



REQUEST FOR CEO ENDORSEMENT

PROJECT TYPE: **FULL-SIZED PROJECT**

TYPE OF TRUST FUND: **GEF TRUST FUND** For more information about GEF, visit TheGEF.org

PART I: PROJECT INFORMATION

Project Title: Supporting civil society and community initiatives to generate global environmental benefits using grants and micro loans in the Mediterranean ecoregion of Chile			
Country(ies):	Chile	GEF Project ID ¹ :	4939
GEF Agency(ies):	UNDP	GEF Agency Project ID:	4577
Other Executing Partner(s):	Ministry of Environment	Submission Date:	Feb. 4, 2014
GEF Focal Area (s):	Multifocal Area	Project Duration (Months)	60
Name of parent program (if applicable): For SFM/REDD+ <input type="checkbox"/> For SGP <input type="checkbox"/> For PPP <input type="checkbox"/>	N/A	Agency Fee (\$):	314,603

A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK²

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Co- Financing (\$)
BD-2	Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation	Output 2.2: National and sub-national land-use plans (38) that incorporate biodiversity and ecosystem services valuation	GEF TF	660,000	2,910,361
BD-2	Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation	Output 2.3: Certified production landscapes and seascapes (700,000 hectares – FSC, PEFC, tbd)	GEF TF	2,077,980	5,307,129
CCM-5	Outcome 5.2: Restoration and enhancement of carbon stocks in forests and non-forest lands	Output 5.2: Forests and non-forest lands under good management practices	GEF TF	250,000	2,396,768
LD-1	Outcome 1.3: Sustained flow of services in agro-ecosystems	Output 1.2: Types of innovative SL/WM practices introduced at the field level	GEF TF	82,969	1,369,582
LD-3	Outcome 3.2: Integrated landscape management practices adopted by local communities	Output 3.1: Integrated land management plans developed and implemented	GEF TF	82,969	4,279,943
Project management Cost (PMC)				157,696	855,989
Total project costs				3,311,614	17,119,772

¹ Project ID number will be assigned by GEFSEC.

² Refer to the [Focal Area Results Framework and LDCE/SCCF Framework](#) when completing Table A.

B. PROJECT FRAMEWORK

Project Objective: To develop, demonstrate and mainstream the delivery of globally significant environmental benefits by community-based organisations in the management of critically endangered landscapes in the Chilean Mediterranean ecoregion						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co Financing (\$)
1. Sustainable management of landscapes for biodiversity conservation (100% BD STAR)	TA	<p>1.1. Conservation of Mediterranean forest landscapes through community-based actions</p> <p>700,000 ha of Mediterranean forest certified as sustainably managed</p>	<p>1.1.1. 18 community-led integrated management plans for key Mediterranean landscapes, incorporating biodiversity conservation and ecosystem service values</p> <p>1.1.2. >20 community forest management associations formed</p> <p>1.1.3. >20 community forest management plans to optimize BD conservation, ecosystem services and production values across the landscape</p> <p>1.1.4. >20 community forest management plans implemented</p> <p>1.1.5 Community-adapted forest monitoring techniques and guidelines developed and disseminated</p> <p>1.1.6. Certified production of timber and other forest products on at least 700,000 ha of land (>20 projects)</p> <p>1.1.7. Microfinance mechanisms in place to increase market access by producer organizations and commercialization</p>	GEF	2,539,722	8,902,281
2. Demonstration /promotion of conservation and enhancement of carbon stocks through land use, land use change, and forestry, and local carbon monitoring systems. (100 % CC STAR)	TA	<p>2.2. Approximately 139,000 tCO₂e sequestered or avoided as emissions (over 15 years); 29,200 tCO₂e over project lifetime</p> <p>Improved land management on five pilot sites of 200 ha each</p>	2.2.1. Five pilot demonstrations to adopt practices to reduce carbon stock emissions or sequester carbon such as wildfire suppression or prevention, reforestation, restoration, and improved land use planning	GEF	250,000	513,593
3. Maintenance and improvement	TA	3.1 Avoided land degradation and increased resilience of agro-ecosystems	3.1.1. Sustainable Land Management practices are applied to at least 140,000 ha of productive landscape (>10 initiatives)	GEF	153,922	3,081,559

of flow of forest and agro-ecosystem services to sustaining the livelihoods of local communities (100% LD STAR)		to climate change >140,000 ha with improved agro-ecosystem management practices. 3.2 Change of degraded agricultural lands to forest use in community lands and soil conservation >5,000 ha with improved vegetation cover and >5,000 ha with improved soil erosion control	3.2.1. At least 10,000 ha of degraded agricultural lands are rehabilitated through soil conservation and assisted natural regeneration (>10 initiatives) 3.2.3 Micro-finance mechanisms in place to support transition from degraded lands to sustainable management			
4. Community capacity development & knowledge management	TA	4.1. Increased capacity of community stakeholders to diagnose, understand the complex and dynamic nature of global environmental problems, and to develop local solutions 4.2 Enhanced capacity for knowledge management and collaborative project development for adaptive landscape management 4.3 Enhanced capacities of community stakeholders to monitor and evaluate their projects and landscape trends	4.1.1. No fewer than ten cross landscape level thematic Communities of Practice established 4.1.2 Ten ecoregion-wide training workshops on project development and management, the function of landscape management in achieving GEB, and the role of local communities 4.2.1. Knowledge management products from results and lessons learnt disseminated to CBOs, CSOs and others 4.3.1 Training programme on identification and tracking of indicators, and project participatory monitoring (>6 workshops covering >45 community groups)	GEF	0	1,883,175
5. Monitoring and Evaluation (87.8% BD) (7.9% CC) (5.3% LD)	TA	5.1 Adaptive management, learning and accountability achieved; - Overall S or HS rating for project implementation in TE	5.1.1 Landscape and project portfolio monitoring plan implemented and adaptive management techniques applied >45 projects 5.1.2 Mid-term review and terminal evaluation	GEF	210,274	1,883,175

Sub-Total		3,153,918	16,263,783
Project management Cost (PMC) ³		157,696	855,989
Total project costs		3,311,614	17,119,772

C. SOURCES OF CONFIRMED COFINANCING FOR THE PROJECT BY SOURCE AND BY NAME \$)

Sources of Co-financing	Name of Co-financier (source)	Type of Co-financing	Cofinancing Amount (\$)
National Government	Ministry of Environment	Cash	10,000,000
National Government	Ministry of Environment	In-kind	2,119,772
Other Multilateral Agency	EU through UNDP	Cash	1,000,000
Other	Grantees	Cash	1,000,000
Other	Grantees	In-Kind	3,000,000
Total Co-financing			17,119,772

D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

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

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

² Indicate fees related to this project.

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

COMPONENT	GRANT AMOUNT (\$)	COFINANCING (\$)	Project Total (\$)
International Consultants	72,333	0	72,333
National/Local Consultants	610,230	0	610,230

G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? No

(If non-grant instruments are used, provide in Annex D and indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

³ PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF⁴

A.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.

There are no major changes to the alignment of the project with the original PIF regarding national strategies or plans. There are, however, two additional inputs that confirm the alignment of the project with national strategies and plans: one, the environmental commitments of Chile in the mid-term evaluation of the OECD Environmental Performance Review (2011) are to be addressed (especially recommendations 35, 36, 43, 44 and 45) by promoting the sustainable management of native forest, providing a framework for work in rural and agricultural occupational health, promoting environmental awareness and generating new employment opportunities for the rural population; and two, the PPG products have provided inputs to the national discussion on sustainable land management, which are reflected in the winning candidate's proposals for a new focus on territorial management and decentralization, both of which are underlie the project's focus and approach.

A.2 GEF Focal Area and/or fund strategies, eligibility criteria and priorities

No change

A.3 The GEF agency's comparative advantage:

No change

A.4 The baseline project and the problem it seeks to address:

Knowledge of the baseline was strengthened significantly during the project preparation phase with new elements contributing significantly to the design of the institutional arrangements for project coordination and implementation. In the first instance, the project preparation team did an in-depth analysis of the institutional public development instruments available to support local initiatives aimed at sustainable land management. This led directly to improvements to the strategy for delivery of the project and its sustainability. By mapping institutional instruments, it became clear that there was overlap and inefficiency in the application of these instruments in the rural Mediterranean ecoregion and that with the proper mechanism they could be coordinated to optimally support the community driven initiatives to be financed by this project. This coordination would have to occur at the pilot landscape level as well as at ecoregional and national levels to ensure effective application of the instruments, as well as respect the community-driven strategy and ethos of the project. As a result, the project preparation team proposed a Partners Committee as the highest institutional coordinating body of the Mediterranean Ecoregion, as well as Multistakeholder Landscape Management Platforms for the pilot landscapes, which would include local smallholders. These multi-institutional, multistakeholder bodies will ensure policy consistency, effective technical assistance, targeted financing, and greater knowledge generation and dissemination. These in turn will produce greater impacts, processes of adaptive management at the landscape level, and the social capital to sustain them. At the same time, the project preparation team studied the Environmental Protection Fund of the Ministry of Environment in depth with the aim of enabling it to

⁴ For questions A.1 – A.7 in Part II, if there are no changes since PIF and if not specifically requested in the review sheet at PIF stage, then no need to respond, please enter 'NA' after the respective question

cofinance project initiatives in adequate amounts and within the strategic framework that the project adheres to. This report is found in Annex 5 of the Project Document. Finally, the baseline analysis was deepened through more focused biogeographical analysis and a broad public participation process to discuss the global environmental issues, their causes and the barriers that exist to the development of local initiatives. This report is found in Annex 10 of the Project Document.

A.5 Incremental / Additional cost reasoning: describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

This project will provide financial resources, technical assistance 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.

At the same time, the project will establish multistakeholder landscape management platforms (MLMPs) for each of eight pilot landscapes. These MLMPs will be the primary vehicle for landscape planning that prioritizes biodiversity conservation, ecosystem services and carbon sequestration and storage. As such, the MLMPs will ensure that global environmental benefits are obtained from the execution of community level projects financed by grants to local level organizations. The project will also work with the top micro-credit institution in rural Chile to extend loans to community organizations for production activities that incorporate global environmental objectives and which are aligned with landscape level outcomes. The project, through its Partners Committee, will also ensure that funding from the Environmental Protection Fund is directed to these kinds of projects. The Partners Committee will also promote coordination in the application of its members' programmes, projects and other instruments for global environmental and landscape level outcomes.

A.6 Risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and measures that address these risks:

The PIF Risk table has been updated in the Project Document to reflect new inputs obtained during project preparation (see page 83). This includes:

A fine-grain, state-of-the-art analysis by the Ministry of Environment (MMA 2013) concluding that the areas of Chile most affected by climate change are not situated in its Mediterranean ecoregion. Climate change may pose a threat for the drier parts of the ecoregion, which are the most affected by decline in precipitation, the most worrying of the two main effects, but in general terms there may even be gains in a

biological productivity that is already remarkably high, whenever these are adequately reflected in long-term management planning.

The incorporation of INDAP into the Partners Committee provides a source of the best-available knowledge on microfinance in the country's rural areas. The partnership with INDAP will lower risk in project implementation overall through provision of cash cofinancing, alignment of INDAP policies and programmes with project objectives and outcomes, and direction in enabling and extending microcredit to community organizations.

In reply to STAP Comment #23, the risk of forest landowners declining to invest in forest restoration due to lack of sufficiently robust economic or financial incentives has been duly noted and responded to.

A.7 Coordination with other relevant GEF financed initiatives

The project team will coordinate project planning and implementation with other GEF financed initiatives in Chile, particularly those related to land management in the Mediterranean ecoregion. These include Protecting Biodiversity and Multiple Ecosystem Services in Biological Mountain Corridors in Chile's Mediterranean Ecosystem (UNEP) and Sustainable Land Management (WB), as well as UN REDD and FCPF programs as appropriate. The Partners Committee of the Mediterranean Ecoregion brings together Chile's major institutional players in terms of agriculture, forestry and other land use activities – coordination with their programmes and projects in the Mediterranean ecoregion will be facilitated by the commitments of the Partners to coordinate their public development instruments. More information can be found in the Project Document in the section titled Collaboration arrangements with related projects.

B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:

B.1 Describe how the stakeholders will be engaged in project implementation.

The primary stakeholders of this Project are first and foremost the community organizations that will receive grants and micro-credits to carry out projects aimed at contributing to the landscape level outcomes agreed during the process of participatory landscape planning. This process represents a second instance of stakeholder participation in that community organizations will be represented on the multistakeholder landscape management platforms (MLMPs) in the eight selected pilot landscapes of the Mediterranean ecoregion. These platforms will be the lowest level of landscape "governance" and will include representatives of government agencies and institutions, as well as community organizations and networks. They will provide a forum for analysis, strategic planning and decisionmaking, as well as the most direct engagement with the technical assistance needs of the community organizations. The MLMP will compile the proposals of the community organizations and forward them to the Partners Committee through the Project Manager.

Supporting stakeholders include the institutions participating in the Partners Committee (CONAF, FIA and INDAP from the Ministry of Agriculture; FOSIS from the Ministry of Social Development; CORFO and CPL from the Ministry of Economy; and the UNDP/EU Programme for the Combat of Desertification. The Partners Committee will receive proposals compiled from the eight landscapes and before ruling on their approval for funding, will forward them to the Mediterranean Ecoregion Landscapes Advisory Board for technical review and assurance of alignment with landscape level and project level outcomes.

B.2 Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCF/SCCF):

This project is expected to produce significant socio-economic benefits for some of the most vulnerable communities in the Mediterranean ecoregion. Rural areas in Chile lack integrated approaches to water management, agriculture, tourism and other activities where important efficiency and effectiveness gains are still to be made. The project will be active within the pilot landscapes in some of the most socio-economically depressed areas of the ecoregion: Lonquimay (in Araucarias del Alto Malleco Model Forest), Navidad (Maule region) and Caleu (Til Til, Metropolitan Region). These are the most impoverished towns or municipalities in their respective regions, with Lonquimay being the poorest municipality in the country.

The premise of the project is that global environmental benefits can be achieved through properly designed, community driven, sustainable development projects that are aligned as a portfolio to achieve landscape level outcomes based on the ecological, social and economic synergies they generate. Projects by community organizations will aim to improve current production practices so that they are economically more productive and ecologically more sustainable. An underlying tenet of this project is that local smallholders are only likely to adopt new technologies and practices if they reduce risk, raise income or provide more stability and security.

The participatory landscape planning methodology espoused by this project involves local stakeholders from the beginning in discussing and analyzing the ecological basis for their production systems, threats to these systems and potential solutions. With government institutional partners, stakeholders define landscape level outcomes for ecosystem services, agricultural production and other livelihood options, and then identify project selection criteria for initiatives that contribute substantially to achievement of these outcomes. Smallholder organizations and institutional partners then agree on technical assistance and funding needs and make formal commitments to implement and collaborate on specific outputs and activities. Each landscape management plan identifies groups of projects that together create the ecological and economic synergies for lasting impact across the landscape. A fundamental element of this approach is the emphasis on working with community organizations to test selected innovations to current production practices.

In this light, the project is expected to produce benefits from individual projects by community organizations, as well as benefits from synergistic landscape level impacts produced by cohorts of linked projects. For example, at the community level, improved agro-ecosystem management may produce greater yields leading to improved income, while at the landscape level, the ecological effects of many community level, agro-eco-system management projects across the landscape result in improved ecosystem services (e.g. water, pollinators, microclimate) that reduce risk and help to enable improved yields for communities across the landscape.

The project is designed to permit and encourage innovation in production practices that produce global environmental benefits by reducing risk in experimenting and adopting the new practices. Grant funding and micro-credits on favorable terms will be made available to innovators with feasible alternatives to current practices; risk will be further reduced by the technical support and commitment of the project's partners in implementation, as well as their potential financing from their own programme resources.

Finally, community organizations, by participating in landscape planning and community level project design, implementation and evaluation, will learn more systematic methods of adaptive management, a skill that will permit them to reduce future risk.

B.3 Explain how cost-effectiveness is reflected in the project design:

The project preparation team focused on cost-effectiveness as a key priority in project design. A primary driver of cost-efficiency will be the institutional coordination mechanisms established at landscape and ecoregional/national levels that will optimize the application of existing public sector instruments and their financing and technical support (see section A.4, above). This will include the coordination of regulations and enforcement and a corresponding reduction of overlapping functions. Another driver of cost-efficiency will be the landscape planning process that will build ownership by community organizations of landscape level outcomes; formulate landscape level multistakeholder agreements regarding priorities and lines of work; identify and co-develop specific initiatives to meet agreed landscape priorities and outcomes and organize technical assistance and M&E for each initiative in the landscape and for the landscape as a whole. The project's structured knowledge management approach will ensure widespread and timely dissemination of lessons learned as well as the development of organizational capacities to more effectively carry out community initiatives as well as to participate in landscape level activities and networks.

C. Describe the budgeted M& E plan:

The project is provided with a strong monitoring system. The M&E plan includes national and ecoregional, landscape-level and local progress and impact monitoring as well as a variety of reports: inception report, project implementation reviews, quarterly and annual review reports, and mid-term and final evaluations. Section 6 of the Project Document describes the complete M&E plan in detail.

In light of the small grants modality that is a primary feature of this project and the pilot landscape approach, this project has a unique M&E system that combines the standard UNDP M&E practices with modified SGP M&E procedures. 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.


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

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

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

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.
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Agency Coordinator, Agency name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Adriana Dinu Executive Coordinator, and Director, a.i., UNDP/GEF		Feb. 4, 2014	Nick Remple	212-906-5842	nick.remple@undp.org

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

The Project Results Framework can be found on page 64 of the Project Document.

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

	<i>Comment</i>	<i>Response</i>
	Germany	
1	For the development and implementation of the project it could be useful to have more specific information on conditions and trends of different ecosystem services in the region. This should be more specifically connected to the different drivers and underlying causes of such drivers. This information could be used to better address the different land uses and activities to be supported, including also the specification of investment criteria for the microcredit.	<p>For purposes of this project, the drivers of ecosystem degradation in the Mediterranean ecoregion are the economic and livelihood activities of smallholder communities that lead to over-extraction of forest resources, over-grazing, soil erosion, invasive species, water scarcity, etc. A detailed participatory study of smallholders in the ecoregion was carried out during project preparation and financed by the PPG (see Annex GG of the Project Document). As might be expected, the ecosystem services, their degradation and the underlying causes of unsustainable land and resource management vary widely over the ecoregion. The information and conclusions generated by the study provide overall confirmation of the importance of focusing on community organizations and landscape management for ecosystem services and biodiversity. Nevertheless, the region is too large and too varied to provide precise analyses of ecosystem processes and causal linkages for all circumstances.</p> <p>However, the methodology for landscape planning in the eight pilot landscapes will involve communities in a more detailed assessment of the ecosystem functions and services in each landscape, the local drivers of degradation and the options for optimizing ecosystem functions for benefits to the global environment as well as local sustainable development. The detailed landscape planning methodology will require the identification of drivers and causal linkages to ensure a satisfactory rationale for project development and approval. Compliance with this methodology will be reviewed by the Multistakeholder Landscape Management Platforms, as well as the Mediterranean Ecoregion Landscapes Advisory Board.</p>
2	It is recommended to build the microcredit system on more concrete experiences and lessons learned coming from SGP. The description of lessons learned is still too generic in order to address or give more orientation for the establishment of the new system.	SGP has had no experience with microcredit in the country, having only worked with grants. This project is not proposing to establish a new microcredit system but rather to make greater and more efficient use of existing systems to finance projects. As such, the project aims at improving access by smallholder organizations by improving their capacities to prepare bankable proposals, manage projects more effectively and administer funding transparently and efficiently. The project will work closely with INDAP, the best known micro-credit supplier in Chile and a partner in this project, to develop specific funding windows for projects in the pilot landscapes, review procedures and protocols for proposals, devise appropriate repayment methods and schedules, and monitor implementation.

3	<p>The possible monitoring of different ecosystem services apart from carbon (such as biodiversity, hydrological regulation, soil formation or soil fertility) need to be considered in a stronger form.</p>	<p>As part of the formulation of the landscape strategies of the eight pilot landscapes, 3-4 specific outcomes will be identified by the participants in the multistakeholder landscape management platform. A primary outcome relates to provision of key ecosystem services like water, soil fertility, and biodiversity. During strategy formulation, the management platform participants will identify appropriate indicators for all outcomes. The UNU-IAS Policy Report on Indicators of Resilience in Socio-Ecological Production Landscapes (SEPLs) will serve as a base reference with the indicators it proposes examined and adapted as appropriate to the different pilot landscapes.</p> <p>At the same time, the community adapted forest monitoring techniques (Output 1.1.5.) will enable community organizations and the MLMPs to assess more site-specific ecosystem factors as a component of the landscape level monitoring.</p>
4	<p>The outcomes of the project should be better clarified. There is a confusion if the 700.000 has of Mediterranean forest that should be certified (1.1.) includes the 140.000 has (3.1.) where land degradation should be avoided and the 10.000 has of pilot projects (2.1.) where promotion of conservation and enhancement of carbon stocks through land use, land use change and forestry will be monitored. It would be useful to clarify the different has amounts in order to facilitate the monitoring of the project.</p>	<p>While the Mediterranean ecoregion totals around 20 million hectares of rural lands, this project will focus on eight pilot landscapes as a stepping stone to further, future upscaling of pilot experiences and lessons. These eight landscapes total approximately 2 million hectares. Project activities, including grants to community driven initiatives, will produce project outcomes in these landscapes. These outcomes will include 700,000 of certified Mediterranean forest, 140,000 hectares of avoided land degradation, 5,000 hectares of restored forest land and 5,000 hectares of land with improved soil conservation, as well as 1,000 hectares from five demonstration plots where carbon monitoring methodologies will be tested. These are separate outcomes.</p>
5	<p>The information regarding the calculation of carbon stock in Component 2 should be described more specifically to be able to develop an appropriate methodology for carbon monitoring. Here it is necessary to consider approved methodologies from e.g. VCS and CCB, to take into account the knowledge and experience that already exist. GEF recommends the Carbon Benefits Project Methodology, which is currently being completed.</p>	<p>The project will test the methodology developed by the UNEP-GEF Carbon Benefits Project as adapted to this project's ecological and social circumstances.</p>
6	<p>It should be clarified if, how and where PES could be used in the project.</p>	<p>Significant PPG resources were allocated to assess the viability of PES in the socio-economic and ecological context of the Mediterranean ecoregion. The report on this assessment is found in Annex BB of the Project Document. The conclusions of the study indicate that PES is not so well known in Chile nor implemented to any great degree and is likely to be complex and difficult to establish with smallholder communities. Nevertheless, some basic enabling conditions exist for PES in relation to water resources (e.g. Comites de Agua Potable Rural) given the incentive provided by the importance of the resource to agriculture and human consumption in the context of the ecoregion's process of desertification. This Project will be open to community-driven initiatives to establish one or two</p>

		relatively localized PES schemes in one or two pilot landscapes. These initiatives will be supported by the appropriate institutions on the Partners Committee and carefully designed to include expert technical assistance.
	GEFSec	
7	If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	There is no non-grant instrument in this project. Please see the Response to Comment 2, above, for further information.
8	If forestland is part of the project and if SFM objectives are of interest, then SFM/REDD objectives and incentive may be appropriate and they could be explored.	The project itself has not explicitly incorporated REDD objectives as these remain controversial to a certain degree in some sectors, however, the project remains open to any community organization who would like to incorporate REDD objectives into a community-driven forestry initiative. The participation on the Partners Committee of CONAF – the agency responsible for UN-REDD and FCPF activities in Chile – will provide support to these initiatives if and when they arise.
9	The baseline project says little about the current renewable energy situation in the country. (see question 19). The discussion of the barriers for renewables discusses fires and land use change (see para 46) and is mostly focused on land management. There is limited description of the carbon measuring and monitoring capabilities. Please describe these items.	The original focus on renewable energy found in the PIF was dropped at the request of the GEF CEO. The CC outcome now focuses on forest management in the context of potential smallholder/communal applications. Forest management for carbon sequestration and storage will be promoted by this project, and a critical factor in terms of potential payments for carbon is the ability of local community organizations to measure and monitor carbon dynamics. At the current time, the capabilities of community based organizations in the ecoregion for monitoring and measuring carbon is nil. This project will provide funding to train community organizations to measure and monitor carbon on five demonstration plots in key areas around the ecoregion. CONAF, a key member of the Partners Committee, is the lead organization for UN REDD and FCPF in Chile. As part of their commitments on the PC, CONAF will provide expertise and other technical resources to assist in implementation of the forestry-related project components.
10	It may be more effective to focus on a few technologies such as efficient stoves. Chile recently became a UN-REDD partner country. Please describe that and coordination if monitoring is going to be done. We recognize that local monitoring is different than national level monitoring but ecoregion workshops should coordinate. If carbon monitoring is not going to be conducted then that should not be included in Table A.	While we agree that a focus on one or two technologies such as efficient stoves would have been appropriate, the original focus on efficient wood burning stoves was dropped from the PIF at the request of the GEF CEO. As a result, the GEF-financed CC project outcome for this project is focused on adoption or adaptation of forest-carbon monitoring methodologies for use by communities for potentially commercial purposes (see Outcome 2.1 in the Project Document). Funding for efficient stoves will be supplied with cofinancing. CONAF, the lead national institution for UN-REDD and FCPF, is a member of the Partners Committee and will ensure activity coordination.

11	<p>The geographical context is well described, productivity challenges outlined, and barriers identified. However, it is not clear how the proposed approach will actually foster SLM at scale to deliver proposed outcomes. With 80% of all CBOs in the country concentrated in the region and 15 years of SGP investments, one would at least expect some tangible achievements that are amenable to scaling-up. Yet no such achievement is evident in the proposal.</p>	<p>For smallholder-driven SLM to achieve substantial tangible results in the Mediterranean ecoregion, it must be carried out over a significantly broad area by a large majority of land-users, especially if an improvement in the flow of ecosystem services is a primary objective. To optimize the flow of ecosystem services, smallholders need to coordinate their resource and agro-ecosystem management efforts to achieve landscape level outcomes related to water, soil, biomass, biodiversity and other ecosystem elements. This project will first work with communities in the pilot landscapes to identify landscape level outcomes related to ecosystem services as well as the criteria for projects whose impacts will contribute to the landscape outcomes. Multistakeholder agreements will be reached between communities and partner institutions regarding landscape level outcomes and project requirements, and institutional commitments to support specific initiatives or lines of work will be made. By focusing projects geographically in the pilot landscapes, significant achievement of the project outcomes is anticipated. The institutional mechanisms set up by this project – Partners Committee, Landscapes Advisory Board (MELAB) and the multistakeholder landscape management platforms – are expected to continue on after the project ends, thus sustaining project impacts and enabling a continuation of adaptive landscape management.</p> <p>The primary lessons from SGP experience are that 1) a more integrated landscape approach is needed to concentrate impacts from a portfolio of projects and achieve synergies among them, and 2) financial resources are not the only thing needed to secure environmental benefits from local initiatives; to maximize and sustain impacts i.e. through scaling up, a comprehensive enabling environment is also required that includes institutional support, knowledge management, organizational networking and market linkages. Under SGP, as a tangible achievement, a number of energy-efficient technologies were successfully tested and locally implemented, but their scale-up has been limited due to the availability of funding sources, although by focusing geographically in an integrated landscape approach, this obstacle can be mitigated to a certain degree.</p>
12	<p>For biodiversity, what are the activities that will be financed by the GEF and that are critical to elevate current forest management practices to certified SFM.</p>	<p>The project focuses primarily on the production and implementation of forest management plans. Each of the 20 management plans to be produced and implemented by community organizations will be tailored to the specific ecological and socio-economic conditions of the forested site. The overall objective of the forest management plans will be the sustainable production of a variety of goods and services, with a primary focus on conserving biodiversity as a fundamental ecosystem building block. While it is premature to identify with precision specific activities that would be carried out within individual management plans, general activities might include control of invasive species, sustainable extraction of NTFPs, enrichment planting, forest restoration, fire management, etc. CONAF and INDAP, the two most significant institutional actors in the ecoregion's rural areas, will provide technical oversight to project identification and review, as well as technical assistance to community</p>

		organizations formulating and executing management plans.
	STAP	
13	STAP would like to see a greater use of previous scientific work undertaken in Chile to justify especially the two LD objectives of the proposal, i.e. innovative practices and integrated land management.	A larger number of previous studies are now cited in the Situation Analysis of the Project Document.
14	STAP recommends strengthening the incremental reasoning by explicitly defining the global environmental benefits during the project development. Currently, the benefits are only implicit in the incremental reasoning, or perhaps are not well-defined	The benchmarks for the project's incremental results are defined in the Project Document's Project Results Framework. This project is aimed at supporting community organizations to prepare and implement initiatives in pursuit of landscape level outcomes related to ecosystem services and biodiversity, sustainable agro-ecosystems and alternative livelihoods. Given the nature of community driven projects and the pilot landscape planning process, the exact quantifiable GEB are impossible to calculate with precision a priori. As with the GEF SGP Country Programme – a forerunner of this initiative – the pro-active engagement of the project manager with the communities in the landscape helps them to integrate community aspirations for local sustainable development with the production of global environmental benefits. The process of landscape strategy formulation will result in commitment by communities and their partner institutions to specific landscape outcomes consonant with the projects outcomes regarding GEB.
15	STAP also would highly encourage for the training to include identifying clearly global environmental benefits (for example carbon sequestration and not sustainable land management)	Identification of global environmental benefits will be a critical part of landscape strategy development i.e. the landscape level outcomes will explicitly or implicitly target GEB. In developing the criteria for project selection, GEB will also be an important element as they will provide the rationale or justification for eligibility. The workshops to be carried out in each pilot landscape will include in-depth analysis of GEB, how they are threatened and how they are achieved. Those GEB associated with SLM will be specified in terms of their contribution to optimal ecosystem function.
16	In component 2 and 3, it will be valuable to describe the methodology that will be used to measure above and below ground carbon. One potential recommendation is the GEF Carbon Benefits Project methodology, which is currently being	The project will test the methodology developed by the UNEP-GEF Carbon Benefits Project as adapted to this project's ecological and social circumstances.

	completed. UNDP may wish to inquire further about its status with the GEF Secretariat.	
17	STAP appreciates the table defining the agro-climatic zones to be targeted by the project. Given the nature of the proposal to mainstream climate resilience in the various components, STAP recommends including rainfall and temperature data in this table. This information also will be useful for designing climate resilience measures in the grants. STAP also suggests including climate projection, or trends, data. This information can be accessed at http://www.geog.ox.ac.uk/research/climate/projects/undp-cp/ http://sdwebx.worldbank.org/climateportal/index.cfm	The table on page 33 has been further enhanced. While this table presents temperature and precipitation projections for 2050 it should be borne in mind that "the coarse resolution of the GCMs is inadequate to capture local variations in climate of Chile due to its complex topography and elongated shape" (Karmalkar et. al. 2012 UNDP Climate Change Country Profiles: Chile). In essence, the potential rise in temperatures and decline in precipitation only underline the need to begin resilience enhancing measures as soon as possible.
18	Translate the agro-climate zones to English	Done
19	STAP encourages UNDP to refer to the STAP's advisory document on "Environmental Certification and the Global Environment Facility". The document summarizes the evidence base for the effectiveness of certification programs in generating local and global environmental benefits. It also summarizes the evidence related to the socioeconomic impacts on participants, and identifies four main threats to eco-certification effectiveness that should be minimized through project (grant) designs.	During project preparation, the STAP advisory document on "Environmental Certification and the Global Environment Facility" was reviewed in detail, along with a number of other materials specific to Chile, to identify third-party certification schemes or other mechanisms useful for helping community organizations to fulfill landscape and project outcomes (see Annex DDD of the Project Document). Discussions and the process of landscape strategy formulation in the Multistakeholder Landscape Management Platforms (MLMPs) will identify the potential for certification for specific goods and services. If a certification scheme is judged to be potentially viable, the assessment carried out during project preparation will provide a valuable point of reference and baseline information from which to develop a feasible proposal with landscape community organizations and institutions from the Partners Committee.
20	While SGP experiences will be important in designing these aspects of the project, there is a considerable body of generic information on which to build sustainable systems of micro-finance. These information sources should be consulted and used	Significant PPG resources were used in the analysis of micro-finance mechanisms in Chile, and the corresponding report can be found in Annex 5 of the Project Document on public and private financial mechanisms. The conclusion of this analysis is that the micro credit mechanism implemented by the Instituto de Desarrollo Agropecuario (INDAP) is best positioned to finance initiatives by community organizations in the pilot landscapes. INDAP is a partner in this project and has committed over USD 9.0 million in cofinancing.
21	STAP recommends for UNDP to specify further whether the project will conduct a market chain analysis of NTFPs, and, if so, to detail this analysis in the full proposal	A market chain analysis of NTFPs has not been explicitly contemplated by this project. Nevertheless, if a community organization proposes a market chain analysis in the pursuit of or as a contribution to a landscape level outcome, grant funding will be provided along with the requisite institutional support from the relevant Partners on the Partners Committee. The potential need for NTFP market chain analysis will become evident during the landscape strategy formulation process in

		<p>the pilot landscapes. The development of the communities of practice – financed by non-GEF resources – will bring together organizations, institutions and experts who can be drawn upon in preparing and carrying out a market chain analysis when prioritized in one or more landscape strategies. Please note that initial analyses of market chains for a reduced series of products was carried out using PPG resources (see Annex XX of the Project Document). This will serve as background and a point of departure for feasibility analysis of any community driven initiative in this area.</p>
22	<p>STAP recommends defining explicitly the risks affiliated with NTFPs, and the mitigation responses (e.g. overharvesting of NTFPs; hence, affecting the status of local biodiversity and livelihoods). Climate change also may impact the density of the species of interest for NTFP activities</p>	<p>Risks associated with NTFP production have been analyzed during the PPG stage (see Annex CC of the Project Document) and this analysis serves as a basis for preparation of community driven projects and initial assessment of their feasibility. Again, if a community organization identifies one or more NTFPs that may be potentially marketable and wishes to pursue commercial production or extraction, the Mediterranean Ecoregion Landscapes Advisory Board (MELAB) will provide a technical assessment of the sustainability of extraction before recommending approval or rejection of the proposal by the Partners Committee. As for climate change impacting the density of these species (see 1.1.2), the general impact foreseen on the Mediterranean ecoregion by 2030 is relatively limited. However, the long term impacts on density of a particular target species will be assessed when a specific project proposal is discussed as part of preparation. This factor will also be assessed by MELAB during its technical review.</p>
23	<p>Refer to Schiappacasse, I. et al. Assessing the benefits and costs of dryland forest restoration in central Chile. Journal of Environmental Management 97 (2012) 38-45. One of the article's key messages is the importance of obtaining comprehensive measures for market values and non-market values (ecosystem services) provided by dryland forest ecosystems in central Chile. The study findings reinforced a classical result of environmental economics: "when externalities are not internalized by the economic agent (landowner), the socially optimum level of services provision does not coincide with the private optimum" as partly described in barrier #2. Thus, landowners may not invest willingly in forest restoration and enhancement of forest stocks because they do not perceive the benefits arising from ecosystem services. In this regard, STAP recommends highlighting the risk of ineffective results from land use, land use change and forestry interventions due to the lack of effective economic incentives for landowners to invest in restoration.</p>	<p>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), 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.</p> <p>The Risk Analysis table in the Project Document has been duly modified to integrate the risk of ineffective economic incentives.</p>

24	The proposal is unclear whether payment for ecosystem services (PES) will be used in component 2, or elsewhere in the project. If the project developers will be relying on PES (or are considering doing so), STAP recommends its advisory document on "Payment for Environmental Services in the Global Environment Facility". The document includes an evidence base for PES effectiveness and highlights main threats to PES effectiveness, which it encourages are addressed in project (grant) designs	See previous response to Germany, Comment #6.
25	STAP recommends identifying the methodological challenges of measuring carbon in drylands (Stringer, L.C. et al. (2012): Challenges and opportunities in linking carbon sequestration, livelihoods and ecosystem service provision in drylands. Environmental Science & Policy 19-20:121-135.)	See previous response to Germany, Comment #5.

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS⁵

- Provide detailed funding amount of the PPG activities financing status in the table below:

PPG Grant Approved at PIF: USD 151,182			
<i>Project Preparation Activities Implemented</i>	<i>GEF/LDCF/SCCF/NPIF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>
-Coordinator	40,833	39,377	0
- Assess viability of potential contributions of NTFP -Assess forest restoration comprehensive measures of market and non-market values -Assess carbon monitoring methodology/system -Assess certification systems -Assess Payment for Ecosystem Services schemes	21,270	18,293	0
-Systematise previous experiences with small grants and microfinance -Map previous and ongoing community based experiences, contrast with other geographically referenced information	9,945	2,874	0
-Assess revolving fund, risk guarantee and microfinance mechanisms	11,460	18,318	0
-Stakeholder consultation on baseline assessment of landscapes; state, pressure and response indicators for BD; participatory development landscape strategies; landscape level outcomes (increased yields, decreased erosion, etc.) and types of potential community projects; project selection criteria	37,484	37,389	0
-Design of knowledge management and capacity development strategy	8,022	12,000	0
-Professional translation Spanish-English	4,168	1,521	9,508
-Travel	18,000	11,942	0
Total	151,182	141,674	9,508

⁵ If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities.

ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/NPIF Trust Fund or to your Agency (and/or revolving fund that will be set up)

There are no non-grant instruments to be financed with GEF funding.