PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project
TYPE OF TRUST FUND: GEF Trust Fund

PART I. PROJECT IDENTIFICATION

Project Title: Protecting Biodiversity and Multiple Ecosystem Services in Biological Mountain Corridors in Chile's Mediterranean Ecosystem			
Country(ies):	Chile	**GEF Project ID:**	5135
GEF Agency(ies):	UNEP	**GEF Agency Project ID:**	00852
Other Executing Partner(s):	Environment Ministry Chile Sendero de Chile Foundation(NGO)	**Submission Date:**	21-03-2013
GEF Focal Area (s):	Multi-focal Areas	**Project Duration (Months)**	60
Name of parent program (if applicable): ➢ **For SFM/REDD+** [X]		**Agency Fee ($):**	537,434

A. FOCAL AREA STRATEGYFRAMEWORK:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative Grant Amount ($)	Indicative Co-Financing ($)
BD-2	2.1 Increase in sustainably managed landscapes that integrate biodiversity conservation	2.2 Municipal land-use plans that incorporate biodiversity and ecosystem services (potential 30 in the project area) 2.3 Certified production landscapes (pilot 100,000 ha)	GEFTF	2,541,866	7,610,000
LD-1	1.2 Improved agricultural management	1.2 Types of Innovative SLM practices introduced at field level in 100,000 ha pilot 1.4 Appropriate actions to diversify the financial resource base 1.5 Information on SLM technologies and good practice guidelines disseminated	GEFTF	340,677	2,274,500
	1.3 Sustained flow of services in agro-ecosystems		GEFTF	247,180	980,500
LD-2	2.2 Improved forest management in drylands	2.2 Types of innovative SFM practices introduced at field level 2.4 Appropriate actions to diversify the financial resource base 2.5 Information on SFM technologies and good practice guidelines disseminated	GEFTF	177,803	1,746,000
	2.3 Sustained flow of services in forest ecosystems in drylands		GEFTF	92,757	754,000
LD-3	3.1 Enhanced cross-sector enabling environment for integrated landscape management	3.1 Integrated land management plans developed and implemented 3.3 Appropriate actions to diversify the financial resource base 3.4 Information on INRM technologies and good practice guidelines disseminated	GEFTF	335,953	1,231,500
	3.2 Integrated landscape management practices adopted by local communities		GEFTF	304,622	533,500
SFM/REDD + -1	1.3 Good management practices adopted by relevant economic actors	1.3 Types of services generated through SFM	GEFTF	1,346,953	3,300,000

Sub-Total		5,387,811	18,430,000
Project Management Cost	GEFTF	269,390	920,000
Total Project Cost		**5,657,201**	**19,350,000**

B. PROJECT FRAMEWORK

Project Objective: To consolidate public-private initiatives to conserve globally significant biodiversity and multiple ecosystem services in the mountain areas of Chile's Mediterranean Ecosystem in the Metropolitan Region.(See project area map in Annex 4)

Project Component	Grant Type	Expected Outcomes	Trust Fund	Indicative Grant Amount ($)	Indicative Co-financing ($)
Component 1: Local environmental governance capacity development and knowledge management on biodiversity conservation and sustainable land use.	TA	1. Municipal environmental departments apply updated information on the biodiversity components and ecosystem services at a local scale for decision making in land use planning.	GEFTF	**2,154,830**	**7,520,000**
Expected Outputs for Component 1 1.1. Local scale land use plans developed and linked to GIS system of the project area. 1.2. Local-scale assessments on the biodiversity components and ecosystem services of the project area. 1.3. Carrying out a pilot project to enhance personnel capacities in the environmental departments of 30 municipalities. 1.4. Coordination mechanisms set in place for municipalities in the mountain areas. 1.5. Preparation of an upgraded version of the municipal environmental management certification scheme that will include requirements for sustainable land use (SCAM/ECOCOMUNA).					
Component 2: Implementation and promotion of best practices for the sustainable management of landscapes for biodiversity and ecosystem services conservation.	TA	2. The scenario for conservation of biodiversity and key ecosystem services is improved in biological corridors by means of the implementation of best practices for the sustainable management of landscapes and financial incentive mechanisms, emphasizing SLM/SFM and the need to combat desertification.	GEFTF	**1,219,610**	**7,190,000**
Expected Outputs for Component 2 2.1. Monitoring system for biodiversity conservation and SLM/SFM with private and public stakeholders in the project area. 2.2. Strategy for improved dissemination and application of existing financial resources as incentives for biodiversity conservation among private land owners in the project area. 2.3.Compliance label for good productive practices in SLM/SFM for the protection of ecosystem services 2.4. Support program to explore market options for best practice compliant products from the Project area 2.5. Education program on the need to conserve biodiversity and combat desertification for relevant local stakeholders					
Component 3: Pilot-scale application of Integrated Conservation Districts for Soils, Forest and Water legislation.	TA	3. Integrated Conservation Districts for soils, forest and water effectively established and implemented in some 100,000 hectares of production/conservation pilot areas.	GEFTF	**1,756,809**	**2,880,000**
Expected Outputs for Component 3 3.1. Declaration of two pilot-scale areas as soil, forests and water conservation districts. 3.2. Conservation plans and activities for the pilot-scale areas. 3.3. Dissemination of lessons learned in the implementation of the pilot-scale areas.					
Component 4: Project monitoring and evaluation	TA	4. Project Implementation uses results-based management and application of project lessons learned in future	GEFTF	**256,562**	**840,000**

		operations facilitated.			
Expected Outputs for Component 4 4.1. Project monitoring system operating providing systematic information on progress in meeting project outcomes and output targets. 4.2. Mid-term review and final evaluation conducted.					
		Sub-Total		5,387,811	18,430,000
		Project Management Cost	GEF TF	269,390	920,000
		Total Project Costs		**5,657,201**	**19,350,000**

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	Subsecretaría de Desarrollo Regional (Regional DevelopmentUndersecretariat)	Grant	5,760,000
National Government	ServicioAgrícola y Ganadero (SAG, Agriculture and Livestock Service)	In-kind	920,000
National Government	ServicioAgrícola y Ganadero (SAG, Agriculture and Livestock Service)	Grant	1,000,000
National Government	Corporación Nacional de Fomento (CORFO, NationalDevelopmentCorporation)	Grant	1,920,000
National Government	Ministerio de Agricultura (Ministry of Agriculture)	Grant	960,000
National Government	Ministerio del Medio Ambiente (Ministry of theEnvironment)	In-kind	300,000
National Government	Ministerio del Medio Ambiente (Ministry of theEnvironment)	Grant	3,000,000
National Government	Ministerio de BienesNacionales (Ministry of National Public Lands)	In-kind	200,000
National Government	Ministerio de BienesNacionales (Ministry of National Public Lands)	Grant	50,000
National Government	CorporaciónNacionalForestal (CONAF, National Forestry Corporation)	In-kind	1,140,000
Local Government	Gobierno Regional (Regional Government)	Grant	960,000
Local Government	Municipalidades (Municipalities/City Halls)	In-kind	2,300,000
CSO	The Nature Conservancy (NGO)	In-kind	310,000
CSO	Chile Sustentable (NGO)	In-kind	80,000
GEF Agency	UNEP	In-kind	350,000
Private Sector	Gasco (Gas Company)	In-kind	100,000
Total Co-financing			19,350,000

D. GEF/LDCF/SCCF/NPIF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	Grant Amount (a)	Agency Fee (b)	Total c = a+b
UNEP	GEFTF	BD	Chile	2,668,959	253,551	2,922,510
UNEP	GEFTF	LD	Chile	1,573,942	149,524	1,723,466
UNEP	GEFTF	SFM/REDD+	Global	1,414,300	134,359	1,548,659
Total Grant Resources				**5,657,201**	**537,434**	**6,194,635**

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:

The Project is consistent with objectives LD1, LD2, and LD3 of the Land Degradation Focal Area, which seek to: "Maintain or improve flow of agro-ecosystem services sustaining the livelihoods of local communities" (LD1); "Generate sustainable flows of forest ecosystem services in drylands, including sustaining livelihoods of forest dependent people" (LD 2); "Reduce pressures on natural resources from competing land uses in the wider landscape" (LD3).

These objectives will be achieved by actions such as: a) Carrying out a pilot project to enhance personnel capacities in municipal environmental departments ; b) Developing a monitoring network for biodiversity conservation and SLM/SFM in the project area; c) Implementing a GIS system at local scale coordinated by the regional authorities; d) Implementing a support program to market certified products from the project area (forest and other); e) Carrying out an environmental education program focused on the need to conserve biodiversity and combat desertification; f) Disseminating and promoting existing financial resources as incentives for biodiversity conservation among private land owners in the Project area, such as the benefits included in the Regulation For The Native Forest Conservation, Recovery and Sustainable Management Fund (Law N° 20.283); g) Development of a pilot project to implement for the first time the Land Conservation Districts Legislation, aimed at preventing soil erosion or recovering eroded lands and protecting biodiversity habitats at the same time; and h) Coordinating and implementing sustainable land use plans with private land owners in the Project area.

It is also in line with Biodiversity Focal Area objective BD2: "To mainstream biodiversity conservation and sustainable use into production landscapes, seascapes and sectors." This will be achieved through an increase in sustainably managed landscapes that integrate biodiversity conservation and ecosystem services by means of actions such as: a) Developing a monitoring network for biodiversity conservation and SLM/SFM with private and public stakeholders in the Project area; b) Developing and disseminating a certification label for good productive practices in SLM/SFM for the protection of ecosystem services in the Project area; c) Development of a pilot project to implement for the first time the Land Conservation Districts Legislation, aimed at preventing soil erosion or recovering eroded lands and conserving biodiversity; d) Preparation of an upgraded version of the SCAM (municipal environmental management certification scheme that will include requirements for sustainable land use); e) Carrying out a pilot project to enhance personnel capacities in municipal environmental departments; and f) Coordinating and implementing sustainable land use plans with private land owners in the Project area.

The Project is also consistent with objective SFM/REDD+ -1, which seeks to "reduce pressures on forest resources and generate sustainable flows of forest ecosystem services." It is particularly relevant for outcome 1.3: Good management practices adopted by relevant economic actors. In this context, this objective is closely linked to BD2 and will be achieved through the same actions. It is also in line with the GEF's landscape approach, which embraces ecosystem principles as well as the connectivity between ecosystems. By integrating people's livelihood objectives in the management of forest ecosystems in the Metropolitan Region, the Project will contribute to achieve multiple global environmental benefits, including those related to the protection and sustainable use of biodiversity and combating land degradation. Through the sustainable management of forest ecosystems, the Project will significantly help ensure multiple ecosystem services for the Metropolitan Region, such as: Supply of drinking water; irrigation; hydroelectric power generation; habitat for biodiversity; regulation of water balance; filtering processes for organic and inorganic substances; landscape for recreation; and land for cattle and farming, among many others.

A.1.2. For projects funded from LDCF/SCCF: the LDCF/SCCF eligibility criteria and priorities: N/A

A.1.3. For projects funded from NPIF, relevant eligibility criteria and priorities of the Fund: N/A

A.2. National strategies and plans or reports and assessments under relevant conventions:

Chile is a signatory party to the two main relevant conventions pertaining to the activities envisaged in this project: The Convention on Biological Diversity (CBD) [ratified in 1994] and the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD)

[ratified in 1997]. The objectives of this Project are fully consistent with the country's obligations under the above conventions through the preservation of endemic species of Chile's Mediterranean Ecosystem and the preservation of forest patches of endemic species of *evergreen sclerophyll trees* and *dry xerophytic thorn scrub*.

As part of Chile's commitment to implement the CBD, the National Biodiversity Strategy (NBS) was prepared through UNDP/GEF Enabling Activity N° 809 between 2001 and 2003. The current Project supports the Strategy's Objective N° 3: "To promote sustainable production practices that safeguard biodiversity", as well as actions a), c) and g). The Project also supports the NBS' Objective 6: "To strengthen environmental education, public awareness and access to information on biodiversity", as well as action a).

Together with the NBS, Chile prepared regional biodiversity strategies. The Regional Biodiversity Strategy (RBS) for the Metropolitan Region, approved in December, 2004, identifies 23 priority sites for biodiversity conservation and presents the lines of action to achieve the 10-year goal of conserving biodiversity and promoting its sustainable management in the Region. It also emphasizes on the need to strengthen local environmental management (GAL, for its acronym in Spanish) through the municipalities and civil society. This Project supports the following the RBS' objectives 1, 2, 3, 6, 7, 11 and 12.

The Project is also in line with the GEF-UNDP project "National Biodiversity Planning to Support the Implementation of the CBD 2011-2020 Strategic Plan" (GEF ID 4857), currently being executed by Chile's Ministry of the Environment. Through its activities to halt land degradation, this Project also supports the country's National Action Program (NAP), approved in 1997 in fulfillment of its obligations with the UNCCD.

The Project also supports the Regional Development Strategy for 2011-2015 (under preparation), which focuses on four main areas: Territorial organization and urban development; environment; regional transport; and public safety.

Chile's legal framework to support the project goals includes several laws covering general ecological issues. The Environmental Framework Law (Law N° 19.300, 1994) is the country's first comprehensive law for managing environmental issues. It sets out basic principles of environmental management, including the importance of public participation and environmental education, calls for coordinated development of environmental standards, and establishes a number of management instruments, such as the environmental impact assessment system and the management, prevention and decontamination plans.

Law 19.300 was modified by Law 20.417, of 2010, which created the Ministry of the Environment with the mandate of designing and applying environmental policies and programs; the Council of Ministries for Sustainability, in charge of discussing and approving environmental policies and programs; the Environmental Assessment Agency (SEA), responsible for managing Environmental Impact Assessments (EIAS); and the National Bureau of the Environment (SMA), to oversee compliance with environmental laws. In addition, a law that creates special environmental courts has been recently approved and it is expected that they will start functioning in the short term, which in turn will trigger the full operation of the SMA.

B. PROJECT OVERVIEW:

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

Global and Local Importance of the Project Area

Chile is one of only five places in the world with a Mediterranean ecosystem, together with Australia, California, South Africa, and the Mediterranean Basin. These five Mediterranean-climate regions are renowned for high levels of plant richness and endemism, but they are also recognized as some of the most endangered. The Mediterranean ecosystem is actually estimated to experience the greatest proportional change in biodiversity by 2100 because of its sensitivity to land use change and climate. Population density and growth of urban areas, conversion to agriculture, and conversion of natural areas for tourism-related development are among the key threats to these environments (Underwood et al., 2009).

The Chilean Mediterranean ecosystem is the only one of its kind in South America. Most of this land is in central Chile, in the depression bordered by the Andes to the east and the much lower Coastal range that runs parallel and close to the

Pacific Ocean. These two ranges create a central depression that runs North-South for much of continental Chile and gives rise to fairly level valleys. The vegetation in central Chile is known as matorral (*sclerophyll scrublands*), although it also includes other vegetation types such as relict coastal forests, thorn scrubs, palm forests, (*Acacia caven*) savannas, swamp forests, coastal matorral, and Andean montane woodlands (Armesto et al., 2007). It is classified as the Chilean MatorralEcoregion (NT 1201) by Dinerstein et al. and by WWF's Global 200 initiative (122). It presents a rich diversity of plant and animal species and high levels of regional and local endemism, particularly among plants.

This ecosystem is also encompassed by one of the five biodiversity hotspots identified by Conservation International (CI) for South America: The Chilean Winter Rainfall-Valdivian Forests (CI, 2012). This hotspot covers about 40% of Chile's land area and 397,142 km² of the central-northern part of the country, which is characterized by a winter-rainfall regime, divided almost equally between a typical Mediterranean-type climate area (155,000 km²) and a more arid area of winter-rainfall deserts (145,000 km²). The hotspot includes 3,893 native vascular plants, 1,957 endemic plant species (50 percent of the total native vascular plants), 226 bird species (12 endemic ones), 43 amphibian species (67 percent endemic), 41 reptile species (66 percent endemic) and 43 native fish species (with two endemic families) (CONAMA, 2008).

For administration purposes, Chile is divided into 15 regions. The Metropolitan Region of Santiago is located at the heart of Chile's Mediterranean ecosystem. With 15,403.2 km², it is the smallest of the country's 15 regions and concentrates almost 50% of the national population (6,061,185 people according to the 2002 Census), presenting a population density of 393.5 people per km^2 (CONAMA RM, 2004).

Despite its name and the fact that it encompasses Chile's capital city, Santiago, urban areas account for only about 6% of the Metropolitan Region's territory. Almost the entire Region is covered by the Maipo River Basin and its numerous tributaries, which supply 96% of the Region's drinking water and satisfies 90% of the demand for irrigation. Besides these important ecosystem services for the consumptive use of water resources, other non-consumptive uses -such as hydroelectric power generation, recreation and aquaculture- are also supported (CONAMA RM, 2004).

In addition, the city is surrounded by a series of interconnected mountain ranges. The Region's soils play an important role as well, in terms of key ecological services: Habitat for biodiversity; regulation of water balance; filtering processes for organic and inorganic substances; landscape for recreation; and land for livestock and farming, among many others (CONAMA RM, 2004).

These mountain areas are mainly inhabited by rural communities with agricultural and forest activities. The Region has1,534 $km^2$of lands with plantations and 1,367km^2 of irrigated lands (MOP, 2010).This is where the current Project will intervene -in an area of more than 1 million hectares- to conserve biodiversity and multiple ecosystem services in biological mountain corridors in the most threatened areas of central Chile's Mediterranean ecosystem.

Drivers,Pressures and Threats to the Mediterranean Ecosystem in the Metropolitan Region

Urban expansion and population density are the main drivers of environmental degradation in Chile's Mediterranean Ecosystem, particularly in the Metropolitan Region. The Project area is undergoing a rapid process of urbanization with changes in land use and urban morphology. A study of the trends in population density in the five Mediterranean ecosystems in the world shows that between 1990 and 2000 Chile experienced the greatest change with an increase of 19% (Underwood et al., 2009).

These drivers are linked to greater human pressure on the environment, which results in important threats, such as: Change in land use patterns; forest fires; deforestation; desertification, poor management and overexploitation of resources (i.e. mining extraction without protective measures, topsoil extraction, overgrazing); introduction of alien species; public policy and territorial organization issues; illegal dumping sites and waste discharge to rivers; illegal hunting and extraction of native species; unregulated tourism; and insufficient training, research and environmental education (CONAMA RM, 2004; MMA, 2010).

Between 1995 and 2005, urban and industrial areas expanded in 18,247 ha at a rate of 3,649 ha per year in the Metropolitan Region. Nearly 80% of new urban areas grew at the expense of agricultural lands. There was also a significant reconversion of grasslands and scrublands on hill slopes for fruit plantations (CED-PNUD, 2012a). Changes in land use cause loss of biodiversity and forest cover and often lead to land degradation.

In addition, approximately 44.3% of the Region (6,830 km^2) shows signs of erosion, mainly in the slopes of the Coastal Mountain Range and the Andean foothills. Part of it is the result of natural geological erosion processes, but human activities such as deforestation, changes in land use patterns, forest fires and overexploitation of resources also play significant roles in contributing to the advance of desertification (CIREN, 2010). Between 2006 and 2011, 2,269 forest fires affected the Metropolitan Region, damaging 769 hectares of plantations and 23,062 hectares of natural vegetation (INE, 2011). Besides its evident link to land degradation, this situation also results in loss of forest cover and biodiversity.

As a result of urban expansion, consumption patterns also drive human pressure on resources. Water consumption, in particular, is an important issue. Humans change almost all aspects of the hydrological cycle and the ecosystem of which it is part — shifting water around for different uses, overusing it and degrading the environment that supplies it. In fact, the rate of loss of biodiversity from freshwater ecosystems is the fastest of all biomes (CBD-RAMSAR, 2010).

Just because of the population increase, the demand for water in the Metropolitan Region rose from 14 to 18 m3/second between 2000 and 2007 and it is projected that per capita water consumption will reach levels ranging from 20 to 23 m3/second by 2025 (CED-PNUD, 2012b). Water availability in the Metropolitan Region is estimated at 525 m^3/person/year, which is considered low in relation to that of the rest of the country (800 m^3/person/year in the northern regions and over 10,000 m^3/person/year in the southern regions). This figure is also far lower than the World Bank's threshold for sustainable development (2,000 m^3/person/year) and the worldwide average (6,600 m^3/person/year) (CED-PNUD, 2012a). In contrast, in 2010 the Metropolitan Region recorded the highest rate of residential water consumption (22 m3/home/month) in the country (SISS, 2011b in MMA, 2011).

Another clear threat to biodiversity conservation is the Region's low area (less than 10%) under protection (see Annex 1), mainly because most of the land is privately owned. Hence, any effort to protect biodiversity must necessarily consider working with private land owners to promote sustainable management practices. Three protected areas are managed by the State through CONAF (Río Clarillo National Reserve, Roblería de Cobre de Loncha National Reserve, and El Morado Natural Monument). The remaining eight protected areas are nature sanctuaries, which are private protected areas overseen by Chile's National Monuments Council (CMN by its acronym in Spanish). The "Nature Sanctuary" designation is a protection category that encourages stakeholders to preserve the natural conditions of an area; it is the only protection designation in the country's environmental legislation that allows private owners to retain their title to the land, while simultaneously ensuring its protection.

The Altos de Cantillana Nature Sanctuary was declared in 2010, largely as a result of a GEF Project (GEF ID 1725) carried out in the area between 2005 and 2009 with the long-term goal of providing a model for developing and strengthening Chile's national protected areas system and establishing other nature sanctuaries. The most recently created Nature Sanctuary in the Metropolitan Region, Horcón de Piedra (October, 2010), is also located in the area covered by that GEF Project.

The Regional Biodiversity Conservation Strategy (RBS) for the Metropolitan Region has identified 23 biodiversity priority conservation sites (see Annex 1), which in turn encompass the four Important Bird Areas (IBAs) selected by BirdLife International in the Region (see Annex 1). A few of them are included within the protected areas mentioned above, but the majority of them remain without any legal protection, mainly because they are located in privately-owned lands.

Project Baseline

Several ongoing activities by the Government of Chile, as well as national and international CSOs, form the baseline for this project (see Annex 3). They have great potential for mutual complementarities, but this is not realized at present. They do however all observe established principles and guidelines of environmental and social safeguards according to the national partners' mandates and principles led by the Ministry of Environment. These initiatives include the ongoing management and operation of the existing network of Protected Areas at the national level through the National Forestry Corporation (CONAF, by its acronym in Spanish), which is attached to the Ministry of Agriculture. In addition, as a result of two previous projects -"Biodiversity Conservation in Altos de Cantillana" (GEF Project ID 1725) and "Sustainable Production Systems for Mountain Ecosystems"-management plans were prepared for 12 private properties within the

Project's intervention area. Unfortunately, these plans have not been implemented yet, mainly due to insufficient financial resources.

Some of the efforts carried out by the Government of Chile and international CSOs at present –or scheduled for the near future- in the Project area include: A diagnosis of the condition of environmental components in the Region, which involves gathering information and developing updated maps with scales that show features in greater detail; the "Sustainable Tourism Destinations" Project developed by the National Tourism Service (Sernatur) with the aim of developing sustainable tourism destinations according to international standards in three pilot destinations, one of which is the Maipo Valley; a Sustainable Tourism Plan currently being developed by Sernatur and the Ministry of the Environment for the Altos de Cantillana area; and The Nature Conservancy's application of its Conservation Action Planning (CAP) methodology in the Maipo River Basin. A more detailed list of baseline activities is included in Annex 3.

Persisting Challenges

Despite these efforts and investments, some challenges persist, hindering the country's capacity to achieve adequate conservation of biodiversity and ecosystem services in the Project area. These include:

- ***Local-level awareness on the importance of conserving biodiversity is still incipient:*** It is still necessary to make the case for more sustainable land use practices that will halt land degradation amongst the population and authorities of the project area.
- ***Persistence of unsustainable land use and human pressure on the endangered Mediterranean habitat:*** This includes mining extraction without protective measures; topsoil extraction; overgrazing; deforestation; illegal dumping sites and waste discharge to rivers; illegal hunting and extraction of native species; urban expansion; unregulated tourism.
- ***Habitat fragmentation in the mountain areas:*** Habitat loss and fragmentation are in general the main threats to biodiversity and are crucial to securing the sustainable use of natural resources
- ***Need for better baseline information at the local level:*** Local environmental information at the municipal level is insufficient and current maps available use scales of 1:250,000 and 1:100,000. Therefore, in addition to collecting local baseline information, it is necessary to develop updated maps with scales that show features in greater detail.
- ***Capacity for local-level environmental management needs to be strengthened:*** Law 20.417, of 2010, which modified the Environmental Framework Law 19.300, demands that municipalities take responsibility for the environmental protection of their territories through local environmental management (GAL by its acronym in Spanish), which involves: a) proposing and executing measures to implement environmental actions and programs; b) enforcing environmental regulations within the municipality's territory; and c) preparing a pre-project for environmental governance. However, the new law does not assign financial resources to cover these additional activities. As a result, municipalities face several challenges to comply with this requirement:
    - ***Human resources:*** Of the 30 municipalities included in the Project area, 10 of them have not assigned any staff exclusively to these tasks.
    - ***Institutional capacity:*** Staff that has been assigned to this area in other municipalities is not always adequately trained to perform these tasks and is often not exclusively dedicated to them.
- ***Coordination among municipalities, other stakeholders and the private sector must be improved:*** Although some municipalities of the Region have had successful experiences, these have not been adequately shared and there is not enough coordination among municipalities for environmental conservation.

B. 2Incremental /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:

Baseline scenario (without GEF support):

As described in B1, the Ministry of the Environment, together with other public and private institutions, has begun to harness a series of projects and initiatives aimed at halting the degradation of the Metropolitan Region's Mediterranean Ecosystem while improving the functionality of forest corridors in these mountain areas and strengthening local capacity

and necessary information for municipalities to take on environmental planning and actions, through a pilot project. In essence, the result can be described by summarizing the most relevant aspects as follows:

1. Municipal local-level environmental management (GAL by its acronym in Spanish) is mandatory by law, but municipalities still face several challenges (i.e. human resources and institutional capacity) to comply with this requirement. Hence the need to strengthen capacities in 30 municipalities in the Project area to better achieve the conservation of biological diversity and the application of sustainable land use practices. At present, 11 of the Project area's 30 municipalities have been certified by the current Municipal Environmental Certification scheme (SCAM by its acronym in Spanish). The Project will contribute to expand SCAM certification to the remaining municipalities and upgrade the scheme to ECOMUNA standards including criteria dealing with biodiversity conservation and sustainable land use and SFM.

2. Incentives schemes to promote biodiversity conservation and sustainable land management among private land owners must be strengthened because most of the Region's territory is privately owned. Management plans exist for some properties, as a result of previous projects led by the GoCh, but have not been implemented due to lack of financial support. The Project will address the need to disseminate and promote existing financial resources as incentives for biodiversity conservation among private land owners in the Project area, such as the benefits included in the Regulation for The Native Forest Conservation, Recovery and Sustainable Management Fund. The project will also develop a label for good productive practices in SLM/SFM for the protection of ecosystem services in the Project area. These efforts will go hand in hand with actions to raise awareness and build capacity among local community members (i.e. land owners, school children, business owners, etc.).

3. Conservation Districts, which can be established in both public and private lands, are present in Chile's legislation, but they have not yet been applied. They are aimed at preventing soil erosion or recovering eroded lands. This Project will apply this category for the first time in two pilot sites covering more than 100,000 hectares.

The three elements described above will be developed in components 1, 2 and 3, respectively, and are complementary to each other. In the absence of GEF funding, however, progress will be slow and pressure on the remaining forest areas from competing land uses will continue while habitat fragmentation and biodiversity loss can be expected to carry on at the present rate. Without incremental GEF funding, municipalities, civil society organizations and private land owners in the Metropolitan Region will not have the necessary strategic tools and key capacities to plan and manage their production landscapes for multiple, integrated production, sustainability and global environmental benefits. Therefore, to adequately complement present investments, the incremental GEF contribution is designed to address several of the gaps identified above in order to achieve global environmental benefits.

Alternative scenario (with GEF support):

The driving idea of this proposal is to foster a heterogeneous array of complementary interventions in 30 adjacent municipalities for the preservation of an equally diverse mosaic of forest and non-forest areas at different stages of conservation/degradation and in doing so, to increase the habitat connectivity between the forest portion while addressing competing land use pressures in and around them. This GEF project would be incremental to the Government of Chile's current efforts by promoting best practices among the local communities involved, in order to help them develop or adapt livelihoods that increase productivity while ensuring the long-term sustainability of their surroundings and their global environmental values. The introduction of new conservation protocols to carry out income generating activities will contribute to substitute for existing destructive livelihood practices affecting biodiversity and to compensate communities for opportunity costs of lost access through resource restrictions.GEF support will also contribute to improve the sustainability of existing resource use practices by communities or build new conservation and development links to demonstrate the value-added of biodiversity conservation, which includes a wide range of activities from improvements in agricultural practices to more-biodiversity-benign practices, related incentives, and sustainable management of native forest areas. Furthermore, the combination of tools and capacities created by the project that involve local and national governance structures have significant potential for upscaling implementation of project lessons at the national level in Chile. The Project will address the challenges and/or barriers mentioned above by implementing the following strategies/components described below.

Component 1: Local environmental governance capacity development and knowledge management on biodiversity conservation and sustainable land use.

The aim of this component is to strengthen capacities in 30 municipalities in the Project area to better achieve the conservation of biological diversity and the application of sustainable land use practices focusing on SLM and SFM. The

outcome expected from component 1is: *Municipal environmental departments apply updated information on the biodiversity components and ecosystem services at a local scale for decision making in land use planning.* The component's outputs will be:

Output 1.1: Local scale land use plans developed and linked to GIS system of the project area.
There are 30 municipalities in the project area with wilderness areas comprised in their territory. These wilderness areas will be the main focus of the GEF project. In some of them, environmental ordinances have been developed, which have however focused mainly on the more widely mainstreamed environmental aspects like regulating waste management and protection of water bodies and streams. There is no experience in the country of municipal regulations that set standards for the use of wilderness areas; hence innovation through the GEF project is sought in this aspect. The idea is to lay down rules to be enforced in such territories, enabling the protection of biodiversity, especially applicable to new productive activities that land users want to settle in these areas. The resulting instruments would regulate the way in which activities are performed in that territory, but would not prevent their installation, if other laws allow them. They cannot regulate the place of activities that other laws authorize in these wilderness areas, but can put key demands on their operation that would be crucial for conservation purposes. The intention is for these ordinances to demand assurances of ecosystem services protection from new introduced activities. The recognition mechanism for such demands will be based on the compliance label granted by the Ministry of Environment and described under 2.3. On the other hand, activities already operating in these territories are invited to voluntarily join clean production agreements (APL in Spanish), with the incentive of technology conversion related subsidies triggered by the APL. In essence, the GEF increment will include facilitating local-level decision making and land use planning on environmental issues and as such provide support in developing land use plans that take into consideration biodiversity conservation and sustainable management of agricultural activities as well as SFM and integrate these into the planning framework at the landscape level. The project will do this drawing from other activities as described for the respective outputs that will be designed to gather information, develop local-scale maps, implement a local-scale GIS system and develop a monitoring network for biodiversity conservation and SLM/SFM with private and public stakeholders in the Project area.

Output 1.2: Local-scale assessments on the biodiversity components and ecosystem services of the project area.
The output will provide for collecting local-scale baseline information on aspects such as: Existing and expected land and water uses with emphasis on agriculture and native forests; geography; demography; soils; ecology (flora and fauna). The monitoring system developed under 2.1 will be based on this information and interact throughout the project via feedback on intervention impact and updates of data. The GEF increment will allow that special attention is placed on studies related to forest ecosystems as the primary providers of multiple ecosystem services flows. These studies will allow the identification of the corresponding SFM practices to be promoted by the project and provide municipalities with crucial local-level information to plan activities and development in their territories and to enforce existing legislation. In doing so, these assessments will be essential to address the relevant articles pertaining to native forests conservation within the legislative framework and with this, contribute to the adequate implementation of associated incentives and disincentives as proposed under output 2.2.

Output 1.3: Carrying out a pilot project to enhance personnel capacities in the environmental departments of 30 municipalities.
As a response to legislation demanding that municipalities take responsibility for the environmental protection of their territories through local environmental management (GAL by its acronym in Spanish), basic actions are presently being established. However, the basic staffing and capacities are still incipient, and sufficient only for mainstream duties as described in the section regarding persisting challenges earlier. Targeted training will be necessary focusing on subjects like ecosystem services provision, biodiversity conservation and the related SLM/SFM protocols, if local governance structures are to more effectively address wilderness areas. An important contribution of the GEF increment will allow that such institutional capacity of municipalities to conserve biodiversity and multiple ecosystem services is strengthened by means of training efforts, human resources, work programs and systematic environmental information. These capacities will be closely correlated to the upgrading of environmental management certification under 1.5, and further contribute to accessing subsidies that had not been tapped into in the baseline scenario.

Output 1.4: Coordination mechanisms set in place for municipalities in the mountain areas.
As mentioned above, although some municipalities of the Region have had successful experiences, these have not been adequately shared and there is not enough coordination among municipalities to ensure systematic environmental

conservation at the landscape level. The GEF increment will allow the Project to set up coordination mechanisms to share successful experiences of some of the Region's municipalities and to carry out joint environmental conservation programming by different municipalities. These will have, for the first time, homogenized general criteria to program their work in the area of biodiversity and ecosystem services. Said criteria will be developed jointly with the Ministry of Environment through the GEF increment. Thus an instance for monitoring their programming will be established, directly linked to the monitoring network from 2.1, in which indicators will be set up, associated to standardized data bases, which until now do not exist at municipal scale.

Output 1.5: Preparation of an upgraded version of the municipal environmental management certification scheme that will include requirements for sustainable land use (SCAM/ECOCOMUNA).

The current Municipal Environmental Certification (SCAM by its acronym in Spanish) is a voluntary certification scheme, based on the ISO 14,001 and European Eco-Management and Audit Scheme (EMAS) international standards, that allows municipalities to position themselves as leaders in environmental management by integrating the environmental factor into all of their infrastructure, staff and operations, internal procedures, and services provided to the community. The SCAM requires municipalities to have a unit dedicated to environmental management, waste recycling programs of their commune and environmental training materials for all personnel of the municipality, among others. Municipalities can apply to be certified in the Basic, Intermediate or Excellence categories depending on their level of progress and commitment. But in terms of reporting and compliance, there is no requirement to demonstrate a sustainable use of the territory. The GEF increment will be crucial to allow the Project to upgrade this scheme to include criteria dealing with biodiversity conservation and sustainable land use and test it in the project area. It will receive advisory support from the Swedish Cooperation and will be called ECOCOMUNA. Its principles are still under development but there are advanced talks with the Swedish cooperation to transfer experiences to Chile in this area to develop the first pilot experiences within the present GEF project. This new scheme mainstreams protection of ecosystem services and will thus help municipalities that want to meet the demands of improved municipal certification, because those municipalities may in turn demand certification in protecting ecosystem services from new activities to be carried out in their territory, thereby complying with ECOCOMUNA certification. One way through which they can enforce the requirement of certification of ecosystem services is through municipal bylaws (*ordenanzas municipales*).

Component 2: Implementation and promotion of best practices for the sustainable management of landscapes for biodiversity and ecosystem services conservation.

One of the aims of this component is to conserve animal and plant species through the implementation of best land use practices. This comprises on the one hand economic activities that involve low habitat modification (nature tourism, ecotourism, honey production, and such) and on the other the promotion of best practices in ordinary productive activities such as agriculture that are ongoing or are being newly established in the area. It also seeks to raise awareness among the main stakeholders in the Project intervention area (i.e. municipality staff, local communities and smallholders, private land owners, large businesses) on the need to conserve biodiversity and ecosystem services and combat desertification. The outcome expected from component2.is: The scenario for conservation of biodiversity and key ecosystem services is improved in biological corridors by means of the implementation of best practices for the sustainable management of landscapes and financial incentive mechanisms, emphasizing SLM/SFM and the need to combat desertification. The component's outputs will be:

Output 2.1: Monitoring system for biodiversity conservation and SLM/SFM with private and public stakeholders in the project area.

The GEF increment will allow the Project to develop and implement a monitoring network directly involving private and public stakeholders who will voluntarily submit performance results according to indicators for biodiversity conservation and SLM/SFM in the project area. The buy in is directly linked to the incentives schemes described in the outputs below. This will also help determine the level of conservation of the key ecosystem services identified above (section B.1: Global and Local Importance of the Project Area) for the Metropolitan Region. This network will constitute a functional unit with the assessments under output 1.2 and as such allow keeping the state of ecosystems and their goods and services under review for continued monitoring of key indicators and adequate decision making.

Output 2.2: Strategy for improved dissemination and application of existing financial resources as incentives for biodiversity conservation among private land owners in the project area.

Private land owners usually need incentives to implement best practices in soil conservation, cattle management, forest management and recovery, and water cycle protection, to name a few. The GEF increment will allow the Project to establish a strategy for the dissemination and application of existing financial resources among private land owners (including micro, small, medium and large enterprises) via some of the government support programs with incentives for biodiversity conservation that are currently available but have not been broadly applied in Chile. Activities related to this strategy will include detailed assessments of the legal framework, actions to foster the necessary regulatory instruments, detailed studies to establish eligibility of incentives, proposals for concrete action based on their correlation with best practices in SLM/SFM, support for the establishment of agreements between land users and donors, and the like. The strategy will also foster an increased coordination between these stakeholders and the public sector institutions in charge of applying these tools to use them as a means of ensuring increased biodiversity conservation and best practices in land use management. These incentives include:

- **Incentives included in the Chilean legal framework regarding forests** and it's Regulation for The Native Forest Conservation, Recovery and Sustainable Management Fund. This legal instrument provides complementary funding for private land owners to carry out a series of activities. However its regulation up to date has been slanted towards Chile's mainstream vocation for timber forest areas in the southern parts of the country leaving the sections that apply to the conservation of native forests such as in the project area sensibly unattended. Activities foreseen in the strategy in terms of protection or recovery of xerophytic formations with high ecological value or native forests for preservation will mostly address eligible aspects such as ecological enrichment, exclusion of large herbivores by fencing, infrastructure to control erosion and runoff, establishing connectivity for key vegetation types, fire protection, construction of surveillance and environmental education trails and such. Assessments carried out under output 1.2 will be essential to determine SFM practices that qualify for these incentives.
- **Cleaner Production Agreements**, which are voluntarily signed by a trade association that represents a productive sector and by each company individually, as well as by the public institution with competence on the matters covered in the agreement. These are aimed at increasing productive efficiency and enhancing competitiveness through actions such as improving productive, environmental, sanitation and work safety conditions and increasing water and energy efficiency. The GEF increment will allow the Project to introduce SLM/SFM criteria, particularly for private land owners with agribusinesses or tourism activities in the area as well as biodiversity conservation practices in regular agriculture and livestock activities. The project will support the establishment of the necessary agreements in this output and pilot their implementation in the field.
- **Conservation Districts Legislation**, aimed at preventing soil erosion or recovering eroded lands, protecting forest and waters. The GEF increment will allow the Project to apply this category for the first time in two pilot sites (see Component 3 for more details).

Output 2.3:Compliance label for good productive practices in SLM/SFM for the protection of ecosystem services

At present, there are very few norms in terms of biodiversity and ES conservation that are required forthe establishment of new productive activities with nothing really in the way of land users setting up such activities in areas where biodiversity could be negatively affected. As addressed under 1.1, adequately upgraded regulation instruments will be able to demand assurance of ecosystem services protection from newly introduced activities, but lack a mechanism to make such demands. That void will be filled with the introduction of a compliance label to recognize the improvement of said regulation instruments. While at the moment there are no established protocols of procedure in this regard set forth by the environmental authority, once the compliance label for standards protecting ecosystem services is promoted by the project for new activities in these areas, it would become compulsory for them to observe ES and biodiversity protection measures.

The label of compliance with biodiversity and ecosystem services (ES) protection standards will be granted by the Ministry of Environment and it will be developed by the project with the goal to promote best practice standards to protect traditional productive ecosystem services provided by biodiversity. As such it will also constitute the key link between regulatory instruments that are of local nature (see 1.1) and available incentives from national level programs (see 2.2). The idea is to develop standards of best production practices that preserve biodiversity and protect ES, to be applied on a voluntary basis for productive activities currently present in the territory and mandatory for new activities to start operating. Given the complexity and innovative features of the overall strategy to apply these incentives schemes, the

project will coordinate actions with key institutional partners at a pilot scale in the project area and once the scheme is up and running it can be upscaled to national level. The process of promoting the voluntary implementation of the standards in ongoing productive activities will be carried out through the existing mechanism of Clean Production Agreements (APL) described in 2.1, which thus far does not include biodiversity protection standards and would take up the newly introduced standards developed under the GEF project and implement them firstly in field demonstrations in the project area and subsequently in other areas in Chile nationwide. The compulsory compliance of the standards for protection of biodiversity and ES in new productive activities on the other hand will be implemented through Environmental Ordinances for wilderness territories of municipalities aiming to achieve the ECOCOMUNA certification that will demand the label for recognition.

The Ministry of Environment will provide important baseline support in the process of developing and granting the compliance label to selected productive activities, while the GEF increment will be important to develop and pilot the complex mechanism described above. On the other hand, it will allow assessing, selecting and making available the most suitable best practices that ideally qualify to guarantee ecosystem services flows from forests and biodiversity conservation and pilot their application. It is foreseen that these best practices will be mainly derived from existing interventions and experiences. There is ample know-how in terms of productive protocols, but not in the mechanism to apply them through incentives schemes, at least not in Chile and in this type of ecosystems, especially native forest with no timber related activities. While the project does not intend to apply or emulate forest certification schemes, important lessons will be drawn from other such projects existing in Chile mentioned in 2.4. The ultimate aim of this new scheme is to secure multiple ecosystem services and find a better balance between competing land uses.

2.4. Support program to explore market options for best practice compliant products from the Project area

Incentives schemes fostered and applied by the project to promote conservation of multiple ecosystem services will be based primarily on existing government programs as described in the previous sections. This will provide a solid basis to secure a minimum funding for incentives under the compliance label developed in 2.3. In addition, under output 2.4 the project will explore the feasibility of providing open market options for the products and services compliant with the label developed in 2.3. The project will develop this support program which will build on lessons learned from other GEF and non GEF projects in Chile and elsewhere working with appraising and rewarding ecosystem services conservation, the trading of products obtained sustainably and related matters. Prominent examples are:"Project for Ecosystem Services (ProEcoServ)" (GEF ID 3807); "Expanding FSC Certification at Landscape Level through Incorporating Additional Ecosystem Services, ForCES" (GEF ID 3951); "Supporting Civil Society and Community Initiatives to Generate Global Environmental Benefits using Grants and Micro Loans in the Mediterranean Ecoregion" (GEF ID 4939); the Small Grants Program in Chile and "Facilitation of financing for Biodiversity based businesses and Support of Market Development Activities in the Andean Region" (GEF ID 2391).

The GEF increment will be essential to carry out assessments of the types of products and markets addressed through these projects, find the opportunities, match with product types of the project area and develop and implement training and capacities for key stakeholders to tap into these opportunities. Coordination with the aforementioned projects will be crucial and highly profitable in terms of time and resources efficiency. The project will not be starting product and market research from scratch, but rely on ample information existing for the region. To give an idea the advances already made in this respect, information on the Biotrade initiative in the Andean Region is included in Annex 2.

Output 2.5: Education program on the need to conserve biodiversity and combat desertification for relevant local stakeholders.

This output will be essential for the Project to address the urban expansion and population density drivers of environmental degradation in Chile's Mediterranean Ecosystem, mentioned above, which result in important threats such as: Change in land use patterns; forest fires; deforestation; desertification, poor management and overexploitation of resources (i.e. mining extraction without protective measures, topsoil extraction, overgrazing); introduction of alien species; public policy and territorial organization issues; illegal dumping sites and waste discharge to rivers; illegal hunting and extraction of native species; unregulated tourism; and insufficient training, research and environmental education (CONAMA RM, 2004; MMA, 2010). In order to halt these threats, it is necessary to involve residents and obtain their active support. The GEF increment will thus allow the Project to carry out awareness raising activities by means of an environmental education program aimed at key stakeholders in the Project intervention area (i.e. local communities, private land owners, businesses, municipality staff) on the need to conserve biodiversity and ecosystem

services and combat desertification. Following baseline assessments, the detailed program will be developed during the PPG, tailoring contents to the target audiences mentioned above. The goal is to develop an educational program to disseminate concepts of biodiversity, ecosystem services and the benefits derived from applying best practices promoted by the different instruments of the project. This program will target relevant actors of local communities and will be aligned with the strategy from 2.2 regarding available incentives schemes and the capacity building for municipal authorities from 1.3 who will carry the main load of local environmental governance at this scale.

Component 3:Pilot-scale application of Integrated Conservation Districts for Soils, Forest and Water legislation.
The outcome expected from component3 is: *Integrated Conservation Districts for soils, forest and water effectively established and implemented in some 100,000 hectares of production/conservation pilot areas.* The Conservation Districts for Soils, Forests and Water Legislation aims at preventing soil erosion or recovering eroded lands to ensure that Ecosystem Services and forests are safeguarded. It is a tool to promote sustainable land use, which has not yet been implemented in Chile, although it exists legally since 1984. The project will establish pilot demonstrations to make this scheme which exists "on paper" a reality on the ground. The setup of this mechanism and how it fits into the overall configuration of incentives to apply conservation protocols for productive activities is explained under component 2.

It is not a matter of agricultural land being converted into protected areas, but rather the promotion of sustainable use to foster conservation protocols in productive areas. As such, areas degraded by agricultural activities, will be subject to wider land use planning incorporating level of detail down to the farm management planning. This will lead to sustainable practices that restore soil, protect patches of forests and conserve water. By declaring a Conservation District for Soil, Forests and Water, with its land use plan down to the farm level, a series of funds from the Ministry of Agriculture presently available to subsidize good agricultural practices are released. The project will test their practical application by piloting these processes on the ground. The component's outputs will be:

Output 3.1: Declaration of two pilot-scale areas as soil, forests and water conservation districts
The GEF increment will allow that through this project the necessary elements are in place so that the Conservation Districts category can be applied for the first time in two pilot sites representing different scenarios:

- **Pilot 1. A sector of the San Pedro Municipality**, covering over 10,000 hectares, located in the coastal range towards the west of the project area, where more arid conditions and poor agricultural practices and sheep and goat farming have degraded the land heavily. The prevailing crops are small fruits such as strawberry and legume crops (beans, lentils) and wheat irrigated by the increasingly scarce rainwater as well as beekeeping associated with patches of forest. The conservation district intended for this place will design and implement measures at the farm level, most suitable for conservation of water, soil and biodiversity, allowing farmers to carry on with their activities, but under improved management practices. This will cover areas of agricultural and forest lands highlighting the importance of forests for sustained ecosystem services flows and the interaction between both, further drawing from the capacity building and awareness raising elements of components 1 and 2.

- **Pilot 2. The Cruz de Piedra estate**, owned by GASCO (a gas company) and covering close to 100,000 hectares of Andean mountain areas on the eastern side of the project area. The productive activities to be captured in the conservation district comprise mainly livestock farming, cultivation of walnut trees and nature tourism and are carried out in an area where unsustainable production practices are threatening species such as the guanaco and puma. The aim is to promote good practices with innovative initiatives designed with GEF resources in component 2, integrating conservation of soil, water and forest resources mainly funded by the ministry of agriculture and complemented with access to additional sources of funding available for species conservation promoted by the GEF increment.

Output 3.2: Conservation plans and activities for the pilot areas
As described before, the baseline on local environmental governance and stewardship or the wilderness areas within the project area is incipient. The GEF increment will make it possible for the project to contribute to the development of conservation plans that mainstream biodiversity conservation and SFM/SLM with the owners of the two pilot sites. These plans will have the added perspective of an ecosystem approach and as such link wider landscape considerations down to the farm level. And in doing so, they will allow landowners to put into practice actions that respect the causal relationship

between ecosystem services provided by forests (and the wider landscape) and their productive activities. This output will bring together the utilization of elements from the other outputs including the plans from 1.1, assessments from 1.2, capacities from 1.3, monitoring from 2.1 and eligibility criteria for activities/protocols incentives in 2.2 and 2.3, as well as contents from the 2.5 education program.

Output 3.3: Dissemination of lessons learned in the implementation of the pilot areas
The Project will share lessons learned from the application of the Conservation Districts for Soil, Forests and Water Legislation with the area's main stakeholders as well as other relevant public and private sector institutions and civil society. This will build on the contents and lessons from the local education program in 2.5 and add target audiences of municipal staff and landholders participating in best practices schemes as the project progresses and advances are made in all relevant outputs thus upscaling project impact on the ground in a progressive manner. Some of the channels envisioned for this dissemination include workshops with the local community and contacts to develop articles and in-depth interviews with national and local media.

Component 4: Project monitoring and evaluation

The Project monitoring and evaluation component is aimed at achieving two main objectives: a) Demonstrating results, effectiveness, processes, and performance of GEF-funded activities, particularly for their contribution to global environmental benefits; and b) promote learning, feedback, and knowledge sharing on results and lessons learned as a basis for decision making on policies, strategies, other projects, and programs. The outcome expected from component 4 is: *Project Implementation uses results-based management and application of project lessons learned in future operations facilitated*. The component's outputs will be:

Output4.1: Project monitoring system operating providing systematic information on progress in meeting project outcomes and output targets
In line with the GEF's Results-Based Management Framework, project monitoring will provide information such as: Achievement of intended results, causal contributions of activities to results, implementation process, unintended results, lessons, and significant accomplishments or program potential.

Output4.2: Mid-term and final evaluation conducted
All GEF-funded projects are subject to a mid-term and a final independent evaluation. Following the GEF and UNEP guidelines, a mid-term review will be undertaken approximately half way through project implementation (ideally just before the mid-point) to analyze whether the project is on-track, what problems and challenges the project is encountering, and which corrective actions are required. In addition, a terminal evaluation report will be prepared within six months before or after project completion.

Local and Global Benefits of the Project
As a result of the implementation of these four components, the Project will deliver the following local and global benefits described in Table 2.

Table 2: Local and global benefits of the Project

Local Benefits	Global Benefits
• Promoting the adoption of sustainable livelihoods and providing public awareness and community-based outreach equally considering men, women and youth • Fostering the participation of local communities in conservation planning and management • Strengthened capacity for local environmental management in municipalities • Inclusion of biodiversity conservation and sustainable land management criteria into local environmental management and its corresponding compliance scheme • Distribution of benefits and accountability for conserving resources • Sustainable livelihood base for almost 50% of Chile's	**BD** • The habitat mosaic contained within some 1'000,000 ha of the project area maintains/improves connectivity for endemic species • Biodiversity and ecosystem services are mainstreamed in local environmental management of up to 30 local governance setups through upgraded municipal bylaws. **LD** • Innovative SLM practices introduced in productive lands in some 100,000 ha of pilots with important upscaling potential in the project area and the rest of Chile. • Additional financial resources leveraged for SLM and SFM in some 100,000 ha with upscale potential to 200,000 in the project area and dissemination in Chile.

population, conserving key ecosystem services such as: Food security, water supply(for both consumptive and non-consumptive uses), habitat for biodiversity; landscape for recreation, and land for livestock and farming, among many others. • Dissemination of economic and financial incentives for conservation in production landscapes • Set up of a sustainable land management compliance scheme to promote conservation protocols and measures • Reduced vulnerability of communities to environmental events through improvements in the natural resource base(food security) • Increased economic incentives to support local, national, and international responses	• Innovative proposals to complement current municipal environmental schemes and to promote sustainable use of products with upscaling potential **SFM** • Improvement of ecosystem services flow in project pilots with direct upscale potential to 700,000 ha of forest areas and their encompassing landscapes, and other areas in Chile. Most relevant are quantity and quality of water supply for both consumptive and non-consumptive uses; improved soil fertility and reduced soil erosion; habitat for globally significant biodiversity; improved soil and water (ground and surface) conditions in land adjacent to forests for livestock and farming; landscape for recreation and ecotourism. • SLM and SFM practices will deliver additional benefits in carbon sequestration as avoided emissions related to reduced degradation and deforestation in the project area. A preliminary estimate for the potential is 5tCO2/ha/year only for the forest area of over 600,000ha. Baseline and projections for better quantification will be done using the CBP (GEF ID 3449) platform.

By fostering an integrated approach to the conservation and sustainable use of biodiversity, and enhancing the understanding and support to achieve it, the GEF intervention will add value to, and increase the sustainability and effectiveness of, a wide range of proposed government plans and interventions. The GEF contribution will be additional and complementary to the sustained commitment and input of financial, professional, legal and administrative resources of the Government of Chile, both at the national and regional/local levels.

Through the incremental GEF support, biodiversity and ecosystem services considerations will be better understood, documented, and mainstreamed/promoted. These considerations will gradually become an integral part of relevant decision making and land-use planning processes in the Metropolitan Region's municipalities and civil society organizations.

In the long term, it is expected that this GEF-funded intervention will contribute to facilitate connectivity between isolated patches of forest habitat, increasing the viability of local species populations by: Allowing plant and animal species access to a larger area of habitat (i.e. for foraging, the dispersal of juveniles or the repopulation of other habitat patches); allowing seasonal migration; permitting genetic exchange with other populations; allowing local species populations to move away from a degrading habitat. As such, the leitmotiv of this proposal to foster a heterogeneous array of interventions in 30 adjacent municipalities is the preservation of forest area sat different stages of conservation and to increase the habitat connectivity between them. The global environmental benefits of the Project will thus include the increased conservation of biological diversity and multiple forest and land ecosystem services in Chile's Mediterranean Ecosystem in the mountain areas of the Metropolitan Region.

B.3. 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 TF):
The premise of this project is that the promotion of sustainable livelihoods will reduce pressure on the Mediterranean ecosystem of the Metropolitan Region, helping to decrease deforestation and habitat fragmentation and contributing to the long-term sustainability of both the environment and the local communities that rely on natural resources for sustenance.
Through the sustainable management of forest ecosystems, the Project will significantly help ensure multiple ecosystem services for the Metropolitan Region, such as: Supply of drinking water; irrigation; hydroelectric power generation; habitat for biodiversity; regulation of water balance; filtering processes for organic and inorganic substances; landscape for recreation; and land for livestock and farming, among many others, that are needed for the livelihood of almost 50% of Chile's population.

The creation of a green label scheme for the "Protection of Ecosystem Services" to identify products traded by local communities that have been obtained through sustainable practices, together with the promotion of trade of compliant products, will be a direct benefit to the livelihoods of rural communities in the mountain areas of the Metropolitan

Region. The green label will provide added value to eligible products and services first in the pilot area and later on at national level when the process is well established and duly upscaled by the Ministry.

The socioeconomic benefits for land users derived from their participation in schemes to be developed by the project can be summarized as improved economic solidity and a reduced vulnerability of their livelihoods. This will be made evident either through the access to government incentives programs adding to their income on one hand and/or the stability gained by belonging to productive chains that will receive project support. For instance initiatives connected to productive chains working under the BioTrade Principles and Criteria comply to generate social and environmental benefits, as they sustainably use and conserve their natural resources and implement fair and equitable sharing practices that benefit mainly rural producers and their communities. In particular, benefit-sharing is widely recognized as essential to the conservation and sustainable use of biodiversity and is one of the objectives of the CBD. The generation of social capital is also one of the pillars of sustainable development. The social impact in many cases involves the establishment of business linkages between the company and its suppliers (producers), thus reducing the length of the value chain by reducing unnecessary intermediaries. These linkages include a fair, equitable and mutually agreed price, as well as capacity building, technology transfer, generation of social funds, among other benefits so that the direct producers and the community can also benefit. The benefits go beyond the direct suppliers (producers) of the company and involve also the local communities that are associated with the resource and/or the traditional knowledge used. In this context, women will be strongly involved, with the aims of improving their quality of life, fostering gender equality, guaranteeing the sustainable use of their surrounding natural resources, and capturing the market potential of their products and services.

Based on the above factors, the project will deliver socioeconomic benefits, which consist basically in those described in Table B above under "local benefits". The description of the proposed project's components on the other hand links these to GEBs. Finally, in planning baseline and incremental interventions with its partners for this project, UNEP is applying its checklist for Social and Environmental issues, which allows the review of environmental and social safeguards. As such it has established that these are sufficiently met by the present proposal including for instance that partners comply with the inclusion of social and gender dimensions in their processes.

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
High-level and local political support and buy-in for a sustainable development approach may change or falter	Medium-Low	Chile's National Government is currently committed to the sustainable development goals of the project. The existing political and legal structure provides a sound initial platform for improvement and political support at all legal and administrative levels. However, Local Government elections will be held throughout Chile in October, 2012. While many Mayors of the Metropolitan Region's 52 municipalities may be reelected, the composition of local authorities (i.e. council members or aldermen) will most likely change in the majority if not all of the municipalities. This should not affect the Project, though, mainly because it addresses issues that municipalities face as a result of the new obligations placed on them by Law 20.417, of 2010, and it presents significant opportunities to provide direct benefits to local communities that currently depend on natural resources for their sustenance. The Project will also mitigate any potential risk associated to these elections by involving new local authorities in the process from the start.
Communities resident in surrounding areas are not supportive of conservation plans	Medium-Low	This is a risk that can only be mitigated through continued and focused and well-targeted communication, consultation, education and involvement of local communities, all of which are part of this Project. The project will implement an environmental education program with emphasis on biodiversity and SLM/SFM developed and implemented at schools in the corridor communities. It will also carry out an extensive communication program on the need to conserve biodiversity and combat desertification.
Difficulties in accessing markets for certified products	Medium-Low	Some products already have reliable markets and are traded for a reasonable price. The new certified products 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. This risk will also be mitigated by drawing on the UNEP's experience in promoting green economy and biotrade, which refers to those activities of collection, production, transformation, and commercialization of goods and services derived from native biodiversity under the criteria of environmental, social and economic sustainability.
ClimateChange risks	Low	The observed and anticipated pattern of climate change, with modified rainfall patterns and extended periods of drought, are expected to continue.

		However, the project will promote a range of applicable sustainable land-use and forest management practices that will reduce land degradation and contribute to combat desertification in the Mediterranean ecosystem of the Metropolitan Region.

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:

Category	Stakeholders	Roles and Contributions
National Government and Affiliated organizations	The Ministry of Environment; The Ministry of Agriculture; National Forestry Corporation (CONAF), a dependency of the Ministry of Agriculture; Agriculture and Livestock Service (SAG), a dependency of the Ministry of Agriculture; Ministry of National Public Lands; Regional Development Undersecretariat; National Development Corporation (CORFO).	The national government and a wide range of government-affiliated institutions will play a major role in the project and contribute a significant baseline investment on which the GEF contribution will build upon. These will include, i.e.: Management of Protected Areas including staff, infrastructure, equipment and operations; National, regional and local level Land-use and development planning processes and underlying government staff and infrastructure, including relevant legal expertise; National and local level academic research based on extensive data collection and analysis (both in terms of space and time series) on environmental parameters, wildlife management and natural resources management; etc.
Regional Government	Regional Government of the Metropolitan Region of Santiago	Coordination and information gathering; information on regional applicable laws; Project funding
Local Government	Municipalities	Coordination; local land use planning and local community involvement
Local and Indigenous Community Groups, including Women groups	There are no indigenous communities present in this area. All relevant local community groups, including women groups will be identified for each specific priority area, during the PPG phase.	Participation in project consultation mechanisms and in project activities including policy dialogues and working groups at all stages including: project design, implementation and monitoring and evaluation.
Private Sector	Owners of Nature Sanctuaries in the Metropolitan Region; GASCO. The possible involvement of other stakeholders from the Private Sector will be explored during the PPG phase, focusing mainly on the engagement of small scale, community-based enterprises (SMEs) active within the mountain areas of the Metropolitan Region.	Participation in project consultation mechanisms and in project activities including policy dialogues and working groups at all stages including: project design, implementation and monitoring and evaluation.
International CSOs, Conservation NGOs & other conservation-oriented partners	The Nature Conservancy (NGO); Chile Sustainable (NGO).	Will be involved in various biodiversity conservation elements of the project including i.e.: monitoring and field research, training and capacity building, development of conservation policies and legal instruments, community involvement, outreach and awareness programs; assessment and evaluation of the ecosystem services provided by the mountain areas of the Metropolitan Region, etc. All such contributions will be defined in detail during the PPG phase, and will be supported through in-kind support as well as grants.
International Multi-lateral Environmental Agreements	The possible involvement of International Multi-lateral Environmental Agreements will be explored during the PPG phase.	To be determined.
UN and International Organizations	UNEP	UNEP and its specialized partner agencies will (in addition to the GEF Implementing Agency functions played by the UNEP GEF team) provide a wide range of technical in-kind contributions to the design and implementation of the project.

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

The project will build on the experiences and lessons learned from the following GEF Projects:

"Santiago Foothills: Mountain Ecosystem Conservation" (GEF ID 1377), which was successful in contributing to protect, conserve, and restore in-situ a 12,900 ha area located in proximity to Santiago consisting of a representative example of a Mediterranean-mountainous ecosystem (i.e., the Santiago Foothills) and support the continued functioning of the ecosystem's ecological processes on which much of the city depends.

"Biodiversity Conservation in Altos de Cantillana" (GEF ID 1725), which contributed to the conservation of globally significant biodiversity of the Altos de Cantillana massif and the Aculeo lagoon basin, by developing a public-private

partnership for the conservation and co-management of private lands as a replicable model for the National System of Protected Areas in Chile.

"Building a Comprehensive National Protected Areas System: A Financial and Operational Framework" (GEF ID 2772), which focuses on setting up the framework for the new National Protected Areas System that will increase the effectiveness of on the ground action by providing an umbrella function to all Protected Area work in Chile. It will do this by providing a systemic framework at the national, regional and local, which will increase synergies and efficiencies between PAs and ensure replication of best practices elsewhere in other protected areas in Chile through setting up harmonized and comprehensive regulatory, institutional, operational and funding procedures and strategies within a unified and sustainable framework for PA management.

"Sustainable Land Management" (GEF ID 4104), aimed at developing a national incentive program for mainstreaming sustainable land management planning and practices in order to combat land degradation, conserve biodiversity of global importance and protect vital carbon assets.

"Project for Ecosystem Services (ProEcoServ)" (GEF ID 3807), aimed at piloting the bundling of ecosystem services and the integration of ecosystem services approaches into resource management and decision making in 5 countries: Chile, South Africa, Lesotho, Trinidad and Tobago, and Vietnam. The overall goal of the project is to better integrate ecosystem assessment and economic valuation of ecosystem services into sustainable national development planning. In Chile, this project is focused in San Pedro de Atacama, in the Atacama Desert in the north. Therefore, it does not cover the country's Mediterranean habitat.

"Carbon Benefits Project (CBP): Modeling, Measurement and Monitoring"(GEF ID 3449) will deliver the platform to quantify carbon sequestration and avoided emissions achieved through the SLM and SFM activities of the project.

"Facilitation of financing for Biodiversity based businesses and Support of Market Development Activities in the Andean Region" (GEF ID 2391) will provide important lessons in terms of value chains and practical application of the Biotrade Principles and Criteria to be applied for the green label in output 2.3. With UNEP as IA the collaboration will be very close between the two project teams.

The Project will also establish close links and coordination to combine efforts and avoid duplication with the following recently approved GEF Projects:

"National Biodiversity Planning to Support the Implementation of the CBD 2011-2020 Strategic Plan" (GEF ID 4857), which seeks to integrate Chile's obligations under the Convention on Biological Diversity (CBD) into its national development and sectoral planning frameworks through a renewed and participative 'biodiversity planning' and strategizing process, in a manner that is in line with the global guidance contained in the CBD's Strategic Plan for 11-20.

"Expanding FSC Certification at Landscape Level through Incorporating Additional Ecosystem Services, ForCES" (GEF ID 3951) global project carried out by the Forest Stewardship Council and UNEP in 4 pilot countries: Nepal, Indonesia, Vietnam and Chile, where the initiative was publicly launched in December 2011. In Chile, the 3 pilot sites selected for this project are located in southern regions: Carahue (Araucanía Region); Mechaico River Basin in Chiloé Island (Los Lagos Region); and Pumalín Park (Aysén Region). Therefore, it does not cover the country's Mediterranean habitat.

"Supporting Civil Society and Community Initiatives to Generate Global Environmental Benefits using Grants and Micro Loans in the Mediterranean Ecoregion" (GEF ID 4939), aimed at developing, demonstrating and mainstreaming the delivery of globally significant environmental benefits by community-based organizations in the management of critically endangered landscapes in the Chilean Mediterranean Ecoregion. This project will deserve very close attention during the project development phase as it has significant potential for collaboration between agencies and partners to ensure the delivery of GEBs. While both projects' objectives seem to be well aligned, their approaches - although complementary - are quite different, following each IA's respective comparative advantage. While project 4939 is based on the SGP concept, its emphasis is on developing community level capacities for land and forest management, working predominantly with CBOs in an array of small pilots, projects and demonstrations with upscaling potential. Project 5135 on the other hand is based on UNEP's expertise in environmental assessment at the ecosystem level leading to decision making and as such providing the broader scientific base for environmental policy development, targeting land use units of different dimensions in terms of pilot interventions. To name but a few areas of complementarities, the community level capacities and piloting developed on one side will go together with the mainstreaming in municipal ordinances from the other in terms of local governance instruments and linking them to national level programs. Also, the CBO's SFM and SLM pilot projects for instance will profit from the environmental assessments (1.2) and vice versa provide feedback to the monitoring network (2.1) and its indicators. Furthermore, it is envisioned that the microfinance/grant element from one side will provide opportunities for bundling of conservation/production resources combined with the incentives

mechanisms promotion and will have close links to the community of knowledge regarding value chains from the other. Finally the CBP platform is in a position to provide the methodological base for SFM/SLM carbon benefits assessment to both sides together. This being said, to make the most of the synergistic potential of both projects, it is foreseen that collaboration will have to start at the PPG phase. Planning meetings will have to determine that programming is indeed not only aligned in thematic and geographic aspects but that the investments in particular of GEF resources are made in a fully complementary manner. MMA as the principal national partner for both projects will be the main responsible to ensure that in addition to project development, such harmonized planning continues throughout project implementation between project management teams, at the Steering Committee level and between relevant partners. Needless to say that national/local policy development based on project results will be closely coordinated.

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

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

As an agency engaged predominantly in environmental regulation work and linking science with environmental policy UNEP's greatest asset is its in house expertise that will be contributing to this project, consisting of coordination between programs and related projects, technical inputs and backstopping, provision of methodologies, participation in project development and implementation (other than IA-functions) and the like, is being estimated between 300 and 500 thousand USD, depending on how much of it will happen during the PPG phase and-or the FSP implementation period, which will be ultimately defined during the preparation phase. This contribution would be considered as in kind staff time mostly.

On the other hand, UNEP will be instrumental in leveraging additional co-financing from partners, related initiatives and further UNEP lead projects to be identified as they emerge in UNEP's program of work. A better assessment of said investments including how much of them can be considered baseline work or co-financing will be possible during the PPG phase, hence the amounts at this point are indicative and kept on the conservative side due to their preliminary nature.

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:

UNEP has actively participated in the development of the current UNDAF for Chile 2011-2014. The project would contribute mainly to Expected Outcome #8 "The country develops technical and institutional capacities to foster environmental sustainability".In particular for the following outputs: 45: Development of indicator models and strategy to generate information for environmental sustainability and 46: Public sector capacities strengthened for the implementation of the national sustainable development education policy.

The project fits within and complements the objectives and expected outcomes of the UNEP Programme of Work 2012-2013 (approved in Feb 2011). The project specifically fits into UNEP's Programme of work:

Sub-programme 3 (Ecosystem Management) through the following UNEP-expected accomplishments:

(a) The capacity of countries and regions increasingly to integrate an ecosystem management approach into development and planning processes is enhanced;

(b) Countries and regions have the capacity to utilize and apply ecosystem management tools and

(c) The capacity of countries and regions to realign their environmental programmes and financing to address degradation of selected priority ecosystem services is strengthened; and

Sub-programme 4 (Environmental Governance) through the following UNEP-expected accomplishments:

(b) Enhanced capacity of States to implement their environmental obligations and achieve their environmental goals, targets and objectives through strengthened institutions and the implementation of laws.

(c) National development processes and United Nations common country programming processes increasingly mainstream environmental sustainability into the implementation of their programmes of work (UNDAF).

This project further draws from UNEP's Ecosystem Management Program which assists countries and regions to integrate an ecosystem approach into development and planning processes; acquire and improve the capacity to use ecosystem management tools; realign their environmental programs and finance priority ecosystem services.

Mandated by the Forum of Environment Ministers of Latin America and the Caribbean and within the framework of the Latin America and Caribbean Initiative for Sustainable Development (ILAC), UNEP leads the working group on environmental indicators. This includes producing a core set of indicators at the national and regional level and developing the necessary software platform to make them available to decision makers. The project will profit from

substantive baseline work in this area, updating information and pursuing a harmonized set of indicators for sustainable development at the regional level. Additional benefits will be derived from the fact that ILAC promotes south – south cooperation within countries of the region, further strengthening the potential of the project and a common position on the environmental finance agenda.

In country follow up of project implementation (as an Implementing Agency) will be carried out by the Task Manager from the Division of Environmental Policy Implementation in charge of the project, who will i) participate in periodic Steering Committee (SC) meetings with the other project partners, ii) customary supervision visits to both participating countries including field visits to project pilot sites and to participating institutions, iii) reception of project reporting as per the agreement signed between the IA and EA and iv) other activities detailed in the project supervision plan annexed to the agreement. Alike other GEF Implementing agencies, UNEP falls under the category of non-resident agencies in the UN system and as such works through a network of regional offices rather than country offices. Project implementation will thus be followed up from the regional office for Latin America and the Caribbean located in Panama and through the above mentioned visits to the project countries. IA and EA functions are clearly differentiated and separated through commissioning of project administration tasks to an external executing agency, a standard practice for UNEP which has been applied successfully in GEF projects and UNEP's program of work as well. In this case, for regional and in-country project management it will have the collaboration of long time partners' network. On one hand through Sendero de Chile Foundation, associated to the MMA with offices in Chile for execution support regarding administrative tasks. On the other hand, through TNC, with experience in GEF projects, specialized staff and ample expertise in ecosystem management and environmental governance, regarding technical expertise and networking at national and regional level.

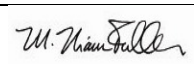
Within the Division of Environmental Policy Implementation in UNEP the project can count on ample expertise from the Ecosystem Management Program and draw from the community of knowledge and collaboration from within UNEP's GEF ecosystem services/management related portfolio. It will furthermore be supported by the scientific and technical structure from the Division of Early Warning and Assessment and its expertise such as the Integrated Environmental Assessment methodologies and processes which will be at the project's disposal. In fact, the MMA is presently requesting UNEP to assist with training in the above subject to support them in developing reports on the state of the environment based on a participative methodology that better involves all key stakeholders. This baseline work will be coordinated within MMA and aligned with the present proposal to create important synergies.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINTS (S) AND GEF AGENCY

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT(S) ON BEHALF OF THE GOVERNMENT(S): Please attach the Operational Focal Point endorsement letter(s) with this template. For SGP, use this OFP endorsement letter).

Name	Position	Ministry	Date *(MM/dd/yyyy)*
Ximena George Nascimento	GEF OFP	Environment	September 5, 2012

B. GEF AGENCY CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	Date *(MM/dd/yyyy)*	Project Contact Person	Telephone	Email Address
Maryam Niamir-Fuller, Director, GEF Coordination Office UNEP		03-21-2013	**Robert Erath** Task Manager LAC Biodiversity and Land Degradation UNEP/GEF	+507 305 3171	robert.erath@unep.org

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ANNEX 1. Protected Areas and Important Bird Areas (IBAs) in the Metropolitan Region

Protected Areas in Chile's Metropolitan Region

Name	Area (ha)	Area (km^2)
Río Clarillo National Reserve	13,085.00	130.85
Roblería de Cobre de Loncha National Reserve	5,870.00	58.70
El Morado Natural Monument	3,009.00	30.09
Yerba Loca NatureSanctuary	39,029.00	390.29
Los Nogales NatureSanctuary	11,025.00	110.25
Cascada de las Ánimas NatureSanctuary	3,600.00	36.00
San Francisco de Lagunillas NatureSanctuary	13,426.00	134.26
Torcazas de PirqueNatureSanctuary	827.00	8.27
Cerro el Roble NatureSanctuary	996.10	9.96
Altos de CantillanaNatureSanctuary	2,743.00	27.43
Horcón de Piedra NatureSanctuary	1,968	19.68
TOTAL	**95,578.10**	**955.78**

Source: CONAF, National Monuments Council

Important Bird Areas (IBAs) in Chile's Metropolitan Region

IBA Code	IBA Name	Area (ha)
37	Humedal de Batuco	500
39	Santuario de la Naturaleza Yerba Loca	11,575
41	Valle del Yeso	48,400
42	Reserva Nacional Río Clarillo	13,085

Source: BirdLife International, 2009

ANNEX 2. Biotrade in the Andean Region

UNCTAD's Biotrade Initiative was launched in 1996 to promote the collection, production, transformation, and commercialization of goods and services derived from native biodiversity under the criteria of environmental, social and

economic sustainability. Although there are no specific data for Chile, a study conducted by the Biotrade Initiative (UNCTAD, 2012) indicates that current markets for environmentally-friendly products and services show growth rates, despite the economic slowdown, highlighting that in 2008, the United States organic sector showed a 17.1% annual growth rate and the 2009 Cone Consumer Environmental Survey revealed that 34% of consumers are more likely to buy environmentally responsible products, and 44% mentioned that their environmental habits have not changed as a consequence of the crisis. Consumers, particularly in Europe and United States, still search for ethical, social, natural, and healthy products.

In this scenario, UNCTAD suggests that countries rich in biological resources implement the BioTrade framework to capture this market potential, and transform it into a sustainable development engine. In 2008, these practices have already generated over $230 million in exports of sustainably-produced products and services derived for Latin American's biodiversity. Examples of other results obtained are: the diversification of exports; the strengthening of biodiversity-based sectors including the enhancement of the policy framework that promotes their sustainable development; facilitating access of small and medium enterprises (SMEs) with differentiated quality products to national and international markets, and the fair and equitable distribution of benefits generated (UNCTAD, 2012).

The value added products and services offered come from a variety of sectors and species, such as: Sustainable agriculture/agroforestry systems; non-timber forest products; sustainable garments; sustainable aquaculture; and sustainable tourism. In addition, total sales (domestic and exports) of biodiversity-derived products in the Andean countries accounted for $223.4 million in 2007 and $238.7 million in 2008 (UNCTAD, 2012). Between 1992 and 2001, the Andean Region's exports of plants used in cosmetics, medicines and insecticides grew approximately 1.6% per year. Ecotourism has also experienced rapid growth and some studies forecast growth in the order of 10%-25% over the next 20 years. Nevertheless, it is worth noting that the contribution of these revenues on the main consumer markets is still somehow limited. One exception has been Andean natural colorings and dyes, which have enjoyed greater success and represent today approximately 9% of the total market share in the European Union, the United States and Japan (CAF, 2012).The GEF project "Facilitation of financing for Biodiversity based businesses and Support of Market Development Activities in the Andean Region" (GEF ID 2391) will provide important lessons in terms of value chains and practical application of the Biotrade Principles and Criteria. With UNEP as IA the collaboration will be very close between the two project teams.

ANNEX 3. Project Baseline Activities

Several ongoing activities by the Government of Chile, as well as national and international CSOs, form the baseline for this project. They have great potential for mutual complementarities, but this is not realized at present. They do however all observe established principles and guidelines of environmental and social safeguards according to the national partners' mandates and principles led by the Ministry of Environment. These initiatives include:

- The ongoing management and operation of the existing network of Protected Areas at the national level, entailing staff, equipment and facilities under the responsibility of the Government of Chile through the National Forestry Corporation (CONAF, by its acronym in Spanish), which is attached to the Ministry of Agriculture;
- The Metropolitan Region Secretariat of the Ministry of Environment is launching a project to strengthen institutional capacities in 11 municipalities that encompass Biodiversity Priority Conservation Sites and have been certified by the Municipal Environmental Management Certification Scheme (SCAM by its acronym in Spanish). It also seeks to motivate 19 other municipalities that also have Biodiversity Priority Conservation Sites but have not yet applied for the SCAM;
- The Metropolitan Region Secretariat of the MoE will initiate a project to carry out a diagnosis of the condition of environmental components in the Region, which involves gathering information and developing updated maps with scales that show features in greater detail. This will allow municipalities to have greater and up-to-date information on the natural resources they need to protect in their territories and enhance their capacity for environmental planning;
- The Metropolitan Region Secretariat of the Ministry of Environment will launch two initiatives aimed at strengthening Local Environmental Management (GAL by its acronym in Spanish) capacities to ensure biodiversity conservation and sustainable land use by means of: Providing human resources to municipalities that do not have personnel for these tasks; knowledge transfer and strategies to design programs for environmental education, waste management and sustainable management of natural resources and biodiversity; compiling local environmental management experiences in a best practice manual that will provide guidance and support to municipality teams;
- As part of the previously mentioned *"Biodiversity Conservation in Altos de Cantillana"* (GEF Project ID 1725), which contributed to the conservation of globally significant biodiversity of the Altos de Cantillana massif and the Aculeo

lagoon basin, management plans were prepared for seven private properties within the Project's intervention area. These plans included zoning maps and suggested actions for protection, ecotourism and rural tourism, environmental education and interpretation, research and sustainable use of natural resources, according to the interests of the owners. Unfortunately, these plans have not been implemented yet, mainly due to insufficient financial resources;

- Likewise, five management plans were prepared for private properties located within Biodiversity Priority Conservation Sites in the southeastern mountain area of the Region, as part of the project for *"Sustainable Production Systems for Mountain Ecosystems"*, also known as Andean Santiago, which was carried out between 2005 and 2012. The initiative was the result of an alliance between public and private institutions, including the University of Chile, the Agriculture and Livestock Service (SAG, by its initials in Spanish), the National Forestry Corporation (CONAF), the Ministry of Environment, the Sustainable Chile Program, agriculture and tourism business owners, and other CSOs. These plans have also not been implemented yet, mainly due to insufficient financial resources;
- The National Tourism Service (SERNATUR) launched in 2010 the *"Sustainable Tourism Destinations"*Project with the aim of developing sustainable tourism destinations according to international standards. The goal of this project is to encourage and promote sustainability in certain places in Chile that are ecologically and culturally important and attract significant tourism. SERNATUR has selected three pilot destinations for this project: The Maipo Valley (which is encompassed by the above mentioned Andean Santiago area), Easter Island and the Llanquihue Lake in the Lakes Region.
- A Sustainable Tourism Plan is currently being developed by SERNATUR and the Ministry of the Environment for the Altos de Cantillana area, which is also encompassed by this Project.
- The Nature Conservancy is applying its Conservation Action Planning (CAP) methodology in two watersheds in Chile's Mediterranean ecosystem. One of them is the Maipo River Basin, which is included in the Project area. This work constitutes important inputs in terms of methodological support and strategic partnerships for the present proposal.

ANNEX 4. Map of Project Intervention Area