

# REDD Readiness Progress Fact Sheet

**COUNTRY: CHILE**

**ABRIL 2014**

## **1. R-PP Preparation and FCPF Readiness grant**

- During 2013 the World Bank carried out two due diligence missions (May and October). The October mission was led by the new Task Team Leader from the World Bank Peter Jipp.
- The FCPF grant agreement was signed between the Chilean International Cooperation Agency (AGCI) and the World Bank on December 13<sup>th</sup>.
- In April 2014, the Bank carried out a mission review requirements and agreed to extend the effectiveness of the grant as stated in the mission's aide memoire.
- Additionally the first trainings were held on the World Bank Systems' Client Connections to manage disbursements, and SEPA to manage the respective annual procurement plans.
- Once completed the steps that Chile has to do to achieve Effectiveness and the International Cooperation Agency of Chile (AGCI) present evidence the World Bank that the Designated Account in the State Bank is enabled, it will be possible to enter the grant funds and provide start activities programs.

## **2. National REDD Readiness Management Arrangements**

- In January 2014, the *Contraloria*, highest government auditing body, approved the grant agreement without observations. This was an effectiveness requirement for disbursement.
- In April 2014, AGCI and CONAF initiated the process of signing the subsidiary agreement. In addition AGCI requested to extend the term of the effectiveness conditions from April 29 to June 30, to ensure all approvals and national process are carried out.

## **3. Stakeholder Consultations and Communication**

- CONAF will carry out a stakeholder consultation process for the National Strategy, with a differentiated approach to Indigenous Peoples, in line with Chile's national legislation and following the principles stated in ILO 169.

## **4. REDD Strategy Preparation**

- Based on the latest survey of vegetation (2011), Chile has 16,676,875 hectares of forest, of which 81.6% are native forest and about 2.6 million hectares of forest plantations, mainly exotic (pine and eucalyptus). In relation to 1997, Chile experienced a net increase in forest cover (about 1 million hectares), with a very low gross deforestation. Due to their particular national circumstances, the focus of REDD + National Strategy Chile is directed to degradation, sustainable management of forests and enhance forest carbon stocks.
- In this context, and as noted in the Progress Fact Sheet October, CONAF is preparing a National Strategy for Forests and Climate Change (ENBCC) having two main elements, the first focuses on the generation, registration and marketing of forest carbon credits that meet the international standards of the voluntary carbon market, focusing primarily on access to small and medium landowners. The second focuses on issues related to contributions to the National Inventory of Greenhouse Gases and other requirements agreed by the country, which are not related to carbon markets.
- The item relating to carbon markets will be operationalized by the Platform for Generating Carbon Bonds from the Chilean Forestry Sector (PBCCH), created in 2012, which seeks to institutionalize a number of technical and administrative processes related ENBCC. One of these processes is the development of sub-projects called Types, or Jurisdictional (Jurisdictional and Nested REDD + Initiative), which establish standardized baseline and monitoring

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methods, and social and environmental safeguards.

- CONAF has consolidated progress in establishing cooperation agreements with several universities and other institutions (eg, version control, and CCBA Gold Standard) for the development of technical and methodological inputs for the typologies, which will be supported by the FCPF and by the cooperation with Switzerland (Forest NAMA) and other national funds directly undertaken by CONAF, and other agreements with the private sector related to mining, forestry, wine production, among others.
- These developments have materialized, with funding from the NAMA with Switzerland and direct contributions from CONAF, in an International Technical Workshop in November 2013, where many of the institutions participating in the ENBCC attended. During the workshop participants shared and analyzed the relevant aspects in the development of international methodologies and their application in Chile. Furthermore, in January and February 2014 the technical studies that will be used to develop different Jurisdictions started as follows:
  - o The Arid Eco-region (regions XV, I, II and III) began with the Consultant Agroenergía linked to the University of Chile
  - o The Jurisdiction Semi-arid eco-region (region IV) with the Forestry Institute (INFOR)
  - o The Jurisdiction Island Ocean Territories, which in a first step only includes the island of Rapa Nui, by the Consortium TECO consultants and POCH Environmental
- With sole financing from the Forest NAMA, studies specifically linked to carbon markets are under development including: i) a study on the demand for Carbon Bonds from Forest Sector both nationally and internationally, and ii) the Logical Design of a System of Registration, Custody, Settlement and Withdrawal of Forest Carbon Bonds Generated within the ENBCC; both studies are developed by the SCX Santiago Climate Exchange, and a consortium with the participation of South Pole Carbon, Cquest Capital, Markit, Ecosystem Marketplace and Ecologic

### 5. Implementation Framework

- The main laws that regulated and provide incentives to the forest sector are the Law Decree N°701 from 1974 (and its modifications) that states the rules for the development of the forests, and that is now object of modifications and review by the Congress; and the Law N°20.283 from 2008, about the restoration of the native forest.
- There is no specific legislation or case law on carbon rights in Chile. In its absence, contractual arrangements have been trying carbon as property owned land. The Chilean Constitution recognizes private and public property. Collective ownership is not recognized at the constitutional level, but can be found, inter alia, Law No. 19,253 (Indigenous Peoples Act), as well as colonial titles.

### 6. SESA

- SESA in Chile will be based on a regional approach in order to reflect the specific realities of the wide range of stakeholders and facilitate their effective participation in all stages of the preparation for REDD+. The SESA process includes 4 regional workshops in the following four areas of the country: ( i ) North ( includes regions XV , I, II , III and IV); ( ii ) Center ( Regions V , VI , VII, Gauteng ); ( iii ) South Central (regions VIII and IX); and South Austral (regions X and XIV , XI and XII).
- As part of the formulation phase, the first regional SESA workshop was held in late July 2013, in the South Central region of the country, including the regions VIII and IX. During the workshop, an analysis of the risks and benefits of the proposed policy options and identification of the causes of forest degradation were carried out. This methodology will be implemented in the coming taking into account the different perspectives from a wide range of stakeholders at regional level.

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### 7. Development of a Reference Scenario

- Chile plans to establish a forest reference level in three phases: i) national level (top-down), ii) to sub-national jurisdictions that together will cover the entire national territory level, and iii) one national of the integration of the various jurisdictional levels (bottom-up).
- The first phase is based on the collaboration with the MAPS project that is already running (<http://www.mapschile.cl>) and will include the generation of a BAU (Business as Usual) scenario and RBS (Required by Science) for the AFOLU sector compared to 2007 as base year.
- The second phase is the development of benchmarks for each jurisdiction, which was subsequently added to establish a national reference level from bottom to top (third phase). The technical work for this is already in development and has been described in section 4. REDD Strategy Preparation.

### 8. MRV

- Chile has a number of different but related current monitoring initiatives related to forestry, forming a solid foundation for a national system of forest monitoring for REDD+. These include: i) National Program for Land Cover Monitoring (CONAF), ii) *Sistema de Monitoreo de la Biomasa en el marco del Proyecto Dendroenergía y Carbono* (CONAF y Universidad Austral de Chile), y iii) National Forest Ecosystem Inventory.
- In addition, the development of each jurisdiction provides valuable basis for developing specific MRV elements in each of the sub areas, which in time will nourish a national MRV. CONAF with funding from the Forest NAMA has already begun relevant studies for the National MRV to Design a System for Support and Public Information Based on MRV systems under ENBCC; studies are being carried out with the Austral University of Chile, SIIGSA Consultant specializing in GIS and databases, and Winrock International.

### 9. Other

For more information visit:

<http://www.conaf.cl/nuestros-bosques/bosques-en-chile/cambio-climatico/>

*(This is a translation of the original in Spanish)*