



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-size Project

TYPE OF TRUST FUND: GEF Trust Fund

PART I: PROJECT IDENTIFICATION

Project Title:	Supporting civil society and community initiatives to generate global environmental benefits using grants and micro loans in the Mediterranean ecoregion of Chile		
Country(ies):	Chile	GEF Project ID:	4939
GEF Agency(ies):	UNDP	GEF Agency Project ID:	4577
Other Executing Partner(s):	Ministry of Environment of Chile	Submission Date:	24 April 2012
GEF Focal Area (s):	Multi-Focal Area (MFA)	Project Duration (Months):	60 Months
Name of parent program (if applicable): ▪ For SFM/REDD+ []	N/A	Agency Fee (\$):	\$ 331,162

A. FOCAL AREA STRATEGY FRAMEWORK

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
BD-2	Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation	Output 2.2: National and sub-national land-use plans (38) that incorporate biodiversity and ecosystem services valuation	GEFTF	\$ 660,000	\$ 2,506,564
		Output 2.3: Certified production landscapes and seascapes (700,000 hectares – FSC, PEFC, tbd)	GEFTF	\$ 2,077,980	\$ 4,655,047
CCM-5	Outcome 5.2: Restoration and enhancement of carbon stocks in forests and non-forest lands	Output 5.2: Forests and non-forest lands under good management practices	GEFTF	\$ 250,000	\$ 2,148,483
LD-1	Outcome 1.3: Sustained flow of services in agro-ecosystems	Output 1.2: Types of innovative SL/WM practices introduced at the field level	GEFTF	\$ 82,969	\$ 1,253,282
LD-3	Outcome 3.2: Integrated landscape management practices adopted by local communities	Output 3.1: Integrated land management plans developed and implemented	GEFTF	\$ 82,969	\$ 3,580,805
		Output 3.3: Appropriate actions to diversify the financial resource base	GEFTF	\$ 0	\$ 358,081
Sub-total:				\$ 3,153,918	\$ 14,502,262
Project management cost:				\$ 157,696	\$ 750,000
Total project costs (GEF):				\$ 3,311,614	\$ 15,252,262

B. PROJECT FRAMEWORK

Project Objective: To develop, demonstrate and mainstream the delivery of globally significant environmental benefits by community-based organisations in the management of critically endangered landscapes in the Chilean Mediterranean ecoregion.						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
1. Sustainable management of landscapes for biodiversity conservation (100% BD STAR)	TA	1.1. Conservation of Mediterranean forest landscapes through community-based actions 700,000 ha of Mediterranean forest	1.1.1. 18 community-led integrated management plans for key Mediterranean landscapes, incorporating biodiversity conservation and ecosystem service values 1.1.2. >20 community	GEFTF	\$ 2,539,722	\$ 8,056,812

		certified as sustainably managed	<p>forest management associations formed</p> <p>1.1.3. >20 community forest management plans to optimize BD conservation, ecosystem services and production values across the landscape</p> <p>1.1.4. >20 community forest management plans implemented</p> <p>1.1.5 Community-adapted forest monitoring techniques and guidelines developed and disseminated</p> <p>1.1.6. Certified production of timber and other forest products on at least 700,000 ha of land (>20 projects)</p> <p>1.1.7. Microfinance mechanisms in place to increase market access by producer organizations and commercialization</p>			
2. Demonstration /promotion of conservation and enhancement of carbon stocks through land use, land use change, and forestry, and local carbon monitoring systems. (100 % CC STAR)	TA	<p>2.2. Approximately 139,000 tCO₂e sequestered or avoided as emissions (over 15 years); 29,200 tCO₂e over project lifetime</p> <p>Improved land management on five pilot sites of 200 ha each</p>	2.2.1. Five pilot demonstrations to adopt practices to reduce carbon stock emissions or sequester carbon such as wildfire suppression or prevention, reforestation, restoration, and improved land use planning	GEFTF	\$ 250,000	\$ 476,007
3. Maintenance and improvement of flow of forest and agro-ecosystem services to sustaining the livelihoods of local communities (100% LD STAR)	TA	<p>3.1 Avoided land degradation and increased resilience of agro-ecosystems to climate change >140,000 ha with improved agro-ecosystem management practices.</p> <p>3.2 Change of degraded agricultural lands to forest use in community lands and soil conservation >5,000 ha with improved vegetation cover and >5,000 ha with improved soil erosion control</p>	<p>3.1.1. Sustainable Land Management practices are applied to at least 140,000 ha of productive landscape (>10 initiatives)</p> <p>3.2.1. At least 10,000 ha of degraded agricultural lands are rehabilitated through soil conservation and assisted natural regeneration (>10 initiatives)</p> <p>3.2.3 Micro-finance mechanisms in place to support transition from degraded lands to sustainable management</p>	GEFTF	\$ 153,922	\$ 2,685,604
4. Community	TA	4.1. Increased capacity	4.1.1. No fewer than ten	GEFTF	\$ 0	\$ 1,611,362

capacity development & knowledge management		of community stakeholders to diagnose, understand the complex and dynamic nature of global environmental problems, and to develop local solutions 4.2 Enhanced capacity for knowledge management and collaborative project development for adaptive landscape management 4.3 Enhanced capacities of community stakeholders to monitor and evaluate their projects and landscape trends	cross landscape level thematic Communities of Practice established 4.1.2 Ten ecoregion-wide training workshops on project development and management, the function of landscape management in achieving GEB, and the role of local communities 4.2.1. Knowledge management products from results and lessons learnt disseminated to CBOs, CSOs and others 4.3.1 Training programme on identification and tracking of indicators, and project participatory monitoring (>6 workshops covering >45 community groups)			
5. Monitoring and Evaluation (87.8% BD) (7.9% CC) (5.3% LD)	TA	5.1 Adaptive management, learning and accountability achieved; - Overall S or HS rating for project implementation in TE	5.1.1 Landscape and project portfolio monitoring plan implemented and adaptive management techniques applied >45 projects 5.1.2 Mid-term review and terminal evaluation	GEFTF	\$ 210,274	\$ 1,672,477
Sub-total:					\$ 3,153,918	\$ 14,502,262
Project management cost:					\$ 157,696 (BD: 136,620\$; CCM: 12,796\$; LD: 8,280\$)	\$ 750,000
Total project costs (GEF):					\$ 3,311,614	\$ 15,252,262

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
National Government	Ministry of Environment	Grant	\$ 10,000,000
National Government	Ministry of Environment	In-Kind	\$ 1,000,000
Other Multilateral Agencies	EU through UNDP	Grant	\$ 1,900,000
Others	Grantees	Grant	\$ 1,176,131
Others	Grantees	In-Kind	\$ 1,176,131
Others	Microfinance	Soft Loan	tbd
Total Co-financing			\$ 15,252,262

D. GEF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF AGENCY	TYPE OF TRUST FUND	FOCAL AREA	Country name/Global	Grant amount (a)	Agency Fee (b)	Total c=a+b
UNDP	GEF	BD	Chile	\$ 2,874,600	\$ 287,460	\$ 3,162,060
UNDP	GEF	CCM	Chile	\$ 262,796	\$ 26,280	\$ 289,076
UNDP	GEF	LD	Chile	\$ 174,218	\$ 17,422	\$ 191,640
Total GEF Resources:				\$ 3,311,614	\$ 331,162	\$ 3,642,776

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1.1 the GEF focal area/LDCF/SCCF strategies /NPIF Initiative:

1. Funding for the project will be drawn from the biodiversity, climate change and land degradation focal area STAR allocations. In the biodiversity FA, the project will support the second GEF objective (BD-2) by mainstreaming biodiversity conservation and sustainable use into production landscapes and sectors. By the end of GEF-5 community organizations supported by this project will have contributed to GEF biodiversity focal area targets a minimum of 700,000 hectares of sustainably managed landscapes and seascapes including dryland forests and grasslands, agroecosystems, critical biological corridors, and fish refugia and breeding grounds. The project will also enhance the effectiveness of landscape level action by community organizations by removing barriers to the implementation of enabling sectoral frameworks that currently promote sustainable natural resource use and land management by local communities but which are largely ineffectual due to capacity, financing and other barriers.

2. In the land degradation focal area, the project will support Objectives 1 and 3 of GEF-5. The project will work to maintain or improve the flow of agro-ecosystem services sustaining the livelihoods of local communities in drylands and other ecosystems of the Mediterranean ecoregion. By the end of GEF 5 community organizations supported by this project will have contributed at least 150,000 hectares of sustainably managed agricultural and pastoral land to GEF LD targets, as well as demonstrated integrated land and water management approaches and practices at smallholder, community and landscape levels for widespread dissemination to and adaptation by other groups and organizations. These integrated landscape management practices may include, among others, conservation agriculture, agroforestry, silvopastoral systems, aquifer recharge, conservation of traditional plant genetic resources, targeted reforestation, and others. The adoption of these practices will be assured through targetted financial and economic incentives from microfinance schemes – including grants and microloans - and enhanced local and national market access.

3. In the climate change focal areas, the project will support Objective 5. The project will work to conduct land management activities at appropriate pilot sites or demonstration sites in each of the five agroclimatic zones of the Mediterranean ecoregion specifically to adopt practices to reduce carbon stock emissions or sequester carbon such as wildfire suppression or prevention, reforestation, restoration, and improved land use planning. Because of the importance of monitoring for carbon benefits, local carbon monitoring systems will be included in each pilot on-the-ground activity. Additional monitoring systems will be considered on appropriate activities for other focal areas that will also show CO₂ benefits. The sites for on-the-ground activities and locations of local monitoring systems will be chosen with thorough analysis at the PPG stage. This experience with monitoring systems will form a basis for moving towards payments for environmental services. Funding carbon monitoring systems is crucial for carbon accounting, but does not by itself create CO₂ benefits. For the pilot on-the-ground activities, assuming five pilot restoration areas (includes reforestation) of 200 ha each, multiplied by an additional estimated benefit of 2tC/ha/yr for 4 years of a 5 year project gives an estimated 8000 tC benefits or 29,200 tCO₂e. For 15 additional years following the project, we expect the benefits to continue to occur, resulting in (=15yr X 200ha X 5 X 2 tC/ha/yr= 30000 tC) a total of 38,000 tC or 139,333 tCO₂ direct and indirect benefits.

4. A cross-cutting objective of this project will be to enable the uptake and adaptation of community developed models, systems and practices across the Chilean Mediterranean region by strengthening systemic community-level capacity. This is consistent with the GEF's longstanding programmatic support for capacity development, as outlined in the GEF-5 programming document. The project will strengthen local capacities to adapt exogenous technologies to local conditions, recover and adapt traditional technologies and know-how, and facilitate finance and market access by communities. In so doing, the Project will ensure that communities' incentives and opportunities are thus aligned with the generation of global environmental benefits. Furthermore, given the landscape-level interlinkages between endangered biodiversity assets, GHG sources and sinks, climate change impacts, and the livelihood needs and aspirations of targeted communities in the broader landscapes, the Project will use community-driven knowledge management and innovation for improving or creating harmonised, landscape-wise decision-making regarding productive sectors and ecosystem services.

A.2. National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NIPs, PRSPs, NPFE, etc.:

5. Chile is a Party to the Convention on Biological Diversity (1994), the UN Framework Convention on Climate Change (1994) and the Convention to Combat Desertification (1997). In 2006, Chile developed its National Biodiversity Strategy, which it further developed in a National Biodiversity Action Plan (2008-2012), and submitted its Fourth Report to the CBD Conference of the Parties in 2009. Chile has also developed a National Climate Change Action Plan (2008-2012) and submitted its Second National Communication to the UNFCCC Secretariat in 2011. Chile has developed a National Action Plan to Combat Desertification (1997) and also submitted its Third Report to the UNCCD in 2006.

6. The CBD Fourth Report identifies habitat fragmentation, degradation and conversion as primary drivers of biodiversity loss, with a special emphasis on the positive feedback loop existing between rural poverty and land degradation. It is in central Chile (broadly coincident with the Mediterranean ecoregion) and outside of protected areas (PA) where this dynamic is most intense. The Report cites overexploitation and unsustainable use of natural resources as other significant threats. The National Biodiversity Strategy identifies a number of strategies to be implemented which are addressed in this project (territorial integration at landscape level, technology transfer, coordination between actors, enhanced funding mechanisms).

7. Climate change is also mentioned in the CBD Fourth Report as an especially relevant threat in the Mediterranean ecoregion, where it is expected to be most intense. Similarly, the Second National Communication to the UNFCCC signals the increasing negative trend in the LULUCF sector (i.e. declining carbon sinks) and the growing positive trend in firewood-based energy production (i.e. increasing emissions), which also point to profound implications for forest degradation and the loss of biodiversity and ecosystem services. The National Climate Change Action Plan draws attention to the opportunities existing to fight climate change while contributing to the solution of other national problems by the contribution of these actions to sustainable development, to the transfer and appropriation of new technologies and to foreign investment. That approach is incorporated in the present proposal.

8. With respect to the UNCCD, Chile highlights in its Third Report its strategy to involve non-state agents in the fight against desertification, not only as a means to improve the delivery of the National Plan but also as a generator of social cohesion. This proposal would contribute to such a strategy.

9. Chile is currently preparing a National Plan on Biodiversity and Climate Change, as well as a National Policy on Protected Areas; this project is expected to contribute to both by providing concrete on-the-ground examples of integrated activities producing benefits in both areas and by developing bottom-up policy inputs for conservation strategies outside of the Protected Area system, which complement its goals. The environmental commitments and performance of Chile have also been recently assessed in the mid-term evaluation of the OECD Environmental Performance Review (2011). The Review provides a number of Recommendations (35, 36, 40, 43, 44, 45) to be addressed to which the implementation of this Project will contribute.

This project is consistent with the conclusions and decisions of the GEF National Project Prioritization Workshop held in Chile on 3-4 November 2010, in particular in regard to item 2.1.1 “establishment and implementation of a fund to finance biodiversity conservation in environmentally valuable ecosystems in private protected areas, for indigenous peoples and communities, located in arid, semi-arid, and degraded Mediterranean ecosystems, not represented in Chile’s National Protected Areas System” as well as item 1.1 which makes reference to a permanent monitoring system for carbon stocks in Chile under REDD+ and LULUCF.

B. PROJECT OVERVIEW:

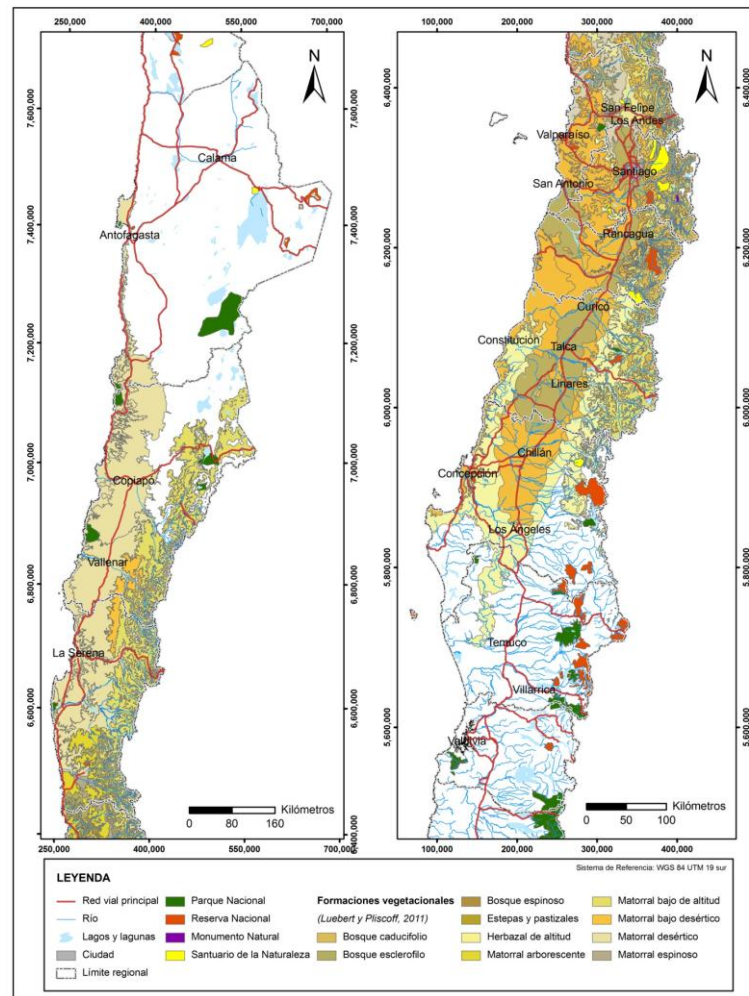
B.1. Describe the baseline project and the problem that it seeks to address:

10. The Chilean Mediterranean ecoregion covers approximately 155,000 km² in Central Chile spanning an area from little north of Antofagasta in the north to near Valdivia in the south. This ecoregion represents the only Mediterranean scrub ecoregion (Bailey, 1998; Olson, 2001) in all of South America and one of only five such ecosystems in the world. It is the area of Chile with the highest biological diversity and greatest agricultural value, while possessing significant carbon stocks. It is also the area of Chile that is most densely populated with the highest land degradation and the least protection of its biologically diverse ecosystems and habitats. The sustainability of this region’s ecosystem services, its biodiversity and its economic productivity requires an approach that provides the opportunities, the means and the motivation to community organizations to develop, acquire and/or exercise the financing, knowledge and capacities needed to develop and manage their resources for global environmental and local development benefits.

11. Shaped by gradients of soil depth and water availability, vegetation formations in the Chilean Mediterranean region include now rare dense forests - characteristically configured by local formations of the evergreen *Cryptocarya alba* and *Beilschmiedia* sp, the conifer *Austrocedrus chilensis* or the deciduous *Nothofagus obliqua*, *N. glauca* or *N. dombeyi* – which are typically found in humid, valley bottoms or fertile riparian placements and therefore very difficult to find in their original condition. Formations also include open, evergreen low forests (*C. alba*, *Beilschmiedia* sp, *P. boldus*, *Quillaza saponaria*, *Lithraea caustica*, *Echinopsis chiloensis*, *Maytenus boaria* or the palm *Jubaea chilensis*), which are properly called *matorral* and of which very little remain; the coastal *matorral* is different from inland formations, occurring from La Serena to Valparaíso and featuring *Bahia ambrosioides*, *Adesmia microphylla* or *Fuchsia lycioides*). Savannah-like forests (*Q. saponaria*, *L. caustica*, *Prosopis* sp or *Acacia caven*) known as *espinal* are also common, but they are considered to be degraded *matorral* resulting from five centuries of land use, basically the result of the introduction of non-native grasses and unsustainable livestock pressure (Vita, 1993; Donoso, 1982).



12. Home to a rich diversity of plant and animal species, the Chilean Mediterranean ecoregion possesses high levels of regional and local endemism. Endemism is particularly high among plants, with an estimated 1,500 endemic plant species found only here. The ecoregion is characterised by the sensitivity of plant distribution to topographic and physiographic features of the land such as exposition, soil depth and slope; by dependence on water availability during the summer dry seasons typical of Mediterranean climates; and by the development by species of elaborate survival and reproductive strategies adapted to climate and terrain in the context of a strong natural-disturbance regime (principally fire). The ecoregion is characterized by a north-south hydric gradient defined by greater aridity from south to north.



13. It is reckoned that about 95% of the Chilean Mediterranean ecoregion's known plant species are endemic, including *Gomortega keule*, *Pitavia punctata*, *Nothofagus alessandrii* and the rare palm *Jubaea chilensis*. The ecoregion contains several threatened plant species (e.g. *Adiantum gertrudis*, *Avellanita bustillosii* and *Beilschmiedia berteriana*), endemic birds (e.g. *Pterotochos megapodius megapodius*, *Vanellus chilensis*) and vertebrates (*Oncifelis guigna* and the very rare *Thylamys elegans* amongst others) and abundant endemic hardwood trees (*Prosopis chilensis*, *Maytenus boaria*, *Porlieria chilensis*, *Quillaja saponaria*, *Lithraea caustica*), wild grasses (*Bahia ambrosioides*, *Adesmia microphylla*, *Cantua buxifolia*), cacti (*Echinopsis chiloensis*), flowering shrubs (*Fuchsia lycioides*) and others (the bromeliad genus *Puya*). These species have developed complex associations (pollination, mycorrhizal association, zoochory) that add not only to their unique biodiversity value, but also indicate the fragility or vulnerability of the ecosystem to disturbance and demonstrate how connectivity and interdependence at landscape level is critical to the survival of this ecosystem.

14. The Mediterranean ecoregion is also a source of important ecosystem services. A hectare of *matorral* is estimated to contain between 23.5 and 133.5 tonnes of CO₂e (a mean 78.5 tonnes of CO₂e is used for calculations); a high level of variability can be found depending on the degradation stage of a given formation, with a lack of precise information at landscape level. Woody biomass is the source of heat and cooking energy for approximately 4.2 million inhabitants in central Chile. Agriculture - dependent on ecosystem services providing plant genetic resources, soil fertility, and pollination - covers 70-75% of the region's original area, and depends for water on aquifers recharged by sensitive and already-depleted forested areas. Fifteen such aquifers are already experiencing limitations on their use due to overextraction and/or insufficient recharge. The ecoregion also covers the upper and middle watersheds of thirteen important rivers (from the Copiapo in the North to the Bio Bio in the South), providing

water for domestic, agricultural, commercial and industrial uses; intact Mediterranean ecosystems help reduce the risk of dangerous flooding in agricultural and urban areas, as well as facilitate aquifer recharge.

15. Precisely because of its soil and water resources, climate and geographic location, the Mediterranean ecoregion was the focus of intensive colonization and settlement starting in the 16th century. The region rapidly became the principal source of agricultural production for domestic consumption as well as export, and the most densely populated part of the country.

16. The historical development of agriculture and accompanying settlements in the region has resulted in landscapes that are characterized by remnant patches of native forest, extensive areas of degraded lands, and farm fields of differing sizes, productivity and corresponding levels of technification. These landscapes reflect a combination of habitat conversion, progressive fragmentation and cumulative degradation, this last reflected in the loss of important endangered and endemic species and habitats and the invasion of damaging alien species in coastal, freshwater and forest ecosystems. This dynamic has severely affected the volume and quality of the ecosystem services the Mediterranean ecoregion provides to central Chile's economy and society (carbon, microclimate, water, etc.). At the same time, it has contributed significantly to the global environmental crises of climate change, biodiversity loss and land degradation.

17. Despite a net negative deforestation rate for the country overall (due to the misleading accounting of commercial plantations as reforestation), about 8,000 hectares of *native forest in the ecoregion are permanently converted* yearly to commercial agricultural land, pasture for cattle or goats, smallholder farming, or urban settlement and infrastructure. Some 85% of the region's original vegetative cover has been significantly modified. This signifies both an ever growing pressure on remaining wild habitat and species, and large volumes of greenhouse gas emissions released into the atmosphere from biomass burning for land clearing and runaway forest fires. Forest and scrub fires are a significant source of greenhouse gas emissions and habitat and biodiversity loss in the *matorral*. Approximately 21,000 ha of Mediterranean forest/*matorral* burn each year, both intentionally as a result of the use of fire as a land clearing or biomass management tool and unintentionally as a result of runaway fires or fires started as a result of lightning and other factors. The majority of fire damage occurs in the Valparaíso-Viña del Mar area (as a result of urban expansion as a main driver), Concepción area (primarily due to establishment of plantations) and the Mapuche region (as a tool in landholding conflicts), although for *matorral* remnants the region around Rancagua is also important in terms of burned surface area (unsustainable pastoral management practices). It is estimated that if degradation and habitat conversion continue at the current rate, much of the remaining 15% of the *matorral* forests will be destroyed during the coming decades, leaving only remnants of *matorral* in a small number of parks and reserves.

18. **Habitat fragmentation** occurs across the landscape, primarily due to land clearing for agricultural development and the deployment of infrastructure, primarily roads, in the absence of landscape level land-use planning. In the *matorral* ecoregion, the remaining relatively pristine forest suffers from a high degree of fragmentation, with only the forested areas in inaccessible mountainous areas showing a significant degree of integrity and connectivity.

19. **Mediterranean ecosystem degradation** is a result of ecological impoverishment caused by poaching, firewood gathering, and unsustainable harvest of non-timber forest products. This process gradually weakens the resilience of forest ecosystems to other external stressors such as invasive species, pests and diseases, forest fires and, ultimately, climate change. Forests degraded by unsustainable exploitation for timber, non-timber forest products or partial clearing and fragmentation are much less resilient to such climate extremes as sustained drought.

20. By some estimates less than 15% remains of the ecoregion's original vegetative cover. More than 150,000 ha per year are estimated to be lost to land degradation at the national level, with the majority of this area lost in the Mediterranean ecoregion. Degradation occurs with special intensity in the northern, dryer part of the region (because of its already hydric-stressed condition as a range-extreme ecosystem) and in the central, densely-populated areas, where urban growth and infrastructure projects are strong drivers of habitat conversion and fragmentation.

21. **Agroecosystemic degradation** occurs with, to name a few, the loss of soil organic matter through wind and water erosion and as a byproduct of tillage (mineralization) or overgrazing; the reduction in species as a result of a production focus on monoculture with commercial varieties; salinization from unsustainable irrigation practices; and the elimination of hedgerows, windbreaks, groves, wetlands, and other natural features on farm providing habitat for helpful birds, insects and other plant and animal species. Though exact numbers are difficult to find, there is a general consensus among policy makers that agroecosystemic degradation is the primary cause historically of the large areas of land degradation found in the Chilean Mediterranean ecoregion. This degradation is a major cause of carbon emissions and the loss or diminishment of critical ecosystem services related to water provision, disaster risk reduction, the maintenance of crop genetic diversity, etc. These degraded areas nevertheless represent a major opportunity for the restoration of ecosystem functions through improved land use.

22. While current processes of conversion, fragmentation and natural and agro-ecosystem degradation contribute to the loss of global environmental values, the cumulative result over decades has been the ecological impoverishment of production landscapes through loss of species and habitat and the mosaic of differing land uses, resulting in diminishment of ecosystem services (water filtration, carbon capture, plant genetic diversity, etc.). This weakened state has increased vulnerability across the landscape to climate change impacts, increasingly seen in the ecoregion, in the form of rising drought, greater variability in meteorological events and changes in temperatures which further stress species in the dryer extreme of their ecological range and

motivates altitudinal migrations not always possible in a fragmented landscape (Valladares, et al, 2005). Further loss of natural habitat and weakening of ecosystem services only increases the vulnerability of the ecoregion to climate change.

23. The Mediterranean ecoregion is divided into a number of agroclimatic zones running approximately north-to-south along a marked hydric gradient of drier to wetter; each zone is generally exemplified by different climatological, resource and other factors resulting in commonly characteristic land use patterns involving crops, land tenure, climate and other factors.

For the purposes of this initiative, the five most prevalent and significant in economic terms have been selected:

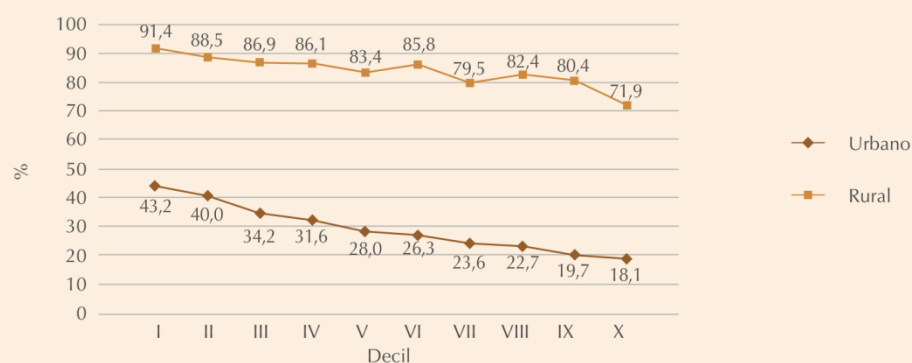
Agro-climatic zone	Approximate average landholding size of smallholders	Approximate number of smallholder families	Total coverage of smallholdings	Production activities	Primary land use issues
Secano Interior	29	37,000	978,000	Goats and sheep, firewood	Deforestation, erosion, overgrazing
Secano costero	32	41,000	1,129,000	Goats and sheep, tourism	Overgrazing, habitat fragmentation
Cordillera	459	11,000	2,289,000	Livestock grazing, firewood	Overgrazing, erosion
Pre-Cordillera	49	25,000	937,000	Trees (apple, nut), dairy, wine, firewood	Deforestation, erosion, overgrazing
Valle Regable	11	85,000	708,000	Grapes, berries for export; wine production, dairy; commercial tree breeding	Salinization, aquifer depletion, agrochemicals
TOTAL:		199,000	6,041,000		

24. Over a million people living in rural areas in the Mediterranean ecoregion are disproportionately poorer or living in more marginal socioeconomic conditions (Prodesal, 2010) than urban populations. On average, a typical rural inhabitant of the ecoregion receives 20-25% of his/her income from illegal extensive grazing and the unregulated, grey-market harvesting of timber and non-timber forest products (Zorondo and Simonetti, unpublished data). These activities include regulated and unregulated firewood collection of all kinds (for sale or consumption), extensive livestock raising, which leads to overgrazing, and the extraction of wood and non-timber forest products (NTFPs) under regulated management-unit plans and otherwise with low-value-added. The remaining 75-80% of a typical rural smallholder's income is produced by intensive livestock raising and agriculture for local and sub-regional markets, in both cases low-value-added activities due to scale and degree of technification. Micro-, small- and medium-size landowners comprise a large majority of rural inhabitants in the Mediterranean ecoregion, on the order of 84% of the landowners whose lands cover 18% of the total area.

25. This resource-dependent population relies on firewood as a primary energy source, contributing to climate change through inefficient energy sourcing and use and dry forest degradation. Rural and poorer households are strongly dependent on firewood for energy (see graphic) and thus are significant drivers of forest degradation. Slightly less than 8 thousand Gg (8 million tonnes) of CO₂e have been lost annually to land use change, forest degradation and land degradation in the Mediterranean ecoregion from 2000 to 2006, while an additional estimated 1,200 Gg have been lost to annual firewood consumption between 2000 and 2006. These data represent a combined volume of some 9 Gg (9 million tonnes) of CO₂e produced annually from 2000 to 2006.

Households using firewood, rural and urban, by income decile *

GRÁFICO N° 2.10. PORCENTAJE DE HOGARES QUE UTILIZAN LEÑA POR DECIL A NIVEL URBANO Y RURAL.



Fuente: CASEN, estudio energía, MIDEPLAN. 2006.

* cited in Belmar&Castro, 2011

26. While the trends and patterns in ecosystemic degradation are serious, only refraining from practices that promote degradation would be insufficient to conserve biodiversity and optimize ecosystem services for sustainability, productivity and climate resiliency across the production landscape. *A pro-active effort to restore ecosystem functions at scale in degraded landscapes is critical to achieving these goals.*

Baseline

27. The national and regional governments have confronted the problem of habitat destruction and unsustainable use of biodiversity in the Mediterranean ecoregion by primarily establishing a small number of protected areas, as well as providing some technical assistance to individual farmers to manage forests and other resources sustainably through targeted policies and programs. Government supported protected areas have been focused on areas of high conservation value in landscapes not under serious threat of habitat conversion or alteration and species extinction, and have neglected the more populated and intensely utilized Mediterranean ecoregion. Notwithstanding its extraordinary global biodiversity value the ecoregion is heavily underrepresented in the National Protected Area System (please see table below for Regions IV–VIII in **bold**, roughly corresponding to the Mediterranean ecoregion, and map). However, these protected areas run the risk of becoming relatively small isolated islands of intact wild habitat in a larger landscape devoid of significant biodiversity i.e. in the case of forests, areas that have been cleared of primary vegetation in order to accommodate agriculture, livestock, and other economic uses. Connectivity between existing protected areas is especially poor since the Chilean Mediterranean ecoregion has been the locus of settlement and economic growth since the Conquest.

Protection of different vegetation communities in the Chilean public PA system (SNASPE) **									
Region	Region (Area, km ²)	Natural communities (Area)		Natural communities (number)	SNASPE (Area)	Natural communities in SNASPE (Area)		Natural communities in SNASPE (number with area>10% in SNASPE)	
I	59.148	19.192	32%	65	6.315	4.117	21%	29	45%
II	126.089	18.153	14%	71	5.352	1.643	9%	18	25%
III	75.676	31.063	41%	117	5.142	601	2%	14	12%
IV	40.561	28.876	71%	159	133	128	0%	18	11%
V	15.988	6.146	38%	62	183	85	1%	5	8%
M	15.410	3.595	23%	44	128	71	2%	0	0%
VI	16.297	5.930	36%	106	65	51	1%	2	2%
VII	30.316	10.199	34%	154	8	2	0%	1	1%
VIII	37.946	10.517	28%	188	919	497	5%	12	6%
IX	31.362	11.498	37%	202	2.766	1.985	17%	44	22%
X	66.784	39.588	59%	427	5.950	4.346	11%	51	12%
XI	107.020	68.426	64%	101	51.502	32.135	47%	45	45%
XII	128.438	80.537	63%	50	66.562	34.820	43%	22	44%
TOTAL *	751.034	333.720	44%	1.173	145.025	80.480	24%	197	17%
* Total number of communities does not count repeated communities in different regions									
** Excerpted from Squeo et. al. 2003									

28. Government agricultural programmes during the last three decades have concentrated on boosting management-unit productivity without a correspondingly strong focus on ecological sustainability. In more recent years, there have been efforts to mainstream sustainability concerns within the agricultural extension system (including the GEF proposal ID 4104 Sustainable Land Management and PRODESAL's programs for subsistence and small farmers). Although these efforts are expected to lead to

some level of increased sustainability at the level of individual farms, it is unclear that these impacts will, in aggregate, achieve optimization of ecosystem services at the landscape level or enhance the resiliency of production landscapes overall in the Mediterranean ecoregion. In particular, government agricultural programmes have been carried out absent any considered analysis of positive or negative effects on the ecoregion's biodiversity.

29. Land use planning for global environmental benefits or climate resilience in the production landscape is not currently practiced in the ecoregion. While many communities and municipalities have the mandate to plan and manage land use for sustainable development benefits, few have the knowledge, capacities or financial resources to carry out these responsibilities.

30. A National System for Firewood Certification (SNCL) is in place under the general Cleaner Production Council and with financial support of the EU. Nonetheless, it focuses on individual producers and fails to project and plan for landscape level outcomes that contribute to globally-relevant environmental benefits and climate resiliency. Sustainable forest management of native forests is supported through the Native Forest Law, which establishes incentives for reforestation and restoration activities, including those in the Mediterranean ecoregion. Again, these incentives are applied for individual landholdings in the absence of a broader landscape management approach to maintaining, rebuilding and revitalizing overall ecosystem functions for landscape sustainability and resiliency. The lack of a broader planning and management framework makes it very difficult for smallholders to pool resources and capacities effectively and coordinate their on-the-ground actions strategically to achieve meaningful global environmental benefits in the Mediterranean ecoregion.

31. The Ministry of Environment (MMA) is charged with the funding and administration of the Environmental Protection Fund (FPA), which in its current form aims to protect, restore, preserve and conserve the environment through grants awarded to activities or projects undertaken by non-state agents. Significant weaknesses have been identified in the FPA's scope and mean project size for the fulfillment of its stated aim, so reform is foreseeable. The FPA has mainly awarded very small grants (around 4-5 thousand USD) on a competitive basis, with a ratio of 1:5 of presented projects approved. The department in charge at the MMA has had scant capacity so far to adequately backstop technically or provide M&E or lesson-learning on its portfolio due to its relative dimensions and staff workload (a 7-person team deals with more than a thousand project proposals annually). Evaluations carried out in 2000 and 2006 have shown that the main FPA impacts have taken place at local level and primarily in terms of raising environmental awareness and commitment of leaders, but the delivery of measurable, globally-relevant environmental benefits is not being properly tackled. This negative trend will continue in the absence of incremental action.

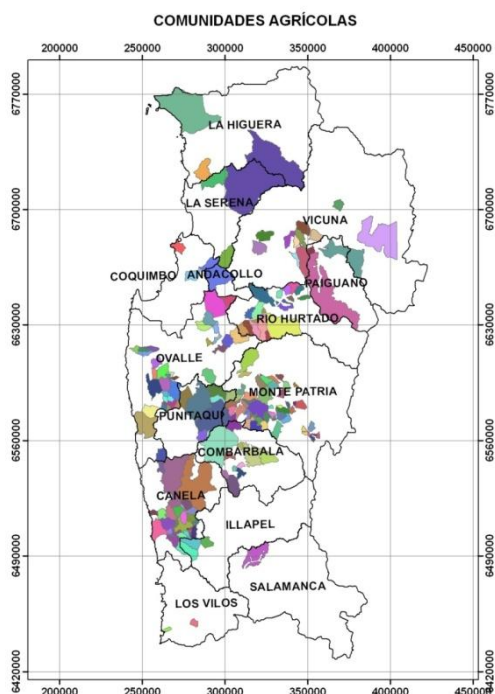
32. Legislation has been passed to create a Biodiversity and Protected Areas Fund (FNBASP) in the framework of the Biodiversity and Protected Areas Service (the remaining branch of the new environmental institutionalality). However, it lacks budget allocation, eligibility criteria and means of designation of decision-making bodies pending a normative definition of its rules and procedures.

33. In rural central Chile Community Based Organizations (CBOs) of different kinds play significant roles in decision-making around local governance and sustainable development. This is so:

- for cultural reasons: indigenous communities in the Southern extreme of the range (mapuche and huilliche communities), in many periurban settings (mainly mapuche) and in certain coastal regions (lafquenche communities),
- due to income-generation needs: in particular head-of-household women in search of micro-entrepreneurial opportunities typically organize themselves at the local level (local women's associations that engage in collection, elaboration and commercialization of algae, organic tinctures, fruits, decorative leaves or seeds).
- because of the scale economies or market power they are able to provide their members: producers' associations, local guilds or groups in the tourism industry and others,
- their legal rights holder status in land, resource and water-related management: communal estates (*comunidades agricolas*, see map, below) and *juntas de vecinos*, organized artisanal fishermen, water users' associations and others.

Communal estates or landholdings are extensive in different areas and play a significant role in territorial governance and land use decision making.

34. More than 500 local territorial-development organizations (data from the Ministry of Planning's Regional Development Undersecretary), more than 3,000 water rights holders' organizations (Ministry of Public Works' Water Undersecretary), more than 500 artisanal fishermen organizations



Relevance of CBOs in Chilean Mediterranean landscapes: communal estates in the Coquimbo (IV) region

*** cited in Santibañez, unpublished**

(CEDEPESCA) and more than 500 environment-related CBOs (FPA and SGP databases, see below) exist in the country, 80% of them concentrated in the Mediterranean region. By law or local socio-political dynamics, they play a strong role in the organization of local development, fisheries, water use, and forest exploitation and, in general, in the formal and non-formal decision making that determines the sustainability of landscapes across rural Chile.

35. Despite this, their actual capacity to act effectively is limited by significant social, cultural and economic constraints, as well as by organizational weaknesses and a generalized shortage of access to knowledge, technical assistance and financial resources. Their marginal condition impedes their adequate access to financing and markets for specialized goods and technology critical to sustainable production and landscape management. While there are a number of institutions and organizations that provide microfinance to rural inhabitants, it is unclear how many provide microfinance for the development of sustainable production practices and the marketing of the resulting products in the context of global environmental objectives and landscape level outcomes.

36. The GEF Small Grants Program (SGP) worked for over 15 years in specific areas of Chile, providing grants to small community groups. During this time, over 100 projects were financed and supported by the SGP in the Mediterranean ecoregion. This body of work provides a rich foundation of experience and lessons learned for the community organizations involved, as well as for the institutions, like the Ministry of Environment, who shaped and led the National Steering Committee. Many of these lessons will be applied to the strategy and operations of this project's community based program and will be vital for implementation and scaling up in this and subsequent phases.

37. Key lessons include: 1) the participatory nature of the processes of project identification, design, implementation and monitoring and evaluation is critical to consolidate ownership of the projects and ensure impact and post project sustainability; 2) to ensure full participation and ownership, projects must address real development problems identified by local communities and generate concrete solutions that also produce global environmental benefits; 3) the active ownership and effective involvement by community organizations in the project cycle depends on generating confidence among the different actors involved – this includes strengthening the organizational capital of the CBO itself as well as relationships of transparency and trust with external actors; 4) to achieve meaningful impacts for the global environment and local sustainable development in biodiversity conservation, sustainable land management and climate resiliency, projects should be clustered geographically within a community-driven landscape management approach that integrates global environmental objectives with sustainable development goals – this coordination among communities and their projects around landscape outcomes increases opportunities for synergies among projects for greater impacts, enhances the building of a critical mass of CBOs and their constituents to reach tipping points for adoption of specific practices and systems, helps strengthen social capital through intensified analysis, evaluation and landscape-wide dissemination of project experience, lessons learned and best practice, and provides evidence-based inputs for policy analysis and debate at local, sub-regional and national levels. These lessons have been incorporated into the design of the project proposed here.

38. **The long term solution to the degradation of the Chilean Mediterranean ecoregion** – and realization of the significant global environmental benefits embodied there - resides in a two-pronged approach: one, achieving sustainability of the primary land and resource uses practiced by its inhabitants, principally agriculture, but also including forest and livestock management; and two, pro-active conservation across the landscape with the aim of deterring further habitat degradation and the loss of ecosystem services through activities that enhance the sustainability of existing biodiversity and other resources (water, soil, etc.). These last would focus strategically on the enhancement and integrity of and connectivity among protected and other conserved areas, as well as sustainable use in the production landscape.

39. To be effective, sustainable land use needs to occur across the landscape with individual actions working in synergy with each other and with communal efforts to optimize ecosystem services, biodiversity and economic productivity. For this, community organizations must have the capacities, knowledge, resources and support from enabling policies to plan and manage land use for sustainability and resilience to climate change across their production landscapes.

40. Successful though relatively isolated experiences across Chile indicate that sustainable resource management can become an engine for growth for rural communities. Reduced poverty stems from the fact that community-based initiatives can create jobs, diversify economic activities of communities, invest in infrastructure (roads, schools, clinics, etc.), organize to use a range of resources for production and market the products as a single enterprise and not as dispersed or isolated small entrepreneurs, add value to forest and other products and generate vertical integration in the chains of production, share profits among members of the community - keeping the vast majority of the economic value of the company's activities in the locality as social and monetary investment - and generate human capital by employing the people of the region, and training and involving them in technical, administrative and managerial activities.

41. For successful conservation of the unique biodiversity of the Chilean Mediterranean ecoregion and optimization of its ecosystem services, experiences such as these must be replicated at scale by large numbers of smallholder communities across the ecoregion. A key driver of adoption by communities is the economic benefit derived from successful marketing and sale of sustainably harvested products at scale. Communities must have the capacities to produce sufficient volumes of high quality conservation-compatible products, add value, and get them to market. This implies capacities to coordinate, plan and manage land use that is coherent with biodiversity conservation, ecosystem service and climate resiliency objectives of key landscapes, as well as development of appropriate business management skills and abilities. At the same time, communities must have the capacities

to engage with new and emerging opportunities such as payments for ecosystem services (carbon sequestration, etc.), and to build resilience to climate change of their conservation-compatible production systems. Ready access to financial resources by smallholder communities for needed support and micro-investment is also key.

42. Finally for communities to benefit economically as an incentive to conserve Chilean Mediterranean ecosystems, they must coordinate their production systems to avoid duplication and unconstructive competition and to achieve economies of scale across sustainable production operations throughout the ecoregion. The project will promote development and/or adoption by community organizations of a suite of low input sustainable agricultural practices (Best Agricultural Practices) that taken together and carried out by hundreds of smallholders across the landscape will enhance climate resiliency, productivity, resource use efficiency and niche marketability. The project will facilitate access to micro-finance from participating institutions as well as certification of quality and ecoregional sustainability and resiliency. There are multiple certification systems active in Chile – the project will work with selected systems to ensure integration of standards and criteria that reflect this project's objectives and outcomes as well as relevant landscape outcomes. Engagement and discussion with certifying entities will be carried out during the PPG phase of the project.

43. The project will address the following key barriers to adoption by communities at scale of practices that enhance ecosystem services and conservation of biodiversity, build climate resilience and increase sustainable production:

Barrier 1: Inadequate CBO capacities for the identification and adoption of sustainable use practices and systems at scale in production landscape in areas of high BD value or vital to the production of ecosystem services

44. GEF SGP has assisted communities over the past 15 years, in developing successful production practices and systems under a variety of conditions which have benefited both the global environment and rural livelihoods. For maximum global impact these practices need to be carried out by enough smallholders and communities over time to reach an inflection point where smallholder communities increasingly adopt these practices because of visible proof of their benefits to sustainable rural livelihoods, whether through increased income or greater food security.

45. Smallholder communities have practiced traditional low-input agriculture for years based on a profound knowledge of species and agro-ecosystem function, with the overall strategy of reducing risk and increasing or maintaining labor efficiency. While this has generated a certain degree of food security and well-being, the unintended long-term environmental consequences of some of these practices in changing ecological and socio-economic circumstances require the development and incorporation of new practices and techniques to achieve sustainability while augmenting productivity to meet increasing development demands. Smallholders must develop the skills and knowledge to adapt agro-ecological principles to current farming systems with the aim of maintaining or increasing productivity while conserving habitats important for production of ecosystem services and biodiversity conservation.

46. To achieve sustainability over the long term, communities practicing agriculture, artisanal fisheries management, aquaculture, and harvest of non-timber forest products need to have substantial knowledge of species life cycle requirements as well as planning and management skills. For certain lands and resources like communal lands or open access lands, good governance of these commons is required to avoid diminishing the productivity and availability of the resource and generating conflicts. At the same time, new practices must be identified and developed and the appropriate skills acquired on a fairly continuous basis given the nature of these living systems.

Barrier 2: Rudimentary CBO understanding and skills for maintaining carbon stocks at landscape level

47. The remaining forests of the Mediterranean ecoregion hold significant stocks of carbon sequestered in soil and biomass. In addition, as functioning ecosystems, they buffer such effects of climate change as increased risk of fire and damage from floods. To motivate communities to maintain and/or restore standing forest, they must perceive real benefits to doing so from either direct payments for carbon or other ecosystem services or avoided economic damages from climate and weather extremes. Deforestation for other uses, e.g. pasture, may also result in permanent loss of forest cover. In both scenarios, carbon in soil and biomass is lost, and the resiliency of the surrounding forest to the effects of climate change is weakened.

48. Pro-active forest planning and management to enhance climate change resiliency can reduce the risk of fires that can devastate local ecosystems and economies while augmenting the pace of carbon sequestration through reforestation and forest enrichment. However, there are significant barriers to achieving this:

- Awareness of climate risk and the relationship between functioning forest ecosystems and climate resilience, although increasing day-by-day, is still relatively weak;
- Communities currently lack the capacities to plan and manage land use across a broader landscape with a long-term perspective that enhances productivity, climate resilience and climate mitigation, as well as supports connectivity and protected area integrity;
- The technical skills of communities and state authorities for reforestation and ecosystem rehabilitation need strengthening, and fire management capacities are weak.

Barrier 3: Communities lack the means and/or motivation to plan, manage and/or coordinate community production landscapes for conservation of biodiversity, climate change mitigation, optimization of ecosystem services and increasing long term productivity.

49. A high degree of planning and governance within and between communities based on an agreed strategic vision and supported by an appropriate policy and incentive framework is required to establish and maintain production landscapes that are productive, produce global environmental benefits and enhance climate resiliency. This requires enabling participation and regulatory compliance of community smallholders. However, understanding of the long-term benefits of a more sustainable and productive landscape that conserves biodiversity and enhances ecosystem services (including carbon sequestration) is weak to non-existent. With such deficient community capacities, effective intercommunity planning and management of shared production landscapes for global environmental benefits is remote.

50. Community organizations must have the capacities to articulate this vision, set strategic objectives, define outcomes, identify trade-offs, formulate action plans and negotiate and agree individual contributions to fulfillment of these plans. While individual smallholders and community organizations may adopt sustainable production practices and alternative income generating activities, the impact on biodiversity, carbon sequestration and ecosystem services across the landscape depends on their coordinated response guided by a strategic vision integrating productivity, connectivity, conservation and sustainable use goals.

51. Effective community and inter-community coordination can be used to leverage greater economic benefits associated with sustainable income generating activities. Marketing of non-timber forest products, certified agricultural products, or other sustainably produced goods will also benefit from inter-community coordination. To achieve economies of scale in marketing and sales of sustainable products, communities need the ability to partner with knowledgeable and trustworthy private sector groups, NGOs and each other to ensure a steady stream of high quality products.

Barrier 4: Weak support/systemic frameworks to upscale community efforts by sharing lessons and other information and experience

52. The current approach to sustainable development needs to be revamped, moving from relying on isolated and uncoordinated activities to a more coherent approach that will provide a basis for the transfer and upscaling of best practices. Communities across the Mediterranean ecoregion will have to plan and manage land use to achieve productivity, biodiversity conservation, carbon storage and climate resiliency objectives as well as to adopt and implement conservation-compatible production practices and systems. This will in turn, over the long-term, protect and enhance the biodiversity, carbon stocks and ecosystem services of the Mediterranean ecoregion.

53. For this change to occur across the ecoregion, a critical mass of communities must be motivated to adopt these practices and systems before a tipping point can be reached, and conservation-compatible systems and practices are adopted as the norm. Consolidating this critical mass of communities would not advance solely or quickly enough through the day-by-day addition of communities and their initiatives but needs to be accelerated through a systematic program of knowledge dissemination and capacity building to reach both participating communities and communities that may be interested in participating in the future. Also required is a new approach by the public agencies in charge of pushing development initiatives, for example those under the Ministry of Agriculture, the FPA or even the yet-to-be-created Biodiversity Fund.

B. 2. Incremental /Additional cost reasoning: describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated global environmental benefits (GEF Trust Fund/NPIF) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

54. In the absence of GEF funding, negative land use trends present in the Chilean Mediterranean ecoregion will remain essentially unchanged or experience an inadequate rate of change for the better. Despite important isolated initiatives to address these trends, under the business-as-usual scenario, biodiversity losses and ecosystem degradation can be expected to continue, along with increasing GHG emissions and vulnerability to climate change. Without incremental GEF funding, civil society and community based organizations in the ecoregion will not possess the resources to develop their capacities to plan and manage their production landscapes for multiple, integrated production, sustainability and global environmental benefits. CSO/CBO initiatives will remain focused on immediate production priorities and will be only partially supported through the existing Environmental Protection Fund and will lack appropriately scaled loans and other finance. Potential market access by producers' organizations, which together would benefit from economies of scale, will suffer from a lack of coordination around production, certification and marketing thus depressing incentives to adopt best agricultural or forestry practice. In the absence of coordinated planning and management among CSO/CBOs at the farm and landscape levels, global environmental benefits will be reduced, scattered, isolated and difficult to sustain. Without this landscape planning coordination, there will be no synergies generated among initiatives to produce agreed landscape management outcomes, and isolated initiatives will fail to generate critical mass or an inflection point in adoption by producer organizations across the ecoregion, thus harming prospects for replication and upscaling. In the absence of this project, hundreds of CBOs/CSOs will remain unaware of the link between landscape management, farm management, and the sustainability of ecosystem services and the generation of global environmental benefits.

55. In the absence of this project, there would be no specific dedicated effort to enable grassroots organizations in the Mediterranean ecoregion with the sufficient opportunities, means and motivation to identify, develop and implement sustainable livelihood practices and systems which, when appropriately coordinated within a landscape planning and management framework, will produce global environmental benefits and local and sub-regional climate resiliency.

56. This project will provide financial resources, capacity development and knowledge to community organizations to carry out coordinated initiatives within a landscape management framework to maintain and/or enhance biodiversity, carbon storage and ecosystem services in the Mediterranean ecoregion of Chile. Smallholders, in order to meet short-term livelihood needs, may feel forced to resort to production practices that degrade biologically diverse habitat and ecosystem services. Smallholders need to develop or adapt livelihoods that increase productivity while enhancing the long-term sustainability and resiliency of production landscapes and their global environmental values.

57. This project will strengthen the capacities, increase the knowledge and augment the motivation of communities to manage and conserve biodiversity, enhance and optimize ecosystem services and mitigate climate change using the following approaches: i) identification and implementation of sustainable production practices that are compatible with biodiversity conservation, ecosystem services optimization and climate change mitigation; ii) identification and implementation of communal initiatives to enhance biodiversity conservation and ecosystem services at a landscape level, including carbon sequestration; iii) promotion of landscape governance, territorial planning, and preparation and implementation of management plans; iv) dissemination and replication of successful experiences with sustainable livelihoods that ease pressure on the ecosystems and enhance biodiversity conservation and climate change mitigation; and v) facilitation of technical and financial support to producers' associations, including access to microfinance.

58. The project strategy is based on a two-pronged approach to achieving global benefits in biodiversity conservation, sustainable land management and ecosystem services, and climate change mitigation and resiliency in the production landscapes of the Mediterranean ecoregion. Given the levels and historic trends in natural and agro-ecosystem degradation in the ecoregion, the primary focus of the project will be on restoring and revitalizing ecosystem functions *within targeted landscapes* by improving the ecological sustainability of forestry, pastoral and agricultural production systems along with their economic productivity, particularly in areas adjacent to or connecting areas of high biodiversity.

59. With the selection of at least one landscape within each agroclimatic zone, the project will carry out a participatory analysis with communities of landscape level global environmental issues, their manifestation locally and their link to local livelihoods. Landscape-wide sustainable development outcomes will be defined and the criteria for selection of community projects - as outputs to achieve the landscape outcomes - will be developed and agreed. These outcomes and outputs at landscape level will provide the basis for measuring impacts and drawing lessons learned from experience by the communities themselves in a process of social learning. This process will be generated by the deliberate establishment and implementation of thematic and geographic Communities of Practice (CdP for Comunidades de Practica)) in which community organizations and their constituents participate. The CdPs will link practitioners with similar concerns and interests across the ecoregion's landscapes and build their understanding and awareness of global environmental issues and their links to sustainable local development, as well as their capacities to adopt or adapt new production and/or conservation practices, and participate constructively in policy consultations. CdP concerns and interests could include a large variety of topics but would focus on specific topics such as, for example, organic honey production, payment for ecosystem services, agroforestry production systems, conservation tillage, marketing and commercialization, etc.

60. Pilot landscapes will be selected based on agroclimatic zone, relation to areas of biodiversity importance, prevailing smallholder production systems, socio-economic status of smallholders, degree of community and civil society organization, available funding and cofinancing, number of communities and organizations, presence of microfinance programs, and other factors. Landscape management plans will be developed using project grants, with outcomes, targets, indicators and desired outputs corresponding to biodiversity conservation, sustainable land management and climate change mitigation. *Activities to achieve these outputs will be eligible for grants from the project.* Grant project selection criteria will be defined with the participation of CSO/CBOs and widely disseminated within the landscape. Within the landscapes, *sites for climate change* mitigation activities in particular will be chosen that have high deforestation or degradation rates, and that have higher productivity so that the activities will clearly show benefits. Areas of high incidence of wildfires will also be examined, which may be areas of lower productivity. Monitoring systems will be considered for communities that are near the climate change mitigation sites, and which are interested and have the potential capacity for future opportunities for payment for environmental services. Locations should be easily accessible to allow for demonstrations to be conducted at the sites.

61. If, for example, in a selected landscape, the outcomes defined and agreed with community participation include a halt to forest degradation, outputs might include a reduction in firewood extraction, sustainable management of the forest for a variety of non-timber forest products, amelioration of forest degradation hotspots, and experimentation with or testing of payments for ecosystem services. Activities eligible for financing by the project for this outcome would include the adoption by landscape communities of highly efficient wood stoves, participatory development of a sustainable forest management plan and establishment of a suitable forest governance committee, reforestation or forest enrichment of degradation hotspots, and/or development of a PES scheme for testing by the forest governance committee.

62. Individual grants and/or microloans will be aimed at helping community-based organizations overcome barriers to adoption of practices that enhance ecosystem services (including carbon storage) and conservation of biodiversity, build climate resilience and increase sustainable production. Individual projects financed by small grants and/or microloans will contribute concrete outputs to the achievement of the following inter-related outcomes:

Component 1: Management of productive landscapes in the Mediterranean ecoregion for biodiversity conservation

Conservation of Mediterranean forest landscapes through community-based actions (500,000 ha of forested lands under sustainable forest management; 200,000 ha of Mediterranean forest certified as sustainably managed)

63. The project will assist community-based organizations in selected landscapes to develop initiatives to carry out activities aligned with the outputs and outcomes of the participatory landscape management plans. Landscape management outcomes will include the conservation and sustainable use of Mediterranean forest ecosystems. An integrated approach to achieve these outcomes will include production of outputs related to forest governance and management, specifically the formation of forest management associations (>20); development and implementation of forest management plans (20); development and dissemination of community adapted forest monitoring systems and guidelines; certification of timber and non-timber forest products on at least 200,000 hectares (no less than 20 initiatives); and access to microfinance by entrepreneurial producers' organizations to increase market access and commercialization.

64. Critical activities for sustainable forest management in the Mediterranean ecoregion vary from landscape to landscape, but general principles include the need for an ecosystem approach to forest planning and management in which forest stands are managed as part of the broader landscape and multiple benefits are pursued (timber, NTFPs, biodiversity conservation, ecosystem services). CBOs pursuing sustainable forest management projects will receive training in silviculture and ecosystem ecology, participate in identification and valuation of ecosystem services, learn adaptive management principles and practices, identify indicators of forest ecosystem health and set production targets for a variety of goods and services, etc.

65. Technical assistance will be provided by government agencies (e.g. Conafor, MMA) or community support organizations (CSOs). Community organizations in different landscapes with initiatives of the types described above will be linked in a forest management community of practice to exchange experiences, lessons and best practices, as well as information on products and prices. Certification will be carried out using FSC or other standards and systems – the appropriate certification partner will be identified and engaged during the PPG phase of this project.

Component 2: Demonstration/promotion of conservation and enhancement of carbon stocks through land use, land use change, and forestry, and local carbon monitoring systems.

Approximately 139,000 tCO₂e sequestered or avoided as emissions (over 15 years); 29,200 tCO₂e over project lifetime (Improved land management on five pilot sites of 200 ha each)

66. At least five local carbon monitoring systems will be developed, and 139,333 tCO₂e direct and indirect benefits are planned at these five pilot sites of approximately 200 ha each. Direct benefits (within the project timeframe of 5 years) of 29,200 tCO₂ are expected. These estimates will be examined in detail during the PPG stage.

67. The Mediterranean ecoregion is characterized by degraded forest and other production landscapes, particularly on those lands owned and managed by smallholders. This project will demonstrate to smallholder organizations the adoption of good forest management practices within the context of forest restoration and the enhancement of forest carbon stocks. Pilot or demonstration sites will be developed in the five agroclimatic zones of the Mediterranean ecoregion, with activities targeted specifically for carbon benefits. Assisted forest restoration may involve removal of invasive species, water harvesting, selective reforestation with native species, etc. Community participation in carbon monitoring systems will occur at each of the sites managed for carbon. Initiatives might include reforestation with native species, particularly in regard to carbon sequestration and establishment of biological corridors and enhanced buffer zones; design and implementation of fire management plans; species management plans, and invasive species control plans. Technical assistance will be provided by government agencies and private sector specialists, as well as interested CSOs. Knowledge generated by these experiences will be disseminated through the forestry community of practice, especially in regard to the prospect of payment for carbon storage.

Component 3: Maintenance and improvement of flow of forest and agro-ecosystem services to sustaining the livelihoods of local communities

Avoided land degradation and increased resilience of agro-ecosystems to climate change (>140,000 ha with improved agro-ecosystem management practices).

68. Agriculture is the predominant smallholder landuse in the Mediterranean ecoregion, however, current practices and systems are leading to accelerated land degradation. Sustainable land management will be a primary outcome in the project's landscape management plans. SLM practices, to be adopted and implemented must increase and/or stabilize production while conserving or enhancing key ecosystem services such as soil fertility, water, pollination, and crop genetic diversity. This project will assist CBOs in selected landscapes to identify and adopt a suite of specific sustainable land management practices on 140,000

hectares of productive landscape (no less than 10 initiatives) that may include landscape-wide soil and water management and conservation measures, including check dams, gully plugs, terraces, windbreaks, catchment reforestation and others; agroforestry systems to ensure greater soil coverage with reduced soil temperatures and precipitation impact, improved fertility, increased carbon in above and below ground biomass, greater rainfall filtration, etc.; conservation tillage to reduce organic matter mineralization, reduce loss of organic matter from fire, improve rainfall filtration, etc.; crop genetic resource conservation enhanced through seed networks, in situ and on farm maintenance of seed stocks, participatory plant breeding, marketing and commercialization of underutilized crops; etc. The project will also facilitate the availability of microfinance to support transition from low-yielding degraded lands to higher-yielding more sustainable lands.

Change of degraded agricultural lands to forest use in community lands and soil conservation

69. A great number of degraded lands are no longer suitable for agriculture or livestock raising given the cumulative loss of soil fertility, water retention capacity and other factors. These lands require a long process of rehabilitation starting with regeneration of vegetative cover as the keystone for recovery of ecosystem functions and future services. This project will assist CBOs in selected landscapes to rehabilitate 10,000 ha of degraded agricultural lands through soil conservation and assisted vegetative regeneration (no less than 10 initiatives).

70. Financing for these projects would be approved by the Project Steering Committee, made up of key Ministries and representatives of relevant organizations and institutions involved in sustainable rural development and environmental protection in the Mediterranean ecoregion. Each project would be developed by one or more community-based organizations (CBOs) with the assistance of technical specialists, community-support organizations (CSOs), government agencies, private sector entities or other individuals, as well as the Project Coordinator. These proposals would be reviewed by a scientific and technical advisory group with recommendations made to the Project Steering Committee for approval or otherwise.

71. While general grant selection criteria will be defined by the Project Steering Committee for the programme overall, additional specific criteria will be developed for each of the pilot landscapes based on a participatory process. As an integral part of project development, each project proposal will define indicators and targets consistent with the CBO project's stated outcomes which are in turn framed by the landscape management plan developed in collaboration with local communities in the landscape.

72. Comprehensive criteria and procedures for grant making and provision of microloans will be developed more fully during the more detailed preparation phase of this project to be funded under a GEF Project Preparation Grant. Maximum grant size will be determined by the Project Steering Committee, but it is expected that grants to CBOs will not exceed USD 75,000; however, during the PPG phase the option of larger strategic grants for more complex landscape wide planning and management may be explored with amounts exceeding USD 150,000.

73. The microloan element of this project will also be developed in more detail during the PPG phase, however the basic premises of the component are clear. This project will not establish a stand-alone microloan facility but rather will work with the Network for the Development of Microfinance in Chile (<http://www.redmicrofinanzas.cl/web/>) to identify institutions interested in collaborating to provide financing to CSO/CBOs for production of sustainable development and global environmental benefits using agreed review criteria, indicators and procedures. The project will negotiate lines of credit to be made available to CBOs for specific kinds of economic projects that further landscape outcomes for global environmental benefits, sustainability and economic productivity. Project concepts will be prepared by CBOs with the assistance of CSOs, government agencies or others and vetted by the microfinance institution for potential eligibility for microloans. Staff of the microfinance institutions will be trained to identify potential opportunities for financing and to assist CBOs in preparing eligible projects. Microloans will be made available in conjunction with grants in proportions determined on the basis of project risk i.e. the grant funding will be used to cover activities aimed at reducing project risk, including training, expert technical assistance, etc. The use of GEF funding in the form of a revolving loan or risk guarantee facility will be studied during the PPG phase.

74. Microloans will be made to CSO/CBOs based on analyses of economic feasibility and potential returns on investment of proposed activities. Activities expected to be funded with microloans include adoption of new production practices, procurement of specific inputs and technologies, marketing, and commercialization. It is expected that many of the microloans will be made to CSO/CBOs in conjunction with grants, as the grants could be applied in combination with the loans to reduce risk through training, specialized technical assistance, certification, and simply helping to cover the initial transition between high input production systems and more sustainable low input production systems.

75. It is expected that the production of a sufficient volume of products with certified quality for sale in international markets will result from:

- The development or strengthening of adequate business management skills in CBOs
- The networking of productive community-based organizations to achieve inter-project synergies and economies of scale
- The establishment of a market-oriented perspective and capacities based on a well organized information systems and appropriate training
- The use of appropriate environmental and social impact indicators for project monitoring and evaluation.

76. These types of mechanisms have already been successfully developed and proven viable, for example in SGP's previous support to community production and marketing both in Chile and elsewhere. Certified sustainable production and reliable management will be an extension of this SGP practice in keeping with GEF strategies and objectives.

77. The *sustainability of project outcomes* will be fostered through a number of different means. Sustainability is premised on the adoption by CBO constituents of land use practices and systems that produce global environmental benefits while increasing income or livelihood stability. This adoption will require strengthened capacities of CBOs, as well as enabling factors involving markets, finance and a supportive institutional and policy environment. This project will facilitate access to and provision of grants and microfinance to CBOs to carry out activities designed to produce sustainable development as well as global environmental benefits. These activities will include identification of appropriate markets for certified products, training in new techniques and production methods, marketing and commercialization, among others. The Ministry of the Environment is fully supportive of this project approach and intends to use lessons learned from project experience in analysis and formulation of supportive policy measures to ensure sustainability of project outcomes.

78. At the level of individual projects, proponents will be required to build measures into their project design that are aimed squarely at increasing the likelihood of outcome sustainability. The screening of project proposals by a Programme Steering Committee will include a systematic assessment of whether such measures are sound and based on realistic assumptions. Project results frameworks will include outcome indicators that are monitored periodically. Project monitoring activities will be designed to verify that initial assumptions hold, and that the required elements for outcome sustainability are in place. Proactive adaptive management will be applied throughout the life of the projects by the Project Coordinator who will work with grantees to take corrective action whenever there are indications that project outcomes may be compromised or may not be sustained after the project ends.

79. Sustainability and retention of new skills will be achieved through a combination of methods and tools, which include, among others: taking into consideration ecosystemic carrying capacity and species requirements; building economic incentives into conservation activities; diversifying products and markets; linking grantees to broader networks of practitioners; mainstreaming community actions into local government development plans; enabling communities to access financial and other types of support from other donors and organizations such as universities after the project ends; inviting leaders or members of former grantee organizations to new training; using former SGP grantees as trainers for other communities and projects; continuing as much as possible to monitor former grantees and trouble-shooting when required; and establishing mentoring and peer-to-peer support among communities so that they can practice their skills and gain self-confidence.

80. This project will help strengthen indigenous and other peoples' organizations and enable them to access technical and legal assistance to protect the ecosystems in which they live and work in partnership with relevant national institutions. The project will develop capacities in CBOs, NGOs and networks so that local, regional and national civil society can participate constructively in environmental policy consultations. Finally, an effort for local-regional-national upscaling will be made through public advocacy of environmental policy and regional and national government agendas, to strengthen public-community alliances for environmental conservation and encourage the government and civil society to recognize the value of the territories selected, for future support as an integral part of a national biodiversity conservation approach.

B.3. Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCF/SCCF). As a background information, read [Mainstreaming Gender at the GEF.](#)":

81. The premise of this project is that community-driven actions enable sustainable livelihoods that lead to decreased deforestation and habitat fragmentation and the long-term sustainability of community lands as conservation-compatible, climate resilient, productive landscapes. Most GEF Small Grants Program projects in Chile carried out activities that generate income or sustainable livelihoods while producing global environmental benefits; these include a wide variety of activities such as certified sustainable forest management, sustainable agriculture, aquaculture, alternative tourism, fisheries management, etc.

82. Women will be particularly favored by this project as women's groups will be explicitly targeted for support, given their role in agriculture as well as the harvest of non-timber forest products. This project will apply a multicultural and gender equality approach to micro-project design and implementation as well as to capacity development. The project will monitor its interventions using disaggregated indicators to assess project results and effects on men and women. Women's groups will be explicitly targeted for support, given their role in agriculture as well as the harvest of non-timber forest products.

83. Past evaluations of the GEF Small Grants Program, on which this project is built, have concluded that the socioeconomic benefits of this approach are a cornerstone of its success given that they provide a strong motivation for participation, ownership and compliance. While small grants are an important piece of the solution to global environmental degradation they are most effective when they are focused geographically and thematically and form part of a broader societal and governmental strategy for sustainable development.

B.4 Indicate risks, including climate change risks that might prevent the project objectives from being achieved, and if possible, propose measures that address these risks to be further developed during the project design:

Risk	Rating	Mitigation Measures
Difficulties in accessing markets for community products	Medium	Some products already have reliable markets and are traded for a reasonable price. New products or services to be introduced by this project will require market analysis to assess their economic viability. The project will work with existing networks and groups engaged in fair trade and marketing of community-based products to ensure timely and effective support, and will encourage private sector engagement.
Vulnerability of community projects to severe weather events and other climate-related risks	Medium	The Mediterranean ecoregion is arguably the most vulnerable region in Chile to climate change. Grants will be made keeping in mind potential climate-related risks, and steps will be taken to build mitigation measures into project design to minimize the risk and/or adapt to new conditions when possible (e.g., using drought-resistant species/varieties in agro-forestry projects, locating project infrastructure in higher areas to prevent damage from floods, etc.).
Organizational weaknesses in CBOs prevent them from effectively participating in the project.	Medium	Risk mitigation systems in place (e.g., grantee capacity development support, appropriate rates of grant disbursement, working in a flexible manner that responds to the strengths and weaknesses of grantees, periodic monitoring visits) will be strengthened to maintain or improve this rate of achievement. This project will build on SGP best practice in this area. The project will also reduce risk by supporting replication of good practices that have proven to deliver on GEF strategic priorities at the community level.
Microfinance institutions are unable or unwilling to negotiate loan criteria and indicators for smallholder organizations to implement sustainable development activities.	Medium	There are a significant number of microfinance institutions/programs currently operating in Chile. The purpose of this project component is to engage these existing institutions in modifying their current lending criteria, procedures and practices to support CSO/CBOs in adopting and implementing sustainable production methods that achieve landscape level outcomes including global environmental benefits. Grants to eligible microloan recipients for training, technical assistance and other specialized inputs will help reduce the risk to these institutions. Identification of and access to appropriate markets for high quality products produced by CSO/CBOs will also help mitigate the risk to lenders.

B.5. Identify key stakeholders involved in the project including the private sector, civil society organizations, local and indigenous communities, and their respective roles, as applicable:

84. Key stakeholders are the community based organizations (CBOs), including indigenous people's organizations, who will identify, design, implement, monitor, evaluate and coordinate their small grant projects to achieve landscape management outcomes in relation to global environmental benefits, economic productivity, and ecological sustainability. A primary purpose of this project is to empower participating CBOs to act more effectively as decision makers for farm and landscape management. CBOs will contribute significant cash and in-kind co-financing to the projects (land, infrastructure, tools, labor, and other inputs) for a total matching 1:1 contribution against GEF resources. It can be expected that approximately 200 CBOs, 100 (mainly rural) municipalities and 100 Community Support Organisations (CSOs) from Chilean regions III-Atacama to XIV-Los Ríos will participate in the project's knowledge management networks (Communities of Practice). A high proportion of the CBOs (80% or more) are expected to play a direct role in the design, implementation and M&E of landscape projects and thus will receive funding from project resources. CSOs will not be granted funding for projects but can participate in consortia providing co-financing, technical assistance and other supportive ways and means.

85. As detailed elsewhere in this document, CBOs and CSOs will participate in the identification of landscape management outcomes, the analysis and identification of outputs to achieve these outcomes and the definition of activities to produce outputs which would be eligible for grant funding as CBO projects. CBO/CSOs will directly participate in monitoring and evaluation of the landscape portfolio of projects, the analysis of impacts and other results of the different projects in the landscape portfolio, and identification of lessons learned and recommendations for adaptive landscape management, including farm level measures.

86. Private sector entities will be engaged in the project, as appropriate, especially in regard to certification, marketing and commercialization of underutilized crops, sustainably harvested non-timber forest products and other goods produced by CBOs with project support from grants and/or microloans. Private microfinance institutions – participating in the Network for the Development of Microfinance in Chile - will be contacted to participate in the project through development of their capacities to identify and develop loan opportunities to support producers' organizations. Certification entities will be identified and engaged during the PPG phase of this project.

87. The Ministry of Environment will lead project implementation, specifically by chairing the Project Steering Committee, providing staff and resources, including but not limited to those of the Environmental Protection Fund, and engaging in strategic partnerships with other agencies and institutions from government and civil society, including the private sector, environment and development NGOs, and academic institutions and professionals.

These partners will support project implementation by participating in key project groups:

- the Scientific and Technical Advisory Group (STAG) will be person-based, publicly announced and appointed on the basis of individual merit. It will ensure the global environment appropriateness of the project proposals being developed as well as their scientific, technical and methodological soundness.
- the Funding Coordination Committee (FCC) will include MMA, CORFO, MIDEPLAN, CONAF, SAG, SUBPESCA/SERNAPESCA, the Renewable Energy Centre (CER), INDAP, CONICYT, Fundacion Chile, environmental NGOs and the productive sector. It will facilitate the co-financing of project proposals or direct them to other appropriate funding mechanisms.
- The Project Steering Committee will include the Ministries of Planning (MIDEPLAN), Agriculture, Economy and Energy as well as others who will participate in review and final approval for funding of proposals.

B.6. Outline the coordination with other related initiatives:

The project will coordinate and establish linkages with the following baseline projects and initiatives (including other GEF projects):

Existing GEF initiatives in Chile's protected areas system (SNASP). The project would develop activity in protected areas buffer zones, thus reducing the pressures existing on those areas. Activity in public protected areas as such is explicitly excluded from this proposal's scope. Further coordination of the Project with this initiative will be assured by the MMA.

GEF ID 1725 Altos de Cantillana. The project contributes to the conservation of globally significant biodiversity of the Altos de Cantillana massif and the Aculeo lagoon basin by developing a public-private partnership. Lessons learnt from the process will be applied in the planned scaling-up and mainstreaming of the strategy through the implementing agency, common to both projects.

GEF ID 4104 Sustainable Land Management Project and CONAF. The activities that this proposal is foreseen to fund would benefit from the mainstreaming of sustainable land management that the project will bring to Chile's agricultural and forestry incentive policy. Nonetheless, the project proposed here will fund community-group activity, from which individual incentives like the ones aimed at by the project are explicitly excluded. The MMA's Natural Resources Division participates in both projects and will ensure the adequate flow of information between them.

GEF ID 3998 Biodiversity Management System in the Ministry of Public Works. The project's mainstreaming of biodiversity concerns in the Ministry of Public Works will benefit the valuation of global environment values in this proposal's area of influence.

GEF ID 4176 Energy Efficiency Service Market in Chile and others in development, CORFO and CER. The project will create favorable conditions for consultancy firms in the energy efficiency sector, thus facilitating the access of this proposal's beneficiaries to these services and therefore to climate-change-mitigating initiatives. The participation of CORFO in the FCC of the project will ensure that it remains also in coordination with other initiatives lead by the institution and relevant to this proposal, such as the National Council of Clean Production. Similarly, the participation of the Centre for Renewable Energy (CER) in the FCC will ensure coordination with another GEF project idea, not yet with assigned Project ID, which will deal with the development of biogas in the agro-industrial sector.

C. DESCRIBE THE GEF AGENCY'S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:

88. UNDP has extensive experience in Chile with decentralisation, strengthening of local communities, capacity development, and energy and environmental management issues. It is also an active agent in support of Chile's efforts towards public sector reform and enhancement. In the area of environment, UNDP is currently developing projects financed by the Environment and Energy Ministries, as well as the Ministry of Housing and Urban Development. An important project underway is with the Regional Government of the Metropolitan Area to develop and apply a methodology for recovering landfill sites. UNDP is currently working with the Regional Governments to develop regional development planning processes and also subnational sectoral public policies.

89. UNDP has been instrumental in the implementation of important GEF projects in Chile covering a wide range of relevant issues, such as the FSPs Building a Comprehensive National Protected Areas System: A Financial and Operational Framework, Conserving Globally Significant Biodiversity along the Chilean Coast and Removal of Barriers to Rural Electrification with Renewable Energy. A program financed by the European Union was initiated in 2007 to combat desertification at the local level with community organizations and has recently been extended until 2014.

90. UNDP has been responsible for implementing the SGP globally and in Chile since the project's inception almost 20 years ago up to its closure in 2011. As GEF IA responsible for the GEF SGP, UNDP developed an efficient and effective approach with partners at the national level including Government institutions, other GEF Agencies, bilateral donors and international and national non-governmental organizations. UNDP's in-country presence through the UNDP Chile CO provides support in areas such as civil society and institutional strengthening and non-governmental and community participation, which

are all key principles of the SGP. UNDP thematic expertise and its project portfolio, including GEF projects, are an advantage as UNDP deals with environmental issues at a broader scale and is well positioned to provide guidance and lessons learnt from the national policy level to this project, and is able to take up local level experiences and local level impacts to the policy-making bodies and institutions for upscaling and replication. This project will also be included in UNDP's GEF portfolio for supervision and regular monitoring, employing oversight mechanisms required for all UNDP GEF projects.

91. In the GEF's typology, this project is considered a capacity development and technical assistance type intervention, which is deemed to be UNDP's comparative advantage in all GEF focal areas (see Annex 1 in GEF/C.31/5 rev.1).

C.1 Indicate the co-financing amount the GEF agency is bringing to the project:

UNDP provides co-financing through a 1.9 million euro grant awarded by the European Commission.

C.2 How does the project fit into the GEF agency's program (reflected in documents such as UNDAF, CAS, etc.) and staff capacity in the country to follow up project implementation:

92. UNDP is the GEF Agency for the project and accountable to the GEF for the use of funds. The project is nationally executed (NEX), in line with the Standard Basic Assistance Agreement between the UNDP and the Government of Chile, and the Country Programme Action Plan (CPAP) for 2011-2014.

93. The Project is in line with the 2011-2014 U.N. Development Assistance Framework (UNDAF) agreed between the Government of Chile and the U.N. System in Chile. This defines 5 priority areas of work. One focuses on developing policies that support environmental and energy sustainability to strengthen the efforts to conserve natural resources and biodiversity. The UN commits to the development of technical and institutional capacities in support of the newly created environmental institutions (i.e. the new Ministry of Environment). Additionally, the recently approved UNDP's 2011-2014 Country Programme and its Action Plan is aligned with the UNDAF, and therefore establishes the protection of biodiversity conservation as one of its key areas of work. In this context, the UNDP is committed to support the implementation of pilot projects on biodiversity management and to support capacity building both at the local and national levels. This project builds on the GEF Small Grants Programme, whose implementation was assisted by UNDP.


94. At the national level UNDP has a strong environment team that will provide support to project implementation. This includes two environmental economists (both with PhD) one with 20 years experience in environmental management issues and leading relevant projects for the GoC and the other with 10 years experience, including work in the World Bank. The team also counts with a lawyer with a Master degree in environmental law, and a specialist in international cooperation (with an MA in Decentralized International Cooperation: Peace and Development and another MA in International Economic Law and Integration). They will receive technical support from a dedicated Technical Advisor in UNDP's Environment and Energy Practice. Also support will be provided through UNDP's global network of specialists who may provide technical backstopping as required.

95. Visibility of GEF financial support will be ensured by using the global GEF branding in all electronic and printed materials, both by the project and by grantees. The project will also apply the following UNDP-GEF policy: *"The GEF logo should appear on all relevant project publications, including amongst others, project hardware and other purchases with GEF funds. Any citation in publications regarding projects funded by GEF should also acknowledge the GEF. Logos of the Implementing Agencies and the Executing Agency will also appear on all publications. Where other agencies and project partners have provided support (through co-financing) their logos may also appear on project publications"*.

PART III: ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT AND GEF AGENCY**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT ON BEHALF OF THE GOVERNMENT**

NAME	POSITION	MINISTRY	DATE (MM/DD/YYYY)
Ximena George-Nascimento	Operational Focal Point	Ministry of Environment	04/23/2012

B. GEF AGENCY CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	Date (MM/DD/YYYY)	Project Contact Person	Telephone	Email Address
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