the MoE, used this funding to organize consultations, meetings, training events and outreach to stakeholders, as well as to establish effective project management capacity. The Ministries of Finance and Environment will assist the MoE in its supervision function as part of a newly created body called the Petit Comité. Additionally, a Steering Committee was established in March 2012, comprising the ministries of Foreign Affairs,

Finance, Economy, Agriculture, Mining, Transport & Telecommunications, Energy and Environment. Chile presented its final MRP at the 5th PA meeting in March 2013. The PA reviewed and endorsed the MRP, awarding it US\$3 million in Grant Funding to implement the activities contained within it. The World Bank LAC region provided technical support to the MoE to prepare and complete its MRP and the World Bank's Carbon Finance Unit (ENVCF) provided secretariat services, technical support and carbon markets and mechanisms expertise. This involved helping to identify areas of PMR support, supervising the execution of the PMR Preparation Phase funding and providing technical support through regular communications with the consortium of local and international MRP consultants.

Planned PMR activities in Chile:

- a. Regulatory, Economic and Institutional Analyses to assess the viability of one or more carbon pricing instruments for the energy sector:
 - i. Regulatory Analysis for one or more carbon pricing instruments in Chile.
 - ii. Economic Analysis for one or more carbon pricing instruments in Chile.
 - iii. Institutional Analysis for one or more carbon pricing instruments in Chile.
- b. Design and implementation of MRV framework and Registry system:
 - i. Design and implementation of an MRV framework.
 - ii. Development of a Registry
- c. Stakeholder engagement and communication strategy, and capacity building:
 - i. Development of a strategy for stakeholder engagement.
 - ii. Public, private and political stakeholder consultation.
 - iii. Development of a communication strategy, including the preparation of informational tools.
 - iv. Participation in trainings and workshops and country - visits by Chilean officials
 - v. Other PMR-supported technical assistance and capacity building programs
- d. Administration of the PMR project.

4. Project Location and Salient Physical Characteristics Relevant to the Safeguards Analysis (if known)

The project does not finance any physical activity on the ground, but rather consists solely of technical assistance activities, such as training, background analyses and studies, computer simulations and modeling, etc. Consultants will work mostly in San Tiago, in their own offices and those of the Ministry of Energy (MoE) and Agencia de Cooperacion Internacional de Chile (AGCI). Delivery of the training and capacity building activities and preparation of consultant studies may take place in various locations in Chile.

5. Environmental and Social Safeguards Specialists on the Team

Robert Montgomery, Lead Environment Specialist, LCSEN
 José Vicente Zavallos, Senior Social Development Specialist, LCSSO

6. Safeguard policies

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	No	There are no anticipated environmental negative impacts since the project does not finance any physical activity on the ground, but rather consists solely of technical assistance activities, such as training, background analyses and studies, computer

		<p>simulations and modeling, etc.</p> <p>The proposed Project Classification is Category C.</p> <p>To the extent applicable, the studies include consideration of potential negative environmental impacts.</p>
Natural Habitats OP/BP 4.04	No	The project will not involve any works and thus no significant negative impacts on natural habitats. The studies may result in positive impacts on natural habitats due to GHG management.
Forests OP/BP 4.36	No	The project will not involve any works and thus no significant negative impacts on forest. The studies may result in positive impacts on forests due to GHG management.
Pest Management OP 4.09	No	The project will not involve the purchase or use of any significant quantities of pesticides. There are works and thus no negative impacts.
Physical Cultural Resources OP/ BP 4.11	No	The project will not involve works and thus no significant impacts on physical cultural resources.
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	The Project will not support the construction or rehabilitation of dams nor will support other investments which rely on the services of existing dams.
Projects on International Waterways OP/BP 7.50	No	Project activities will not affect international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The Project will not be implemented in areas known to involve disputed areas.

II. KEY SAFEGUARDS POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguards Issues

<p>1. Describe any safeguard issues and impacts associated with the Restructured project. Identify and describe any potential large scale, significant and/or irreversible impacts: N/A</p> <p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: N/A</p> <p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. N/A</p>

<p>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. N/A</p> <p>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. N/A</p>
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B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	N/A
“In country” Disclosure	N/A
<i>Comments:</i>	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	N/A
“In country” Disclosure	N/A
<i>Comments:</i>	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
“In country” Disclosure	N/A
<i>Comments:</i>	
Pets Management Plan	
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
“In country” Disclosure	N/A
<i>Comments:</i>	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental	

Assessment/Audit/or EMP. N/A
If in-country disclosure of any of the above documents is not expected, please explain why: N/A

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 – Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [] No [] NA [X]
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes [] No [] NA [X]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [] No [] NA [X]
OP/BP/GP 4.04 – Natural Habitats	
Would the project result in any significant conversion or degradation of critical habitats?	Yes [] No [] NA [X]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [] No [] NA [X]
OP/BP/GP 4.09 – Pest Management	
Does the EA adequately address the pest management issues?	Yes [] No [] NA [X]
Is a separate PMP required?	Yes [] No [] NA [X]
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [] No [] NA [X]
OP/BP/GP 4.11 – Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [] No [] NA [X]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [] No [] NA [X]
OP/BP/GP 4.10 – Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [] No [] NA [X]
OP/BP/GP 4.12 – Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [] No [] NA [X]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [] No [] NA [X]
OP/BP/GP 4.36 – Forests	
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [] No [] NA [X]

Does the project design include satisfactory measures to overcome these constraints?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
OP/BP/GP 4.37 – Safety of Dams	
Have dam safety plans been prepared?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
OP 7.50 – Projects on International Waterways	
Have the other riparians been notified of the project?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
Has the RVP approved such an exception?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
OP 7.60 – Projects in Disputed Areas	
Has the memo conveying all pertinent information on the international aspects of the project, including the procedures to be followed, and the recommendations for dealing with the issue, been prepared?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the PAD/MOP include the standard disclaimer referred to in the OP?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Have costs related to safeguard policy measures been included in the project cost?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>

III. APPROVALS

Task Team Leader:	Name: Mark Lambrides	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Glenn Morgan	Date: 07-Apr-2014
Sector Manager:	Name: Malcolm Cosgrove-Davies	Date: 07-Apr-2014