

Government of Chile
United Nations Development Programme



Project Title:

Supporting civil society and community initiatives to generate global environmental benefits using grants and micro loans in the Mediterranean ecoregion of Chile

Brief Description

The Mediterranean ecoregion occupies a central place in the sustainability of Chile's development. In it are concentrated essential social and cultural values, strategic economic assets and environmental values of global importance. Nevertheless, the pressure exerted by productive activities on the landscape places all of these values, and especially those associated with the global environment, at increasing risk. The sustainability of this region's ecosystem services, its biodiversity and its economic productivity requires an approach that provides the opportunities, the means and the motivation to community organizations to develop, acquire and/or exercise the financing, knowledge and capacities needed to develop and manage their resources for global environmental and local development benefits.

To trigger a change process in the ecoregion that increases the sustainability of land use and ecosystem services, uses biodiversity sustainably and sequesters and stores carbon, the project proposes to directly engage around one hundred community-based organisations and local governments in carrying out projects that address local sustainable development issues and also produce global environmental benefits. These projects will be nested in and aligned with the ecological, economic and social outcomes of landscape-level initiatives, which will be achieved through synergies among the projects leading to greater and more lasting impacts and resiliency. Landscape-level initiatives will themselves be supported by ecoregional and national level institutional mechanisms aimed at providing them with effective knowledge management, monitoring and policy incidence frameworks. These mechanisms will ensure longer term funding and greater coordination of the array of institutional development instruments, both of which will enhance sustainability of the landscape initiatives and their constituent projects.

This project will cover eight pilot landscapes in the Mediterranean ecoregion comprising two million hectares out of a total of approximately 20 million ha of rural land in the ecoregion (10%). This demonstration will provide sufficient variety and scale to this landscape approach for credible learning and knowledge generation and the production of inputs to policy discussions. Partners in implementation of this project are the main public institutions addressing land and resource use in the ecoregion.

United Nations Development Programme in Chile

Project Document

Project Title: Supporting civil society and community initiatives to generate global environmental benefits using grants and micro loans in the Mediterranean ecoregion of Chile.
UNDAF Outcome(s): By 2014 the Country will have advanced towards the design and implementation of policies that enable environmental and energetic sustainability.
Expected Country Programme Outcome: Energy & Environmental sustainability
Expected Results: Develop, demonstrate and mainstream the delivery of globally significant environmental benefits by community-based organizations in the management of critically endangered landscapes in the Chilean Mediterranean ecoregion: <ol style="list-style-type: none">1. Sustainable management of landscapes for biodiversity conservation2. Demonstration /promotion of conservation and enhancement of carbon stocks through land use, land use change, and forestry, and local carbon monitoring systems.3. Maintenance and improvement of flow of forest and agro-ecosystem services to sustaining the livelihoods of local communities4. Community capacity development & knowledge management5. Monitoring and Evaluation
Executing Entity/Implementing Partner: Ministry of Environment (MMA)

Programme Period: 2011 - 2014	Total budget 20,431,386
Key Result Area (Strategic Plan): Mainstreaming environment and energy	Total allocated resources in cash:
ATLAS Project ID: 00077514	○ GEF* 3,311,614
Output ID: 00088249	○ Min of Environment 10,000,000
Project Duration: 5 years	○ Grantees 1,000,000
Start date: March 2014	○ UNDP/EU 1,000,000
End Date: March 2019	Total allocated resources in kind:
Management Arrangements NIM	○ Min of Environment 2,119,772
PAC Meeting Date _____	○ Grantees 3,000,000
	*Funds administered by UNDP

Approved in the City of Santiago, Chile by:

Ministry of Environment

Date:

Ministry of Foreign Affairs

Date:

United Nation Development Program

Date:

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List of Acronyms

APA	Agricultural Protection Act
BEME	Convenio Banco Estado Microcrédito. (Estado Bank – micro loan agreement)
CBD	Convention on Biological Diversity
CBO	Community-Based Organizations
CIREN	Natural Resources Information Centre (Ministry of Agriculture)
CPL	Consejo Nacional de Producción Limpia (National Council for Clean Production)
CSR	Corporate Social Responsibility
CONAF	Corporación Nacional Forestal (National Forestry Service)
CONAMA	Comisión Nacional del Medio Ambiente (National Environment Commission)
CORFO	Corporación de Fomento (Production Promotion Corporation)
CORFO INNOVA	Fondo Innova de CORFO (Innova Fund of CORFO)
DEA	Division de Educación Ambiental MMA (Division of Environmental Education – Ministry of Environment)
DGCA	Directorate General of Civil Aviation
DINAMAR	Directorate for Environmental, Antarctic and Maritime Affairs, Ministry of Foreign Affairs
DIPRES	Dirección de Presupuesto (National Budget Office)
FACH	Chilean Air Force
FAO	Food and Agriculture Organization of the United Nations
FIA	Fundación para la Innovación Agraria (Agricultural Innovation Foundation)
FNDR	Fondo Nacional de Desarrollo Regional (National Fund for Regional Development)
FPA	Fondo de Protección Ambiental (Environmental Protection Fund)
FOSIS	Fondo de Solidaridad e Inversión Social (Solidarity and Social Investment Fund)
GBIF	Global Biodiversity Information Facility
GEF	Global Environment Facility
GISP	Global Invasive Species Program
GORE	Gobierno Regional (Regional Government)
IABIN	Inter-American Biodiversity Information Network
IUCN	International Union for the Conservation of Nature
INDAP	Instituto de Desarrollo Agropecuario (Agriculture and Livestock Development Institute)
INFOR	Instituto Forestal (Forestry Institute)
INIA	Instituto de Investigaciones Agropecuarias (Agriculture and Livestock Research Institute)
IET	Iniciativas de Escala Territorial (Landscape Level Initiatives)
LDC	Ley de Caza (Hunting Act)
LBMA	Ley de Base de Medio Ambiente (Law of Environment, number 19.300)
MEFyT	Ministerio de Economía Fomento y Turismo (Ministry of Economy, Promotion and Tourism)
MINAGRI	Ministerio de Agricultura (Ministry of Agriculture)
MINREL	Ministry of Foreign Affairs
MMA	Ministerio de Medio-Ambiente (Ministry of Environment)
NGO	Non-Governmental Organization
ODEPA	Office of Agrarian Studies and Policies
OECD	Organization for Economic Cooperation and Development
PRODESAL	Programa de Desarrollo Local (Local Development Program)
SAG	Servicio Agrícola y Ganadero (Agriculture and Livestock Service)
SBDAP	Biodiversity and Protected Areas Service
SENCE	Servicio Nacional de Capacitación y Empleo (National Service for Training and Employment)
SERCOTEC	Servicio de Cooperación Técnica (Technical Cooperation Service)
SERNAPESCA	Servicio Nacional de Pesca (National Fisheries Service)

SERNATUR	Servicio Nacional de Turismo (National Tourism Service)
SNASPE	Sistema Nacional de Áreas Silvestres Protegidas del Estado (National System of State-Protected Wild Areas)
SUBPESCA	Fisheries Sub-secretariat
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change

1. Situation Analysis

1.1. Context and Global Significance – Environmental, Policy, Institutional

1.1.1. Presentation of the Problem

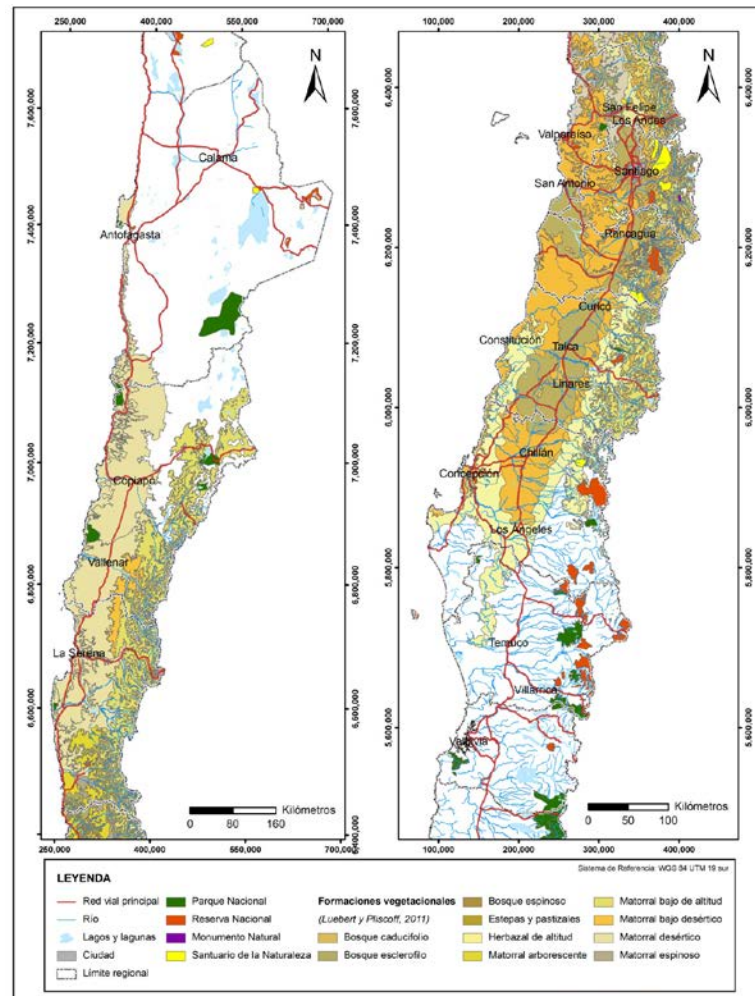
The Chilean Mediterranean ecoregion covers approximately 155,000 km² in Central Chile spanning an area from little north of Antofagasta in the north to near Valdivia in the south. This ecoregion represents the only Mediterranean scrub ecoregion (Bailey, 1998; Olson, 2001) in all of South America and one of only five such ecosystems in the world. It is the area of Chile with the highest biological diversity and greatest agricultural value, while possessing significant carbon stocks. It is also the area of Chile that is most densely populated with the highest land degradation and the least protection of its biologically diverse ecosystems and habitats.

The Chilean Mediterranean ecoregion thus occupies a central place in the sustainability of the country's development. In it are concentrated essential social and cultural values, strategic economic assets and environmental values of global importance. The pressure exerted by productive activities on the landscape places all of these values, and especially those associated with the global environment, at risk. The sustainability of this region's ecosystem services, its biodiversity and its economic productivity requires an approach that provides the opportunities, the means and the motivation to community organizations to develop, acquire and/or exercise the financing, knowledge and capacities needed to develop and manage their resources for global environmental and local development benefits.

1.1.1. Environmental context

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

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



The Mediterranean ecoregion hosts some 2,500 endemic plant species, more than 50% of the Chilean national total. It is reckoned that about 95% of the Chilean Mediterranean ecoregion's known plant species are endemic, including *Gomortega keule*, *Pitavia punctata*, *Nothofagus alessandrii* and the rare palm *Jubaea chilensis*. The ecoregion contains several threatened plant species (e.g. *Adiantum gertrudis*, *Avellanita bustillosii* and *Beilschmiedia berteriana*), endemic birds (e.g. *Pterotochos megapodius megapodius*, *Vanellus chilensis*) and vertebrates (*Oncifelis guigna* and the very rare *Thylamys elegans* amongst others) and abundant endemic hardwood trees (*Prosopis chilensis*, *Maytenus boaria*, *Porlieria chilensis*, *Quillaja saponaria*, *Lithraea caustica*), wild grasses (*Bahia ambrosioides*, *Adesmia microphylla*, *Cantua buxifolia*), cacti (*Echinopsis chiloensis*), flowering shrubs (*Fuchsia lycioides*) and others (the bromeliad genus *Puya*). These species have developed complex associations (phytosociological, zoochory, pollination, mycorrhizal association) that add not only to their unique biodiversity value, but also indicate the fragility or vulnerability of the ecosystem to disturbance and demonstrate how connectivity and interdependence at landscape level is critical to the survival of this ecosystem (Vita, 1993; Donoso, 1981).

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

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

The ecoregion is included in the Chilean Winter Rainfall – Valdivian Forests hotspot (Myers et. al. 2000, Mittermeier et. al. 2005). It is the most threatened of the country's ecoregions, and one of only five Mediterranean ecosystems worldwide (along with the Mediterranean Sea basin and parts of California, Southern Australia and South Africa (Vogiatzakis et. al. 2006). These rare ecosystems are characterized by summer drought and the sensitivity of vegetative cover to microlocal topographic and physiographic conditions, such as exposure and soil depth or slope; by its dependence on water availability during the typical summer drought; and by the species' development of elaborate survival and reproduction strategies for adapting to these characteristics and to an intense disturbance regime (mainly fire).

Biogeographical region and subregion area in the Mediterranean ecoregion

Biogeographical region-subregion	Area (ha)
Desert region	
Coastal desert	1,795,625
Flowering desert	2,376,875
Subtotal	4,172,500
Andean steppe region	
Highlands (<i>altiplano</i> and <i>puna</i>)	2,538,308
Mediterranean Andes	5,278,750
Subtotal	7,817,058
<i>Matorral</i> and schlerophyllus forest region	
Stepparian <i>matorral</i>	2,053,750
<i>Matorral</i> and thorn forest	3,855,625
Schlerophyllus forest	1,959,375
Subtotal	7,868,750
Deciduous forest	
Deciduous upland forest	1,265,626
Deciduous lowland forest	3,592,560
Andean deciduous forest	817,500
Subtotal	5,675,686
Total	25,533,994

It is important to note that the hotspot is defined as a “continental island” in the literature, given that it is isolated by geophysical barriers (the Pacific Ocean to the West, the Atacama desert to the North, the Andes to the East and permanent ice to the South). Along with the Mediterranean climate and soils, this isolation from global agricultural and livestock pests and diseases explains the strong comparative advantage this area possesses in terms of agricultural development. However, this same development increasingly affects existing global and local environmental values.

Very little is left of the ecoregion's original vegetative cover (less than 15% according to most studies). The approximately 255,000 km² of the ecoregion, which runs from Antofagasta to the North to close to Valdivia in the South, are in the first place highly fragmented (this feature is still studied, as for example in Grez et. al., 2008 and Altamirano and Lara, 2010).

It has been very difficult for Chile to protect the ecoregion by conventional means e.g. protected areas. A number of studies (Pliscoff and Luebert 2006, Squeo et. al. 2009) find that the Mediterranean ecoregion (its natural communities, ecosystem functions and species) is strongly underrepresented in the National Protected Area System which, as shown in the graphic below, experienced its greatest growth around 50 years ago. Connectivity between remaining valuable areas (whether formally protected or not) is especially difficult in the ecoregion, which encompasses "central" Chile, the area of historically most intense colonization and land use over the past five hundred years.

The ecoregion also suffers from inefficient use of biomass energy, land conversion and the degradation and unsustainable use of the dry forest. Rural households – which are poorer and most closely linked to these phenomena – participate in or drive these processes and are affected by them disproportionately. Almost 8 million tons of CO₂ equivalent (MtCO₂e) of annual mitigation capacity has been lost through changes in land use and forest and land degradation in the ecoregion between 2000 and 2006, while firewood consumption has increased by around 1.2 MtCO₂e in the same period. These data represent a combined total of over 9 MtCO₂e of emissions and annual losses of sequestration as a positive aggregate (i.e. higher emissions) in the ecoregion's carbon balance from 2000 to 2006 (Second National Communication to the UNFCCC, 2011). It is expected that this trend will continue if the reference situation (baseline) remains unchanged.

It is estimated that soil degradation affects more than 150,000 hectares per year nationwide, with the most intensive degradation occurring in the Mediterranean region. The underlying causes of degradation are particularly intense in the north, the most xeric area of the Mediterranean ecoregion (with water stress) and in the densely populated areas of the centre (where urban growth projects and infrastructure are major consumers of land).

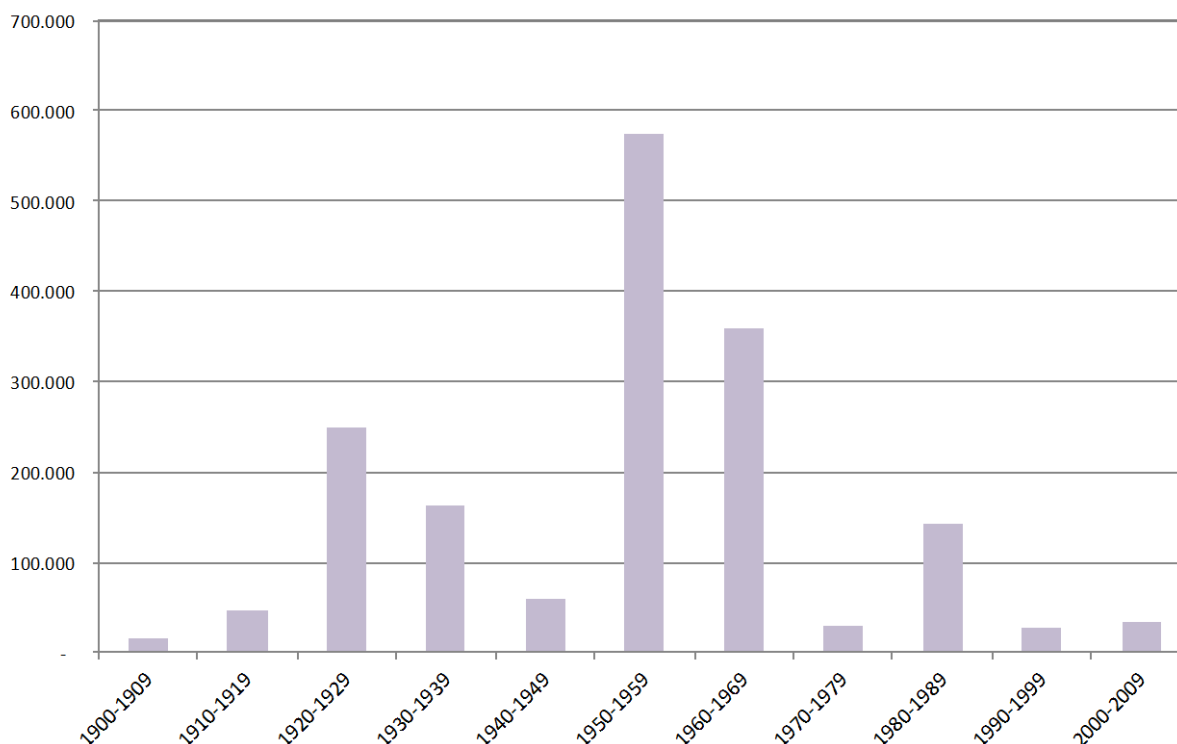
Soil and forest degradation are closely related in the Chilean Mediterranean ecoregion, as shown in the figure below. As inefficient land uses (closely linked to forest degradation) are proven to greatly increase soil erodibility, land-use changes (especially some of the most commonly found in the ecoregion, such as from native forest to agriculture and extensive livestock) can multiply the erodibility of soils by 4 to 14 times, all other factors being equal. This means an increase in soil loss from less than 1 Tn·ha⁻¹·yr⁻¹ to up to 8 Tn·ha⁻¹·yr⁻¹.

	RUSLE cover management factor C	Increment of C factor by land-use change (from native forest to other land use)
Native forest	0.009	100%
Commercial forest	0.01	111%
Semi-degraded native forest	0.03	333%
Rangeland	0.038	422%
Degraded native forest	0.05	556%
Agriculture	0.1	1111%
Degraded matorral	0.13	1444%

Source: Bonilla et. al. 2010

None of these complex situations show signs of improvement under current conditions. In fact quite the contrary: the few temporal analyses supported by existing data seem to indicate that stress factors have remained constant or worsened over recent years.

Mean size of protected area declared (ha)



Available future-climate projections show the ecoregion with slightly increased temperature (<1°C increase), decreased rainfall (10-30% mm/month) and a slightly decreasing trend in the occurrence of rainfall “heavy events”.

1.1.2. Socio-economic context and activities of the productive sector

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

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

Despite a net negative deforestation rate for the country overall (due to the misleading accounting of commercial plantations as reforestation), about 8,000 hectares of **native forest in the ecoregion are permanently converted** yearly to commercial agricultural land, pasture for cattle or goats, smallholder farming, or urban settlement and infrastructure. Some 85% of the region’s original vegetative cover has been significantly modified. This signifies both an ever growing pressure on remaining wild habitat and species. Forest and scrub fires are a significant source of greenhouse gas emissions and habitat and biodiversity loss in the *matorral*. Approximately 21,000 ha of Mediterranean

forest/*matorral* burn each year, both intentionally as a result of the use of fire as a land clearing or biomass management tool and unintentionally as a result of runaway fires or fires started as a result of lightning and other factors. The majority of fire damage occurs in the Valparaíso-Viña del Mar area (with urban expansion as a main driver), Concepción area (primarily land clearing to establish plantations) and the Mapuche region (as a tool in landholding conflicts), although for *matorral* remnants the region around Rancagua is also important in terms of burned surface area (unsustainable pastoral management practices). It is estimated that if degradation and habitat conversion continue at the current rate, much of the remaining 15% of the *matorral* forests will be destroyed during the coming decades, leaving only remnants of *matorral* in a small number of parks and reserves.

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

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

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

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

While current processes of conversion, fragmentation and natural and agro-ecosystem degradation contribute to the loss of global environmental values, the cumulative result over decades has been the ecological impoverishment of production landscapes through loss of species, habitat and the mosaic of differing land uses, resulting in diminishment of ecosystem services (water filtration, carbon capture, plant genetic diversity, etc.). This weakened state has increased vulnerability across the landscape to climate change impacts, increasingly seen in the ecoregion, in the form of rising drought, greater variability in meteorological events and changes in temperatures which further stress species in the drier extremes of their ecological range and motivates altitudinal migrations not always possible in a fragmented landscape (Valladares, et al, 2005). Further loss of natural habitat and weakening of ecosystem services only increases the vulnerability of the ecoregion to climate change.

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

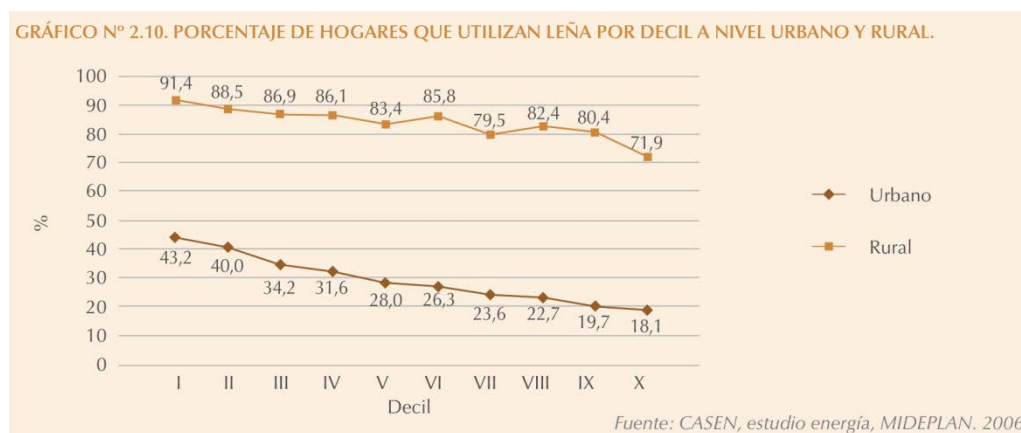
For the purposes of this initiative, the five most prevalent and significant in economic terms have been selected:

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

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

This resource-dependent population relies on firewood as a primary energy source, contributing to climate change through inefficient energy sourcing and use as well as dry forest degradation. Rural and poorer households are strongly dependent on firewood for energy (see graphic, below) and thus are significant drivers of forest degradation. Slightly less than 8,000 Gg (8 million tonnes) of CO_{2e} have been lost annually to land use change, forest degradation and land degradation in the Mediterranean ecoregion from 2000 to 2006, while an additional estimated 1,200 Gg have been lost to annual firewood consumption between 2000 and 2006. These data represent a combined volume of some 9,000 Gg (9 million tonnes) of CO_{2e} produced annually from 2000 to 2006.

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



* cited in Belmar&Castro, 2011

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

Due to competing land uses and a lack of holistic or comprehensive management approaches, the overall landscape and even specific estates are managed time and again in pursuit of the most short-term and monofunctional of objectives, which are frequently changed in the next intervention. Around 34% of the area of priority conservation landscapes is under increasing pressure this way.

The productive sector in the Chilean Mediterranean ecoregion is large, accounting for about 80% of the country's economic activity. Even excluding urban areas, the production of grapes, strawberries, apples and other temperate climate fruit and vegetables make the agricultural sector the primary water consumer in the ecoregion, as well as nationally - 84.5% of all water is used in agriculture (OECD 2011). The ecoregion is also the main location or source of other important renewable natural resources such as fertile soil and biomass. As already noted, 2000 to 2006 saw an increase of about 9 MtCO₂e of emissions and sequestered losses in the ecoregion (Second National Communication to the UNFCCC, 2011).

In preparing this proposal, the extent to which different organisations are able to play an active role in landscape management in the ecoregion was researched in a participatory manner. Qualified interviewees identified producers' organisations (38% of responses), NGOs (15%), guilds and unions (11%), indigenous organisations (11%) and agricultural communes (8%), a type of landholding quite common in the northern part of the ecoregion. Fewer responses were provided for actor roundtables, informal networks, municipalities and territorial organisations.

Self-regulation of private sector activities, as a form of corporate social responsibility (CSR), is of little relevance in the case of micro, small and medium-sized enterprises (MSME) active in the ecoregion. This is especially true in rural areas and for environmental aspects of CSR, due to the limited exposure or vulnerability of these enterprises to public opinion (they do not generally market their products directly, but produce for large companies). The ecoregion's remaining areas of native forest and other wooded lands belonging to forest and agricultural corporations are potentially valuable as assets for exercising CSR. However, these large companies are not utilizing these opportunities to affect global environmental values on a large or landscape scale.

Individual actors lack basic information (during the participatory research process it was established that only 41% of qualified interviewees even knew the term “Mediterranean ecoregion”), vision, skills, incentives and capital necessary for sustainable land management while institutions lack the ability to implement the sort of across-the-board vision necessary to achieve global environmental and local sustainable development benefits in this ecoregion, as well as the specific tools to put into practice legislative mandates for coordination and integration of cross-cutting themes.

However, there are significant opportunities to combine production of environmental benefits with social and economic innovation. Rural areas in Chile are recognised as lacking integrated approaches to water management, agriculture, tourism and other sectors where important efficiency and effectiveness gains are still to be made in achieving economic and environmental benefits. As an example, the list of 40 tree species on the following page, endemic to the Chilean Mediterranean ecoregion, could generate significant integrated biodiversity and socioeconomic benefits if appropriately managed.

Species			Conservation value	Environmental value	Socio-economic value
1	Olivillo	<i>Aextoxicon punctatum</i>	endemic		fine wood, ornamental
2	Ciprés de la Cordillera	<i>Austrocedrus chilensis</i>	endemic		fine wood, ornamental
3	Belloto del Centro	<i>Beilschmiedia berteriana</i>	endemic	forage	ornamental
4	Belloto del Norte	<i>Beilschmiedia miersii</i>	endemic		ornamental
5	Tiaca	<i>Caldcluvia paniculata</i>	endemic		ornamental
6	Naranjillo	<i>Citronella mucronata</i>	endemic		medicinal, ornamental, chemicals
7	Patagua	<i>Crinodendron patagua</i>	endemic	polinisation	fine wood, ornamental, chemicals
8	Peumo	<i>Cryptocarya alba</i>	endemic	fruit, forage	fine wood, ornamental, chemicals
9	Trevo	<i>Dasyphyllum diacanthoides</i>	endemic		ornamental
10	Canelo	<i>Drimys winteri</i>	endemic	spiritual (mapuche)	fine wood, ornamental, chemicals
11	Notro	<i>Embothrium coccineum</i>	endemic		fine wood, ornamental
12	Ulmo	<i>Eucryphia cordifolia</i>	endemic	polinisation	fine wood, ornamental, chemicals
13	Guindo santo	<i>Eucryphia glutinosa</i>	endemic		ornamental
14	Gevuín	<i>Gevuina avellana</i>	endemic	fruit	fine wood, ornamental
15	Palma chilena	<i>Jubaea chilensis</i>	endemic	polinisation, fruit	ornamental
16	Bollén	<i>Kageneckia oblonga</i>	endemic	restoration	
17	Tepa	<i>Laurelia philipiana</i>	endemic		fine wood, ornamental
18	Laurel	<i>Laurelia sempervirens</i>	endemic		fine wood
19	Litre	<i>Lithrea caustica</i>	endemic	restoration	fine wood
20	Arrayán	<i>Luma apiculata</i>	endemic		fine wood, ornamental, chemicals
21	Pitra	<i>Myrceugenia exsucca</i>	endemic	restoration	ornamental
22	Rarán	<i>Myrceugenia obtusa</i>	endemic		ornamental
23	Ruil	<i>Nothofagus alessandrii</i>	endemic		fine wood, ornamental
24	Rauli	<i>Nothofagus alpina</i>	endemic		fine wood, ornamental
25	Ñirre	<i>Nothofagus antarctica</i>	endemic	restoration	
26	Coihue	<i>Nothofagus dombeyi</i>	endemic		fine wood
27	Hualo	<i>Nothofagus glauca</i>	endemic		fine wood, chemicals
28	Huala	<i>Nothofagus leonii</i>	endemic		fine wood, chemicals
29	Pellín	<i>Nothofagus obliqua</i>	endemic		fine wood, chemicals
30	Lingue	<i>Persea lingue</i>	endemic		fine wood, chemicals
31	Pitao	<i>Pitavia punctata</i>	endemic		ornamental
32	Mañío	<i>Podocarpus saligna</i>	endemic		fine wood
33	Lleuque	<i>Prumnopitys andina</i>	endemic	fruit, forage	fine wood, ornamental
34	Quillay	<i>Quiullaja saponaria</i>	endemic		chemicals
35	Sauce chileno	<i>Salix humboldtiana</i>	endemic	forage, restoration	medicinal
36	Mañío de hojas cortas	<i>Saxegothaea conspicua</i>	endemic		fine wood
37	Molle	<i>Schinus latifolius</i>	endemic		
38	Tineo	<i>Weinmannia trichosperma</i>	endemic	restoration	fine wood, ornamental
39	Pehuén	<i>Araucaria araucana</i>	endemic, Red List	fruit	fine wood, ornamental
40	Keule	<i>Gomortega keule</i>	endemic, Red List	fruit	chemicals

1.1.3. Legal context

Chilean law regarding land use addresses sectors individually e.g. only agricultural legislation regulates agricultural land use and only town planning law regulates urban land use, hence the existence of legal loopholes when changing land use from agricultural to urban. Laws are also marked by their “hyper-procedural” nature i.e. the legislative response to a challenge is usually the establishment of a new procedure which loses weight when applied.

Thus, legislation systematically leaves room for regulatory loopholes, which can enable or permit deterioration of environmental values. The historical rejection by Chilean law of regulations governing any form of land protection makes it especially difficult to protect diffuse ecosystem values (associations and interspecific relationships, microclimatic adaptations, etc.). More generally, environmental legislation, which by definition tends to be cross-cutting, more often than not lacks from its inception specific tools for its broader application that prevent a strategic approach and the effective existence of appropriately targeted environmental policy.

Law 20.417 (2010), which created the Ministry of the Environment (MMA), and Law 19.300, which established environmental regulation (Articles 69 and 70), gives the MMA authority to ensure sustainable land management. Law 19.300 establishes the creation of an Environmental Protection Fund (FPA for Fondo de Protección Ambiental). The fund is governed by internal regulations of the Ministry of the Environment and its operation is divided between the Environmental Education Division (regulations, proposals, performance), and the Finance and Administration Division (administration).

The laws are clear in terms of the coordination responsibilities accorded to the MMA and Ministry of Economy, Promotion and Tourism (METyF, even if such powers are rarely exercised in practice - the MMA in its environmental role (Art. 70 letter e the Environmental Base Law - LBMA) and the METyF, to coordinate development policies and make available to smaller enterprises the range of the public system's development tools and instruments (Law 20.416). The MMA's role:

... coordinator and partner with the line ministries in the formulation of environmental criteria to be incorporated in the development of their plans and policies, strategic environmental assessments and planning processes, as well as in the development of dependent and related services (LBMA)

In the METyF's role of coordinating development policies and making available to smaller enterprises the entire range of the public system's development tools and instruments:

... it shall promote the development of smaller enterprises and facilitate the use of development tools provided by organs of the State.

It rests with the Undersecretariat of Economics, Development and Reconstruction to coordinate with line ministries to create policies and development plans bearing in mind the characteristics of smaller enterprises.

It shall also be their responsibility to promote with their dependent and related services a general policy for the better guidance, coordination and promotion of development of smaller enterprises (Law 20.416).

Also relevant in this context is the provision of Article 7 of the LBMA which states that funds for scientific research and technological and social development may be used to finance projects relating to the environment without prejudice to their specific purposes (e.g. the funds for innovation for competitiveness, regional CIF). As with the aforementioned provisions, this has had little practical application.

There are examples of coordination between public institutions at a local level, initiated "outside" the legal framework and specific to their context. These arrangements have no legal or institutional support which makes them precarious and limits their prevalence. These kinds of arrangements, which can be effective especially in the short and medium term, need to be formalised via the relevant institution if they are to be lasting.

1.1.4. Public policy context

Government agricultural, livestock and forestry development programs during the last three decades - principally the Forestry Development Act, DFL 701 of 1974 and its amendment by Law 19.561 in 1998, and Law 20.283 of 2008, the Native Forest Restoration, recovery of degraded soils, DL 202 of 2001, and Law 18.450, for fostering private investment in minor irrigation and drainage schemes - have focused on promoting the management of production units to raise productivity as part of the broader, national development undertaking. However, this accelerated pursuit of economic growth has so far left little room for environmental concerns. Chile's redesigned environmental institutions are working to establish a Biodiversity and Protected Areas Service (SBDAP) and are also making efforts to incorporate sustainability concerns in the public assistance system for farmers and landowners with GEF support in a parallel project (GEF ID 4104 Sustainable Land Management). While these efforts will certainly have impacts on the sustainability of private lands and protected areas, there is no corresponding strategy to address these issues at a landscape level. This project aims to fill that gap by supporting Community Based Organizations (CBOs) as central managers of biodiversity and ecosystem services at the landscape level.

In addition, local authorities (which are governed by Law 18.695 Organic Constitutional Law of Municipalities) have broad powers in the regulation of social and production interactions at a local level, but have little ability to overcome barriers at the landscape level scale for long-term planning, even when law and custom assign that responsibility as discussed below. Their authority is often ignored by core institutions, such as when the Ministry of Finance ignores the rights of associations created under Law 20.500 concerning associations and civic participation in public affairs.

The precise identification of the beneficiaries of incentives among rural smallholders is hazy in terms of the regulation and practice of Chilean public institutions who view micro, small and medium-size enterprises generically. The general classification of microenterprises outlined by MEFyT (0-2,400 UF) requires an adjustment for rural locations. For example the Chilean government's Agricultural Research and Policies Office, ODEPA (2009), notes that "The modification of categories ... is justified by the difference of scale of production and capital that exists between the agricultural sector and other economic sectors" to explain its dismissal of MEFyT classification. INDAP has been able to address this gap by structuring its development instruments by segment based on revenue and ability to generate surplus for subsistence, produce surplus for sale, and develop entrepreneurial skills.

Government policy on rural matters is fragmented thematically in various sectoral policies such as the environmental policy (1998), which is based on the policy of Sustainable Development, Biodiversity, Climate Change and Desertification, contained in the respective international conventions; and the policy of Forestry, Agriculture and Irrigation, based on the sectoral guidelines of the Ministry of Agriculture (to turn Chile into a "Food and Forestry Power"). There is no further mention of rural development, except that made by INDAP.

This fragmentation is demonstrated by the fact that there is still no explicit sectoral environmental policy that can address the sustainability of land management through its subsidiary bodies. What does exist is a set of rules relating to soil or water, intended to slow degradation processes, which in the short term affect productivity and investment in agriculture. But this does not add up to a sustainability policy.

The high degree of fragmentation of ecoregional ecosystems has been little studied and is not well understood. Incorporation of measures to address this at management or public policy level is negligible, and this makes protection difficult using conventional means.

Finally, it is not expected that current and planned policies of territorial development in rural areas will affect the slow pace of depopulation marked by a corresponding trend toward aging among both women and men in these areas. This will be of no benefit to the big cities but could be to the advantage of smaller towns more closely connected to the land. This resource-dependent population, whether or not under the poverty line, continues to resort to wood as an energy source, overgrazing on land allocated for livestock and the unsustainable harvesting of forest products both wood and non-wood, obtaining from these sources between a fifth and a quarter of their income (Zorondo and Simonetti, unpublished).

1.1.5. Institutional context

The institutional framework most directly affecting rural areas is made up of the Ministries of Agriculture, Environment, Economy, Tourism and Development, Social Development, the Ministry of the Interior and Public Security, and the Labour and Social Security Ministry. The Ministry of Finance has control over the funding of programs and can also be considered part of the institutional framework due to its role in ensuring the efficient allocation and use of public funds.

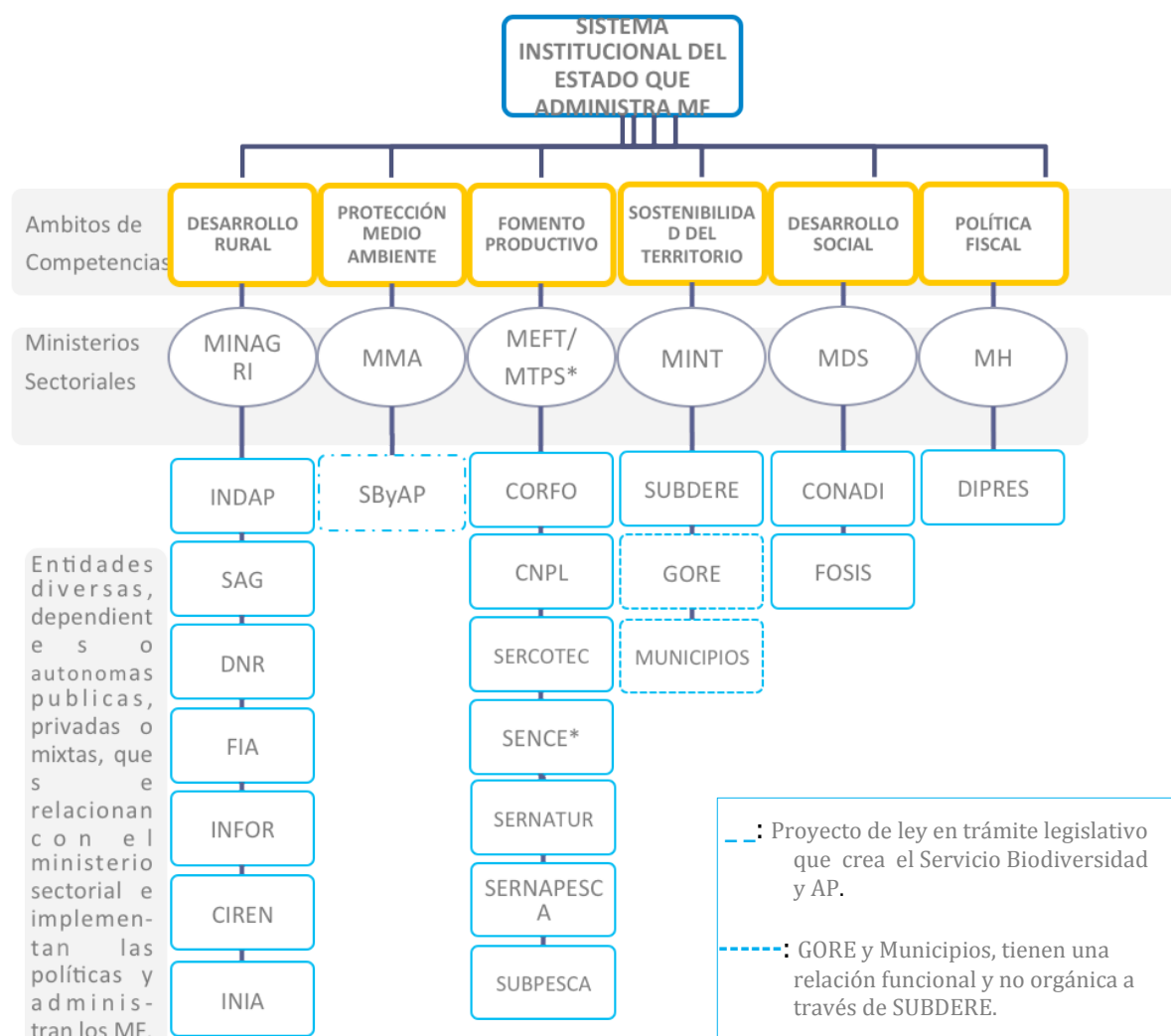
Each ministry exercises thematic expertise with landscape level impact in five specific areas: (1) rural development, (2) environmental protection, (3) production promotion, (4) social development, and (5) economic and fiscal policy.

The ministries, through the services under their control, are responsible for the implementation of programs and financial incentives (subsidies, grants, etc.) with direct and indirect impact on individuals, families and rural communities including indigenous and farming communities, their territories and the goods and services of the ecosystems essential for welfare, growth and productivity. Each of the ministries develops and implements policies, strategies, plans, programs and activities based on the human, material and economic resources that have been targeted. As such, the focus of the ministries is on meeting institutional goals and objectives, using the approach that the respective ministry considers best to address the goals of the State according to the Constitution and laws. At a landscape level, the principles of decentralized management for the operation of the different policy instruments apply (CORFO, INDAP, CONAF, MMA).

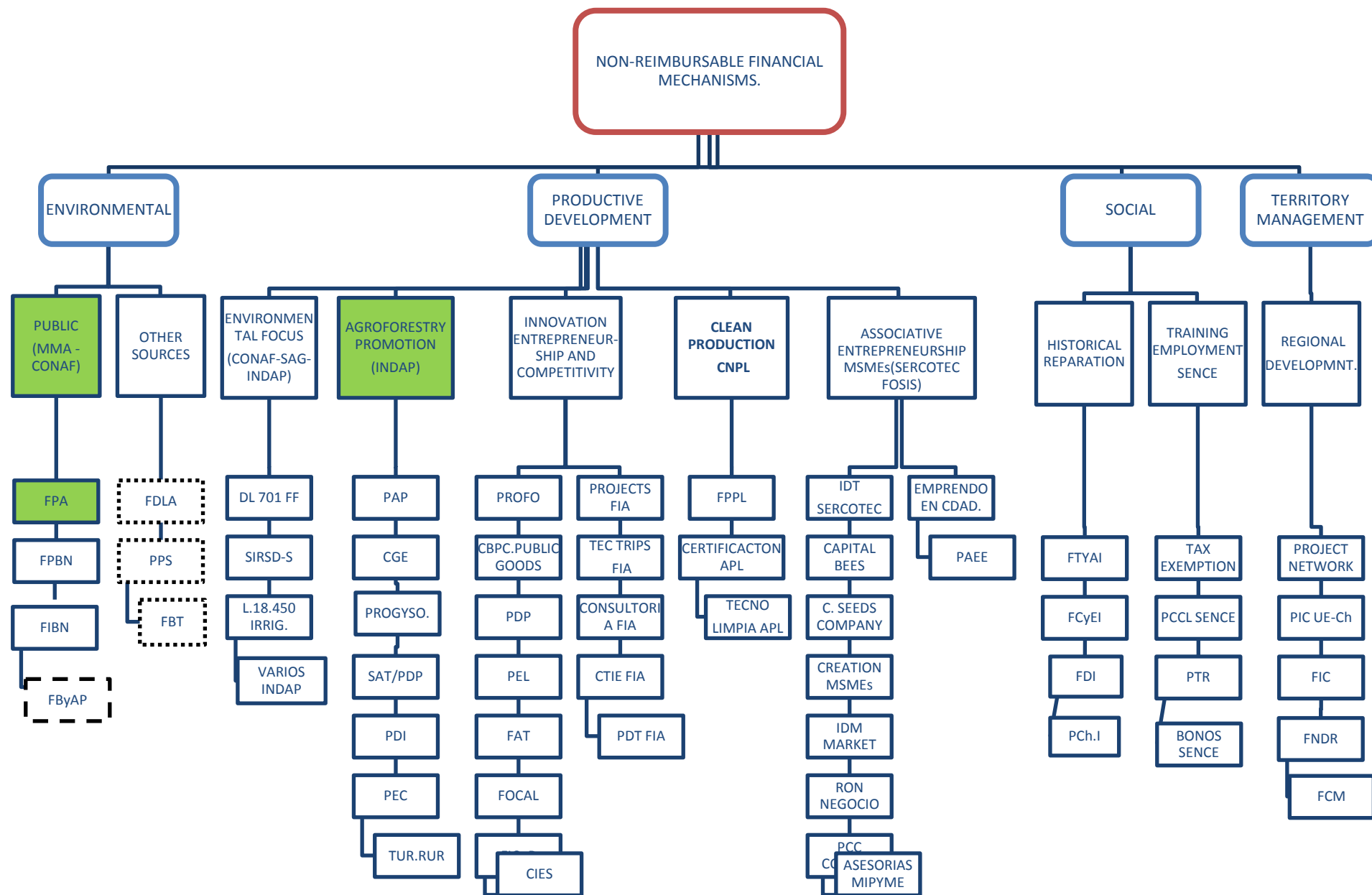
Furthermore, when these institutions work together and formalize agreements involving transfers of public funds, they must comply with requirements such as being assigned a budget item, being listed in the Registry of Legal Entities and signing an agreement, in addition to being under the control of the Comptroller General of the Republic. In the case of the MMA, approval from the Ministry of Finance is required.

105 public financial instruments have been identified and reviewed along with eight management instruments operating in the field of sustainable land management in one form or another. These are listed in the tables on the following pages. They can be found in all areas of public institutionality from tax policy to social development policy and all the policies typically linked to environmental issues (rural, territorial, environmental, agricultural). Please see Annex 12 for diagram.

Diagram: Government Institutional Framework with Financial Mechanisms



Abbreviations. (1) **Ministries:** MINAGRI, Agriculture; MMA, Environment; MEFT, Economy, Tourism and Development; MTPS, Labour and Social Security; MINT, Interior and Public Security; MDS, Social Development; MH, Finance. (2) **Services and Other Entities:** INDAP, National Institute for Agricultural Development; SAG, Agriculture and Livestock Service; DNR, National Directorate for Irrigation; FIA, Agrarian Innovation Foundation; INFOR, Institute of Forestry; CIREN, Natural Resources Information Centre; ODEPA, Office for Agrarian Studies and Policies; INIA, Agricultural Research Institute; SByAP, Biodiversity and Protected Areas Service; CORFO, Economic Development Agency; CNPL, National Board for Cleaner Production; SERCOTEC, Technical Cooperation Service; SENCE, National Training and Employment Service; SERNATUR, National Tourism Service; SERNAPESCA, National Fisheries Service; SUBDERE, National Office for Regional Development; GORE, Regional Government; CONADI, National Indigenous Development Corporation; FOSIS, Solidarity and Social Investment Fund; DIPRES, Budget Directorate of the Finance Ministry.



I. ENVIRONMENTAL: (1) PUBLIC: MMA: FPA, Environmental Protection Fund, CONAF: FCBN, Native Woodland Recovery Fund; FIBN, Native Woodland Research Fund. (2) OTHER SOURCES: FDLA, Fund for the Americas; PPS: Small Subsidies Programme and FBT, Temperate Forest Fund.

II. PRODUCTIVE DEVELOPMENT: (1) ENVIRONMENTAL FOCUS: DL 701 FF, Afforestation Subsidy; SIRSD-S, Incentives System for the Recuperation of Degraded Soils; L.18.450, Subsidy for Development of Lesser Irrigation and Drainage Works, VARIOUS INDAP: PRODESAL, Programme for Local Development; PDTI, Indigenous Territorial Development Programme; PRC, Rural Irrigation Programme; PSRF: Supplemental Grasslands and Forage Resources SARPP: Support Service for the Regularization of Rural Real Estate; PMG, Programme for the Genetic Improvement of Livestock.

(2) AGROFORESTRY DEVELOPMENT (INDAP): PGE: BUSINESS MANAGEMENT PROGRAMME; PAP: Productive Alliances Programme; SAT: Technical Assistance Programme; PDI: Investment Development Programme; PEC: Rural Specialties Programme; TR, Rural Tourism; PROGYSO, Management and Organizational Assistance Programme. (3) INNOVATION, ENTREPRENEURSHIP AND COMPETITIVENESS: PROFO, Development Programme; CBPC, Public Goods Contest for Competitiveness; PDP, Supplier Development Programme; PEL, Local Entrepreneurship Programmes; FAT Technical Assistance Funds; FOCAL Quality Promotion; FIC Regional, Innovation and Competitiveness Fund; CIES, Innovation and Social Entrepreneurship Contest; Innovation Consulting; GIRAS TEC FIA, Technological Trips Foundation for Agricultural Innovation; CTIE FIA, Business Innovation Technological Consortia; PDT FIA, Technological Development Programmes. (4) CLEAN PRODUCTION: FPPL: Fund for the Promotion of Clean Production; CERTIFICACION APL, Clean Production Certification; TECNOLIMPIA APL, Programme for Assistance in Clean Production to Micro, Small and Medium-size Enterprises. (5) ENTREPRENEURSHIP - ASOCIATIVIDAD MSME (SERCOTEC FOSIS): IDT, Territorial Development Initiatives Programme; IDM MERCADO, Market Development Initiative; RON, Business Opportunity Networks; PCC COMERC, Promotion and Marketing Channels; EMPRENDO EN CDAD, Social Entrepreneurship Programme; PAEE, Economic Activities Support Programme.

III. SOCIAL: (1) HISTORICAL REPARATION, FTyAI, Fund for Indigenous Lands and Waters; FCyEI, Fund for Culture and Education; PChI, Indigenous Chile Programme, FDI, Indigenous Development Fund. (2) TRAINING AND EMPLOYMENT SENCE: PCCL, Labour Skills Certification Program SENCE, PTR, Programme for Resource Transfer to Other State Institutions

IV. TERRITORY MANAGEMENT: REGIONAL DEVELOPMENT, PIC UE-Ch, Competitiveness and Innovation Programme, EU, Chile; FIC, Innovation and Competitiveness Fund; FNDR, National Fund for Regional Development; FCM, Common Municipal Fund.

The table appearing on the following page links the instruments referred in the previous diagram to their stated objectives. The table demonstrates (which is perhaps self-evident with this type of instrument) that public or private instruments do not serve just a single function or necessarily only the function for which they were designed (or indeed their primary function). This reinforces the need for improved “micro” coordination mechanisms between these instruments at the local level so the achievement of objectives can be monitored and reinforced at project level and not, as hitherto, at instrument level.

OBJETIVOS AMBIENTALES											
ENVIRONMENTAL		Mitigation Climate Change	Combating Desertification	Education and Environmental Awareness	Environment Management	Biodiversity BN	Non Timber Products	Prot. Cap. Productiva Suelo	Afforestation	Irrigation Promotion	Sustainable/Clean Production
PRODUCTIVE											
PRODUCTIVE AND INNOVATION OBJECTIVES	Organizational Management MSMEs	FIA CIES	FIA CIES	FPA FIA SENCE CIES	FPA FIA PGE SENCE CIES PROFO POIN	FIA CIES PROFO POIN	FIA CIES PROFO POIN	PGE CIES PROFO POIN	FIA CIES PROFO	FIOMRD FPA PRC FIA	FIA PDI CIES PROFO POIN
	Sustainable Rural Tourism		FPA	FPA	FPA PGE SENCE	FRBN					
	Rural Property Regularization				FTyAI						
	Gender					PRODEMU FRBN	C.ABEJA PRODEMU FRBN		PRODEMU		
	Youth			TR	TR						
	Basic Entrepreneurship Skills			SENCE	SENCE	FRBN		PGE			
	Advanced Entrepreneurship Skills			SENCE	PGE SENCE	FRBN		PGE	FIOMRD		
	Development Indigenous Skills	FPA	FPA	SENCE	PGE SENCE	FRBN		SIRSD-S	DL 701 FIOMRD	FPA PRC PDTI	
	Technical Assistance	TECNO LIMPIA			TECNOLIMPIA	FPL Ley 20.283	Ley 20.283	SAT INDAP	SAT PRODESAL DI 701	PRC	TECNOLIMPIA
	Productive Advice Vulnerability	PRSD-S DL 701 FRBN	SIRSD-S DL 701 FRBN								
	Productive Advice Commercial	SAT	SAT		PE+	PEC	PEC FIA	PGE PDI			PEC
	Productive Advice Indigenous	SAT DL 701 FRBN PDTI	SAT AT DL 701 FRBN PDTI		FPA SENCE	PDTI AT L.20.283	PEC PDTI	PDTI PDI	AT DL 701 FIOMRD PDTI		PEC
	Technical Assistance for Innovation	FIA				FRBN POIN	FRBN POIN	FRBN PGE PDI POIN	FRBN POIN	FRBN	POIN
	Technological Trips	FIA	FIA	FIA	FIA	FIA	FIA	FIA	FIA	FIA	APL/APS FIA
	Technological Innovation	FPA	PRSD-S DL 701 FRBN	FIBN		FIBN	PAP FIBN	FIBN PDI	FIBN	FIBN CNR-GORE	PDI
	Cluster/Consortium/Networks./Alncs.	FIA APS	FIA	FIA FPA	FIA IDT	FIA	FIA PAP PCC	FIA	FIA	PRC	FIA APS APL
	Landscape Management Skills	CBPC	CBPC	SENCE CBPC	PROGYSO IDT CBPC	CBPC	CBPC	CBPC	CBPC	CBPC	NEST CBPC
	Sustainable/Clean Production	FPPL APL/APS		SENCE	SENCE PAM TECNOLIMPIA	APL APS	APL APS PAM	APL APS PDI PAM	APL APS PAM	CNR- GORE	PAP PAM NEST APL FAT
	Protection Improvement Livestock	APS PMG						PDI			

MMA: FPA, Environmental Protection Fund.

CONAF: FCBN, Native Woodland Recovery Fund; FIBN, Native Woodland Research Fund, DL 701 FF, Afforestation Subsidy; AT LAW 20.288 Y AT DL 701, refers to the role of extensionists and operators providing technical support.

INDAP: PGE: BUSINESS MANAGEMENT PROGRAMME; SIRSD-S, Incentives System for the Recuperation of Degraded Soils; PAP: Productive Alliances Programme; PRODESAL, Programme for Local Development; PDTI, Indigenous Territorial Development Programme; SAT, Technical Assistance Programme; PDI: Investment Development Programme; PRC, Rural Irrigation Programme; PEC: Commercial Entrepreneurship Programme; PPSRF: Supplemental Grasslands and Forage Resources; SARPP: Support Service for the Regularization of Rural Real Estate; PMG, Programme for the Genetic Improvement of Livestock; TR, Rural Tourism; PROGYSO, Management and Organizational Assistance Programme, and PMG, Programme for the Genetic Improvement of Livestock.

NATIONAL IRRIGATION COMMISSION: FIOMRD, Subsidy for Development of Lesser Irrigation and Drainage Works, (Law 18.450).

CONADI: FTyAI, Fund for Indigenous Lands and Waters; PChI, Indigenous Chile Programme, FDI, Indigenous Development Fund.

SERCOTEC: IDM, Market Development Initiative; FAE, Business Training and Consulting; CABEJA ESA, Capital Bee Company; CSE, Capital Seed Company, y PCC Promotion and Marketing Channels.

FOSIS: PES Social Entrepreneurship Programme "Emprendo en Comunidad", and PE+ Programme "Emprende Más" ("Yo Emprendo Semilla").

CORFO: CBPC, Public Goods Contest for Competitiveness; FAT Technical Assistance Funds; FOCAL Quality Promotion; FIC Regional, Innovation and Competitiveness Fund; CIES, Innovation and Social Entrepreneurship Contest; PROFO, Development Programme; POIN Program Business incubators Operation Programme. PEL, Local Entrepreneurship Programmes;

NATIONAL COUNCIL FOR CLEAN PRODUCTION: FPPL: Fund for the Promotion of Clean Production,

FIA, Fund for Agricultural Innovation.

SENCE: PCCL, Training and Job Skills Programme

Regulated and unregulated microfinancial institutions (banks, cooperatives, NGOs, trusts and public institutions) offer resources for the promotion of entrepreneurship in rural areas. Of importance for this project, by size and coverage, are the following:

- Banco Estado Microempresas (BEME)
- Santander Banefe
- BCI NOVA
- SCOTIABANK
- Oriencoop Cooperative
- Emprande Microfinanzas (a merger between Fundación Microfinanzas BBVA and Libertad Services Cooperative)

And in the public domain:

- INDAP
- FOSIS
- CORFO (through intermediaries)

Of these nine, two cover more than 90% of the microcredit market (BEME and INDAP) and have also been able to design and implement a full service support system.

MICROCREDIT VOLUME				
	Chilean Pesos	%	CLIENTS	%
TOTAL	961,098,571	100	427,502	100

(of which) RURAL	133,768,419	14	64,303	15
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BEME holds the biggest portfolio, with 49%, followed by INDAP with 43%. INDAP has high client recognition, being the better known institution (72%) in rural areas and having a high score in usefulness as a financial institution (6.0/7.0 FUNDES 2010). The remaining institutions each hold less than 5% of the market.

Default levels are lower in rural than with urban microcredit schemes (FUNDES 2010). In the case of BEME, it is one of the lowest in LAC with less than 2% (CEPAL 2007).

1.2. Threats and root causes

Threats to the biodiversity and ecosystem services (carbon, water, soil fertility, etc.) of the Mediterranean ecoregion occur dynamically in both temporal and spatial complexity. Current land use trends and patterns in the ecoregion produce a complex, integrated set of impacts that can be summarized in the following typology:

- Localised, immediate threats: land use change (mainly for infrastructure and urban growth) and forest fires destroy all environmental values present in a given area while producing GHG emissions. Being the most dramatically apparent, this threat could encompass the biggest share of quantifiable losses in a given area, but is unlikely to be the largest overall threat in the ecoregion.
- Distributed mid-term threats: this category includes regulated and unregulated firewood collection of all types (commercial or not); overgrazing carried out as part of extensive livestock-breeding strategies; unsustainable agricultural production; and the untenable and low-value-added extraction of wood and non-timber forest products (NTFPs) carried out under regulated unit management plans, susceptible to regulatory loopholes preventing sustainability of management strategies. Unsustainable extractive pressure negatively affects existing global environmental values while insufficiently enhancing the living conditions of the population. Nevertheless, micro, small, and medium-size entrepreneurs (MSME) are often pressured to over extraction in a market regime that is both lightly regulated and dominated by high-turnover, internationalised industries such as mining and commercial agriculture, which set the cost of capital and its expected profitability at high levels. The category would also include hidden land-use changes (see previous bullet), where property is allowed to repeatedly burn, is overharvested or overgrazed or a combination of these until it degrades to barren land and is reclassified as agricultural or urban land. Situations like the ones mentioned here affect a very high proportion of the remaining land of interest (i.e. natural ecosystems outside of PAs) and, although not as dramatically visible as the first threat category, can be blamed for a very high share of the overall threat to global environment values present in the region.
- Diffuse, long-term threats: depletion of aquifers (industrial agriculture is concentrated in the Mediterranean region and is the main consumer of water in the region and nationally); physical/chemical/biochemical pollution of soils and waters as well as the loss of pollinators from agrochemicals and industrial agricultural systems. These threats occur in the region with greater intensity than elsewhere in the country given the concentration of population and economic activity (industrial, agricultural), shaped partly by relatively easy access to markets, both national and international (the region contains the country's main ports and airports). Although most of these threats are complex and still not well understood at landscape level, sufficient evidence exists that they are contributing to the degradation of the natural resource base as well as GHG emissions.

The degree of vulnerability that the ecoregion and its global environmental values suffer from these threats is compounded by 1) weak institutional coordination for prevention, mitigation or remediation,

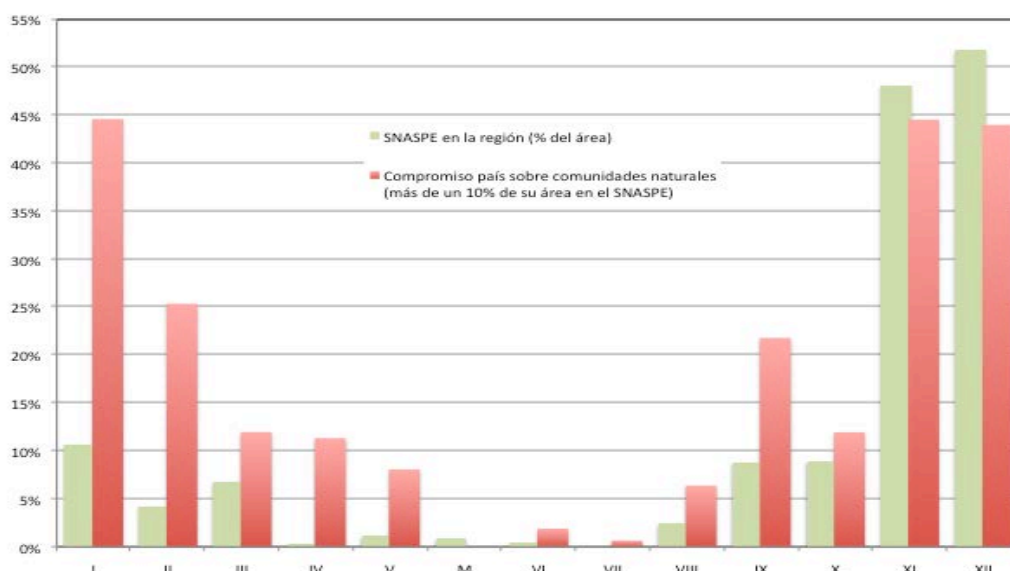
2) strong preference for work with individual farmers rather than collective action through producer organizations, 3) deficient smallholder knowledge and capacities for sustainable resource use, 4) limited access to financial resources to support community driven innovation in addressing global environmental and local sustainable development problems, and 5) weak community organizational capacities to build knowledge sharing networks, advocate changes to policy or programmes or participate in landscape planning and management.

Therefore, a new approach is needed to address this composite problem of biodiversity loss, land degradation, and the contributions to climate change from land use and forestry, all of which have socioeconomic and cultural root causes. While the trends and patterns in ecosystemic degradation are serious, only refraining from practices that provoke degradation would be insufficient to conserve biodiversity and optimize ecosystem services for sustainability, productivity and climate resiliency across the production landscape. A pro-active effort to restore ecosystem functions at scale in degraded landscapes is critical to achieving these goals.

1.3. Baseline projects and analysis

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

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



Government agricultural programmes during the last three decades have concentrated on boosting management-unit productivity without a correspondingly strong focus on ecological sustainability. In more recent years, there have been efforts to mainstream sustainability concerns within the agricultural extension system (including the GEF proposal ID 4104 Sustainable Land Management and PRODESAL's programs for subsistence and small farmers). Although these efforts are expected to lead to some level of increased sustainability at the level of individual farms, it is unclear that these impacts will, in aggregate, achieve optimization of ecosystem services at the landscape level or enhance the resiliency of production landscapes overall in the Mediterranean ecoregion. In particular, government agricultural programmes have been carried out absent any considered analysis of positive or negative effects on the ecoregion's biodiversity.

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

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

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

The GEF Small Grants Program (SGP) worked for over 15 years in specific areas of Chile before closing in 2012, providing grants to small community groups. During this time, over 100 projects were financed and supported by the SGP in the Mediterranean ecoregion. This body of work provides a rich

foundation of experience and lessons learned for the community organizations involved, as well as for the institutions, like the Ministry of Environment, who shaped and led the National Steering Committee. Many of these lessons will be applied to the strategy and operations of this project's community based program and will be vital for implementation and scaling up in this and subsequent phases.

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

As per the analysis presented under section 1.1.5, above, regarding this project's institutional context, 105 public financial instruments and eight management instruments from six ministries provide public funding to individuals and community groups in the field of rural development and sustainable land management. These instruments, in synthesis, are able to mobilise isolated, scattered efforts, but lack a coherent coordination both at the local (landscape) level and at the national level. This results in a significant lack of efficiency, frequent annulment of each other's effects even within the same property, a difficulty in tackling locally important problems at the appropriate scale, and the loss of opportunities to achieve ecological, economic and social synergies among projects for landscape level impacts.

The Ministry of Environment (MMA) is charged with the funding and administration of the Environmental Protection Fund (FPA), which in its current form aims to protect, restore, preserve and conserve the environment through grants awarded to activities or projects undertaken by non-state agents. Significant weaknesses have been identified in the FPA's scope and mean project size for the fulfillment of its stated aim, so reform is foreseeable. The FPA has mainly awarded very small grants (around USD 4,000-5,000) on a competitive basis, with a ratio of 1:5 of projects approved to those presented. The department in charge at the MMA has had scant capacity so far to adequately backstop technically or provide M&E or lesson-learning on its portfolio due to its staff workload (a seven-person team deals with more than a thousand project proposals annually). Evaluations carried out in 2000 and 2006 have shown that primary FPA impacts have taken place at local level and mostly in terms of raising environmental awareness and commitment of leaders, but the delivery of measurable, globally relevant environmental benefits is not being properly tackled. This negative trend will continue in the absence of incremental action.

The Environmental Protection Fund (FPA) is a sinking fund created by the Chilean state within the Ministry of Environment and is included in the MMA's Environmental Education Division. In its present form, the Fund receives annual income of USD 2 million per year. Although created by law as capable of receiving external funding, the FPA has received scant contributions apart from the annual budgetary allocation by the MMA.

The FPA impact evaluations (EIFPA) carried out in 2006 and 2010, include the following findings, a number of which are relevant to the GEF Small Grants Programme, as identified from previous evaluations in 2007 and earlier:

- The projects funded are insufficient in scale, duration and scope from their design. “The FPA delivers a reduced amount to communities for their projects, for which a relevant impact cannot be expected” (EIFPA 2006).
- Project developers receive insufficient technical assistance throughout the whole project cycle, i.e. from identification to replication through funding, implementation and evaluation. “... to re-structure the project development process so agents realising evaluation and awarding are able to tell the proposing organisations about deficiencies or issues in their projects, and then attend meetings where points are clarified and a consensus is reached on the scope, objectives and actions to be developed for the enhancement of project performance” (EIFPA 2010).
- Projects are not properly inserted in their contexts, both in terms of environmental issues to be tackled and of implementation-related consensus-building. Their design and execution lack connections with the broader local reality in which they perform (landscape approach), and this is why “... many FPA projects declare problems or difficulties with state offices and associates (companies, municipalities, other CBOs)” (EIFPA 2010).
- There is a lack of connection with the policy-making process. Given the territorial scope of these programmes; their experience should be used for connecting the public policy process with the local realities throughout the country. This is not happening: “... the FPA has no impact on the institutional strengthening or the formation of environmental networks” (EIFPA 2006), which are an indirect means for public policy impact, and users would like the FPA to “... transform[s] into a highly-effective associative network for two-way communication between the MMA and the communities. Although this network exists, it is in precarious state and not institutionalised” (EIFPA 2010). On the other hand, the SGP global evaluations conclude that SGP Chile, with bigger projects and international networking, did so.

Law 18575, Article 5, Paragraph 2, establishes that public entities must fulfil their duties in a coordinated manner and strive towards unity of action, avoiding functional duplication or interference (“los órganos de la Administración del Estado deberán cumplir sus cometidos coordinadamente y propender a la unidad de acción, evitando la duplicación o interferencia de funciones”).

“... the image the interviewees have on the objectives pursued by the MMA with the FPA are mainly related to administrative control and publicity” (EIFPA 2006).

In addition to these, and with respect to community-based environmental projects in Chile, the following additional findings have been selected and validated:

- The project selection mechanism used by FPA, SGP Chile and others is of outright competition, through the opening of calls for proposals on previously established blind bases. This system disincentivises collaboration between proponents, who would find themselves losing to others should they share their (good) project idea with peers-cum-competitors.
- This competition impedes (under the logic of avoiding conflicts of interest, corruption and general irregularities) the use of prior knowledge regarding proponent capacities and experience by the entity responsible for project selection. Although avoiding conflicts of interest and corruption is indispensable, the competitive process used by FPA unwittingly results in weak alignment and technical assistance in the design phase - this produces high levels of proposal rejection (above 60% and even 80%). Approved proposals thus tend to be of lesser quality, and therefore impact, and this greatly enhances levels of proponent dissatisfaction.

- Finally, the centralised nature of the project selection mechanism can explain a great deal of the generally weak local ownership of many proposals since they are not necessarily evaluated on community drivenness or their fit with local contextual dynamics.

The way the FPA is currently structured and administered generates more administrative burden in terms of transaction costs and operational constraints coming from the Budget Directorate (Treasury Ministry approves budgetary allocations to the FPA) and the Contraloría (Comptroller, receives and checks the FPA's expense justification).

1.4. Long-term solution

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

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

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

For successful conservation of the unique biodiversity of the Chilean Mediterranean ecoregion and optimization of its ecosystem services, experiences such as these must be replicated at scale by large numbers of smallholder communities across the ecoregion. A key driver of adoption by communities is the economic benefit derived from successful marketing and sale of sustainably harvested products. Communities must have the capacities to produce sufficient volumes of high quality conservation-compatible products, add value, and get them to market. This implies capacities to coordinate, plan and manage land use that is coherent with biodiversity conservation, ecosystem services and climate resiliency objectives of key landscapes, as well as development of appropriate business management skills and abilities. At the same time, communities must have the capacities to engage with new and emerging opportunities such as payments for ecosystem services (carbon sequestration, etc.), and to build resilience to climate change of their conservation-compatible production systems. Ready access to financial resources by smallholder communities for needed support and micro-investment is also key.

Finally for communities to benefit economically as an incentive to conserve Chilean Mediterranean ecosystems, they must coordinate their production systems to avoid duplication and unconstructive competition and to achieve economies of scale across sustainable production operations throughout the ecoregion.

To achieve meaningful biophysical impacts at scale (resiliency, biodiversity conservation, carbon sequestration) as well as the economic impacts to incentivize sustainable resource management, individual community initiatives must act in synergy. This is best carried out at a focused geographic scale i.e. at the landscape level through collective action by community organizations. Collective action creates social capital through shared learning and exchange of information and knowledge, generates economies of scale in terms of access to financial resources and relations with input and output markets, produces organizational empowerment and advocacy capacities, and improves local governance through the participatory exercise of subsidiarity in decision making at the landscape level. Participatory landscape level decision making by resident communities is essential for ownership of initiatives and compliance with landscape land use plans and resource use rules and regulations.

In summary and in synthesis, the long-term solution to ecosystem degradation and the loss of global environmental values in the Mediterranean ecoregion is for organized communities acting in concert to identify and carry out appropriate technical innovations (for BD conservation, CC mitigation and SLM) using investment resources (grants or loans) for projects they control, across discrete landscapes in which local and global biophysical, economic and social synergies can be generated. Community organizations must formulate landscape management strategies assisted by their institutional partners that encompass social, economic and ecological outcomes aimed at enhancing resiliency; the projects they design and implement will, alone and acting in synergy, contribute to these outcomes.

1.5. Barrier analysis

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

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

GEF SGP has assisted community organizations over the past 15 years, in developing successful production practices and systems under a variety of conditions which have benefited both the global environment and rural livelihoods. For maximum global impact these practices need to be carried out through concerted collective action by enough smallholders and communities for common goals over time at the landscape level. Eventually, these efforts will reach an tipping point where smallholder community organizations increasingly adopt these practices because of visible proof of their benefits to sustainable rural livelihoods, whether through increased income or greater food security.

Smallholders have practiced traditional low-input agriculture with the overall goal of reducing risk and increasing or maintaining labor efficiency, instead of the output maximisation goal of industrial agriculture. Smallholders need to develop the skills and knowledge to adapt integrated management principles to current systems with the aim of maintaining or increasing productivity while conserving habitats important for production of ecosystem services and biodiversity conservation. To achieve significant biophysical and economic impacts, individual smallholders must be engaged through their organizations as these are the vehicles for development and socialization of new knowledge and innovation.

To achieve sustainability over the long term, communities practicing agriculture, artisanal fisheries management, aquaculture, and harvest of timber and non-timber forest products need substantial knowledge of species life cycle requirements as well as planning and management skills, the latter of which is extensively out of their reach. For certain lands and resources like communal lands or open access lands and waters, good governance of these commons is required to avoid diminishing the productivity and availability of the resource and generating conflicts. At the same time, new practices

must be identified and developed and the appropriate skills acquired on a fairly continuous basis given the nature of these living systems.

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

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

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

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

Furthermore, relevant data at appropriate scales (ecoregional, landscape level, local, micro-local) are scarce or non-existent, which makes it very difficult to plan, evaluate and fairly compensate for environmental benefits produced by these communities.

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

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

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

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

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

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

Highly developed social capital is vital for the generation and rapid spread of knowledge and capacity. The functional links between members of an organization, between organizations in the landscape and between organizations and external actors are established and operationalized around shared interests and agendas. Existing networks of community associations in the ecoregion are weakly organized, organizations themselves lack critical planning and management capacities, and agendas in relation to global environmental values are underdeveloped and/or not widely shared. External actors, particularly government institutions, while present and active, only inadequately support the creation or strengthening of social capital through knowledge generation and dissemination by local organizations and networks.

For community associations to engage fully in knowledge development and sharing, their priorities must be the point of departure for dialogue regarding land use, conservation and landscape management. During the PPG stage, the following thematic intervention fields were identified as initial priorities:

Priority	Issue Problem category	Mentions	
		#	%
1	Water management	166	25%
2	Residues, chemicals, pollution	148	22%
3	Soil loss	82	12%
4	Lack of capacities	57	9%
5	Biodiversity loss, connectivity loss	53	8%
6	Desertification, forest fires	30	5%
7	Land use change	24	4%
8	Deforestation	23	3%
9	Feral dogs	14	2%
	Other	48	7%

Irrelevant	20	3%
	665	100%

With the development of dynamic interconnected organizations engaged in innovation and knowledge dissemination, a critical mass of communities can emerge to adopt conservation-compatible production practices and systems so a tipping point can be reached, and these systems and practices are adopted more widely as the norm. Consolidating this critical mass of communities would not advance solely or quickly enough through the day-by-day aggregation of communities and their initiatives but needs to be accelerated through a systematic program of enhanced knowledge dissemination and capacity building to reach both participating communities and communities that may be interested in participating in the future. Also required is a new approach to interinstitutional coordination and community and landscape level work by the public agencies in charge of promoting development and conservation initiatives, for example those under the Ministry of Agriculture, the FPA or even the yet-to-be-created Biodiversity Fund.

1.6. Stakeholder Analysis

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

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

Micro, small and medium-sized farmers make up the majority of agents of importance to this project within the ecoregion, comprising around 60% of owners and 25% of the total area (agricultural census). Because of their dispersion and vulnerability, working with farmer organizations would be the only way to achieve scale, while they also have the ability to mobilize other relevant agents, such as political agents (due to their representativeness) and other social agents. These groups represent a significant demand for financing for non-profit environmental activities (approximately 1000 applications per year to the FPA).

**Importance of smallholding land tenure in the Chilean Mediterranean ecoregion
based on Censo Agropecuario (INE 2007) and MMA (2013)**

Agro-climatic zone (West to East or "costa a cordillera")	Average landhold- ing size of smallhold- ers ha	Approxima- te number of smallholde- rs #	Approximate total coverage of smallholding s ha	Non-planted forest in smallholdings		Typical mean temperat- ure °C	Typical mean precipitati- on mm/yr	ΔT 2050		ΔP 2050		Production activities	Primary land use issues
				ha	%			°C	%	mm/yr	%		
Secano costero (coastal drylands)	32	41.000	1.129.000	246.000	22%	15,4	874	1,5	10%	-218	-25%	Goat and sheep, tourism	Overgrazing , habitat fragmentatio- n
Secano Interior (inner drylands)	29	37.000	978.000	185.000	19%	16,1	698	1,7	11%	-175	-25%	Goat and sheep, firewood	Deforestatio- n, erosion, overgrazing
Valle Regable (irrigable valley)	11	85.000	708.000	85.000	12%	15,7	1.000	1,9	12%	-235	-24%	Grapes, berries for export; wine production, dairies; commercial tree planting	Salinization, aquifer depletion, agrochemic- als
Pre-Cordillera (pre-Andes)	49	25.000	937.000	225.000	24%	10,2	1.821	2,2	22%	-349	-19%	Fruit trees (apple, nut), dairies, wine, firewood	Deforestatio- n, erosion, overgrazing
Cordillera (Andean range)	459	11.000	2.289.000	825.000	36%	6,3	1.770	2,4	38%	-343	-19%	Livestock grazing, firewood	Overgrazing , erosion
		199.000	6.041.000	1.566.000	26%								

Recent research at regional Latin American level (Porter-Boland et al. 2011) suggests that organized communities have significant potential to attain environmental benefits. Apart from the institutional partners that the Project will seek to engage (see previous analysis in 1.1.5), in rural central Chile Community Based Organizations (CBOs) of different kinds play significant roles in decision-making around local governance and sustainable development. This is so:

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

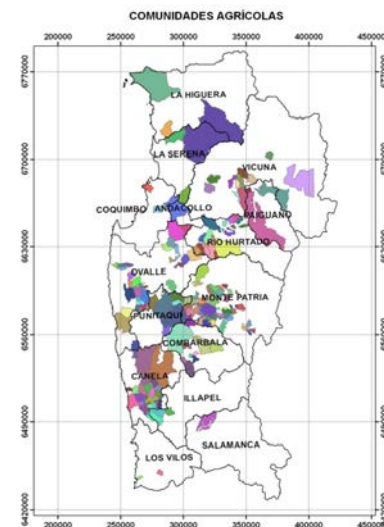
Agricultural communes or landholdings are extensive in different areas and play a significant role in territorial governance and land use decision making.

More than 500 local territorial-development organizations (data from the Ministry of Planning's Regional Development Undersecretary), more than 3,000 water rights holders' organizations (Ministry of Public Works' Water Undersecretary), more than 500 artisanal fishermen organizations (CEDEPESCA) and more than 500 environment-related CBOs (FPA and SGP databases, see below) exist in the country, 80% of them concentrated in the Mediterranean region. By law or local socio-political dynamics, they play a strong role in the organization of local development, fisheries, water use, and forest exploitation and, in general, in the formal and non-formal decision making that determines the sustainability of landscapes across rural Chile.

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

350 organizations in the region have implemented FPA and/or SGP projects as per available records (see table below), where n is the number of projects.

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



Administrative region	n	%
Atacama	15	4.4
Coquimbo	38	10.8
Valparaíso	33	9.4
Metropolitana	21	6.0
O'Higgins	51	14.6
Maule	33	9.4
Biobío	65	18.6
Araucanía	94	26.8
Total	350	100

103 organisations in the Mediterranean ecoregion (around 3% of the existing ones) have been contacted and their input elicited and received during the PPG participation process. 42% of these organizations expressed a very positive view of the project, 50% a positive view and 8% a neutral one. No negative views were recorded.

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

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

2. Strategy

2.1. Project rationale and policy conformity

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

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

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

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

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

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

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

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

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

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

2.2. Country ownership: country eligibility and country drivenness

According to the GEF instrument, Chile qualifies for GEF funding under the following criteria:

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

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

On a regional level, Chile has made progress in the development of Regional Strategic Plans for Biodiversity, as a first step in regional/local projects for biodiversity conservation. The main focus of these plans is to identify high priority sites for biodiversity conservation based on biodiversity values as well as threat levels.

This GEF-financed project will advance Chile's national and international commitments on sustainability as it will enhance institutional and community capacities to generate environmental benefits of global significance. The project will provide the necessary support for the coordination, consolidation and expansion of activities through institutional capacity building efforts. It will also contribute to the decentralization of the country and the operationalization of its governance mechanisms. Thus the project is fully consistent with national priorities and will generate globally relevant benefits, at the same time advancing the objectives of Chile in terms of biodiversity conservation and climate change mitigation in the areas of land use, forestry and the struggle against land degradation.

2.3. Design Principles and Strategic Considerations

The project is aimed at protecting and enhancing the global environmental values of the Mediterranean ecoregion, more or less between Caldera in the Third Region to Pucón in the province of Cautín in the Araucanía Region, ranging between the coast and the highlands of the Andes. To achieve this, the project will promote development and/or adoption by community organizations of a suite of low input sustainable agricultural practices (Best Agricultural Practices), as well as implementation of communal conservation activities that when taken together and carried out by hundreds of smallholders across the landscape will enhance climate resiliency, productivity, resource use efficiency and niche marketability. The project will facilitate access to micro-finance from participating institutions as well as certification of quality and ecoregional sustainability and resiliency. There are multiple certification systems active in Chile – the project will work with selected systems to ensure integration of standards and criteria that reflect this project's objectives and outcomes as well as relevant landscape outcomes.

The strategic geographic scope of this project (20 million hectares) goes beyond current available financial resources and institutional capacities to affect the ecoregion's global environmental values effectively. A deliberate staged approach is required that builds institutional capacities and coordination, engages and applies resources efficiently, and strengthens the civil society links and mechanisms that create the social capital to sustain the implementation and adaptation of new land use practices and systems. A first stage in this approach is to focus resources and attention on a set of distinct production landscapes within the Mediterranean ecoregion as learning laboratories that generate knowledge from reflection on implementation of community based initiatives within landscape planning and management strategies, landscape level multistakeholder coordination, sustainable production and commercialization, development of policy inputs, and other elements. As the initial set of landscape level initiatives (LLIs) evolve during implementation, lessons learned will permit adaptation and establishment of other LLIs around the ecoregion. With the results of LLI implementation, lessons will be extracted from the experience and applied to development of policy inputs, guidance and directions, as further feedback to this process of enhancing global environmental values and local sustainable development in the ecoregion.

A second stage is to coordinate institutional support at the level of the LLIs through local level coordination mechanisms that will permit participatory identification of landscape level outcomes and the development of landscape strategies and plans, increased financial, technical and institutional support to community organizations in design and implementation of their initiatives, effective coordination of community based initiatives in pursuit of landscape level outcomes, and a platform for knowledge systematization and dissemination to other LLIs, organizations and networks and policy makers and opinion leaders throughout the ecoregion and nationally. These local level coordination bodies are multistakeholder and multisectoral and involve local and national government agencies as well as the private sector and NGOs.

A third stage is to focus on building the capacities of community and landscape level organizations through learning-by-doing as they carry out sustainable development and/or conservation initiatives that enhance biodiversity, avoid carbon emissions from biomass and soil and/or optimize ecosystem services.

The ample participation process undertaken during the project preparation phase (PPG) identified three main themes for the project:

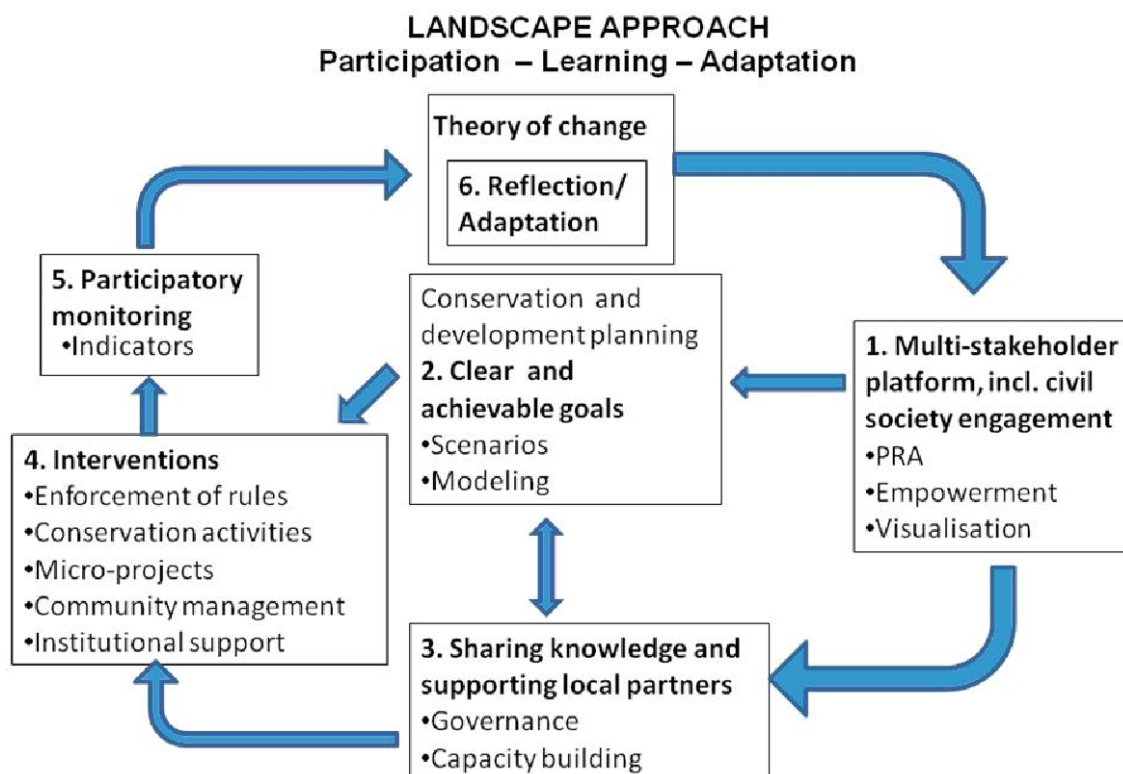
- The sustainable management of landscapes, landscape level protection and more balanced livelihoods, in a framework of citizen participation. This theme refers mainly to sustainable production activities.
- The local governance of rural landscapes and support to women, campesinos, indigenous peoples and traditional guilds, including through capacity development and policy reform.
- The protection of biodiversity and ecosystem services in a community-led framework.

Landscape planning and management is a community based participatory process that can be characterized by iterative steps in a practice of action-reflection-adaptation aimed at achieving a broad landscape level goal e.g. ecological and social resiliency built on biodiversity conservation, climate change mitigation, and sustainable land management for improved ecosystem services. The basic landscape planning and management methodology to be used in this project includes the following essential steps:

- ***Definition of the landscape and formation of a multistakeholder landscape management body:*** the landscape is selected based on a strategic analysis of ecological, cultural and socioeconomic factors. The dimensions of the landscape are determined from reflection on factors such as available resources for landscape management activities versus anticipated impacts, the number of landscape inhabitants, patterns and intensity of land use, etc. Representatives from communities living in the landscape are identified and selected using criteria for representativeness, inclusiveness and integrity; they participate in the process of defining and confirming landscape boundaries, in assessing baseline conditions, and identifying threats and root causes of problems associated with the sustainability and productivity of agriculture, livelihoods, and ecosystem services. Community, government and other representatives form a multistakeholder landscape management platform (MLMP) that provides the space for analysis, reflection and agreements on proposals and activities. A secretariat manages the emerging landscape level initiative (LLI) day-to-day on behalf of the MLMP. This body is staffed and delivered through a variety of arrangements (hiring, contracting, secondments, etc.) that the MLMP arranges and oversees. The MLMP is served by a small secretariat.
- ***Defining a common landscape vision, outcomes and governance:*** once the participatory baseline assessment has been completed, the MLMP discusses and agrees on a broad vision for the landscape in terms of economic, social and ecological factors. All stakeholders discuss and agree on “the general logic, legitimacy, and justification for a course of action” (Sayer et al. 2013), and debate the risks and uncertainties. Outcomes are identified in four broad areas:
 - o Ecosystem services: the LLI should aim at optimizing the production of ecosystem services (biodiversity; water quality, volume and periodicity; biomass; soils; microclimate; pollination; crop genetic material; scenic beauty; etc.) generated by ecosystem functions and landscape processes.
 - o Agricultural production: the LLI should aim to stabilize and enhance the productivity and sustainability of agro-ecosystems and production processes.
 - o Livelihoods: the LLI should aim to assist communities to diversify their livelihoods, improve the sustainability and productivity of livelihoods and market the excess beyond subsistence for equitable returns.
 - o Governance/institutions and social capital: the LLI should aim to strengthen the MLMP as a multistakeholder, representative, inclusive, and transparent platform, establishing functional links to other initiatives, institutions and organizations, and setting rules and procedures. At the same time, the LLI should strengthen community organizations, landscape level networks and links to key off-landscape entities of the private sector,

government and others through knowledge sharing, peer-to-peer exchanges and other activities.

- **Participatory formulation of a landscape strategy and action plan, establishing landscape level indicators:** with the landscape level outcomes defined and agreed by the communities and institutions in the landscape in the preceding step, the next step is the participatory development of a landscape management strategy to meet these outcomes with clear, achievable priorities and multistakeholder agreements regarding roles and responsibilities. The MLMP defines action priorities, measures required to achieve the priorities based on the community micro-finance modality (grants, microloans), criteria for project eligibility, and targets and indicators of success or progress towards landscape level outcomes overall. Multistakeholder agreements among government institutions and agencies, community organizations and networks, private enterprises, NGOs and others provide the formal foundation for collaboration and coordination in pursuit of landscape outcomes.
- **Proposal development, review and approval for funding:** once the criteria for project eligibility have been established based on the agreed priorities, measures and interstakeholder agreements, the MLMP, through its secretariat, supports project development through workshops, technical assistance from participating experts, institutions, and organizations, and seed funding, as appropriate. The secretariat assists or coaches community organizations to develop proposals; presents the proposals to the board; monitors project implementation; identifies and facilitates synergies among projects; pursues partnerships with donors, the private sector and government institutions; troubleshoots implementation and coordination difficulties with projects; identifies lessons learned and prepares reports to the MLMP; recommends adaptive management measures, etc. Aside from their technical objectives and quality, projects are also assessed on their methods for proposing, testing and/or adapting innovations for use and potential applicability across the landscape and in other landscapes. The most mature landscape level initiatives ideally have developed financial facilities that specialise in providing fundraising, administrative and financial support to community projects and other activities. These facilities can provide needed financial stability, bridging the distance between short and medium-term funding sources and long-term priorities established in the initiatives' strategic planning.
- **Project implementation, monitoring, evaluation, knowledge generation and dissemination:** implementation of individual projects is monitored and evaluated, and the experience is analyzed for lessons and knowledge applicable to other communities and systems. At the same time, the contribution of the individual project to the agreed landscape outcomes is assessed against the landscape level indicators defined in step three, above. Knowledge gained from the experience of implementation of multiple projects across the landscape is disseminated peer-to-peer through organizations and networks as well as through the MLMP to community organizations within the landscape, to other landscapes through their own landscape platforms, as well as to policy makers and opinion leaders throughout the country. Specific knowledge fairs, communities of practice, or other effective mechanisms can be supported.
- **MLMP reflection on landscape management experience and adaptive management:** the MLMP and its key partners meet to reflect on progress towards landscape level outcomes and adjust or adapt the landscape strategy based on lessons learned.



Research on the landscape management approach advocated here has identified the measurement of results as a particularly complex area (IUCN 2008). To address this, a “back to basics” approach has been proposed (Hodgson et al, 2009), in which uncertain and diffuse causality is substituted – with regard to the overall objective – for its basic components or outcomes: maintaining and increasing the area of high quality habitats, prioritizing areas that have high environmental heterogeneity, controlling threatening processes from productive activities. In this way the proposed actions (in this case, small community driven projects) have objectives and aims defined through quantifiable indicators which allow for monitoring and evaluation of their progress towards meeting selected landscape level outcomes.

Along with the definition/methodology described, above - gleaned from a combination of approaches and standards that define landscape level initiatives - lessons learnt and best practices have been compiled and analyzed (IUCN 2008, CBD SBSTTA 2011). Seven that best apply to the method adopted by this project include:

- The stakeholders forming the MLMP should not organize with the aim of responding to a concrete financial incentive, but rather in response to the perception that concerted collective action at local level has a greater chance of achieving the common good than isolated individual actions do.
- Participants should volunteer explicit commitment to sustainability planning.
- Participants are public and private entities who adequately represent the existing values and interests in the landscape and are partners on equal terms.
- The multistakeholder landscape management platform (MLMP) is formally established with the intention of being permanent. The results of any landscape level initiative, due to their distributed and participatory nature, will only be seen over the long term, which is why the continuity of the initiative’s iterative processes is as important as, or more important than, its state at any one time in its evolution.

- There is strong but distributed leadership; more than one person leads the process and these people are consistently engaged.
- Adaptive management is the process that best meets the challenges of constantly changing threats and opportunities. "Muddling through" - where the process is prescribed, not the outcome - makes a fit between the community driven landscape initiatives and the supporting institutional structure difficult, precisely if it's an institutional structure that seeks an *ex ante* statement of expected results. However, it is indispensable that local stakeholders retain ownership, making them the primary decision makers regarding the process.
- The quality of technical support is key. A rigorous commitment by institutional partners is vital if landscape management and its component community based initiatives are to succeed. NGOs play an important role, as well, as studies indicate often greater degrees of success for projects receiving NGO support. Technical support can occur at the landscape level in planning and management boards, during strategy formulation, as well as with the delineation of project eligibility criteria and during project implementation. Technical institutions should be formal partners of landscape and local initiatives with community organizations and networks.

The strategy behind this project is to achieve conservation of biodiversity, carbon sequestration and improved ecosystem services in the Mediterranean ecoregion through sustainable land management. Aside from the global environmental benefits, the local development benefits resulting from sustainable land management will provide the economic incentives to local stakeholders in community organizations to innovate current practice, adopt and implement best practices, and coordinate their actions to improve and maintain ecosystem services.

Given the size of the Mediterranean ecoregion (20 million hectares of rural land), the project will target eight landscapes in representative areas around the ecoregion as pilot sites for implementation of landscape planning and management approaches that coordinate synergistic initiatives by community organizations to achieve landscape level outcomes in biodiversity conservation, carbon sequestration and improved ecosystem services. The project has identified eight landscapes that will be further defined through participatory consultation processes during the inception phase of the project.

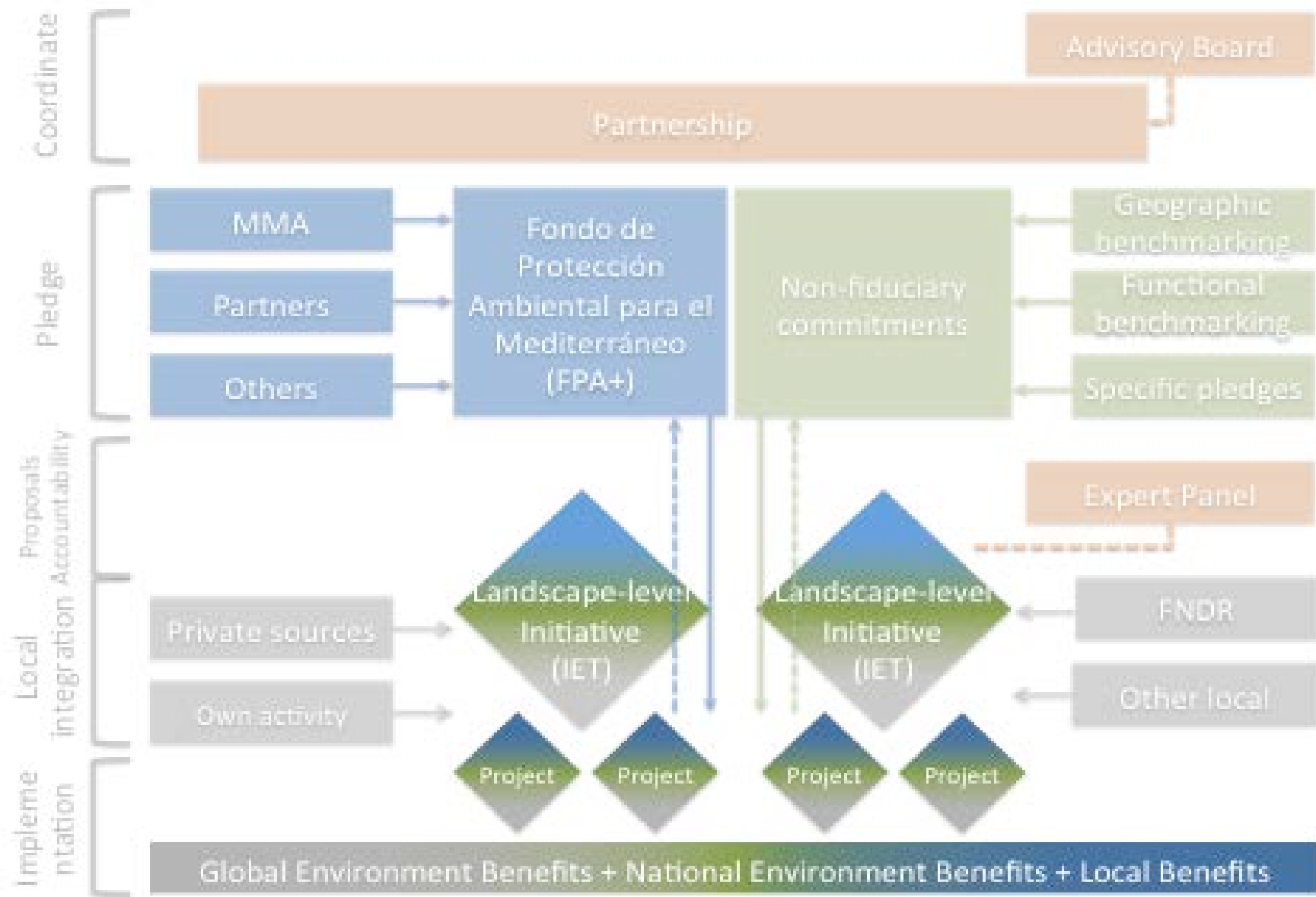
The project proposes to directly engage around one hundred community-based organizations and local governments in the undertaking of projects in their respective landscapes to achieve landscape level impacts consonant with global environmental values and local sustainable development outcomes. This is to be done on approximately 2 million hectares out of a total of around 20 million ha of rural lands in the ecoregion, thus providing sufficient scale to the piloting approach in geographical terms.

The eight landscape level strategies, developed in a participatory process by local communities and stakeholder institutions, will be supported by mechanisms, described below, to enable their effective implementation with adequate technical assistance, institutional coordination, knowledge management, monitoring and policy guidance and support. Implementation of the eight landscape strategies will be supported as follows:

- With the assistance of their respective MLMP secretariats, local community organisations and partnerships develop project proposals based on agreed criteria aligned with the landscape level outcomes expressed in the landscape strategy.
- Proposals are reviewed and discussed at the respective MLMP made up of representatives of community organizations, NGOs, local government, and regional offices of national agencies and institutions. The MLMP bundles endorsed projects into portfolios for submission to the Mediterranean Ecoregional Landscapes Advisory Board (MELAB) for review and technical clearance.

- MELAB members are appointed on the basis of individual merit. MELAB will identify potential new partners for the eight MLMPs to ensure global environmental benefits of project proposals as well as their scientific, technical and methodological soundness, and advises on the suitability of overall strategic landscape priorities.
- MELAB submits project portfolios to the Partners Committee (PC) for final approval for funding together with their technical reviews and commentary. The Partners Committee will initially include MMA, CORFO, CONAF, INDAP, FOSIS and FIA, to be joined as time goes on by other institutions during project implementation. The PC will act as institutional coordinator for this project, centralizing the pledging of financial and other commitments from central government institutions, as well as facilitate the co-financing of project proposals and refer proponents to other appropriate funding mechanisms as necessary. The PC will develop the strategy for the ecoregion, monitor progress towards ecoregional outcomes and advise the senior advisors and decision makers in their respective institutions in regard to lessons learned and potential solutions to diminishing global environmental values and local development problems.
- Financial resources are managed through two parallel resource-pooling mechanisms. The first is the Environmental Protection Fund plus (FPA+), a dedicated window under the overall FPA for the fiduciary management of funds devoted to the support of community-led, landscape-framed projects. This window receives funding primarily from the MMA, though also from other partners and other contributors.
- The second mechanism, acting in synergy with the first, is a coordination system managed by the PC, whereby PC institutions agree to commit and coordinate the use of their own instruments with those of other partner institutions to support landscape level initiatives and their component projects financially, technically, legally or otherwise.

The interaction between the entities described here is shown in the following diagram:



In regard to selection of the eight pilot sites, the criteria defining the landscape approach were reviewed and analyzed. A universally accepted definition of a landscape or landscape approach is unavailable, so the scope of the project has not been limited to one or another specific definition advocated by different organizations or initiatives.

Analysis and mapping of existing or proposed pilot landscapes in the Chilean Mediterranean ecoregion has been performed using a broad definition of the concept of socio-ecological landscapes. This process, carried out during the PIF and PPG stages, has followed methodologies applied by initiatives supported by or known to MMA and UNDP in the country.

The analysis has included:

- Conservation Landscapes (*Paisaje de Conservación*): based on a methodology developed by the Ministry of Environment as part of two previous GEF projects (GEF SIRAP and GEF Altos de Cantillana). Currently two of these sites are named, one of them in the Mediterranean ecoregion.
- Model Forests (*Bosque Modelo*): based on a methodology proposed by Canada to the Rio Convention in 1992, which currently counts with some 60 sites in some 25 countries. In Chile, three sites have been developed and are currently active, two of them in the Mediterranean ecoregion.
- Conservation Districts (*Distrito de Conservación de Suelos, Bosques y Aguas*): a legally defined concept that has been undeveloped for years and which currently is the main focus of the GEF 4104 SLM Project (World Bank and CONAF).

In addition to these, Biosphere Reserves, Benthic Resource Management Areas (AMERB in Spanish), Touristic Interest Areas (ZOIT) and Entrepreneurial Territorial Sustainability Nuclei (NEST+Aguas in Spanish) have been analysed along with stand-alone initiatives. Of all these, those that are most concrete have been considered for inclusion in the project's planning.

The results of the process are shown below:

[illegible]

By establishing a transparent standard and an open process for landscape qualification, it is expected that this project is able to trigger a dynamic process of dialogue and reflection beyond its material impact on the selected pilot landscapes (both the initial ones and those that are added during project implementation). At the same time, the existence of this standard provides a basis for the monitoring of landscape-level initiatives in the Mediterranean ecoregion and beyond, which will have been tested and can then be used by the MMA for policy purposes.

A description of the three initial pilot landscapes is as follows:

Alhué Conservation Landscape

This includes the whole of the municipality of Alhué (84,500 ha, 78.41% agricultural and 21.59% forestry; 5,493 inhabitants, 41.53% rural population, 7.41% poverty). The endangered species found in the municipality are hualo (*Nothofagus glauca*), naranjillo (*Citronella mucronata*), Chilean palm (*Jubaea chilensis*), pitra (*Myrceugenia exsucca*), olivillo (*Aextoxicon punctatum*), lingue (*Persea lingue*), belloto del centro (*Beilschmiedia berteriana*) and belloto del norte (*Beilschmiedia miersii*, at the southern end of its distribution). The main economic activities in the municipality are agroforestry (primarily vineyards), mining and tourism (226 companies including 1 large and 5 medium). The main areas of activity are mining (5 companies, 720 workers), commercial (71 companies, 95 workers) and agroforestry (67 companies, 414 workers). There are 53 community organizations. The baseline in this case is zero given that Alhué was declared a Conservation Landscape (Paisaje de Conservación or PdC in Spanish) during the preparatory activities of the project, on May 13, 2013.

Cachapoal Model Forest

Made up of the municipalities of Doñihue, Las Carbas and Coltauco (105,500 ha, 57,683 inhabitants, 10.91% poverty), landscape demarcated by the Cachapoal River in the south and the summits of the coastal mountain range in the north. There are three types of forest: sclerophyllous forest (hard leaf species such as quillay, boldo, peumo, litre, espino, maitén); deciduous forest (oak, hualo); and scrub and thorn forest (predominantly hard leaf shrubs resistant to heat and drought as espino). Land use is 29% agricultural, 37% meadows and thickets, 25% native forest and 1.6% poplar plantations. The population is highly urban in Doñihue, moderately urban in Las Carbas and heavily rural in Coltauco (rural 5.04%, 26.92% and 72.32%, respectively). The diversity of flora is high with 1,189 species (908 native and 281 introduced), 23.3% of the national flora. Several local species present conservation problems and are classified as endangered such as the Avellanita and Belloto del Sur; vulnerable, such as the Belloto del Norte, Hualo, Llaetilla, Guayacán, the Chilean Palm and the Lingue del Norte; and rare, such as the Huillipatagua, Maiten de Chubut, Petrillo and Arrayán de Hoja Roja. The ecosystems of scrubland and sclerophyll forest particularly stand out, rich in endemic species and many of them are species with limited distribution (*Laurelia sempervirens*, *Beilschmiedia berteriana*, *Porlieria chilensis*, *Prosopis chilensis*) or rare (*Avellanita bustillosii*, *Myrceugenia colchaguensis*, *Leucocoryne popetana*, *Dasyphyllum excelsum*, *Eriosyce aspillagai*). The national baseline is established by CONAF's variable contribution which has had a mean value of USD 52,254 for the years 2009-2012. Other funding is obtained competitively, including a number of FPA projects awarded to member institutions of the Model Forest but carried out by the Model Forest.

Araucarias del Alto Malleco Model Forest

Located in Chile's Ninth Region between the 38th and 39th southern latitudinal parallels in a pre-Andean and Andean environment, occupying a total area of approximately 557,820 hectares and covering the whole of the communes of Lonquimay and Curacautin. 44.7% of this territory is still covered by native forests, of which the most emblematic species is the conifer *Araucaria araucana*, a Red-List Endangered endemic species occurring along with *Nothofagus pumilio* (lenga), *N. alpina* (raulí), *N. antartica* (ñirre) and *N. dombeyi* (coihue) which are typical of the transitional Mediterranean (subalpine) domain. Main production activity is livestock breeding, with more than 118,000 head (66,955 LSU), 75% of them cows (Censo Agropecuario 2007). Agrarian and forestry activity occupies 27.5% of employed (active) population and explains a high level of rural population (46%), which tops 67% in Lonquimay. Nonetheless, inactive and unemployed population adds up to 65% of the population. 33% of the population is poor and 26% of the population characterises itself as of indigenous origins (mainly *mapuche pehuenche*). National baseline in this case is composed of the

variable contribution of CONAF, which has had a mean value of USD 85,574 for the period 2002-2012.

2.4. Project Objective, Outcomes and Outputs

The Project Objective is to develop, demonstrate and mainstream the delivery of globally significant environmental benefits by community-based organisations in the management of critically endangered landscapes in the Chilean Mediterranean ecoregion. This will be accomplished by achieving four outcomes: 1) sustainable management of landscapes for biodiversity conservation; 2) demonstration/promotion of conservation and enhancement of carbon stocks through land use, land use change, and forestry, and local carbon monitoring systems; 3) maintenance and improvement of the flows of forest and agro-ecosystem services to sustain the livelihoods of local communities; and 4) community capacity development & knowledge management.

Individual community based small grant projects will contribute concrete outputs towards these project outcomes. The community based projects will be located in eight pilot landscapes in different agro-climatic zones of the Mediterranean ecoregion and aligned with two or more outcomes of their respective landscape strategy; the four project outcomes listed in the previous paragraph will be integrated into the outcomes of each landscape strategy. At the same time, the project will ensure landscape level coordination (LLI) of community organizations and government institutions, as well as knowledge management and community capacity development through organizational learning-by-doing.

BD and LD outputs and outcomes will be recorded as the aggregate of individual grant project results within the pilot landscapes. Baseline assessments will be carried out in each of the nine pilot landscapes and landscape level outcomes identified in a participatory manner which are aligned with overall project outcomes and outputs. Project eligibility criteria will be developed to ensure that landscape and project outcomes are pursued. In a process of adaptive management, the project coordination unit will encourage community based proposals to meet these outcomes and outputs.

The project will support coordination of the eight pilot landscapes within the Mediterranean ecoregion to ensure dissemination of knowledge and lessons learned across the ecoregion, as well as at the national level where a technical-financial mechanism for institutional coordination will be established by the Ministry of Environment with participation by the Ministry of Agriculture, the National Forestry Commission and others. This mechanism – the Partners Committee - will include a new financing window of the Ministry of the Environment's *Environmental Protection Fund* (FPA) to directly support Landscape Level Initiatives, and a system for coordinating financial and technical assistance of the multiple partner institutions, as well as regulatory reform.

COMPONENT 1: SUSTAINABLE MANAGEMENT OF LANDSCAPES FOR BIODIVERSITY CONSERVATION

Work under this component will strengthen community-based actions to improve and coordinate management and sustainability of pilot landscapes in the Mediterranean ecoregion for biodiversity conservation. As such, the project will build the capacities of community organizations to participate in broader landscape planning and management, as well as more specifically to form community forest management associations that can prepare and execute forest management plans aligned with landscape strategic outcomes. An important part of these efforts will be the development/adaptation and dissemination of forest monitoring techniques and guidelines, as well as forest certification protocols and microfinance access procedures.

At the same time, the project will strengthen the governance systems that can support ecoregional and landscape level coordination of multi-institutional finance and technical assistance across the Mediterranean ecoregion and in the eight pilot landscapes. A Mediterranean Ecoregional Landscapes Advisory Board (MELAB) will be formed, as well as eight individual multistakeholder landscape management platforms (MLMP). A Partners Committee will be formed to operationalize interinstitutional coordination, including a new FPA window for grant financing.

Outputs and activities under this Component are structured to achieve two Outcomes, as follows:

Outcome 1.1

Conservation of Mediterranean forest landscapes through community-based actions, with at least 700,000 ha of Mediterranean forest certified as sustainably managed.

Baseline: The forestry sector in Chile is highly developed and in a growing number of cases has even incorporated conservation and sustainability principles and practices, however, the bulk of commercial forestry activity has taken place outside the Mediterranean ecoregion and primarily at the level of large-scale commercial enterprises, such as commercial logging companies. Forestry is commonly planned and practiced in the absence of broader land use planning objectives, resulting in fewer synergistic impacts relating to ecological resiliency from biodiversity conservation and optimal ecosystem services. While the ecoregion is the site of two Model Forest initiatives, these are currently underfunded and as a result have been unable to fully engage local communities, adequately coordinate institutional support or generate and disseminate knowledge from their experience in a holistic and strategic fashion. Local smallholders and community groups have had relatively limited access to the skills, tools and resources required to integrate or adapt sustainable forestry production practices into their local livelihoods and production activities to conserve biodiversity and ecosystem functions. At the same time, economic incentives to practice sustainable forestry are underdeveloped and/or not readily accessible to smallholders and community organizations.

Alternative: The project will assist community organizations to organize themselves into forest management associations and plan and manage their forest resources for greater ecological sustainability and economic productivity with the incorporation of biodiversity conservation principles and objectives into production practices. Community organizations in the pilot landscapes will participate in the development of landscape strategies and integrated management plans in which sustainable forestry will be inserted to enhance both biodiversity conservation and economic value in the most effective manner. Appropriate forest monitoring methods will be developed and disseminated. To increase the economic value of community forests, third party certification will be conducted to enable access to market premiums, and microfinance will be made accessible to facilitate community investment in the sustainability and productivity of their forest resources.

Small grants will be provided to community based projects to produce a number of linked outputs towards this outcome.

1.1.1. Eighteen community-led integrated management plans for key Mediterranean landscapes. Activities to be funded to achieve this output will focus on generating landscape management plans through participatory processes of baseline assessment and causal analyses with communities living and working on the landscape. Multistakeholder Landscape Management Platforms (MLMPs) will be formed that include representatives of local government, regional offices of national agencies, local community organizations and others. These MLMPs will analyze baseline information and causal linkages, identify priorities for action, discuss and agree on 3-4 landscape level outcomes, identify eligibility criteria for grant projects to meet the outcomes, draft landscape management strategies, and draft and ratify multistakeholder agreements to implement the strategies. A specific grant will be awarded to a responsible organization with demonstrated technical competence and a track record in participatory planning methods for landscape management to facilitate and guide this process in each of the eight landscapes.

1.1.2. Twenty or more community forest management associations formed

1.1.3. Twenty or more community forest management plans to optimise biodiversity conservation, ecosystem services and production values across the landscape

1.1.4. Twenty or more community forest management plans implemented

Activities to be funded to achieve these outputs are aimed at ensuring the sustainable management of community forests on the selected pilot landscapes so that they contribute to the conservation of the diverse species and habitats of the Mediterranean ecoregion as well as to the livelihoods and incomes of the communities themselves. Activities will build the capacities of interested community organizations to plan and manage the sustainable utilization of forest resources. These community organizations will form landscape and/or sub-landscape level forest management associations,

participate in the analysis of forest ecosystemic and production processes, identify economic and ecological goals, as well as outcomes and outputs for forest management, determine management strategies and required practices, receive training on forest management methods and practices, apply community-adapted forest monitoring techniques and guidelines, and implement the forest management plans to ensure long-term sustainability of community forestry. Forests will be selected for support based on a series of factors including organizational capacities of the communities involved, potential biodiversity benefits of sustainable forest management (e.g. contribution to connectivity, endemic species), economic potential, and commitment by other institutions to partner in support of the community forest management plan, etc. Communities implementing sustainable forest management plans will be linked in specific learning communities across the eight pilot landscapes to generate and disseminate lessons and best practice.

1.1.5. Community-adapted forest monitoring techniques and guidelines developed and disseminated

1.1.6. Certified production of timber and other forest products on at least 700,000 ha of land (>20 projects)

For communities to be able to measure positive or negative changes to the forest ecosystems they manage, they must have the knowledge, capacities and incentives to monitor vital forest ecosystem functions as well as the status and progress of key ecosystem services. Certification enables access to premium markets and thus provides an incentive to invest in sustainable forest management. However, certification also imposes a burden on forest managers in that certification standards must be understood and met continuously, requiring new knowledge and capacities for management as well as for monitoring and analysis of results. Activities funded to achieve this output will include collaborative development and/or adaptation of appropriate forest monitoring methodologies for Mediterranean forests and for forest management; systematization of information and experience into practical, community-friendly manuals; and dissemination throughout the eight pilot landscapes and the ecoregion.

Activities to be funded will enable third party certification of community managed forests and market analysis of potentially interested buyers of certified timber or other forest products. For a forest to achieve and maintain certified status, forest managers will learn certification standards and protocols; identify current gaps in achieving certification, as well as practices requiring correction; incorporate corrections into forest management strategies and plans and execute them with periodic technical assistance from specialized institutions. Partnerships with appropriate institutions in both the public and private sectors will be established to ensure efficient compliance with standards and protocols as well as to help identify potential buyers of products from certified forests.

Where a grant proposal establishes a value proposition for third-party certification, any of the following might be used:

1. Sistema Nacional de Certificación de Productos Orgánicos Agrícolas (Ley 20.089 - SAG).
National System for the Certification of Agricultural Organic Products
2. CERTFOR - Programme for the Endorsement of Forest Certification (PEFC)
3. ISO 14.001; ISO 22.000
4. Forest Stewardship Council (FSC)
5. Alianza para Bosques – RAS
6. Certificate for Sustainable Tourism
7. Fair Trade FLO (FLO-CERT)

1.1.7. Microfinance mechanisms in place to increase market access by producer organizations and commercialisation (this output and output 3.2.2 are essentially the same)

Project funding will not be used to provide micro-credits, but rather to enable key microcredit institutions to broaden their clientele by extending microcredit to community organizations in the eight pilot landscapes in the Mediterranean ecoregion to fund sustainable production of forest goods and services. Activities to be funded to achieve this output include the confirmation of potential interest on the part of key microcredit institutions consulted during the project preparation phase (BEME and INDAP) to develop and extend lines of credit to community and landscape level organizations in the eight pilot sites for sustainable production initiatives; development of sustainability protocols for potential projects to be funded; training of appropriate institutional staff to identify potential projects to be financed in the pilot sites and ecoregion; negotiation and agreement on credit lines with institutional partners and the micro-credit institutions and training of key community leaders in the development of bankable forest production projects.

Outcome 1.2

The long term sustainability of landscape management in the Mediterranean ecoregion is enhanced and strengthened both institutionally and financially

It is not possible for the biodiversity and ecosystem services of the production landscapes of the Chilean Mediterranean ecoregion to be fully and permanently protected through a single project or series of short-term projects. To the contrary, this will require institutional commitment to, and financing of, a long term strategy to support and ensure adaptive management by land users of the ecoregion's biodiversity, soils, water, and other resources in light of constantly changing environmental, social and economic processes. Sectoral and non-sectoral government institutions need to coordinate their programmes and policies at the local level to support community driven initiatives to innovate and adapt their practices aimed at improving their livelihoods and income while sustaining global environmental values.

Baseline: Currently, the institutions tasked with development, sustainable use and conservation of the natural resources of the Mediterranean ecoregion do not coordinate their programmes or policies at the local, landscape or ecoregional level. This leads to duplication of efforts, inefficiencies in resource use, and institutional competition for community "clients" and participants in programmes and projects. The drive to fulfil institutional mandates in this context leads to institutionally-driven, top-down approaches that disregard community agency in the development and management of their own initiatives. Institutions tend to work with individual land users rather than community organizations resulting in slower generation of landscape level systemic change. While communities may participate in government programmes and projects the lack of decision making authority regarding investment decisions in their own communities results in a lack of ownership which translates to lower compliance with norms and standards, weaker adoption of new practices and techniques, and less potential for sustainability overall.

Alternative: This project will establish a multisectoral, interinstitutional mechanism – called the Partners Committee - to provide strategic and operational support to community-driven initiatives pursuing both local and landscape level outcomes aligned with the project's global environmental objective. The mechanism has two "channels", the first where fiduciary transfer of resources is made by different agents to the expanded Environment Protection Fund (FPA+), and a second where institutional coordination occurs without resource transfer between agents (non-fiduciary) and through the commitment and application of instruments by the institution making the pledge. To strengthen the application of these non-fiduciary commitments, a strong monitoring, evaluation and peer-review process will be set up. To support the Partnership, a high-level Mediterranean Ecoregion Landscapes Advisory Board will be established along with rules and procedures to ensure transparency, effectiveness and accountability in its functioning.

The outputs to achieve this outcome will be financed with non-GEF cofinancing. They include:

1.2.1 A formal multistakeholder institutional Partnership Committee with clear accountability and governance mechanisms

Of the government institutions active in the Mediterranean ecoregion in support of rural development and natural resource conservation, several have agreed to participate in the Partnership. They are CONAF, FIA and INDAP (Ministry of Agriculture), FOSIS (Ministry of Social Development), CORFO and CPL (Ministry of Economy) and the UNDP/EU Programme to Combat Desertification.

The Partnership will meet periodically to assess progress towards achievement of landscape level outcomes in the eight pilot landscapes, identify opportunities for institutional coordination at the landscape and ecoregional levels, commit resources, revise strategic objectives and approaches, review participatory methodologies to ensure community level ownership and landscape level impacts, and discuss lessons learned and propose policy analyses and potential reforms. Activities to produce this output include formal confirmation of institutional participation, formulation of detailed Terms of Reference for the Partnership, elaboration of rules of procedure, discussion and agreement on the participatory landscape management methodology, adoption of an agreed strategic framework for the Mediterranean ecoregion based on this project's strategic objective and landscape management approach, and formulation of a general institutional coordination plan for the ecoregion and the eight pilot landscapes.

1.2.2 Ministry of Environment instruments modified to support the strategic objectives of global environmental protection and local sustainable development in the Mediterranean ecoregion

The Ministry of Environment is considering the modification of two instruments to support the strategic objectives of this initiative. The first is the Environmental Protection Fund (FPA). The FPA will be reformed to provide funding in more adequate amounts and to projects more strategically aligned with ecoregional objectives and landscape outcomes. The second is the Municipal Environmental Certification System (MECS) under which municipalities and municipality-run schools certify their environmental performance. The MECS will be reformed so that the performance of municipalities and schools in the Mediterranean ecoregion is aligned with the ecoregional objectives and landscape level outcomes of this initiative.

Activities to support this output include development of specific Terms of Reference for the Mediterranean ecoregion sub-window of the Environmental Protection Fund (FPA) and review and reform of the general TORs of the overall FPA which regulate its characteristics and functioning under Title V, Law 19.300 providing for the legal establishment of the Fund. Revision of the general TORs will permit legal establishment of the ecoregion sub-window.

At the same time, activities will include review of the Municipal Environmental Certification System (MECS) and its rules and procedures, followed by the design of the reformed MECS to include standards and other elements that support landscape and ecoregional objectives and outcomes.

1.2.3 At least three institutional instruments from non-MMA participating Partnership members – financial, programmatic, and regulatory - revised to support the strategic objectives of global environmental protection and local sustainable development in the Mediterranean ecoregion

Participating institutions are expected to agree to potential modification of their particular programming, regulatory and/or financing instruments to support the coordinated implementation of landscape planning and management through provision of small grants or other resources to community organizations to support their innovations and adaptive management initiatives. Activities to support generation of this output include Partnership review of institutional instruments in the context of ecoregional and landscape level objectives, identification of potential instruments susceptible to appropriate modification, analysis and discussion of potential modifications, and elaboration of action plans by individual institutions to modify the relevant instruments.

1.2.3 A high-level Mediterranean Ecoregional Landscapes Advisory Board established to provide technical and strategic advice to the Partnership

To ensure a state-of-the-art approach to the production of global environmental and local sustainable development benefits on the landscapes of the Mediterranean ecoregion, this project will establish a

Mediterranean Ecoregional Landscapes Advisory Board (MELAB) to provide the institutional Partnership with the best technical and strategic advice available in the ecological, social, economic, governance and policy fields.

MELAB members will be appointed on the basis of individual merit, drawing on the widest possible pool of potential candidates from national and local government, networks of community or smallholder organizations, academic institutions, indigenous peoples' organizations, NGOs and others. MELAB will identify potential new partners for the Partnership and provide guidance to the eight Multistakeholder Landscape Management Platforms (MLMPs) to ensure global environmental benefits of project proposals as well as their scientific, technical and methodological soundness.

MELAB will also review project portfolios submitted by MLMPs and recommend approval to the Partners for final approval for funding together with their technical reviews and commentary.

Activities to be carried out in producing this output include drafting and agreeing detailed Terms of Reference for MELAB, drafting and agreeing rules of procedure, identification of potential candidates based on the TORs and diversity, confirmation of willing candidates and nomination to the Board with approval from the Partners.

COMPONENT 2: DEMONSTRATION/PROMOTION OF CONSERVATION AND ENHANCEMENT OF CARBON STOCKS THROUGH LAND USE, LAND USE CHANGE, AND FORESTRY, AND LOCAL CARBON MONITORING SYSTEMS.

The project will work to conduct land management activities at appropriate pilot sites in the Mediterranean ecoregion specifically to adopt practices to reduce carbon stock emissions or sequester carbon such as wildfire suppression or prevention, reforestation, restoration, and improved land use planning. This component will be implemented in coordination with Component 1, above. Because of the importance of monitoring for carbon benefits, local carbon monitoring systems will be included in each pilot on-the-ground activity. Additional monitoring systems will be considered on appropriate activities for other focal areas that will also show CO₂ benefits. This experience with monitoring systems will form a basis for moving towards payments for environmental services. Funding carbon monitoring systems is crucial for carbon accounting, but does not by itself create CO₂ benefits. For the pilot on-the-ground activities, assuming five pilot restoration areas (includes reforestation) of 200 ha each, multiplied by an additional estimated benefit of 2tC/ha/yr for 4 years of a 5 year project gives an estimated 8000 tC benefits or 29,200 tCO₂e. For 15 additional years following the project, we expect the benefits to continue to occur, resulting in (=15yr X 200ha X 5 X 2 tC/ha/yr= 30000 tC) a total of 38,000 tC or 139,333 tCO₂ direct and indirect benefits.

The carbon monitoring approach for the demonstration sites in this project will be adapted for the Mediterranean ecoregion from the Participatory Carbon Monitoring approach described in the Technical Manual for Participatory Carbon Monitoring produced by the UN-REDD Programme in 2011, as well as other related material.

The carbon pools considered by this project are above-ground biomass and below-ground biomass, but not deadwood, litter or soil organic carbon.

VCS methodologies suitable for use in the project include:

- VM0003 Methodology for Improved Forest Management through Extension of Rotation Age, v1.2
- VM0006 Methodology for Carbon Accounting for Mosaic and Landscape-scale REDD Projects, v2.1
- VM0010 Methodology for Improved Forest Management: Conversion from Logged to Protected Forest, v1.2
- VM0012 Improved Forest Management in Temperate and Boreal Forests (LtPF), v1.2

The selection of the appropriate methodology for each demonstration area will depend on forest type, historic and current land use, community priorities, landscape management plans, and community organizational capacities.

A minimum of five forested sites will be selected as part of participatory landscape planning exercises in different landscapes around the ecoregion with a focus on those areas where the stored carbon is at risk. These areas will represent a potential variety of ongoing land uses and community priorities for forest management which are identified as part of larger landscape planning processes together with analyses of community organizational capacities for forest management. Potential partnerships will be identified and established between interested and capable community organizations and institutions (e.g. CONAFOR) capable of providing technical assistance to the relevant community organizations in regard to forest management and carbon monitoring.

Outcome 2.1

Approximately 139,000 tCO₂e sequestered or avoided as emissions (over 15 years); 29,200 tCO₂e over project lifetime

Baseline:

Land degradation and loss of forest biomass in the Mediterranean ecoregion is an increasingly important source of carbon emissions. The remaining forests hold significant stocks of carbon stored in soils and biomass. Soil and forest loss is caused by unsustainable use of these resources by a variety of actors, including smallholders in communities in the different agroclimatic zones around the ecoregion. Unsustainable use is a result of, among other things, not perceiving or realizing the value of the services provided by forest ecosystems, particularly that of carbon sequestration and storage.

Chile has a long record of forest management, reforestation, plantation forestry and the like, but primarily for commercial purposes e.g. timber, chips and pulp. Experience with forestry for carbon sequestration and storage, however, is incipient and primarily with commercial-scale enterprises. In this context, carbon monitoring and carbon accounting are centralized, technologically advanced, and carefully controlled over large areas under single management regimes. Experience with community level forestry for carbon sequestration and storage is at very initial stages with few communities engaged in the activity, little in the way of community-appropriate monitoring and accounting systems, and varying management arrangements on communal lands and/or scattered individual small holdings that help or hinder management for carbon sequestration and/or storage.

Alternative: This project will pilot carefully planned and implemented community-based forestry activities to generate knowledge and experience for systematization and dissemination to other community organizations and networks in other pilot landscapes and throughout the Mediterranean ecoregion. At the same time, lessons from these pilot experiences will provide credible inputs to the development of policy briefs and other materials for use in policy dialogue. Pilots will manage forests to reduce carbon stock emissions and/or to sequester carbon through adoption of practices such as wildfire suppression or prevention, reforestation, restoration, and improved land use planning.

Knowledge and capacities generated under Outcome 2 will be disseminated to collaborating community organizations and their partners working to achieve Outputs 1.1.2 – 1.1.5, above.

This Outcome will be achieved through production of the following output.

2.1.1 Five pilot demonstrations of 200 ha each of best practices to reduce carbon stock emissions or sequester carbon such as wildfire suppression or prevention, reforestation, restoration, and improved land use planning and management

To ensure a wide range of experience under similarly controlled conditions, the project will identify local community organizations in five different areas of the pilot landscapes and work with them to develop and implement pilot demonstrations of best forestry or land use practice on 200 hectares each. Aside from application of standard forestry or land use monitoring protocols, the project will adapt carbon monitoring and accounting methods with the aim of tracking the carbon balance in the

selected sites over the project duration. The project will train selected community participants in each site to carry out the monitoring measures. At the same time, the project will promote collaborative arrangements involving researchers, communities, expert foresters, and other relevant third parties to support the testing and adaptation of appropriate forest carbon monitoring methodologies for Mediterranean forests, production of community accessible manuals and diffusion to community organizations and networks within the pilot landscapes and throughout the ecoregion.

COMPONENT 3: MAINTENANCE AND IMPROVEMENT OF FLOW OF FOREST AND AGRO-ECOSYSTEM SERVICES TO SUSTAINING THE LIVELIHOODS OF LOCAL COMMUNITIES

Work under this component will enable community organizations and their members to improve their capacities to increase the resilience of their agro-ecosystems to climate change through implementation of projects to manage their land and resources sustainably. Community organizations learn by doing by designing, implementing, monitoring and evaluating projects to implement land use practices that build ecological resilience to external threats. The landscape planning process under Output 1.1.1 will produce landscape level agreements among communities and institutional partners regarding landscape level outcomes and project eligibility criteria in regard to types of projects needed. Institutional partners will provide technical assistance to community organizations for project design, implementation, monitoring and evaluation, as well as supplementary financing from institutional financial instruments as appropriate.

Outcome 3.1

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

Baseline: Degradation of ecosystem structures and functions in the Mediterranean ecoregion primarily occurs on lands dedicated to smallholder agriculture. This degradation is a result of management practices carried out by smallholders as they respond to economic, market and other signals. Government institutions have attempted to influence smallholders to adopt more sustainable approaches but have been unable to keep up with the pace of degradation now occurring. Government institutions have often lacked a strategic approach to promoting alternative management practices focusing primarily on farm level objectives, have a bias towards working with individual farmers (collective action is not actively sought), have a strong productivist focus (the multifunctionality of smallholder agriculture and landscapes is ignored) and have a highly centralized planning and decision making structure that bypasses local agency and ownership of priorities.

Alternative: Within the framework of participatory landscape planning and management, community organizations will work with institutional partners to identify projects whose impacts help to meet landscape level outcomes as well as local development objectives. As part of the landscape planning process, community organizations and collaborating institutions will agree on project eligibility criteria that help align project objectives with landscape level outcomes. Community organizations will engage with institutional partners to agree on project results in terms of ecological, social, and economic impacts, design the project, identify funding and other needs and propose a learning plan and knowledge dissemination strategy. Review and endorsement of community projects by the Multistakeholder Landscape Management Platform will contribute to ensuring synergies among initiatives as well as the socialization of knowledge and the strengthening of these governance mechanisms.

Projects may include adoption of agroforestry, crop genetic resource conservation, more efficient irrigation systems, conservation tillage or other technologies and practices.

The following output will produce this outcome.

3.1.1. Sustainable Land Management practices are applied to at least 140,000 ha of productive landscape

Activities under this output will focus on no fewer than 10 initiatives from community organizations in the pilot landscapes to adopt more sustainable practices and/or innovate on existing practices to

increase the productivity and ecological sustainability of their agro-ecosystems in alignment with landscape level outcomes promoting resilience, and food and economic security. Smallholder organizations participating in planning the management of the pilot landscapes will have discussed and agreed landscape outcomes with institutional partners as well as project eligibility criteria. Cofinancing of these initiatives will be secured from the institutional partners as per commitments made in the Partners Committee. All initiatives will be assessed by the respective Multistakeholder Landscape Management Platform (MLMP) for their contributions to the achievement of more than one landscape level outcome (ecosystem services, production systems, livelihoods and income). All community level projects will be expected to generate knowledge and lessons for systematization and dissemination to other communities in the pilot landscapes and the ecoregion as a whole. Once reviewed and endorsed by the MLMP, projects will be submitted to the Partners Committee for approval for funding.

Outcome 3.2

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

Baseline:

Government institutions are involved in habitat restoration and soil conservation but their efforts are hampered by the lack of a strategic approach that engages smallholders in a participatory process of landscape level management in which they determine priorities based on an understanding and sense of shared responsibility for ecosystem services. Government programmes tend to focus on individual farmer behaviour where collective action is required and have a strong orientation towards single initiatives that bypass potential biophysical and economic synergies that would create greater impacts at the landscape level.

Alternative:

Within the framework of participatory landscape planning and management, community organizations will work with institutional partners to identify projects whose impacts help to meet landscape level outcomes as well as local development objectives. As part of the landscape planning process, community organizations will agree on project eligibility criteria that help align project objectives with landscape level outcomes. Community organizations will engage with institutional partners to agree on project results in terms of ecological, social, and economic impacts, design the project, identify funding and other needs and propose a learning plan and knowledge dissemination strategy. Review and endorsement of community projects by the Multistakeholder Landscape Management Platform will contribute to ensuring synergies among initiatives as well as the socialization of knowledge and the strengthening of these governance mechanisms. The following outputs will produce this outcome.

3.2.1. 10,000 ha of degraded agricultural lands are rehabilitated

Work under this output will support no fewer than ten community based initiatives to rehabilitate degraded lands in the pilot landscapes. As a result of this output, more than 5,000 ha will have improved vegetative cover and over 5,000 ha will have improved soil erosion control. It is expected that farmer managed natural regeneration (FMNR) will be applied to increase vegetative cover, based on technical and traditional knowledge from institutional partners and local smallholders. Soil erosion control may include such technologies and practices as gully plugs, terraces, vegetation strips, contours, etc. Fiscal and financial Incentives will be explored to encourage FMNR and erosion control on smallholder and communal lands. Projects will be designed to elicit lessons and knowledge for dissemination to other communities and landscapes, as well as throughout the ecoregion.

3.2.2 Micro-finance mechanisms in place to support transition from degraded lands to sustainable management

Please see Output 1.1.7 regarding this output.

COMPONENT 4: COMMUNITY CAPACITY DEVELOPMENT AND KNOWLEDGE MANAGEMENT

Work under this component will focus on building the instruments required to strengthen social capital in the Mediterranean ecoregion to integrate global environmental protection and local sustainable development. The project will raise awareness of global environmental issues prevalent in the Mediterranean ecoregion, how they are manifested locally, their economic implications and potential solutions in relation to land and resource use by smallholders. The project will enable community organizations and networks to participate effectively in development of strategies for landscape planning and management and develop project proposals in partnership with government institutions to meet the outcomes of the landscape strategies. Community organizations will learn adaptive management methodologies as part of a learning-by-doing approach to project and landscape management. The project will link community organizations and partner institutions in communities of practice for the exchange of information, knowledge and experience regarding effective resource management.

Please note that as this component is not financed using GEF resources, there is no accompanying analysis of baseline and alternative as has been done for the previous three components.

Outcome 4.1

Increased capacity of community stakeholders to diagnose, understand the complex and dynamic nature of global environmental problems, and to develop local solutions

Work under this Outcome is oriented toward establishing the structure and function of the mechanisms to enable the members of community organizations, the organizations themselves and networks of organizations to analyze and discuss global environmental issues and their relation to land use, ecosystem services and economic activity, as well as potential solutions to the loss of biodiversity and ecosystem services. The following outputs will contribute to achievement of this outcome.

4.1.1 No fewer than ten cross-landscape level thematic Communities of Practice established

Activities under this output include consultation with community organizations regarding priority themes around which to organize communities of practice; formal establishment of the Communities of Practice, development of communication systems to ensure agile interactions between Practice members; development of the network of Practice members, including government institutions, NGOs and private sector entities; elaboration and dissemination of materials and information for the communities of practice. Thematic groupings of practitioners of different relevant activities (for example, forest restoration, pollinators/beekeeping, etc.) will be promoted, assisted and supported so as to ensure that their individual activity proceeds with the best-available technical and managerial knowledge.

4.1.2 Ten ecoregion-wide training workshops on project development and management, the function of landscape management in achieving GEB, and the role of local communities

Ten training workshops will be held to build the capacities of community stakeholders to participate fully in the landscape planning process as well as in its governance. Participants in the workshops will learn the theoretical and practical elements of the landscape management approach, work with institutional partners to select and analyze landscape level outcomes (ecological, production, social, etc.), develop agreements regarding roles and responsibilities for landscape management activities, identify and agree on project eligibility criteria in the context of landscape outcomes, and develop project proposals for submission to the Partners Committee for funding.

Outcome 4.2

Enhanced capacity for knowledge management and collaborative project development for adaptive landscape management

Work under this outcome will focus on developing the capacities of community organizations to design projects with new knowledge as a primary result of project implementation. Institutional partners will collaborate with community organizations in defining project knowledge outcomes, as well as the methods for generating, systematizing and disseminating knowledge.

4.2.1. Knowledge management products from results and lessons learnt disseminated to CBOs, CSOs and others

Project design of the dozens of community based initiatives to be supported by this project will incorporate knowledge generation and dissemination as a primary feature. This will involve learning simple experimental methods to test new innovations that would include identification of innovations to be tested, setting up simple comparison plots, design of treatments, record keeping, analysis of results, peer-to-peer exchanges and reviews, and systematization, discussion and presentation of results. New knowledge generated at the project and landscape levels will be disseminated throughout the pilot landscapes as well as the ecoregion through communities of practice and other social networks. This project is expected to produce a knowledge product for each project, ranging from a simple qualitative analysis of project process and results to more in-depth analysis of project successes and failures. All products will be stored on the project website as well as in archives of institutional partners; dissemination will pro-actively target policy makers, opinion leaders and organizational heads, as well as technical staff.

Outcome 4.3

Enhanced capacities of community stakeholders to monitor and evaluate their projects and landscape trends.

Work under this outcome will build the capacities of community organizations to adopt and implement project monitoring protocols for their own initiatives, as well as to participate in landscape level monitoring of ecological, social and economic trends relevant to landscape and community resilience.

4.3.1 Training programme on identification and tracking of indicators, and project participatory monitoring

A training programme of six workshops will be carried out for at least 45 community groups and other relevant partners to build their capacities to identify and track project and landscape level indicators, as well as to monitor implementation of projects within their respective landscape strategy.

COMPONENT 5: MONITORING AND EVALUATION.

Please see section 6 of this document for details.

2.5. Key Indicators, Risks and Assumptions

Project indicators are detailed in the Strategic Results Framework (Section 3) of this document. Project risks and corresponding mitigation measures can be found in Annex 8.1.

2.6. Financing Method

Project activities are focused on: strengthening policy and planning frameworks to support community initiatives in generating globally significant environmental benefits; strengthening coordination and capacities of institutional partners and organizations involved; facilitating appropriate scale partnership between the productive sector and government to implement sustainable land management practices; implementing various demonstrations in priority production areas for carbon sequestration and the conservation of biodiversity that can be measured and evaluated on the same scale (maintaining and increasing the area of high quality habitats, prioritizing areas that have high environmental heterogeneity and controlling other anthropogenic threatening processes, HODGSON et. al. 2009); and identifying, organizing and promoting replication of best practices throughout the eight pilot landscapes as well as in the Mediterranean ecoregion. The financial support given by the GEF will take the form of a grant to cover the incremental costs of these activities and as such will be used mainly for technical assistance.

2.7. Cost-Effectiveness of the Project

The support requested from the GEF represents a highly cost-effective way of generating environmental benefits of global importance. The existing institutional infrastructure and regulatory frameworks in Chile are effective for the economic sector, and given that the activities of the project are aimed at expanding existing financial frameworks and building on existing structures and institutions rather than establishing a fiduciary system from scratch, it is expected they will be cost effective. The cost-effectiveness of the project has been secured by: (i) the operationalization of the coordination mechanisms that will optimize application of existing institutional instruments and their capabilities and resources; (ii) the coordination of regulations and reduction of overlapping functions (and thus the reduction of inefficiencies), and (iii) putting in place a mechanism that directs resources towards priority areas at the appropriate scale.

Furthermore, the efficiency of the project will also benefit from lessons learnt in the demonstration activities thanks to the integration of financial mechanisms, knowledge management and capacity building, and monitoring and evaluation.

At national level the proposed project is highly cost-effective, as it will, over time, generate significant economic benefits for Chile. By strengthening national institutional coordination frameworks, resources and capacities for sustainable land management, the project will generate benefits not only for biodiversity or carbon storage but also for productive sectors such as agriculture, forestry and livestock. These sectors account for 10.7% of GDP and are incurring substantial economic losses due to the loss of biodiversity and degradation of ecosystem structure and function. For example, the degradation of bee populations poses a significant threat to fruit and wine producers and to beekeepers themselves. The protection of native species and ecosystems is also important to the country's tourist trade. Nature tourism represents a large part of Chile's overall tourist trade, with growth in this sector a pillar of economic development (the number of tourists grew by 62 % between 2000 and 2010, with 3.5 million tourists visiting Chile in 2010).

The selected community based projects also represent a cost-effective contribution locally. They will engender the development and dissemination of specific management practices that integrate biodiversity conservation and enhancement of carbon in forests, such as agroforestry systems; conservation and enhancement of carbon in nonforest lands, including peat land; avoided deforestation and forest degradation, and afforestation/reforestation resulting in direct and indirect GHG emissions avoided, direct carbon sequestration, improved/increased water availability, enhancement of average annual household income from the sustainable extraction of forest and tree products, increased vegetative cover on degraded agricultural lands, land area under diversified production, integrated landscape management plans, community organization capacity strengthening, spatial coverage of integrated natural resource management practices in wider landscapes, adapted INRM tools and methodologies introduced.

The investment provided by this project in building community capacities will set in motion a long-term process of adaptive management by community organizations leading to greater stability and productivity of agro-ecosystems and the production landscape as a whole.

2.8. Sustainability

2.8.1. Institutional Sustainability

Institutional sustainability will be strengthened by the project by improving the coordination of efforts among the various relevant institutions and organizations, thus creating a more cohesive and functional system for the country. The project will achieve this through the design and implementation of a new Environmental Protection Fund (FPA) and also through capacity building for the implementation of sustainable land management measures by the participating ministries and organizations. Changes in relevant regulations will allow these actors to implement measures more effectively (Component 1). This will also be carried out at local level with community-based organizations from the productive sectors, which, as already mentioned, play a decisive role in the management of land and other renewable natural resources in Chile (Component 2). The knowledge management and monitoring and evaluation system will act as a support tool for decisions and to improve priority setting, institutional planning and implementation (Components 3 and 4). The

activities in the pilot landscapes will serve as a direct source of knowledge for the organizations involved and for the staff of the key institutions as well as generating best practices (Results 2 and 3). The ability to finance these activities will be complemented and strengthened through new budgetary allocations once the mechanism is tested and working. Finally, by proposing a recognised, transparent procedure based on a formal standard, and one that can accommodate new initiatives, the project offers a replication procedure that is both integrated and permanent.

2.8.2. Financial Sustainability

Financial sustainability will be accomplished by increasing the support of decision makers and potential sponsors to the operational and financial mechanisms established here. The effectiveness of the mechanisms will be demonstrated through intensive monitoring and evaluation. Based on these analyses, the project will organize seminars and workshops for decision makers, relevant institutions and stakeholders from the different sectors to ensure comprehension of the structure, function and strategic objectives of the mechanism, as well as understanding of the roles and responsibilities of the individual organizational and institutional actors. In addition, the project will establish improved conditions for identification of funding sources and develop mechanisms to increase support and provide new opportunities (Outcome 1.2).

An important potential source of funding is the National Regional Development Fund (FNDR), which provides funding to implement regional development plans in Chile through regional and local government. Other potential sources are the Corporation for the Promotion of Production (CORFO-INNOVA), which funds a wide range of innovation projects in the production sector, the National Commission for Scientific and Technological Research (CONICYT) and the Fund for Agricultural Innovation.

2.8.3. Environmental Sustainability

The primary objective of this is the environmental sustainability and social and ecological resilience of the Mediterranean ecoregion. The project will promote this by establishing a system to foster sustainable land management through eight pilot landscapes and a comprehensive knowledge generation and dissemination system in its support. It is also hoped that by providing a highly cost-effective process, optimised practices and reliable generation of knowledge from results through intensive monitoring and evaluation, the project will encourage public and private investment in this field.

The capacities of community organizations developed as a consequence of implementation of LULUCF activities will contribute to the sustainability of this project's outcomes. A key premise of sustainability of outcomes is that community-based proposals are incorporate economic incentives wherever possible i.e. that smallholders perceive a potential short or longer term economic benefit to the adoption of new practices. Financed by small grants, community organizations will adopt practices to reduce carbon stock emissions or sequester carbon such as wildfire suppression or prevention, reforestation, forest ecosystem restoration, and improved land use planning. Through their small grants proposals, community organizations will allocate funding to training and actual practical application of new techniques and systems i.e. learning-by-doing. This process of planning and implementation will also encompass monitoring and evaluation in a process of adaptive management. Community organizations will be linked to each other on the landscape and across landscapes in peer-to-peer exchanges of knowledge and experience as well as through other formats facilitated with non-GEF resources.

2.8.4. Social Sustainability

Social sustainability will be achieved through the focus in this project on building social capital in the Mediterranean ecoregion. This will be achieved by building the capacities of community organizations and networks to participate in landscape level planning and management, as well as the design, implementation, monitoring and evaluation of community-based projects. Landscape management plans will be developed from the expectations and concerns of local stakeholders; this will minimize possible adverse social effects of changes in behaviours and practices.

2.8.5. Gender Aspects

This project will directly target women and women's organizations to act as leaders and participants in landscape level planning and management, as well as in community level project design, implementation, monitoring and evaluation. Landscape strategies and projects will directly address social and economic benefits to women, and capacity building activities will target women and women's organizations. This GEF project will directly generate more job opportunities for women, especially in rural areas where gender disparity is particularly marked. Given that micro loans around the world have proven to be more effective and have a lower rate of default when made to women, this approach will be incorporated into the project's activities in support of microcredit.

The project has been classified in the UNDP system of gender markers as GEN2, i.e. a project where gender equality is an important goal.

2.9. Replicability

As already mentioned, the project incorporates mechanisms to facilitate the replication of results throughout its design:

- A permanent mechanism is established for coordination between stakeholders that will continue to operate after the end of project. This mechanism is supported by an open formal standard (built into the regulation), allowing the incorporation of new pilot landscapes from its inception.
- Planning is done at the appropriate scale and implemented in a participatory manner, with continuous negotiation between local stakeholders.
- The project makes a significant effort to support and systematize knowledge and capacity building, which is incorporated from the start of activities and allows a good flow of best practices not only between pilot sites but also throughout the entire ecoregion.
- The intensity of monitoring and evaluation of activities allows for accurate identification of best practices (those with proven results) and their legitimation. Knowledge thus generated is disseminated through community organizations and networks, institutions and programmes, and social networks.

3. Strategic Results of the GEF Framework and Incremental Costs

3.1. Incremental Costs Analysis

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

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

This project will provide financial resources, capacity development and knowledge to community organizations to carry out coordinated initiatives within a landscape management framework to maintain and/or enhance biodiversity, carbon storage and ecosystem services in the Mediterranean ecoregion of Chile.

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

RESULT	BASELINE	ALTERNATIVE
National Benefits	<ul style="list-style-type: none"> - Chile's Mediterranean ecoregion is its most threatened region and also an area where important national strategic interests are concentrated - As a conservation strategy, the creation of protected areas has been ineffective for the ecoregion - Environmental risks - not only for biodiversity but also in terms of the role in climate change of land use and forestry, and of soil and forest degradation and desertification - are increasing in the ecoregion - The Ministry of the Environment has at its disposal the Environmental Protection Fund which is valuable in terms of environmental awareness and urban environmental problems but not in the rural sphere - The activities of the Ministry's divisions of Natural Resources and Biodiversity and Environmental Education are not coordinated, either with each other or with other public institutions that operate in the same areas 	<ul style="list-style-type: none"> - Capacity building of government institutions and productive sectors will reduce the threat to economic sectors such as agriculture and forestry - The strengthening of national frameworks, of resources and capabilities will generate benefits for key economic sectors such as agriculture, livestock and forestry, which account for 10.7% of GDP. - Improved management of key landscapes in the ecoregion will preserve the area as a destination for nature-based tourism and will generate local economic benefits - Replicating effective management activities will preserve the appeal of these sites for tourism and generate local economic benefits. - Activities will be developed mainly by inhabitants, creating local jobs and avoiding additional impacts on the ecosystem. - Local community organizations will benefit directly from more sustainable and productive agro-ecosystems, as well as forestry and other activities on communal lands, and the capacities for adaptive management will allow these groups to continue to learn and adapt indefinitely.
Global Benefits	<ul style="list-style-type: none"> - The activities provide benefits for biodiversity. - Some of the projects have significant benefits for Chilean native species and ecosystems. - CONAF runs activities with direct benefits for biodiversity. 	<ul style="list-style-type: none"> - Improved management and planning capacities of community organizations, government institutions and productive sectors (trade, transport and tourism) and new protocols and practices adopted by these organizations and institutions will reduce the threat to biodiversity. - - The strengthening of national institutional planning and coordination frameworks, resources and capabilities will generate benefits for Chilean biodiversity. - Improved landscape planning and management will conserve native species. - Management demonstrations will enable the execution of better targeted and more cost-effective replicas in other priority sites.

3.2 Project Results Framework

Result	Indicators	Baseline	End-of-project milestone	Verification means	Risks and assumptions
Project Objective: To develop, demonstrate and mainstream the delivery of globally significant environmental benefits by community-based organizations in the management of critically endangered landscapes in the Chilean Mediterranean ecoregion.	<ul style="list-style-type: none"> - Number and type of critically endangered landscapes restored, maintained, improved - Number of multistakeholder governance mechanisms (MLMP) established and operational at the landscape and ecoregional levels (Partners Committee) - A new MMA-led funding window is functioning to support landscape management activities - number of community-led, funded for biodiversity conservation, ecosystem services and carbon sequestration monitoring 	<ul style="list-style-type: none"> - Three landscape-level initiatives exist in the Mediterranean ecoregion, but they lack coherent policy, monitoring and knowledge-management support structures and have no specific support mechanism in the public system. Using non-specific instruments, they are able to produce reduced GEBS - FPA funds projects that are small and produce insufficient impacts - 105 different public instruments exist for the funding of projects seeking GEB-related objectives 	<ul style="list-style-type: none"> - By 2018 at least 8 landscape-level initiatives (>1,200,000 ha) have established consensus-based management plans that are under implementation for maintaining, restoring and improving resilience of the landscape - By 2018 a new FPA, LLI-focused window (FPA+) has funded 38 or more community projects - An interinstitutional coordination mechanism is in place to complement FPA+ in the coherent funding of LLI-framed community initiatives - Communities have a leading role in planning and management of LLIs and sit on their respective MLMPs 	<ul style="list-style-type: none"> - LLI-MLMP documentation - FPA+ and Partnership documentation - Project reports - Project M&E system 	Macroeconomic conditions in Chile do not change substantially The administration for the period 2014-2017 continues to value the landscape approach as the main feasible methodology for conservation and sustainable development work in productive landscapes
1. Sustainable management of landscapes for biodiversity conservation	<p>Hectares if land under sustainable land use management for biodiversity conservation:</p> <ul style="list-style-type: none"> - number of integrated landscape management plans formulated and under implementation - number of community forest management associations and plans formulated and implemented - hectares of land under certified production - type of public instruments modified to support 	<ul style="list-style-type: none"> - Vulnerable communities address livelihood problems through production projects, and their environmental problems through environmental projects, but they lack an integrated approach to sustainable land management, both within their communities and within their landscapes. - Different public instruments exist for sectoral mandates, but they duplicate or cancel each other's results for lack of coordination and coherence 	<p>By the end of 2018, 38 or more vulnerable communities:</p> <ul style="list-style-type: none"> - certify production from at least 700,000 ha of land - directly protect at least 32,000 additional ha of land through non-PA local and private schemes - At least 4 public instruments (including the FPA) have been modified by 2018 to support community-led projects framed in landscape initiatives 	<ul style="list-style-type: none"> - MLMPs formed - LLI strategic plans - Management plans - Production certificates - Cadaster of private conservation initiatives (MMA) - Project M&E system - SC meeting minutes - new/reviewed partners' 	Communities are interested in participating in landscape planning and management and are able to program project funds for grant initiatives. Baseline programmes do not receive reduced funding allocations.

	community-led projects at the landscape level	at the landscape level - Only the FPA provides partial and inadequate support to isolated community-driven environmental initiatives		instruments - MLMP reports	
2. Demonstration /promotion of conservation and enhancement of carbon stocks through land use, land use change, and forestry, and local carbon monitoring systems.	- community friendly methodologies for monitoring the enhancement of carbon stocks demonstrated and adopted by local communities -tCO2e sequestered	Communities may practice forestry but do not monitor carbon Available carbon accounting methodologies are not accessible by community organizations	By the end of 2018, at least five demonstration plots of 200 hectares each on which forest management is practiced and carbon is monitored and quantified 29,200 tCO2e	- Demo plot results - Recorded demo site visits - Interviews - Published manuals - Project M&E system - MLMP reports	Communities are interested in forest management and carbon monitoring and accounting and commit to following monitoring and accounting protocols and methods. Institutional partners do not suffer budgetary cuts.
3. Maintenance and improvement of flow of forest and agro-ecosystem services to sustaining the livelihoods of local communities	- ha of productive landscape area under Sustainable Land Management practices - ha of degraded land rehabilitated through soil conservation and farmer managed natural regeneration	Vulnerable communities address livelihood problems through production projects, and their environmental problems through environmental projects, but they lack an integrated approach to sustainable land management, both within their communities and within their landscapes. - Different public instruments exist for sectoral mandates, but they duplicate or cancel each other's results for lack of coordination and coherence at the landscape level - Only the FPA provides partial and inadequate support to isolated community-driven environmental initiatives	By the end of 2017, at least 20 vulnerable communities: - have taken a leading role in planning the sustainable management of 140,000 ha of additional productive land - rehabilitate at least 10,000 ha of degraded agricultural land	- Project M&E system - MLMP reports	Communities are interested in participating in landscape planning and management and are able to program project funds for grant initiatives to bring degraded lands under sustainable land management. Baseline programmes do not receive reduced funding allocations.
4. Community capacity development and knowledge management	- number of participant CBOs receiving training for strategic planning activities at the landscape level - number of best practices	CBOs lack experience managing "big" grants (>USD 10,000), which limits the scope and impact of their projects	At least 103 (78+5+20) CBOs have received support and training and successfully implemented projects with grants worth	- KM-CD results - incremental (ex post - ex ante) evaluation - Project M&E	Communities are interested in receiving capacity building and knowledge products

	and lessons learned disseminated at the landscape, ecoregional and national levels	CBOs lack capacities for organization, diagnosis and strategic planning at community and landscape levels	>10,000 USD	system	and are willing to organize and participate in communities of practice.
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4. Total Budget and Workplan

Award ID:	000XXX	Project ID(s): 000XXX	PIMS: 4577; GEF 4938
Award Title:	Chile: Supporting civil society and community initiatives to generate global environmental benefits using grants and micro loans in the Mediterranean ecoregion of Chile		
Business Unit:	Chile		
Project Title:	Supporting civil society and community initiatives to generate global environmental benefits using grants and micro loans in the Mediterranean ecoregion of Chile		
PIMS no.:	4577		
Implementing Partner (Executing Agency)	Ministry of Environment (MMA)		

GEF Outcome/ Atlas Activity	Respons.Party/ Implem. Agent	Fund ID	Donor Name	ATLAS Budget Code	Atlas Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Amount Year 5 (USD)	TOTAL (USD)	Budget ref.
Component 1: Sustainable management of landscapes for biodiversity conservation	MMA	62000	GEF-10003	72600	Grants	86.579,00	121.210,00	117.194,00	138.527,00	-	463.510,00	1
	MMA	62000	GEF-10003	72600	Grants	46.407,00	64.970,00	74.250,00	74.251,00	-	259.878,00	1
	MMA	62000	GEF-10003	72600	Grants	46.607,00	65.250,00	74.571,00	74.571,00	-	260.999,00	1

GEF Outcome/ Atlas Activity	Respons.Party/ Implem. Agent	Fund ID	Donor Name	ATLAS Budget Code	Atlas Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Amount Year 5 (USD)	TOTAL (USD)	Budget ref.
	MMA	62000	GEF-10003	72600	Grants	82.714,00	115.800,00	121.676,00	122.343,00	-	442.533,00	1
	MMA	62000	GEF-10003	74200	Audio Visual & Print Prod Costs	27.600,00	27.600,00	-	-	-	55.200,00	2
	MMA	62000	GEF-10003	75700	Training	30.000,00	30.000,00	-	-	-	60.000,00	3
	MMA	62000	GEF-10003	72100	Contractual Services - Companies	70.000,00	70.000,00	-	-	-	140.000,00	4
	MMA	62000	GEF-10003	72600	Grants	35.714,00	50.000,00	57.143,00	57.143,00	-	200.000,00	1
	MMA	62000	GEF-10003	72100	Contractual Services - Companies	80.000,00	-	-	-	-	80.000,00	14
	MMA	62000	GEF-10003	71200	International Consultants	25.000,00	-	-	-	-	25.000,00	5
	MMA	62000	GEF-10003	71300	Local Consultants	15.000,00	-	-	-	-	15.000,00	6
	MMA	62000	GEF-10003	71300	Local Consultants	20.000,00	-	-	-	-	20.000,00	7
	MMA	62000	GEF-10003	71200	International Consultants	30.000,00	-	-	-	-	30.000,00	8
	MMA	62000	GEF-10003	71300	Local Consultants	38.729,00	38.729,00	38.729,00	38.729,00	38.729,00	193.645,00	9
	MMA	62000	GEF-10003	71300	Local Consultants	-	10.000,00	10.000,00	10.000,00	10.000,00	40.000,00	10
	MMA	62000	GEF-10003	71300	Local Consultants	38.729,00	38.729,00	38.729,00	38.729,00	38.729,00	193.645,00	11
Total for Component 1						673.079,00	632.288,00	532.292,00	554.293,00	87.458,00	2.479.410,00	

GEF Outcome/ Atlas Activity	Respons.Party/ Implem. Agent	Fund ID	Donor Name	ATLAS Budget Code	Atlas Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Amount Year 5 (USD)	TOTAL (USD)	Budget ref.
Component 2: Demonstration /promotion of conservation and enhancement of carbon stocks through land use, land use change, and forestry, and local carbon monitoring systems.	MMA	62000	GEF-10003	72600	Grants	40.052,00	80.104,00	80.104,00	-	-	200.260,00	1
	MMA	62000	GEF-10003	74200	Audio Visual & Print Prod Costs	7.612,00	7.612,00	-	-	-	15.224,00	12
	MMA	62000	GEF-10003	75700	Training	20.000,00	20.000,00	-	-	-	40.000,00	13
	Total for Component 2					67.664,00	107.716,00	80.104,00	0,00	0,00	255.484,00	
Component 3: Maintenance and improvement of flow of forest and agro-ecosystem services to sustaining the livelihoods of local communities	MMA	62000	GEF-10003	72600	Grants	13.750,00	19.250,00	22.000,00	22.000,00	-	77.000,00	1
	MMA	62000	GEF-10003	72600	Grants	12.455,00	17.438,00	19.929,00	19.929,00	-	69.751,00	1
	MMA	62000	GEF-10003	72100	Contractual Services - Companies	20.000,00	-	-	-	-	20.000,00	14
	Total for Component 3					46.205,00	36.688,00	41.929,00	41.929,00	0,00	166.751,00	
Component 4: Community capacity development & knowledge management	(Void)	-	-	-	-	-	-	-	-	-	-	-
	Total for Component 4					-	-	-	-	-	-	-
Component 5: Monitoring and Evaluation	MMA	62000	GEF-10003	71300	Local Consultants	18.555,00	18.555,00	18.555,00	18.555,00	18.555,00	92.775,00	15
	MMA	62000	GEF-	72200	Equipment and Furniture	3.000,00	3.000,00	3.000,00	-	-	9.000,00	16

GEF Outcome/ Atlas Activity	Respons.Party/ Implem. Agent	Fund ID	Donor Name	ATLAS Budget Code	Atlas Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Amount Year 5 (USD)	TOTAL (USD)	Budget ref.
			10003									
	MMA	62000	GEF-10003	71600	Travel	16.500,00	16.500,00	16.500,00	16.500,00	16.500,00	82.500,00	17
	MMA	62000	GEF-10003	71300	Local Consultants	-	-	30.000,00	-	-	30.000,00	18
	MMA	62000	GEF-10003	71200	International Consultants	-	-	-	-	40.000,00	40.000,00	19
	Total for Component 5					38.055,00	38.055,00	68.055,00	35.055,00	75.055,00	254.275,00	
Project Management	MMA	62000	GEF-10003	71300	Local Consultants	9.301,00	9.301,00	9.301,00	9.301,00	9.301,00	46.505,00	20
	MMA	62000	GEF-10003	74100	Professional Services	3.192,00	3.192,00	3.192,00	3.192,00	3.192,00	15.960,00	21
	MMA	62000	GEF-10003	71400	Contractual Services - Individuals	2.500,00	2.500,00	2.500,00	2.500,00	2.500,00	12.500,00	22
	MMA	62000	GEF-10003	74200	Audio Visual & Print Prod Costs	-	-	3.000,00	3.000,00	3.000,00	9.000,00	23
	MMA	62000	GEF-10003	75700	Training	1.500,00	1.500,00	1.500,00	1.500,00	1.500,00	7.500,00	24
	MMA	62000	GEF-10003	74500	Direct Project Services	13.246,00	13.246,00	13.246,00	13.245,00	13.246,00	66.229,00	25
	Total for Project Management					29.739,00	29.739,00	32.739,00	32.738,00	32.739,00	157.694,00	
TOTAL GEF						854.743,00	844.486,00	765.786,00	674.015,00	172.585,00	3.313.614,00	

Budget Notes	
1	<ul style="list-style-type: none"> • Community-led actions framed in landscape-level initiatives. Direct grants coordinated through the Partnership (see section 2.3) for the development of: <ul style="list-style-type: none"> - >18 community-led integrated management plans for key Mediterranean landscapes - >20 community forest management associations - >20 community forest management plans - implementation of >20 community forest management plans - Certified production of timber and other forest products on at least 700,000 ha of land (>20 projects) - Five pilot demonstrations to adopt practices to reduce carbon stock emissions or sequester carbon - >10 initiatives for Sustainable Land Management practices to be applied to at least 140,000 ha of productive landscape - >10 initiatives for the rehabilitation of at least 10,000 ha of degraded agricultural lands through soil conservation and assisted natural regeneration
2	• Community-adapted forest monitoring techniques and guidelines systematised and disseminated. Audiovisual & print production costs
3	• Community-adapted forest monitoring techniques and guidelines systematised and disseminated. Training costs
4	• Community-adapted forest monitoring techniques and guidelines systematised and disseminated. Services
5	• MMA Instruments modified to incorporate support to landscape-framed, community-driven environmental initiatives. Specific Terms of Reference for FPA+
6	• MMA Instruments modified to incorporate support to landscape-framed, community-driven environmental initiatives. Review of general Terms of Reference for FPA
7	• MMA Instruments modified to incorporate support to landscape-framed, community-driven environmental initiatives. Review of the Sistema de Certificación Ambiental Municipal
8	• MMA Instruments modified to incorporate support to landscape-framed, community-driven environmental initiatives. Certification procedure for IET
9	• MMA Instruments modified to incorporate support to landscape-framed, community-driven environmental initiatives. Process support provided by the PMU Coordinator (see section 5.1).
10	• Instruments of participant institutions revised/modified to incorporate support to landscape-framed, community-driven sustainability initiatives. At least 3 instruments revised for alignment. Local consultants.
11	• Instruments of participant institutions revised/modified to incorporate support to landscape-framed, community-driven sustainability initiatives. Process support provided by a Partnerships coordinator within the PMU (see section 5.1).
12	• Community-adapted practices and guidelines developed. Audiovisual & print production costs
13	• Community-adapted practices and guidelines developed. Training Note 1 applies
14	• Microfinance mechanisms in place to increase market access and commercialization by producer organizations and to support transition from degraded lands to sustainable management
15	• Ecoregional, landscape and project portfolio monitoring plan implemented and adaptive management techniques applied. Local Consultants within the PMU (see section 5.1).
16	• Ecoregional, landscape and project portfolio monitoring plan implemented and adaptive management techniques applied. Equipment costs within the PMU (see section 5.1).
17	• Ecoregional, landscape and project portfolio monitoring plan implemented and adaptive management techniques applied. Travel costs within the PMU (see section 5.1).
18	• Mid-term review
19	• Terminal evaluation
20	• Project management. Local consultants within the PMU (see section 5.1).
21	• Project management. Annual audits.
22	Project management. Contractual services provided by individuals to the PMU (see section 5.1).
23	• Project management. Audiovisual & print production costs incurred by the PMU (see section 5.1).
24	• Project management. General project management (PMU, see section 5.1) training costs.
25	Project management. Estimated costs of Direct Project Services requested by the MMA to UNDP for executing services (procurement; travel etc) and as requested by the MMA through the Letter of Agreement. Direct project service costs will be charged at the end of each year based on the UNDP Universal Pricelist (UPL) or the actual corresponding service cost. The amounts indicated here are estimations based on the services indicated in Annex,

Budget Notes	
	however as part of annual project operational planning the direct project services to be requested during that calendar year would be defined and the amount included in the yearly budgets. As noted these costs would be charged based on actual services provided at the end of the year and would be reported to the implementing partners.

5. Project Management Arrangements

5.1. Roles and responsibilities of the Parties involved in managing the project

The project will be **executed by the Ministry of Environment (MMA)** with UNDP as the GEF Implementing Agency, under a National Implementation Modality (NIM) with UNDP Chile. The MMA will be the government entity responsible for coordination, management and monitoring of the project work plan.

In its role as **GEF Implementing Agency (IA)** for this project UNDP shall provide project cycle management services as defined by the GEF Council (described in Annex 10). The Government of Chile shall request UNDP to provide direct project services specific to project inputs according to its policies and convenience. These services –and the costs of such services- are specified in the Letter of Agreement in Annex 11. In accordance with GEF Council requirements, the costs of these services will be part of the executing entity's Project Management Cost allocation identified in the project budget. UNDP and the Government of Chile acknowledge and agree that these services are not mandatory and will only be provided in full accordance with UNDP policies on recovery of direct costs.

A **Project Board** will be responsible for making strategic and management decisions for the project. Members of the Project Board will be the Ministry of Environment (executive), UNDP (senior supplier) and a representative (senior beneficiary) of the project beneficiaries. The Project Board will play a critical role in project monitoring and evaluations by assuring the quality of these processes and products, using evaluations for performance improvement, accountability and learning. It will ensure that required resources are committed and will arbitrate any conflicts within the project as well as negotiate solutions to problems with external bodies. It will approve the appointments of the Project Manager, approve annual work plans and budgets, approve quarterly reports and deviations from the original plan as expressed in the Project Document. Project Board decisions will be made in accordance with standards that shall ensure management for development results, best value for money, fairness, integrity, transparency and effective international competition.

UNDP will act as "Senior Supplier", providing overall program oversight and taking responsibility for standard GEF project cycle management services beyond assistance and oversight of project design and negotiation, including project monitoring, periodic evaluations, troubleshooting, and reporting to the GEF.

The UNDP Country Office will monitor the project's implementation and achievement of the project outputs, and ensure the proper use of UNDP/GEF funds. The UNDP Country Office (CO) will be responsible for: (i) providing financial and audit services to the project; (ii) recruitment and contracting of project staff; (iii) overseeing financial expenditures against project budgets; (iv) appointment of independent financial auditors and evaluators; and (v) ensuring that all activities, including procurement and financial services, are carried out in strict compliance with UNDP/GEF procedures. The UNDP CO also will be responsible for monitoring project implementation, timely reporting of the progress to the UNDP Regional Coordination Unit and GEF, organizing mandatory and party-requested external reviews and evaluations of the project, supporting the PMU and MMA in the procurement of required expert services and other project inputs and administering subsequent contracts, and supporting coordination and networking with other related initiatives and institutions in the country.

Senior Beneficiary: individual or group of individuals representing the interests of those who will ultimately benefit from the project. The Senior Beneficiary's primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries. The final list of the PSC membership will be completed at the outset of project implementation and presented in the Inception Report, and will include selection of individuals or groups of individuals to act as "Senior Beneficiary".

A **Project Assurance** role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role will be filled by UNDP Chile who will perform the Project Assurance function by providing independent feedback (through periodic monitoring, assessment and evaluation) on progress towards project milestones and how they are managed and completed. The Country Office staff member assigned to this position of Project Assurance will be supported by a Regional Technical Advisor from the appropriate technical team.

The **Project Manager or Director** will run the project day-to-day on behalf of the Implementing Partner within the rules and regulations laid down by the Board. The PM's prime responsibility is to ensure that the project produces the results specified in the Project Document to the required standard of quality and with the constraints of time and cost. The Project Manager will be assisted by the requisite staff.

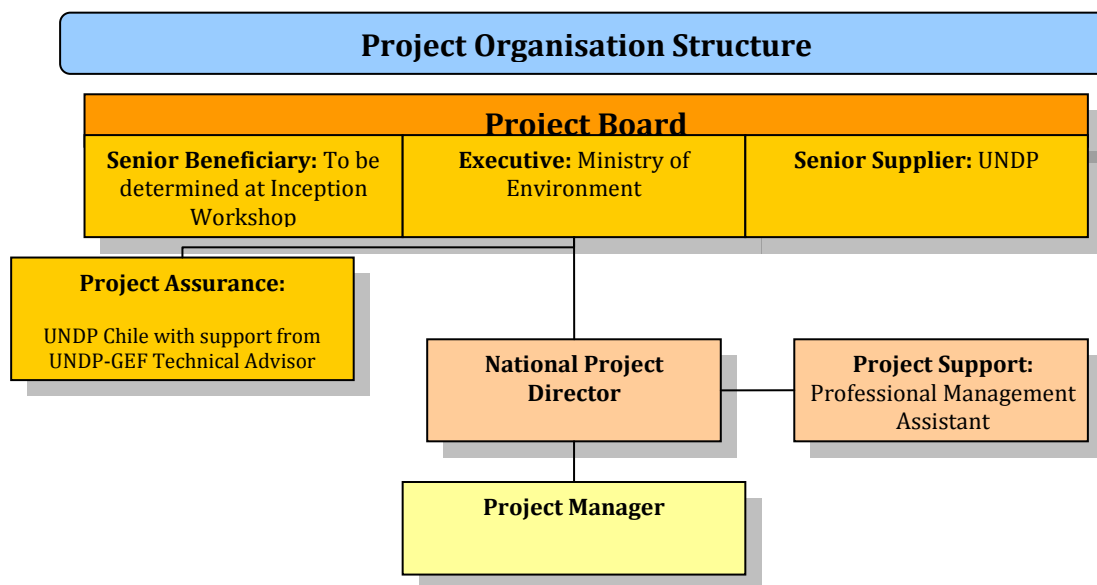
The Project Manager's primary responsibility will be to ensure that the overall mechanisms and processes described in this document are fully established and operate fully and transparently for all aspects of landscape level planning, stakeholder participation, institutional coordination, project development and financing. The Project Manager will provide due diligence on the deliberations of the Partners Committee (PC) as well as the Mediterranean Ecoregion Landscapes Advisory Board, monitoring their transparent, orderly, fair and expeditious functioning.

The Project Manager will ensure that the processes of landscape strategy formulation in the eight pilot landscape are carried out correctly following the methods and processes described in this document and that the eight Multistakeholder Landscape Management Platforms (MLMPs) are constituted as effective and efficient bodies providing guidance and support to community organizations as they design, implement, monitor and evaluate projects. The Project Manager will act as Secretary to the Partners Committee, compiling a portfolio of projects presented by the individual MLMPs and endorsed technically by MELAB and submitting it to the PC for approval. The Project Manager will supervise the requisite staff to ensure rapid project processing from design and approval to start of implementation, as well as in monitoring implementation. The Project Manager will liaise closely with the MMA and other donors to help ensure appropriate coordination of funding.

The Project Manager will work with community organizations to identify and design project proposals for submission to the Partners Committee through the relevant MLMP. The PM will liaise closely with the MLMP and PC to ensure a robust pipeline of community based initiatives that are aligned with landscape and project outcomes.

Partners in implementation are CONAF, FIA and INDAP (Ministry of Agriculture), FOSIS (Ministry of Social Development), CORFO and CPL (Ministry of Economy) and the UNDP/EU Programme to Combat Desertification. These institutions have agreed to sit on the Partners Committee and to coordinate their development instruments around agreed strategic goals in the ecoregion, particularly in the eight pilot landscapes.

Detailed Terms of Reference for the Project Board and the Project Manager can be found in Annex 12. TORs for the Mediterranean Ecoregion Landscapes Advisory Board (MELAB), the Partners Committee and the Multistakeholder Landscape Management Platforms (MLMPs) can be found as well in Annex 12.



5.2. Collaboration arrangements with related projects

Specific coordination forms are established with the following projects:

- UNDP-EU Project to Combat Desertification: cooperative arrangements will be made with this project through the joint implementation of knowledge management and capacity building activities.
- GEF ID 4104 Sustainable Land Management Project and CONAF: this project (SLM) will be implemented in close coordination given the institutional frameworks, land management objectives and technical challenges. The Project Manager for SLM will be invited to sit on the Mediterranean Ecoregion Landscapes Advisory Board to ensure technical and operational coordination. Nonetheless, the project proposed here will fund community-group activity, from which individual incentives like the ones aimed at by the SLM project are explicitly excluded. The MMA's Natural Resources Division participates in both projects and will ensure the adequate flow of information and coordination between them.
- Existing GEF initiatives in Chile's protected areas system (SNASP): this project will develop activities in protected areas buffer zones, thus reducing the pressures existing on those areas. Activities in public protected areas as such are explicitly excluded from this project's scope. Further coordination of the project with SNASP initiatives will be assured by the MMA and the GEF Implementing Agency, common to SNASP initiatives and this project.
- UN-REDD and FCPF: Chile participates in both the UN-REDD programme and the Forest Carbon Partnership Facility, aimed at developing national capacities for REDD and forest-carbon voluntary markets. This project complements these initiatives with a focus on CBO capacities to participate in these same mechanisms should these develop funding opportunities for vulnerable communities undertaking forestry work. CONAF leads both these processes and participates in this project's Partnership Committee. It will ensure smooth coordination both at the upper, policy level and operational and activity levels.

Apart from that, regular bi-monthly exchanges are foreseen to take place between all projects at least for the first year of implementation of the present Project. At the local level the projects will be more thoroughly coordinated by the joint execution of activities of knowledge management and capacity development.

5.3.2. Dollarization Clause

The value of any contribution received by the United Nations Development Program as part of this agreement, made in a currency other than the US dollar, is determined by applying the United Nations operational exchange rate for the day that payment takes place. If there is a change in the UN operational exchange rate, before the UNDP uses the entire amount paid, the balance will be adjusted according to the value of the currency on that day.

If a loss is recorded in the value of the balance of funds, the UNDP will inform the donor to determine if the donor should provide more funding. Without any additional funding, the UNDP may reduce, suspend or terminate assistance to the programme/project. In the event of an increase in the value of the balance, the increase will be assigned to the implementation of project activities, in accordance with the Donor.

All accounts and all financial records are in US Dollars. The exchange rate used in each case shall be the monthly exchange rate, set by the United Nations in Chile. However, previous payments to suppliers shall be made in the local currency. In cases where the total contribution exceeds the reference amount, a budget revision request shall be made by the UNDP.

5.2.1. Audit Clause

The Government will provide the Resident Representative with periodic financial statements, certificates and an annual audit of the financial statements relating to the status of funds of the UNDP (including those of the GEF), according to the procedures established in the Programming and Finance manuals. The audit will be conducted by a legally recognized government auditor or by a commercial auditor hired by the Government.

5.2.2. Communications and visibility requirements

Full compliance is required with UNDP's Branding Guidelines. These can be accessed at <http://intra.undp.org/coa/branding.shtml>, and specific guidelines on UNDP logo use can be accessed at: <http://intra.undp.org/branding/useOfLogo.html>. Amongst other things, these guidelines describe when and how the UNDP logo needs to be used, as well as how the logos of donors to UNDP projects need to be used. For the avoidance of any doubt, when logo use is required, the UNDP logo needs to be used alongside the GEF logo. The GEF logo can be accessed at: http://www.thegef.org/gef/GEF_logo. The UNDP logo can be accessed at <http://intra.undp.org/coa/branding.shtml>.

Full compliance is also required with the GEF's Communication and Visibility Guidelines (the "GEF Guidelines"). The GEF Guidelines can be accessed at:

http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.08_Branding_the_GEF%20final_0.pdf.

Amongst other things, the GEF Guidelines describe when and how the GEF logo needs to be used in project publications, vehicles, supplies and other project equipment. The GEF Guidelines also describe other GEF promotional requirements regarding press releases, press conferences, press visits, visits by Government officials, productions and other promotional items.

Where other agencies and project partners have provided support through co-financing, their branding policies and requirements should be similarly applied.

6. Monitoring and Evaluation Framework

Project M&E will be conducted in accordance with the established UNDP and GEF procedures and will be provided by the project team and the UNDP-CO with support from UNDP-GEF capacities. The Project Results Framework and Logical Framework in Section 3 provide performance and impact indicators for project implementation along with their corresponding means of verification. The M&E plan includes national, ecoregional, landscape-level and local monitoring as well as an inception

report, project implementation reviews, quarterly and annual review reports, and mid-term and final evaluations. The following sections outline the principle components of the M&E plan. The project's M&E plan will be presented and finalized in the Project Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

The project will focus on a participatory planning method that involves community organizations in identification of outcomes in the nine pilot landscapes, which are aligned with the project's overall global environmental outcomes as delineated in the PIF and CEO Endorsement Request. Baseline assessments will thus be carried out in each landscape as part of the participatory planning process. The information gathered will be incorporated into the appropriate FA tracking tool for each of the nine pilot landscapes at that time. The planning process will also result in multistakeholder agreements regarding grant project eligibility criteria to ensure alignment of grant project results with pilot landscape outcomes, as well as the project's global environmental outcomes.

Standard SGP grant project indicators will be adapted and used to record grant project results. These results will be collated and analyzed periodically to ensure alignment with overall FSP outputs and outcomes. Programming will be adjusted adaptively to meet outcome/output targets. See attached indicator table.

For the FSP as a whole, there will be a designated M&E Coordinator who will coordinate M&E liaison officers in each of the pilot landscapes. The M&E Coordinator and liaison officers will meet with community organizations in each of the pilot landscapes to agree on the mechanism and guidelines for monitoring of individual community level projects as well as for their contribution to the landscape outcomes they have identified in the participatory planning process. Each grant project will designate a M&E focal point to interact with the project M&E liaison officers and Coordinator. Each grant project will be visited three times during implementation with progress assessed against a grant project work plan and agreed milestones.

Each grant project will have a knowledge generation objective. An evaluation form will be agreed between M&E liaison officers and project focal points at grant project inception to help in identifying new knowledge, lessons and best practice.

6.1. Project Inception Phase

A Project Inception Workshop (IW) will be held within the first three (3) months of project start-up with the participation of the full project team, relevant GoC counterparts, co-financing partners, the UNDP-CO and representation from the UNDP-GEF RCU and headquarters (HQ) as appropriate. A fundamental objective of the IW will be to help the project team to understand and take ownership of the project's goal and objectives, as well as finalize preparation of the project's first annual work plan on the basis of the project results framework and the GEF Tracking Tool. This will include reviewing the results and logical framework (indicators, means of verification, and assumptions), imparting additional detail as needed, and on the basis of this exercise, finalizing the Annual Workplan (AWP) with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the project.

Additionally, the purpose and objective of the IW will be to: a) introduce project staff to the UNDP-GEF team that will support the project during its implementation, namely the CO and responsible RCU staff; b) detail the roles, support services, and complementary responsibilities of UNDP-CO and RCU staff in relation to the project team; c) provide a detailed overview of UNDP-GEF reporting and M&E requirements, with particular emphasis on the Annual Project Implementation Reviews (PIRs) and related documentation, the Annual Project Report (APR), mid-term review and final evaluation. Equally, the IW will provide an opportunity to inform the project team on UNDP project-related budgetary planning, budget reviews including arrangements for annual audit, and mandatory budget re-phrasings.

The IW will also provide an opportunity for all parties to understand their roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication

lines and conflict resolution mechanisms. The Terms of Reference (ToRs) for project staff and decision-making structures will be discussed, as needed, in order to clarify each party's responsibilities during the project's implementation phase. The IW will also be used to plan and schedule the Tripartite Committee Reviews. A report on the Inception Workshop is a key reference document and must be prepared and shared with participants to formalize various agreements and plans decided during the meeting (see details below).

6.2. Monitoring Responsibilities and Events

A detailed schedule of project review meetings will be developed by the project management in consultation with project implementation partners and stakeholder representatives and incorporated in the Project Inception Report. Such a schedule will include: a) tentative timeframes for Tripartite Committee (TPC) Reviews, Steering Committee (or relevant advisory and/or coordination mechanisms); and b) project-related M&E activities.

Day-to-day monitoring of implementation progress will be the responsibility of the Project Management Unit based on the project's AWP and its indicators. The Project Coordinator will inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion. The Project Coordinator will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the IW with support from UNDP-CO and assisted by the UNDP-GEF RCU. Specific targets for the first-year implementation progress indicators together with their means of verification will be developed at this workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the AWP. Targets and indicators for subsequent years will be defined annually as part of the adaptive management process undertaken by the project team. Measurement of impact indicators related to global benefits will occur according to the schedules defined through specific studies that form part of the project's activities.

Periodic monitoring of implementation progress will be undertaken by the UNDP CO through quarterly meetings with the project implementation team, or more frequently as deemed necessary. This will allow parties to take stock of and to troubleshoot any problems pertaining to the project in a timely fashion to ensure the timely implementation of project activities. The partners, PMU, UNDP CO and UNDP-GEF RCU, as appropriate, will conduct yearly visits to the project's field sites, or more often based on an agreed upon schedule to be detailed in the project's Inception Report/AWP to assess first-hand project progress. A Field Visit Report will be prepared by the UNDP CO and circulated no less than one month after the visit to the project team, all Steering Committee members, and UNDP-GEF.

Annual monitoring will occur through the Tripartite Committee (TPC) Reviews. This is the highest policy-level meeting of the parties directly involved in the implementation of a project. The project will be subject to TPC review at least once every year. The first such meeting will be held within the first twelve (12) months of the start of full implementation. The project proponent will prepare an Annual Project Report (APR) and submit it to UNDP CO and the UNDP-GEF regional office at least two weeks prior to the TPC for review and comments.

The APR will be used as one of the basic documents for discussions in the TPC. The Project Coordinator will present the APR to the TPC, highlighting policy issues and recommendations for the decision of the TPC participants. The Project Coordinator will also inform the participants of any agreement reached by stakeholders during the APR preparation on how to resolve operational issues. Separate reviews of each project component may also be conducted if necessary. The TPC has the authority to suspend disbursement if project performance benchmarks are not met. Benchmarks will be developed at the IW, based on delivery rates and qualitative assessments of achievements of outputs.

The Terminal TPC Review is held in the last month of project operations. The Project Coordinator is responsible for preparing the Terminal Report and submitting it to UNDP-CO and to UNDP-GEF RCU.

It shall be prepared in draft at least two months in advance of the TPC meeting in order to allow review, and will serve as the basis for discussions in the TPC meeting. The terminal TPC review considers the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learned can be captured to feed into other projects being implemented.

6.3. Project Monitoring Reporting

The Project Coordinator, in conjunction with the UNDP-GEF extended team, will be responsible for the preparation and submission of the following reports that form part of the monitoring process and that are mandatory.

A Project Inception Report (IR) will be prepared immediately following the IW. It will include a detailed First Year/AWP divided in quarterly timeframes detailing the activities and progress indicators that will guide implementation during the first year of the project. This work plan will include the dates of specific field visits, support missions from the UNDP CO or the RCU or consultants, as well as timeframes for meetings of the project's decision-making structures. The IR will also include the detailed project budget for the first full year of implementation, prepared on the basis of the AWP, and including any M&E requirements to effectively measure project performance during the targeted 12-month timeframe. The IR will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions, and feedback mechanisms of project-related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may affect project implementation. When finalized, the IR will be circulated to project counterparts who will be given a period of one calendar month in which to respond with comments or queries. Prior to the IR's circulation, the UNDP CO and UNDP-GEF's RCU will review the document.

In light of the similarities of both APR and PIR, UNDP-GEF has prepared a harmonized format for use in fulfilling the following two requirements:

- The Annual Project Report (APR) is a UNDP requirement and part of UNDP CO central oversight, monitoring, and project management. It is a self-assessment report by the project management to the CO and provides input to the country office reporting process and the Results-Oriented Annual Report (ROAR), as well as forming a key input to the TPC Review. An APR will be prepared on an annual basis prior to the TPC Review, to reflect progress achieved in meeting the project's AWP and assess performance of the project in contributing to intended outcomes through outputs and partnership work. The format of the APR is flexible but should include the following sections: a) project risks, issues, and adaptive management; b) project progress against pre-defined indicators and targets, c) outcome performance; and d) lessons learned/best practices.
- The Project Implementation Review (PIR) is an annual monitoring process mandated by the GEF. It has become an essential management and monitoring tool for project managers and offers the main vehicle for extracting lessons from on-going projects. Once the project has been under implementation for one year, a PIR must be completed by the CO together with the project management. The PIR can be prepared any time during the year and ideally prior to the TPC review. The PIR should then be discussed in the TPC meeting so that the result would be a PIR that has been agreed upon by the project, the Implementing Partner, UNDP CO, and the UNDP-GEF Regional Technical Advisor. The individual PIRs are collected, reviewed, and analysed by the RTA prior to sending them to the focal area clusters at UNDP-GEF headquarters.

Quarterly Progress Reports outlining main updates in project progress will be provided quarterly to the local UNDP CO and the UNDP-GEF RCU by the project team. Progress made shall be monitored in

the UNDP Enhanced Results Based Management Platform and the risk log should be regularly updated in ATLAS based on the initial risk analysis included in section 8.

Specific Thematic Reports focusing on specific issues or areas of activity will be prepared by the project team when requested by UNDP, UNDP-GEF, or the Implementing Partner. The request for a Thematic Report will be provided to the project team in written form by UNDP and will clearly state the issue or activities that need to be reported on. These reports can be used as a form of lessons learned exercise, specific oversight in key areas, or as troubleshooting exercises to evaluate and overcome obstacles and difficulties encountered. UNDP is requested to minimize its requests for Thematic Reports, and when such are necessary will allow reasonable timeframes for their preparation by the project team.

A Project Terminal Report will be prepared by the project team during the last three (3) months of the project. This comprehensive report will summarize all activities, achievements, and outputs of the project; lessons learned; objectives met or not achieved; structures and systems implemented, etc.; and will be the definitive statement of the project's activities during its lifetime. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's activities.

Technical Reports are detailed documents covering specific areas of analysis or scientific specializations within the overall project. As part of the Inception Report, the project team will prepare a draft Reports List detailing the technical reports that are expected to be prepared on key areas of activity during the course of the project, and tentative due dates. Where necessary, this Reports List will be revised and updated, and included in subsequent APRs. Technical Reports may also be prepared by external consultants and should be comprehensive and specialized analyses of clearly defined areas of research within the framework of the project and its sites. These technical reports will represent, as appropriate, the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national, and international levels.

Project Publications will form a key method of crystallizing and disseminating the results and achievements of the project. These publications may be scientific or informational texts on the activities and achievements of the project in the form of journal articles or multimedia publications. These publications can be based on Technical Reports, depending upon the relevance and scientific worth of these reports, or may be summaries or compilations of a series of Technical Reports and other research. The project team will determine if any of the Technical Reports merit formal publication, and (in consultation with UNDP, the GoC, and other relevant stakeholder groups) will also plan and produce these publications in a consistent and recognizable format. Project resources will need to be defined and allocated for these activities as appropriate and in a manner commensurate with the project's budget.

6.4. Independent External Evaluations

The project will be subjected to at least two reviews/evaluations as follows:

- A Mid-Term Review will be undertaken at the mid-point of the project lifetime. The Mid-Term Review will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency, and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation, and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, ToRs, and timing of the mid-term review will be decided after consultation between the parties to the project document. The ToRs for this Mid-Term Review will be prepared by the UNDP-CO based on guidance from the UNDP-GEF RCU. The management response of the review will be uploaded to the UNDP corporate

systems, in particular the UNDP Evaluation Office Evaluation Resource Centre (ERC). The GEF Tracking Tool for the project will also be completed during the mid-term review cycle.

- A Final Evaluation will take place three months prior to the terminal Steering Committee meeting, and will focus on the same issues as the Mid-Term Review. The Evaluation will also look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Evaluation should also provide recommendations for follow-up activities and requires a management response that should be uploaded to PIMS and to the UNDP Evaluation Office Evaluation Resource Centre (ERC). The ToRs for this evaluation will be prepared by the UNDP-CO based on guidance from the UNDP-GEF RCU. The GEF Tracking Tool will also be completed during the final evaluation.

6.5. Audit Clause

The GoC will provide the Resident Representative with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of UNDP (including GEF) funds according to the established procedures set out in the Programming and Finance manuals. The audit will be conducted according to UNDP's financial regulations, rules, and audit policies by the legally recognized auditor of the GoC, or by a commercial auditor engaged by the GoC.

6.6. Learning and Knowledge Sharing

Results from the project will be disseminated within and beyond the project intervention zone through a number of existing information sharing networks and forums. In addition, the project will participate, as relevant and appropriate, in UNDP-GEF sponsored networks, organized for Senior Personnel working on projects that share common characteristics. UNDP-GEF RCU has established an electronic platform for sharing lessons between the project managers. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation through lessons learned. The project will identify, analyse, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Identifying and analysing lessons learned is an on-going process, and the need to communicate such lessons as one of the project's central contributions is a requirement to be delivered not less frequently than once every twelve (12) months. UNDP-GEF shall provide a format and assist the project team in categorizing, documenting, and reporting on lessons learned. Specifically, the project will ensure coordination in terms of avoiding overlap, sharing best practices, and generating knowledge products of best practices in the area of IAS management.

Minimum M&E requirements for each level (upper, landscape-level and grant) are further developed in the following tables:

6.7. At global project level (national, ecoregional)

M&E Activity	Responsible Parties	Time frame
Initial Workshop and Report	<ul style="list-style-type: none"> ▪ Project Administrator ▪ UNDP Country Office ▪ UNDP GEF 	Within two months of project start
Assessment of means of verification of project results	<ul style="list-style-type: none"> ▪ UNDP/GEF/RTA (Regional Technical Advisor) /Project Manager will oversee the contracting of specific studies and institutions, and delegate responsibilities to relevant members of work team. 	Start, middle and end of project (during evaluation cycle) and annually if needed
Assessment of Means of Verification of project progress in terms of	<ul style="list-style-type: none"> ▪ Supervised by Project Administrator ▪ Project Team 	Annually, prior to APR/PIR and to defining of annual

M&E Activity	Responsible Parties	Time frame
products and implementation		work plans
APR/PIR	<ul style="list-style-type: none"> Project and Team Adminintrator UNDP Country Office/UNDP/GEF/RTA 	Annually
Tripartite Committee Meeting and Reports	<ul style="list-style-type: none"> Counterparts UNDP Country Office UNDP-GEF 	Annually, following receipt of APR
Meetings of Project Steering Committee	<ul style="list-style-type: none"> Project Team UNDP Country Office Project Management 	Four times/year
Periodic progress/status reports	<ul style="list-style-type: none"> Project Administrator and Team 	Quarterly
Mid-term Evaluation	<ul style="list-style-type: none"> Project Administrator and Team UNDP Country Office UNDP-GEF External consultant/s (i.e. evaluation team) 	Halfway through project
Final Evaluation	<ul style="list-style-type: none"> Project Administrator and Team UNDP Country Office UNDP-GEF External consultant/s (i.e. evaluation team) 	At least three months prior to end of project
Informe Final del Proyecto	<ul style="list-style-type: none"> Project Administrator and Team UNDP Country Office Local Consultant 	At least on month prior to end of project
Audit	<ul style="list-style-type: none"> UNDP Country Office Project Administrator and Team 	Annually
Field Visits	<ul style="list-style-type: none"> UNDP Country Office UNDP-GEF (as appropriate) Government representatives 	Annually

6.8. At pilot landscape level

M&E Activity	Responsible Parties	Time Frame
Review of: <ul style="list-style-type: none"> Territory Association Participatory baseline Common Vision 	<ul style="list-style-type: none"> Project Team Project Management 	Up to one month after presentation

M&E Activity	Responsible Parties	Time Frame
Strategic Plan Review: <ul style="list-style-type: none"> ▪ ecosystem services ▪ production ▪ livelihoods for vulnerable ▪ governance/institutionality (incl. strengthening of community orgs.) ▪ form of governance 	<ul style="list-style-type: none"> ▪ Project Team ▪ Project Management 	Up to one month after presentation
Action plan review, participatory validation with measurable indicators	<ul style="list-style-type: none"> ▪ Project Team ▪ Project Management 	Up to one month after presentation
Assessment of Means of Verification of action plan results	<ul style="list-style-type: none"> ▪ Project Team ▪ Project Management 	Start, middle and end of assessment period
Assessment of Means of Verification of action plan progress in terms of products and implementation	<ul style="list-style-type: none"> ▪ Project Team ▪ Project Management 	Start, middle and end of assessment period
Audit (if applicable)	<ul style="list-style-type: none"> ▪ Project Team ▪ Project Management 	Annually
Field Visits	<ul style="list-style-type: none"> ▪ Project Team ▪ Project Management 	On demand

6.9. At CBO project level

M&E Activity	Responsible Parties	Time Frame
Assessment of means of verification of project results	<ul style="list-style-type: none"> ▪ Project Team ▪ Implementing organization ▪ TSI and/or professional support 	Start and finish of project and annually if required
Assessment of Means of Verification of action plan progress in terms of products and implementation	<ul style="list-style-type: none"> ▪ Project Team ▪ Implementing organization ▪ TSI and/or professional support 	Start and finish of project and annually if required
Progress reports	<ul style="list-style-type: none"> ▪ Project Team ▪ Implementing organization ▪ TSI and/or professional support 	Quarterly
Final evaluation	<ul style="list-style-type: none"> ▪ Project Team ▪ Implementing organization ▪ TSI and/or professional support 	At least 15 days before end of project
Project final report	<ul style="list-style-type: none"> ▪ Project team ▪ Implementing organization ▪ TSI and/or professional support 	During TSI meeting following end of project
Audit	<ul style="list-style-type: none"> ▪ Project Team 	Annually

M&E Activity	Responsible Parties	Time Frame
	<ul style="list-style-type: none"> Implementing Organization TSI and /or professional support 	
Field Visits	<ul style="list-style-type: none"> Project Team Implementing Organization TSI 	On demand

7. Legal Context

This document, together with the Country Program Action Plan (CPAP) signed by the Government and UNDP and incorporated by reference, is a Project Document as referred to in the Agreement between the Government of Chile and the United Nations Special Fund of January 22, 1960 (SBAA), and in the Basic Agreement on Technical Assistance of January 15, 1957, between the Government of Chile and the United Nations, the ILO, FAO, UNESCO, ICAO, ITU and WMO.

The following types of revisions may take place by agreement between the parties and after authorization by the UNDP Resident Representative, provided the representative is certain the other parties to the project will not object to the proposed changes:

- Revisions that do not involve significant changes in the objectives, activities or immediate results of the project, but rather are a result of the changes to the inputs agreed to, or increased costs due to inflation; and
- Mandatory annual revisions which re-assess agreed project inputs or increased expert or other costs due to inflation or in relation to implementing agency expenditure flexibility

The legal context under which the project will be regulated is shown in Annex XII - Legal Context. Also, and for the purpose deemed appropriate, the Implementing Agency of the host country may be submitted to the Agency for government assistance, as described in Annex II.

Moreover, in case of adjustments in the immediate objectives, products or activities proposed in the project document, or the extension of the project cycle or changes in the project budget, substantive and budgetary reviews should be made which must be signed by the UNDP.

8. Risk analysis

Risk	Rating	Mitigation Measures
Difficulties in accessing markets for community products leading to disinterest in sustainable production	Medium	Some products already have reliable markets and are traded at a reasonable price. New products or services to be introduced by this project will require market analysis to assess their economic viability. The project will work with existing networks and groups engaged in fair trade and marketing of community-based products to ensure timely and effective support, and will encourage private sector engagement.
Vulnerability of community projects to severe weather events and other climate-related risks	Low-Medium	The Mediterranean ecoregion is not the most vulnerable region in Chile to climate change, according to the best and latest information available. Nonetheless, grants will be made keeping in mind potential climate-related risks, and steps will be taken to build mitigation measures into project design to minimize the risk and/or adapt to new conditions when possible (e.g. using drought-resistant species/varieties in agro-forestry projects, addressing water-management in the framework of future, not past, availability, etc.).
Organizational weaknesses in CBOs prevent them from effectively participating in the project.	Medium	Risk mitigation systems in place (e.g., grantee capacity development support, appropriate rates of grant disbursement, working in a flexible manner that responds to the strengths and weaknesses of grantees, periodic monitoring visits) will be strengthened to maintain or improve capacities. This project will build on GEF SGP best practice in this area. The project will also reduce risk by supporting replication of good practices that have proven to deliver on GEF strategic priorities at the community level.
Microfinance institutions are unable or unwilling to negotiate loan criteria and indicators for smallholder organizations to implement sustainable development activities.	Low	There are a significant number of microfinance institutions/programs currently operating in Chile. The purpose of this project component is to engage an existing institution in modifying its current lending criteria, procedures and practices to support CSO/CBOs in adopting and implementing sustainable production methods that achieve landscape level outcomes including global environmental benefits. Grants to eligible microloan recipients for training, technical assistance and other specialized inputs will help reduce the risk to these institutions. Identification of and access to appropriate markets for high quality products produced by CSO/CBOs will also help mitigate the risk to lenders. Finally, participation in the project of INDAP, which manages the best microfinance programme currently existing in Chilean rural areas and will provide its expertise and experience, is further confirmation that the type of microfinance espoused here is viable.
Lack of effective economic incentives for landowners to invest in restoration may lead to ineffective results from land use, land use change and forestry interventions.	Medium	The provision of a foolproof system of economic incentives to smallholder organizations or communes with forest land goes beyond the scope of this project. However, mitigating factors include potential projects to establish certification of forest goods and services, potential projects to establish PES systems as pilots or demonstrations (including carbon storage), and/or potential projects that include market chain analysis as part of commercialization schemes. At the same time, the Partners Committee of the project has the confirmed participation of the country's most important land use and rural development organizations, including CONAF and INDAP, who have agreed to coordinate their development instruments in pursuit of project outcomes. INDAP will also be a source of micro-credit for landowners; the project will work with INDAP to ensure appropriate terms of credit for forestry activities.

Annexes

- Annex 1. Co-financing letters
- Annex 2. Project Cycle Management Services
- Annex 3. Description of UNDP country office support services
- Annex 4. The Legal Context
- Annex 5. Informe: Mecanismos Financieros
- Annex 6. Informe: Consultoría - Pago por Servicios Ambientales
- Annex 7. Informe: Consultoría en Gestión del Conocimiento y Creación de Capacidades con Comunidades Rurales
- Annex 8. Data base and GIS. Final report and main products
- Annex 9. Informe: Sistematización y Síntesis de PFNM, Restauración Forestal, Experiencias de Certificación y Análisis de factibilidad de metodología de captura de carbono, en la Macro Región central y mediterránea de Chile.
- Annex 10. Proceso participativo para la generación de beneficios ambientales en la Eco-región Mediterránea de Chile
- Annex 11. Terms of Reference – MLMP, PC, MELAB, Project Manager

Annex 1. Co-financing letters

- Ministry of Environment
- EU-UNDP Project
- INDAP (Ministry of Agriculture)
- Grantees
- CORFO (Ministry of Economy)
- CONAF (Ministry of Agriculture)
- FOSIS (Ministry of Social Development)
- FIA (Ministry of Agriculture)

Annex 2: Project Cycle Management Services

Stage	Country Office ¹	UNDP/GEF
Identification, Sourcing/Screening of Ideas, and Due Diligence	Identify project ideas as part of country programme/CPAP and UNDAF/CCA.	<ul style="list-style-type: none"> • Technical input to CCA/UNDAFs and CPAPs where appropriate. • Input on policy alignment between projects and programmes. • Provide information on substantive issues and specialized funding opportunities (SOFs). • Policy advisory services including identifying, accessing, combining and sequencing financing. • Verify potential eligibility of identified idea.
	Assist proponent to formulate project idea / prepare project idea paper (e.g. GEF PIF/PPG).	<i>Technical support:</i> <ul style="list-style-type: none"> • Research and development. • Provide up-front guidance. • Sourcing of technical expertise. • Verification of technical reports and project conceptualization. • Guidance on SOF expectations and requirements. • Training and capacity building for Country Offices.
	<i>Appraisal:</i> <ul style="list-style-type: none"> • Review and appraise project idea. • Undertake capacity assessments of implementing partner as per UNDP POPP. • Environmental screening of project as and when included in UNDP POPP. • Monitor project cycle milestones. 	<ul style="list-style-type: none"> • Provide detailed screening against technical, financial, social and risk criteria. • Determine likely eligibility against identified SOF.
	<i>Partners:</i> <ul style="list-style-type: none"> • Assist proponent to identify and negotiate with relevant partners, cofinanciers, etc 	<ul style="list-style-type: none"> • Assist in identifying technical partners. • Validate partner technical abilities.
	<i>Obtain clearances:</i> <ul style="list-style-type: none"> • Government, UNDP, Implementing Partner, LPAC, cofinanciers, etc. 	<ul style="list-style-type: none"> • Obtain SOF clearances.

¹ As per UNDP POPP with additional SOF requirements where relevant.

Stage	Country Office ¹	UNDP/GEF
Project Development	<i>Initiation Plan:</i> <ul style="list-style-type: none"> • Management and financial oversight of Initiation Plan • Discuss management arrangements 	<ul style="list-style-type: none"> • Technical support, backstopping and troubleshooting. • Support discussions on management arrangements • Facilitate issuance of DOA
	<i>Project Document:</i> <ul style="list-style-type: none"> • Support project development, assist proponent to identify and negotiate with relevant partners, cofinanciers, etc. • Review, appraise, finalize Project Document. • Negotiate and obtain clearances and signatures – Government, UNDP, Implementing Partner, LPAC, cofinanciers, etc. • Respond to information requests, arrange revisions etc. • Prepare operational and financial reports on development stage as needed. 	<i>Technical support:</i> <ul style="list-style-type: none"> • Sourcing of technical expertise. • Verification of technical reports and project conceptualization. • Guidance on SOF expectations and requirements. • Negotiate and obtain clearances by SOF • Respond to information requests, arrange revisions etc. • Quality assurance and due diligence. • Facilitate issuance of DOA
<p><i>Key UNDP/GEF management performance indicators/targets for Project Development:</i></p> <ol style="list-style-type: none"> 1. Time between PIF approval to CEO endorsement for each project: <ul style="list-style-type: none"> • Target for GEF trust fund project: FSP = 18 months or less, MSP 12 months or less. • Target for LDCF and SCCF: FSP/MSP = 12 months or less. 2. Time between CEO endorsement (or PAC for non GEF funded projects) to first disbursement for each project: <ul style="list-style-type: none"> • Target = 4 months or less 		

Stage	Country Office ¹	UNDP/GEF
Project Oversight	<i>Management Oversight and support</i>	<i>Technical and SOF Oversight and support</i>
	<i>Project Launch/Inception Workshop</i> <ul style="list-style-type: none"> Preparation and coordination. 	<ul style="list-style-type: none"> Technical support in preparing TOR and verifying expertise for technical positions. Verification of technical validity / match with SOF expectations of inception report. Participate in Inception Workshop
	<i>Management arrangements:</i> <ul style="list-style-type: none"> Facilitate consolidation of the Project Management Unit, where relevant. Facilitate and support Project Board meetings as outlined in project document and agreed with UNDP RTA. Provide project assurance role if specified in project document. 	<ul style="list-style-type: none"> Technical input and support to TOR development. Troubleshooting support. Support in sourcing of potentially suitable candidates and subsequent review of CVs/recruitment process.
	<i>Annual WorkPlan:</i> <ul style="list-style-type: none"> Issuance of AWP. Monitor implementation of the annual work plan and timetable. 	<ul style="list-style-type: none"> Advisory services as required Review AWP, and clear for ASL where relevant.
	<i>Financial management:</i> <ul style="list-style-type: none"> Conduct budget revisions, verify expenditures, advance funds, issue combined delivery reports, ensure no over-expenditure of budget. Ensure necessary audits. 	<ul style="list-style-type: none"> Allocation of ASLs, based on cleared AWP Return of unspent funds to donor Monitor projects to ensure activities funded by donor comply with agreements/ProDocs Oversight and monitoring to ensure financial transparency and clear reporting to the donor
	<i>Results Management:</i> <ul style="list-style-type: none"> Alignment: link project output to CPAP Outcome in project tree in Atlas, link CPAP outcome in project tree to UNDP Strategic Plan Environment and sustainable Development Key Result Area as outlined in project document during UNDP work 	<ul style="list-style-type: none"> Advisory services as required. Quality assurance. Project visits – at least one technical support visit per year.

Stage	Country Office ¹	UNDP/GEF
	<p>planning in ERBM.</p> <ul style="list-style-type: none"> • Gender: In ATLAS, rate each output on a scale of 0-3 for gender relevance. • Monitoring and reporting: Monitor project results, track result framework indicators, and co-financing where relevant. Monitor risks in Atlas and prepare annual APR/PIR report where required by donor and/or UNDP/GEF. • Annual site visits – at least one site visit per year, report to be circulated no later than 2 weeks after visit completion. 	
	<p><i>Evaluation:</i></p> <ul style="list-style-type: none"> • Integrate project evaluations into CO evaluation plan. Identify synergies with country outcome evaluations. • Arrange mid-term, final, and other evaluations: prepare TOR, hire personnel, plan and facilitate mission / meetings / debriefing, circulate draft and final reports. • Participate as necessary in other evaluations. • Ensure tracking of committed and actual co financing as part of mid-term and final evaluations. • Prepare management response to project evaluations and post in UNDP ERC. 	<ul style="list-style-type: none"> • Technical support and analysis. • Quality assurance. • Compilation of lessons and consolidation of learning. • Dissemination of technical findings. • Participate as necessary in other SOF evaluations.
	<p><i>Project Closure:</i></p> <ul style="list-style-type: none"> • Final budget revision and financial closure (within 12 months after operational completion). • Final reports as required by donor and/or UNDP/GEF. 	<ul style="list-style-type: none"> • Advisory services as required. • Technical input. • Quality assurance.

Stage	Country Office ¹	UNDP/GEF
<p><i>Key UNDP GEF management performance indicators/targets for Project Oversight:</i></p> <ol style="list-style-type: none"> Each project aligned with country outcomes and UNDP Strategic Plan Environment and Sustainable Development key results, and included in Country Office Integrated Work Plan in the ERBM: <ul style="list-style-type: none"> Target = 100% Quality rating of annual APR/PIRs: Once completed and submitted, the quality of each project APR/PIR is rated by an external reviewer <ul style="list-style-type: none"> Target = Rating of Satisfactory or above Quality rating of Terminal Evaluations: Once completed, the quality of each terminal evaluation is rated by an external reviewer <ul style="list-style-type: none"> Target = Rating of Satisfactory or above Quality of results achieved by project as noted in terminal evaluation: the independent evaluator assigns an overall rating to the project. <ul style="list-style-type: none"> Target = Satisfactory or above 		

ANNEX 3

DESCRIPTION OF UNDP COUNTRY OFFICE SUPPORT SERVICES

1. Reference is made to consultations between the Ministry of Environment, the institution designated by the Government of Chile and representatives of UNDP with respect to the provision of support services by the UNDP country office for the nationally managed programme or project 84791 Supporting civil society and community initiatives to generate global environmental benefits using grants and micro loans in the Mediterranean ecoregion of Chile
2. In accordance with the provisions of the letter of agreement signed on *Date of signature (LOA)* and the project document, the UNDP country office shall provide support services for the Project as described below.
3. Support services to be provided:

Support services* (insert description)	Schedule for the provision of the support services	Cost to UNDP of providing such support services (where appropriate)	Amount and method of reimbursement of UNDP (where appropriate)
1. Payments, disbursements and other financial transactions	During project implementation	Universal Price List	Support Services
2. Recruitment of staff, project personnel, and consultants	During project implementation	Universal Price List	Support Services
3. Procurement of services and equipment, and disposal/sale of equipment	During project implementation	Universal Price List	Support Services
4. Organization of training activities, conferences, and workshops, including fellowships	During project implementation	Universal Price List	Support Services
5. Travel authorizations, visa requests, ticketing, and travel arrangements	During project implementation	Universal Price List	Support Services
6. Shipment, custom clearance, vehicle registration, and accreditation	During project implementation	Universal Price List	Support Services

* UNDP direct project support services will be defined yearly, and for those executed during the period, direct project costs will be charged at the end of each year based on the UNDP Universal Pricelist (UPL) or the actual corresponding service cost

4. Description of functions and responsibilities of the parties involved:

The project will be conducted through the National Implementation modality of UNDP (NIM). The Ministry of Environment (hereinafter MMA), will act as the National Implementing Partner², through the Division of Environmental Education of MMA (hereinafter DEA), and with the support of UNDP as a GEF Implementing Agency. The DEA will be responsible for directing and managing the project and monitoring compliance with project work plans as a basis for project execution. Within the DEA a Project Execution/Management Unit (PMU) will be created, which will be responsible for the daily implementation of activities, including direct supervision in coordination with UNDP, for all activities that are carried out by the project. The PMU will include a Management Team, GEF/UNDP Regional Technical Advisor responsible of the project and UNDP CO focal point of Environment.

UNDP will provide technical and operational support necessary for the implementation of activities and the results of this project, with constant support from the PMU. The UNDP office will ensure that all consultant contracts, purchase orders and contracts for company services are in compliance with UNDP standards and procedures. In those cases in which the UNDP Resident Representative has to sign the contracts mentioned above, UNDP will participate in the processes for selection and recruitment. UNDP will also provide advances payments to the project to make direct payments and maintain accounting and financial control of the project.

The project authorities will carry out the procurement and contracts for all purchases less than USD\$ 2,500. These minor operations shall comply with rules and procedures contained in the National Implementation Manual. The Manual can be viewed at the website of UNDP Chile: www.pnud.cl. According to the above, ownership of equipment, supplies and other property financed with project funds will be conferred to UNDP. Transfer of ownership rights shall be determined in accordance with the policies and procedures of UNDP. All goods will be considered UNDP property for the following five years since purchased.

UNDP will assist in the administration of funds provided by GEF and UNDP itself. UNDP will be able to assist in the management of any other additional fund for co-financing this project. These arrangements will be included in the relevant Memorandum of Understanding. Contributions will be subject to internal and external audits established in UNDP rules and financial regulations.

² National Execution partner under new harmonized definition.

Annex 4: The Legal Context

General responsibilities of the Government, UNDP and the executing agency

1. All phases and aspects of UNDP assistance to this project shall be governed by and carried out in accordance with the relevant and applicable resolutions and decisions of the competent United Nations organs and in accordance with UNDP's policies and procedures for such projects, and subject to the requirements of the UNDP Monitoring, Evaluation and Reporting System.
2. The Government shall remain responsible for this UNDP-assisted development project and the realization of its objectives as described in this Project Document.
3. Assistance under this Project Document being provided for the benefit of the Government and the people of (the particular country or territory), the Government shall bear all risks of operations in respect of this project.
4. The Government shall provide to the project the national counterpart personnel, training facilities, land, buildings, equipment and other required services and facilities. It shall designate the Government Co-operating Agency named in the cover page of this document (hereinafter referred to as the "Co-operating Agency"), which shall be directly responsible for the implementation of the Government contribution to the project.
5. The UNDP undertakes to complement and supplement the Government participation and will provide through the Executing Agency the required expert services, training, equipment and other services within the funds available to the project.
6. Upon commencement of the project the Executing Agency shall assume primary responsibility for project execution and shall have the status of an independent contractor for this purpose. However, that primary responsibility shall be exercised in consultation with UNDP and in agreement with the Co-operating Agency. Arrangements to this effect shall be stipulated in the Project Document as well as for the transfer of this responsibility to the Government or to an entity designated by the Government during the execution of the project.
7. Part of the Government's participation may take the form of a cash contribution to UNDP. In such cases, the Executing Agency will provide the related services and facilities and will account annually to the UNDP and to the Government for the expenditure incurred.

(a) Participation of the Government

1. The Government shall provide to the project the services, equipment and facilities in the quantities and at the time specified in the Project Document. Budgetary provision, either in kind or in cash, for the Government's participation so specified shall be set forth in the Project Budgets.
2. The Co-operating Agency shall, as appropriate and in consultation with the Executing Agency, assign a director for the project on a full-time basis. He shall carry out such responsibilities in the project as are assigned to him by the Co-operating Agency.
3. The estimated cost of items included in the Government contribution, as detailed in the Project Budget, shall be based on the best information available at the time of drafting the project proposal. It is understood that price fluctuations during the period of execution of the project may necessitate an adjustment of said contribution in monetary terms; the latter shall at all times be determined by the value of the services, equipment and facilities required for the proper execution of the project.

4. Within the given number of man-months of personnel services described in the Project Document, minor adjustments of individual assignments of project personnel provided by the Government may be made by the Government in consultation with the Executing Agency, if this is found to be in the best interest of the project. UNDP shall be so informed in all instances where such minor adjustments involve financial implications.
5. The Government shall continue to pay the local salaries and appropriate allowances of national counterpart personnel during the period of their absence from the project while on UNDP fellowships.
6. The Government shall defray any customs duties and other charges related to the clearance of project equipment, its transportation, handling, storage and related expenses within the country. It shall be responsible for its installation and maintenance, insurance, and replacement, if necessary, after delivery to the project site.
7. The Government shall make available to the project - subject to existing security provisions – any published and unpublished reports, maps, records and other data which are considered necessary to the implementation of the project.

8. Patent rights, copyright rights and other similar rights to any discoveries or work resulting from UNDP assistance in respect of this project shall belong to the UNDP. Unless otherwise agreed by the Parties in each case, however, the Government shall have the right to use any such discoveries or work within the country free of royalty and any charge of similar nature.
9. The Government shall assist all project personnel in finding suitable housing accommodation at reasonable rents.
10. The services and facilities specified in the Project Document which are to be provided to the project by the Government by means of a contribution in cash shall be set forth in the Project Budget. Payment of this amount shall be made to the UNDP in accordance with the Schedule of Payments by the Government.
11. Payment of the above-mentioned contribution to the UNDP on or before the dates specified in the Schedule of Payments by the Government is a prerequisite to commencement or continuation of project operations.

(b) Participation of the UNDP and the executing agency

1. The UNDP shall provide to the project through the Executing Agency the services, equipment and facilities described in the Project Document. Budgetary provision for the UNDP contribution as specified shall be set forth in the Project Budget.
2. The Executing Agency shall consult with the Government and UNDP on the candidature of the Project Manager a/ who, under the direction of the Executing Agency, will be responsible in the country for the Executing Agency's participation in the project. The Project Manager shall supervise the experts and other agency personnel assigned to the project, and the on-the-job training of national counterpart personnel. He shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.
3. The Executing Agency, in consultation with the Government and UNDP, shall assign international staff and other personnel to the project as specified in the Project Document, select candidates for fellowships and determine standards for the training of national counterpart personnel.
4. Fellowships shall be administered in accordance with the fellowships regulations of the Executing Agency.
a/ May also be designated Project Co-ordinator or Chief Technical Adviser, as appropriate.

5. The Executing Agency may, in agreement with the Government and UNDP, execute part or all of the project by subcontract. The selection of subcontractors shall be made, after consultation with the Government and UNDP, in accordance with the Executing Agency's procedures.
6. All material, equipment and supplies which are purchased from UNDP resources will be used exclusively for the execution of the project, and will remain the property of the UNDP in whose name it will be held by the Executing Agency. Equipment supplied by the UNDP shall be marked with the insignia of the UNDP and of the Executing Agency.
7. Arrangements may be made, if necessary, for a temporary transfer of custody of equipment to local authorities during the life of the project, without prejudice to the final transfer.
8. Prior to completion of UNDP assistance to the project, the Government, the UNDP and the Executing Agency shall consult as to the disposition of all project equipment provided by the UNDP. Title to such equipment shall normally be transferred to the Government, or to an entity nominated by the Government, when it is required for continued operation of the project or for activities following directly therefrom. The UNDP may, however, at its discretion, retain title to part or all of such equipment.
9. At an agreed time after the completion of UNDP assistance to the project, the Government and the UNDP, and if necessary the Executing Agency, shall review the activities continuing from or consequent upon the project with a view to evaluating its results.
10. UNDP may release information relating to any investment oriented project to potential investors, unless and until the Government has requested the UNDP in writing to restrict the release of information relating to such project.

Rights, Facilities, Privileges and Immunities

1. In accordance with the Agreement concluded by the United Nations (UNDP) and the Government concerning the provision of assistance by UNDP, the personnel of UNDP and other United Nations organizations associated with the project shall be accorded rights, facilities, privileges and immunities specified in said Agreement.
2. The Government shall grant UN volunteers, if such services are requested by the Government, the same rights, facilities, privileges and immunities as are granted to the personnel of UNDP.

3. The Executing Agency's contractors and their personnel (except nationals of the host country employed locally) shall:
 - (a) Be immune from legal process in respect of all acts performed by them in their official capacity in the execution of the project;
 - (b) Be immune from national service obligations;
 - (c) Be immune together with their spouses and relatives dependent on them from immigration restrictions;
 - (d) Be accorded the privileges of bringing into the country reasonable amounts of foreign currency for the purposes of the project or for personal use of such personnel, and of withdrawing any such amounts brought into the country, or in accordance with the relevant foreign exchange regulations, such amounts as may be earned therein by such personnel in the execution of the project;
 - (e) Be accorded together with their spouses and relatives dependent on them the same repatriation facilities in the event of international crisis as diplomatic envoys.
4. All personnel of the Executing Agency's contractors shall enjoy inviolability for all papers and documents relating to the project.
5. The Government shall either exempt from or bear the cost of any taxes, duties, fees or levies which it may impose on any firm or organization which may be retained by the Executing Agency and on the personnel of any such firm or organization, except for nationals of the host country employed locally, in respect of:
 - (a) The salaries or wages earned by such personnel in the execution of the project;
 - (b) Any equipment, materials and supplies brought into the country for the purposes of the project or which, after having been brought into the country, may be subsequently withdrawn therefrom;
 - (c) Any substantial quantities of equipment, materials and supplies obtained locally for the execution of the project, such as, for example, petrol and spare parts for the operation and maintenance of equipment mentioned under (b), above, with the provision that the types and approximate quantities to be exempted and relevant procedures to be followed shall be agreed upon with the Government and, as appropriate, recorded in the Project Document; and

(d) As in the case of concessions currently granted to UNDP and Executing Agency's personnel, any property brought, including one privately owned automobile per employee, by the firm or organization or its personnel for their personal use or consumption or which after having been brought into the country, may subsequently be withdrawn therefrom upon departure of such personnel.

6. The Government shall ensure:

(a) prompt clearance of experts and other persons performing services in respect of this project; and

(b) the prompt release from customs of:

(i) equipment, materials and supplies required in connection with this project; and

(ii) property belonging to and intended for the personal use or consumption of the personnel of the UNDP, its Executing Agencies, or other persons performing services on their behalf in respect of this project, except for locally recruited personnel.

7. The privileges and immunities referred to in the paragraphs above, to which such firm or organization and its personnel may be entitled, may be waived by the Executing Agency where, in its opinion or in the opinion of the UNDP, the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project or to the interest of the UNDP or the Executing Agency.

8. The Executing Agency shall provide the Government through the resident representative with the list of personnel to whom the privileges and immunities enumerated above shall apply.

9. Nothing in this Project Document or Annex shall be construed to limit the rights, facilities, privileges or immunities conferred in any other instrument upon any person, natural or juridical, referred to hereunder.

Suspension or termination of assistance

1. The UNDP may by written notice to the Government and to the Executing Agency concerned suspend its assistance to any project if in the judgement of the UNDP any circumstance arises which interferes with or threatens to interfere with the successful completion of the project or the accomplishment of its purposes. The UNDP may, in the same or a subsequent written notice, indicate the conditions under which it is prepared to resume its assistance to the project. Any such suspension shall continue until such time as such conditions are accepted by the Government and as the UNDP shall give written notice to the Government and the Executing Agency that it is prepared to resume its assistance.

2. If any situation referred to in paragraph 1, above, shall continue for a period of fourteen days after notice thereof and of suspension shall have been given by the UNDP to the Government and the Executing Agency, then at any time thereafter during the continuance thereof, the UNDP may by written notice to the Government and the Executing Agency terminate the project.

3. The provisions of this paragraph shall be without prejudice to any other rights or remedies the UNDP may have in the circumstances, whether under general principles of law or otherwise.