



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
FCPF REDD READINESS PREPARATION GRANT
APPROVED ON JANUARY 27, 2017
TO
BELIZE

JULY 6, 2020

ENVIRONMENT, NATURAL RESOURCES & THE BLUE ECONOMY

LATIN AMERICA AND CARIBBEAN

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ABBREVIATIONS AND ACRONYMS

FCPF	Forest Carbon Partnership Facility
FGRM	Feedback and Grievance Redress Mechanism
FREL	Forest Reference Emission Level
GoB	Government of Belize
IP	Indigenous People
MRV	Measurement, Verification and Reporting
PDO	Project Development Objective
REDD+	Reduction of Emissions from Deforestation and Forest Degradation
REDD+ CU	REDD+ Coordination Unit
SESA	Strategic Environmental and Social Assessment
TEG	Technical Expert Group
TORs	Terms of References
UNFCCC	United Nations Framework Convention on Climate Change



BASIC DATA

Product Information

Project ID P152415	Financing Instrument Carbon Offset
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date January 27, 2017	Current Closing Date December 31, 2020

Organizations

Borrower Belize	Responsible Agency Protected Areas Conservation Trust (PACT), Ministry of Agriculture, Fisheries, Forestry, the Environment and Sustainable Development
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Processing

Form Type Short restructuring paper	Based on the proposed changes this Restructuring type is Level 2
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Decision Authority
CD Decision

Project Development Objective (PDO)

The Project Development Objective is to assist Belize in carrying out Readiness Preparation through a participatory and inclusive process in order to strengthen their capacity to participate in future REDD+ carbon payment transactions.

Summary Status of Financing



The World Bank

Belize FCPF REDD Readiness Preparation (P152415)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
TF 18492	Jan 27, 2017	Mar 14, 2017	June 23, 2017	Dec 31, 2020	\$3,800,000	\$2,284,556	\$1,515,444

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Implementation Status

1. The Reduction of Emissions from Deforestation and Forest Degradation (REDD+) Readiness Preparation Grant, funded by the Forest Carbon Partnership Facility (FCPF) in the amount of US\$3.80 million, was officially initiated in March 2017. Its objective is to assist Belize in carrying out readiness preparation through a participatory and inclusive process in order to strengthen their capacity to participate in future REDD+ carbon payment transactions.
2. The implementation of the REDD+ Grant has seen significant progress, in particular in the last 12 months. This progress is demonstrated in a significant increase in the disbursement rate which is currently at 60%. Even though a number of tangible outcomes are yet to be achieved, the early implementation efforts are already resulting in establishment of robust and accurate data, which will, in turn, serve as a solid basis for accelerating subsequent activities and readying Belize to meet its climate objectives through reducing emissions from deforestation and forest degradation. The progress towards achieving the Project and Grant objective is moderately satisfactory.
3. The Grant has made progress toward achieving its objective at an advanced level under Component 1 (REDD+ Organization Framework, Consultation and Grievance Redress), Component 3 (Development of a National Forest Reference Emission Level and a Forest Reference Level), Component 4 (Design of National Forest Monitoring and Safeguards Systems) and Component 5 (Design of Monitoring and Evaluation Framework). Component 2 (Preparation of REDD+ Strategy) has experienced some delays. Summary of the implementation status for each of the components is as follows:
 - a) Component 1 has made advancements, including through the operationalization of an Indigenous Peoples (IP) Desk and the establishment of Technical Expert Group (TEG) to facilitate meaningful and effective stakeholders' engagement. The IP Desk is a unique mechanism in the country which is ensuring ongoing feedback and involvement from the key stakeholder for REDD+ in Belize. During the past year, the REDD+ Coordination Unit (REDD+ CU) has engaged in a great deal of outreach and awareness raising with a broad spectrum of stakeholders. Against this backdrop, the draft REDD+ communication strategy was produced and has already started to be utilized.
 - b) Component 2 has faced delays in particular related to initiation of the Strategic Environmental and Social Assessment (SESA), land tenure assessment studies and benefit sharing plan. These delays were partly reasonable due to extensive consultation process with indigenous peoples and collaborative approach taken in drafting related terms of references (TORs). However, other delays arose because of challenges in the procurement processes. Nonetheless, there have been some advancements in regard to these and other activities under this component. A SESA work plan and TORs have been developed and procurement process is well advanced and is expected to be completed by the end of July 2020. The Feedback and Grievance Redress Mechanism (FGRM) was finalized. The Project has also made advancement in regard to the TORs for the land tenure study/activities after consulting them with relevant national stakeholders, including the representatives of indigenous peoples.
 - c) Planned activities under Component 3 are advancing well with some initial delays mostly due to lengthy procurement processes. The Forest Reference Emission Level (FREL) has been completed and submitted to the United Nations Framework Convention on Climate Change (UNFCCC), and there have been advancements in the development of the National Forest Monitoring System (Mapping for Activity Data and Field Data Collection for Development of Emissions Factors) and in the Preparation of Land Use, Land Use Change and Land Cover Map using SENTINEL, with both activities being on track.
 - d) Under Component 4, the field work aimed at supporting a National Forest Monitoring System for the Measurement, Verification and Reporting (MRV) is progressing at a slower pace than initially envisioned. A re-



stratification exercise was conducted to select the additional sampling plots which will be added to the existing network in Belize and the development of comprehensive methodology for the other land use classes. The process of establishing several additional sampling plots to ascertain the emissions factor for different land uses across the country has also commenced.

- e) Though there have been some delays in completing the mid-term evaluation to the FCPF and submitting annual progress reports, as carried out under Component 5, both quality and timeliness of reporting have seen progress in the past 12 months. The Project's financial reporting has seen equal improvements with reports being accurate and submitted on time.

B. Implementation Challenges and Rationale for Restructuring

4. The Project faced a number of challenges at the beginning of its implementation, including generally low levels of understanding of REDD+ among the stakeholders, delayed project approval and initiation of activities, gaps in project management and oversight, and initially insufficient stakeholder engagement and participation. In addition, these delays have been exacerbated by lengthy procurement processes and, most recently, additional restrictions and challenges posted by COVID-19 (in particular as they relate to an inability to conduct in-person stakeholder consultations and award new contracts under the Project).
5. However, most of these challenges have been overcome and concrete measures have been put in place to ensure that related risks are mitigated. They include staffing of the REDD+ CU, establishment of the mechanism to facilitate stakeholder engagement with indigenous peoples, and continuous capacity building and support related to procurement aspects of the project, among others. With these measures in place, the implementation of planned activities is accelerating. However, given already experienced delays, it is not feasible to complete some activities and in particular SESA, land tenure assessment and benefit sharing plan before the original closing date (December 31, 2020). Given that these activities will provide critical inputs for development and finalization of the REDD+ Strategy for the Project to be successfully implemented and completed, the extension of the Project closing date by 12 months and related changes to the implementation schedule is being sought, as also requested by the Government of Belize (GoB) on May 19, 2020.

I. DESCRIPTION OF PROPOSED CHANGES

A. Summary of Proposed Changes

6. Proposed changes (namely implementation schedule changes, extension of the Project closing date and changes in the disbursement estimates) will allow the Grant Recipient to finalize ongoing project activities in a satisfactory manner, fully disburse remaining grant resources, and successfully implement the Project. Furthermore, the Project restructuring does not entail changes to the Project Development Objective (PDO) or total Project costs. All World Bank supervision and implementation support costs related to the extension will be covered by resources from the FCPF Trust Fund. Lastly, the Project restructuring fully complies with OP/BP 10.00, Investment Project Financing since: (a) the PDO remains achievable; (b) the performance of the Recipient remains satisfactory; (c) the Bank and the Recipient agree on actions that will be undertaken by the Recipient to complete the Project; (d) the Project is not subject to suspension of disbursements; and (e) the Recipient does not have any outstanding audit reports nor are



there are audit reports which are not satisfactory to the Bank. In particular, the following changes are being introduced as part of the proposed Project restructuring:

- a) **Implementation Schedule Changes:** Changes in the implementation schedule are being sought in order to respond to observed delays in the initiation of the activities and additional challenges faced with the procurement processes and/or their advancements in the light of COVID-19 pandemic. The GoB has provided a Summary of the Changes to the Implementation Timeline which further ensures the feasibility of activities' implementation within the requested extension period.
 - b) **Extension of the Project Closing Date:** Considering the reasons for delays in the implementation of several activities, for their implementation to be successfully completed, 12 months extension of the Project Closing Date (from December 31, 2020 to December 31, 2021) would be needed. Noting both the measures taken to address identified challenges and the fact that all delayed activities are underway and/or will be initiated soon, this extension would allow the Project to fully achieve its objectives and outcomes.
 - c) **Disbursements Estimates:** A new disbursement estimate per fiscal year is proposed as per the agreed Implementation Timeline that would ensure full disbursement of the Grant. Proposed estimates for FY18-FY20 are actual disbursements to date.
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II. SUMMARY OF CHANGES

	Changed	Not Changed
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)	✓	
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates	✓	
Overall Risk Rating		✓
EA category		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
APA Reliance		✓
Implementation Schedule	✓	
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓
Implementing Agency		✓
DLIs		✓
Safeguard Policies Triggered		✓
Legal Covenants		✓



III. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF 18492	Effective	Dec 31, 2020		Dec 31, 2021	April 30, 2022

DISBURSEMENT ESTIMATES

Fiscal Year	Current	Proposed
2018	n/a	415,266
2019	n/a	581,070
2020	n/a	1,288,220
2021	n/a	1,000,000
2022	n/a	515,444
	3,800,000	3,800,000

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating at Approval	Current Rating
Political and Governance	● Substantial	● Substantial
Macroeconomic	● Low	● Low
Sector Strategies and Policies	● Substantial	● Moderate
Technical Design of Project or Program	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate
Fiduciary	● Moderate	● Moderate
Environment and Social	● High	● High



The World Bank

Belize FCPF REDD Readiness Preparation (P152415)

Stakeholders	● Substantial	● Substantial
Other		
Overall	● Substantial	● Substantial