

Benefit-sharing System Proposal (SDB by its Spanish acronym)

To the National Strategy on Climate Change and Vegetation
Resources (ENCCRV by its Spanish acronym) of Chile

For Results-Based Payment Phase under the REDD+ approach

3rd Edition







**Proposal for the Benefit Sharing
System (SDB) to the National
Strategy on Climate Change and
Vegetation Resources (ENCCRV) of
Chile for the Results-based Payment
Phase under the REDD+ approach**

3rd Edition

Authors:

Climate Change and Environmental Services Unit (UCCSA by its Spanish acronym)

Management Office on Forestry Development and Support (GEDEFF by its Spanish acronym). National Forestry Commission (CONAF by its Spanish acronym)

Jaeel Moraga. Forestry Engineer. Diploma in Environmental Rehabilitation and Restoration.

José Antonio Prado. Forestry Engineer M. Sc.

Collaborators:

Forestry Institute (INFOR)

Fernando Raga. Executive Director.

Hans Grosse. Executive Deputy Director.

Armando Larenas. Administration and Finance Manager.

National Forestry Commission (CONAF)

Carlos Ravanal. Climate Change and Environmental Services Coordinator, Metropolitan Region.

Sandro Maldonado. Climate Change and Environmental Services Coordinator, Arica and Parinacota Region.

Simón Barschak. Lawyer, Office for Legal Enquiry of CONAF.

Vicente Rodríguez. Provincial Head, Valdivia, Los Ríos Region.

Climate Change and Environmental Services Unit

Gabriela Soto. Veterinary Doctor. Master of Science and Master in Wilderness Areas and Conservation of Nature.

Wilfredo Alfaro. Forestry Engineer. Master of Science in Engineering Hydrology.

Andrea Choque. Forestry Engineer.

Carolina Massai. Forestry Engineer.

Public Institutions

Angélica Romero, Claudia Ayala y Pablo Romero. Energy, Business and Sustainable Development, General Directorate of International Economic Affairs (DIRECON, by its Spanish acronym), Ministry of Foreign Affairs.

María Iliá Cárdenas. Natural Resources Information Center (CIREN, by its Spanish acronym). Member of the Intra-Ministerial Technical Committee on Climate Change (CTICC) of the Ministry of Agriculture (MINAGRI).

Nicolás Westenenk. Ministry of Energy.

Orieta Valdés. Mid-Term Ex post Evaluation Coordinator, Social Investment Evaluation Division, Ministry of Social Development.

Civil Society Organizations (OSC, by its Spanish acronym), Consulting firms, and National and International Academic Institutions

Aldo Cerda. Executive Director, SCX Santiago Climate Exchange.

Ana Karla Perea. Independent Consultant in Climate Change and External Consultant in Climate Law and Policy.

Brenda Román. Environmental Forest Independent Consultant.

Carlos Vergara. Forest Certification Manager, World Wildlife Fund for Nature, WWF Chile.

Charlotte Streck. Director, Climate Focus.

Chris Mayer. Environmental Defense Fund and representative of international organizations in the Forest Carbon Partnership Facility (FCPF) and in the UN-REDD Program.

Christian A. Patrickson. Executive Director, StratCarbon.

Daniela Rey. Director, Climate Law and Policy.

Efraín Duarte. SudAustral Consulting SpA Consultant.

Felipe Casarim. Carbon Specialist Consultant, Winrock International.

Jaime López. National Secretary, Firewood Certification National System.

Jorge Gomez. Environmental Advisor, Power Generating Companies of Chile.

Joachim Sell. EBP Chief of International Climate Change.

Manuel Estrada. Independent Consultant in Climate Change.

Robinson Esparza. Executive Director, Pértiga SpA.

Rodrigo García. Managing Director, Implementasur.

Trevor Walter. Forest and Natural Resources Manager, World Wildlife Fund for Nature, WWF Chile.

International Agencies

Judith Walcott. Programme Officer of the Climate Change and Biodiversity Program, UN Environment.

Stavros Papageorgiou. Task Team Leader (TTL) of the World Bank for CONAF.

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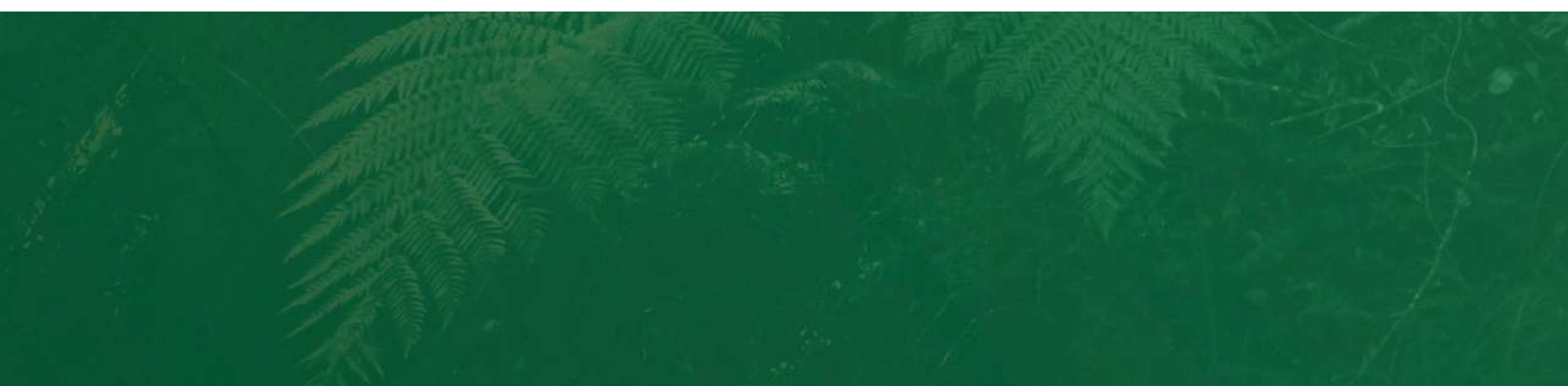




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Summary



Summary

This document gives account for background information that has been considered to design the Benefit Sharing System (SDB) for the National Strategy on Climate Change and Vegetation Resources (ENCCRV) of Chile, promoted by the Ministry of Agriculture (MINAGRI) through the National Forestry Corporation (CONAF). This Strategy addresses the REDD+ approach promoted by the United Nations Framework Convention on Climate Change (UNFCCC) through its decisions, and that it seeks to reduce the forest carbon emissions produced by forest deforestation and degradation, and promote activities that allow to increase the forest carbon sequestration in the country.

The SDB is a framework that defines the approach and procedures to allocate the financial resources that are generated in the third phase of the ENCCRV associated to the results-based payments of REDD+, which are determined by contrasting the forest emission reductions during the implementation phase of REDD+ with the reference levels that have been elaborated by some regions of the country, in line with the UNFCCC considerations for developing countries implementing strategies in this area.

This document has in its first section an introduction where the design of the SDB is contextualized, and then in the following sections, address briefly the context and international development that it has been given to REDD+ in the decisions of the UNFCCC, a general overview of the main technical elements and formulation processes that were established for the ENCCRV, and the general background information of the Forest Carbon Partnership Facility (FCPF), and in its two financing lines, being one of them specific to access results-based payments and in which Chile shows significant progress, and it is estimated that it could receive financing under this modality in the coming years.

The fourth section outlines the main approaches regarding the country's position on its SDB, such as scope, processes, and those recurrent characteristics that several international bodies promote for its design and implementation.

The fifth section, addresses in detail the proposed structure for the national SDB, describing the decision-making processes, stakeholders involved and their roles, criteria for allocation of funding in regions, and a description of the implementation arrangements of the action measures present in the ENCCRV in the territory. Finally, a section has been included with general comments regarding what the SDB implies and the challenges to be addressed at national level for a successful implementation.

Introduction



1

Introduction

The REDD+ approach has promoted distribution of the resources derived from the results-based payments component, through a transparent system in its procedures and decisions, legitimizing, with that, the Strategies that the countries propose for REDD+, which in the national context has been developed under the ENCCRV led by CONAF.

These distribution mechanisms are known as SDB, which should give account for, among other aspects, the type of benefit to be shared, the institutional means and procedures for the resources allocation that can be obtained under results-based payments of REDD+, as it is the case of the Carbon Fund of the FCPF. Accordingly, an equal share is a key principle to establish, manage and promote the proper incentives to change behaviors associated to forest deforestation and degradation, by reducing the forest carbon emissions, and to address those barriers that make it difficult to increase its stock (Podvin et al., 2017).

On the other hand, not having an adequate SDB, could generate a threat for the legitimacy and support that the ENCCRV could receive at national level and thereby REDD+, and for the activity effectiveness that are proposed under this framework. Seen from this perspective, the goal of the SDB of the ENCCRV is, *allow the sharing of the resources obtained in the results-based payments phase of REDD+ in an effective, efficient, equal and transparent way*. To achieve this goal in the SDB design, decision-making at different levels, under the base of the institutionality in matter of climate change in the country, has been considered, and that is reinforced at regional level with the participation of civil society organizations, that validate decision-making and allow a follow up of the results (UICN, 2009).

Based on a broad participatory process of formulation and validation of the ENCCRV and supported by many technical studies in collaboration with national and international academia, it is considered that, the compensations that could be received under the REDD+'s results-based payments concept, must focus on small forest owners, according to the current definition of the sectorial legislation, broadening the scope to medium-sized owners, when this involves positive externalities that can be measured in the social, environmental and economic spheres.

With these first definitions, three fundamental criteria have been established for making financial allocations, from the central level to the regions and that will enable to implement the actions measures of the ENCCRV, these are:

- ✓ Equity among regions.
- ✓ Efficiency in the generation of emission reductions and increase of forest carbon absorption.
- ✓ Solidarity with those regions that have difficulties to achieve emission reductions or increase of forest carbon absorption, due to different circumstances of force majeure such as fires, plagues, or socio-economic situations, among others.

For resource allocation to each region, two modalities have been established that will be supported by the Prioritization System that has been developed under the ENCCRV framework, with the purpose of being efficient in the management of the financial resources generated. One modality considers the targeting established by regional REDD+ Group. The second modality is direct allocation, which consists in a public tender managed by the Regional Administrations of CONAF.

General context



2

General context

2.1. United Nations Framework Convention on Climate Change REDD+ Approach

In line with the decision taken since the 11th Conference of Parties (COP) of the UNFCCC, held in Montreal, Canada in the year 2005¹, the ENCCRV incorporates and address in a comprehensive way all the decisions associated to the REDD+ approach tending to reduce emissions of Greenhouse Gases (GHG) related to deforestation and forest degradation and also those activities that contribute to preserve and increase the forest carbon stock. Countries that wish to receive results-based payments using such approach, must necessarily comply to a series of technical, programmatic, environmental and social elements with the purpose to avoid, mitigate and minimize the potential negative impacts.

In Cop 19 of 2013, held in Warsaw, Poland, seven decisions were grouped under the **Warsaw Framework for REDD+**, that complemented previous decisions in this regard, systematizing and establishing, with greater methodological detail, the requirements and general technical lines for developing countries to move forward in a structured way in REDD+ that could receive results-based payments².

During the coming years, different funds and implementation agencies and the countries themselves that participate in REDD+ have gone deep and improved the understanding of the elements and requirements that have been established by REDD+, which has made it possible to show significant progress regarding to other sectors within the UNFCCC framework.

i. Phases and Activities for REDD+

For implementation of the REDD+ approach, three phases have been considered, which have been adopted by ENCCRV; the first of them, called Readiness, promotes the design and conceptual development of all its elements and interrelations at a technical, political, social, and institutional level, such as analysis of drivers for deforestation and forest degradation, the definition of activities that address the drivers, the development of participatory processes for the formulation and validation of the Action Plans or National Strategies for REDD+, among other technical aspects associated to the carbon accounting.

In the second phase of implementation, actions with direct impact on the territory are materialized and tested, which allows at the same time to pilot all the institutional and technical arrangements designed in the readiness stage, as well as the technological developments proposed for the proper monitoring of the activities. Finally, the last phase, called results-based payments, is intended to compensate those countries where it is verified that there is an effective reduction in emissions and/or an increase in the GHG absorption as a result of the activities developed in the implementation phase. This last phase only begins operating when countries prove



¹ For all the references to the different CMUNCC Decisions quoted below, see UNFCCC Secretariat (2016), Key decisions relevant for reducing emissions from deforestation and forest degradation in developing countries (REDD+). Document available in: https://unfccc.int/files/land_use_and_climate_change/redd/application/pdf/compilation_redd_decision_booklet_v1.1.pdf

² Under the Warsaw Framework countries asked to designate a Focal Point for REDD+, it was because of that that in 2014 the Ministry of Foreign Affairs (MINREL, by its Spanish acronym) of Chile, political Focal Point of the UNFCCC, designated with the approval of the Ministry of Environment (MMA, by its Spanish acronym) of Chile - technical Focal Point before the UNFCCC -, CONAF as REDD+ Focal Point of Chile.

emission reductions and/or increase in absorption, measurable, reportable and verifiable by independent entities, as well as the development and implementation of all those background information, elements and systems that allows the verification, recording and sharing of the benefits that have been generated.

Moreover, at the COP 16 of 2010 held in Cancun, Mexico, two key requirements were defined for the implementation of REDD+, one of which is the elements that must be developed to be able to participate in results-based payments for REDD+, which will be presented in the following item. And the other requirement is concerned with the mitigation activities that have to be considered for the development of the REDD+ Strategy on a voluntary basis by the countries³, these activities are:

- ✓ Reduction of emissions from deforestation;
- ✓ Reduction of emissions from forest degradation;
- ✓ The conservation of forest carbon stocks;
- ✓ Forest sustainable management;
- ✓ The increase of forest carbon stocks.

ii. REDD+ Elements under UNFCCC

To make progress in REDD+, the developing countries must have, unavoidably, the following elements:

- ✓ A REDD+ National Strategy or Action Plan
- ✓ A National Forest Reference Emission Level and/or Forest Reference Level (FREL/FRL)
- ✓ A National Forest Monitoring System (SNMF, by its Spanish acronym)
- ✓ A Safeguard Information System (SIS, by its Spanish acronym)

One of the key elements for the implementation of REDD+ activities, is the development of a **REDD+ National Strategy or Action Plan**, where it is described how the emissions will be reduced and how the forests are going to be increased, conserved, and/or managed in a sustainable way in the framework of REDD+ implementation⁴. One of the main components that must be include in the National Strategy, is to identify and propose actions on how to address the drivers of deforestation and forest degradation⁵, taking into consideration national particularities regarding land ownership, the institutionality and governance associated to the forests and other elements, such as gender mainstreaming⁶, ensuring the full and effective participation of relevant stakeholders of Civil Society Organizations (OSC, by its Spanish acronym), indigenous people, and communities that depend on such resources.

In Chile, the ENCCRV was developed through studies that provided the technical basis and a participatory process that concluded in the year 2016, with its validation by the Directive Council of CONAF on October 25th of that year, and by the Council of Ministers for Sustainability (CMS, by its Spanish acronym) on November 14, 2016. Similarly, the relevance of the ENCCRV was also recognized in the speech of H.E. the President of the Republic Ms. Michelle Bachelet, during the high-level segment of the COP 22 of 2016, held in Marrakech, Morocco. Finally, on October 31, 2017, the ENCCRV was approved by means of the Decree N°50 signed by the Minister of Agriculture, Mr. Carlos Furche, and by the President of the Republic.

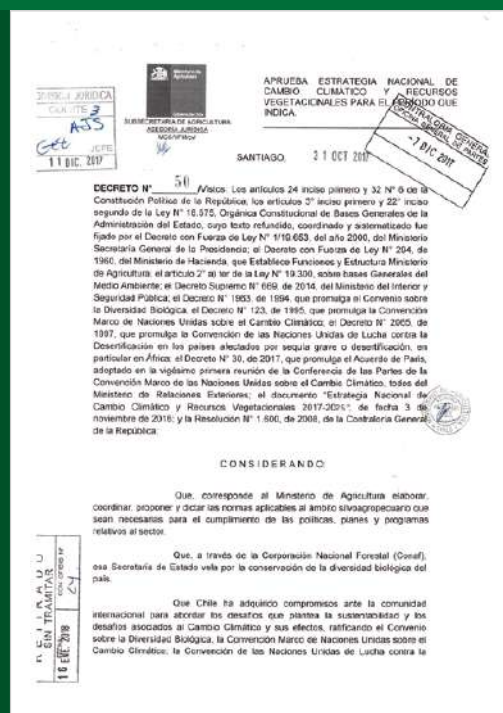


³ Contained in decision 1/CP.16, paragraph 70.

⁴ Contained in decision 1/CP.16, paragraph 71 and 72.

⁵ Information Note N°7. Identification and prioritization of deforestation devegetation and degradation of the plant resources and related problems to increase their coverage and quality as the basis for the design of the action measures of the National Strategy on Climate Change and Vegetation Resources (ENCCRV). Document available at: <https://www.enccrv.cl/nota-informativa-7>

⁶ Information Note N°8. Gender Mainstreaming in the National Strategy on Climate Change and Vegetation Resources (ENCCRV) of Chile. Document available at: <https://www.enccrv.cl/nota-informativa-8>



► Decree N°50 of October 31st, 2017.



► HE the President of the Republic Mrs. Michelle Bachelet at COP 22nd of UNFCCC, Marrakech, Morocco. November 15, 2016.

As it was indicated, a second element requested to the developing countries that seek to progress in the REDD+ approach, is the development of a National **Forest Reference Emission Level and/or Forest Reference Level**, whose objective is to characterize the GHG historic emissions due to deforestation and forest degradation, as well as the absorption resulting from the increase of forest stock, the conservation and sustainable management of forests, projecting them into the future⁷, and thus serving as a comparative basis, to determine the performance during REDD+ implementation.

The FREL/FRL consigned by Chile before the UNFCCC in 2016, was submitted to the evaluation of an independent technical team of the UNFCCC⁸ and, in parallel, by Carbon Fund FCPF experts, successfully overcoming both processes not because of the quality and technical consistency, but for unprecedented progress in a methodology related to determining emissions resulting from forest degradation.

The third element required by the UNFCCC of REDD+, is to develop a **National Forest Monitoring System**, which has to make possible to evaluate the effectiveness of the activities carried out to reduce emissions and/or forest carbon sequestration.

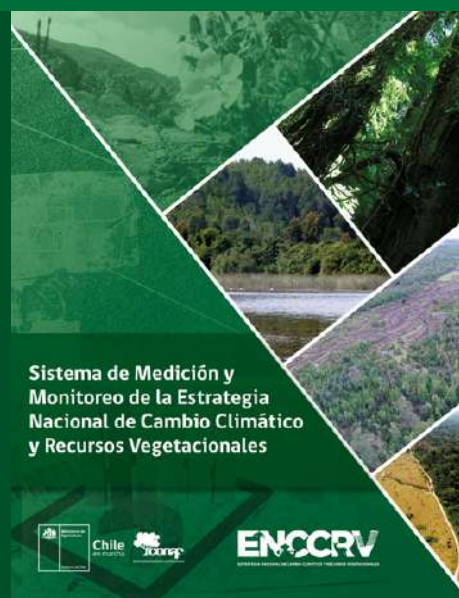
While the need to establish monitoring, reporting and verification mechanisms began to be defined in COP 15, 2009, Copenhagen, Denmark, and in the Bali Action Plan, it was not until it was established in the Warsaw Framework for REDD+ that further details were provided regarding the modalities that should be adopted in the NFMS⁹.

⁷ Contained in decision 1/CP.16, paragraph 71.
⁸ Contained in decision 13/CP.19, paragraph 1.

⁹ Contained in decision 11/CP.19.



- **Chile's sub-national Forest Reference Emission Level and/or Forest Reference Level.**
Document available at: <https://www.enccrv.cl/nref>



- **National Forest Monitoring System of the National Strategy on Climate Change and Vegetation Resources.**
Document available at: <https://www.enccrv.cl/smm>

In the Case of Chile, CONAF, in March 2018, has published the Monitoring and Measurement System (SMM, by its Spanish acronym) of the ENCCRV that encompass the NFMS. The SMM includes in its design the detailed description of the institutional arrangements and structure; the sources of information related to each one of the different integrated systems; the planning of activities for the development of cross-sectorial improvements and report generation; the available financing and sustainability strategy, all of this with an established planning horizon until 2025.

Finally, and as last element, it is required a **Safeguard Information System**, that allows to monitor and follow-up how the seven safeguards, that were established in Cancun's COP, 2010¹⁰, are approached and observed. This SIS must be consistent with the decisions of the Convention, regarding its transparency, flexibility and accessibility for all of those relevant stakeholders during the Strategy implementation, providing information on how each one of them is being addressed as well as other applicable requirements¹¹. During 2018, CONAF is in the SIS development process, which will be in operation starting 2019.

Additionally, in the 17th COP in Durban, South Africa, specifically in its decision 12, paragraph 3, it was established that the countries must provide an Summary of Information on Safeguards that indicate how they are being addressed and respected in the implementation of territory activities, for which some elements have been defined related to the activities that must be included, the national circumstances in which they are addressed and the continuous improvements that are considered for their follow-up¹². Chile has published the First Information Summary regarding the approach, respect and compliance to the safeguards for the ENCCRV formulation, in February of 2018¹³.



¹⁰ Contained in decision 1/CP.16, appendix 1, paragraph 2.

¹¹ Contained in decision 12/CP.17, paragraph 2.

¹² Contained in decision 17/CP.21, paragraphs 4, 5 and 7.

¹³ First Information Summary regarding the Approach, Observance and Compliance to the safeguards for the ENCCRV formulation Document available at: <https://www.enccrv.cl/resumen-salvaguardas>



- **First Information Summary regarding the approach, respect and compliance to the safeguards for the Formulation of the National Strategy on Climate Change and Vegetation Resource (ENCCRV) of Chile. Reporting Period 2013-2017.**
Document available at: <https://www.enccrv.cl/resumen-salvaguardas>

iii. Paris Agreement and Results-Based Payments

In COP 21, 2015, Paris, France, the Paris Agreement¹⁴ was adopted, considered as a powerful document in taking actions to combat climate change, existing high expectations of its effects at the time of implementation. The Agreement establishes that the developed and developing countries, state voluntarily their own NDCs¹⁵, goals that once they are consigned to the Secretary of the UNFCCC and are ratified by the countries, become legally binding.

The Paris Agreement, has the objective to reinforce the world answer to the climate change threat, in the context of sustainable development and of the efforts to eradicate poverty, always in a way that reflects equity and the principle of common but differentiated responsibilities, and to this end indicates that is necessary, to keep the global average temperature well below 2°C and continue efforts to limit this increase in temperature to 1,5°C regarding the pre-industrial levels, increase the capacity to adapt to the climate change effects, and to make a financial flow consistent with low GHG emissions and climate resilient development¹⁶.

Special mention is done in the Paris Agreement to the Green Climate Fund (FVC, by its Spanish acronym) and its role, in matter of financing, for countries that progress in their REDD+ strategies¹⁷. An important milestone in this regard, is that in September 2017 in El Cairo, Egypt, a meeting of the FVC Council was held, defining a specific financing window for developing countries to access to results-based payments related to REDD+. This broadens the options of Chile to access this international financing modality, as it is complementary to what is already been worked within the FCPF Carbon Fund framework and to enter in possible bilateral agreements with developed countries in this regard.



¹⁴ For all the references to the Paris Agreement of the UNFCCC that are cited below, see: Secretariat of the UNFCCC (2015), Adoption of the Paris Agreement. Link: <https://unfccc.int/resource/docs/2015/cop21/eng/l09r01.pdf>

¹⁵ Nationally Determined Contribution to the Climate Change Paris Agreement. Document available at: <http://www4.unfccc.int/Submissions/INDC/Published%20Documents/Chile/1/Chile%20INDC%20FINAL.pdf>

¹⁶ Contained in Paris Agreement, article 2.

2.2. National Strategy on Climate Change and Vegetation Resources of Chile

i. General Background Information

In Chile, formulation and development of the different elements required for REDD+, has been carried out since 2010 with the design of the ENCCRV, under the coordination of the Climate Change and Environmental Services Unit (UCCSA, for its acronym in Spanish) of the Management Office on Forest Development and Support (GEDEFF, by its Spanish acronym) of CONAF, entity dependent on the MINAGRI, that has the role of the National Focal Point of REDD+ before the UNFCCC.

It has been arranged that the ENCCRV structure integrates all the actions to progress in the REDD+ requirements, as well as the other requirements specific to the United Nations Convention to Combat Desertification (UNCCD), such as develop elements to advance in the Land Degradation Neutrality LDN¹⁸ mechanism.

At national level, the ENCCRV has been considered as key public policy instrument to achieve the goals of the NDC, both, in the mitigation area as in adaption to climate change.

The main goal of the ENCCRV is to “reduce social, environmental and economic vulnerability generated by climate change, desertification and soil degradation and drought on plant resources and human communities that depend on them, in order to increase ecosystem resilience and contribute to mitigate climate change promoting reduction and capture of greenhouse gas emissions in Chile”. This instrument corresponds to a set of action measures that differ in the way in which they impact and are executed in the territory, being this action measures of a direct nature, when they generate environmental, social, and economic benefits in the territory given their operational characteristic, or of a facilitation nature, when they allow or enhance implementation of the direct measures.

As for REDD+, development of the ENCCRV was performed using the three phases aforementioned (Figure 1). In this context, in the Readiness phase of the ENCCRV participation and validation processes and also technical studies with national and international specialists were executed, and the first projects in the territory established, with the aim of strengthening capacities at national level on the different technical topics and approaches that are proposed in REDD+ for the implementation phase.



¹⁷ Contained in Paris Agreement, paragraph 59.

¹⁸ The first National Report of DNT in the framework of the ENCCRV to the Secretariat of the UNCCD was done in January 15th, 2018, by the Directorate of Environment and Oceanic Affairs of the Ministry of Foreign Affairs (MINREL) on behalf of the Government of Chile. Document available at: <https://www.enccrv.cl/rep-neutralidad>

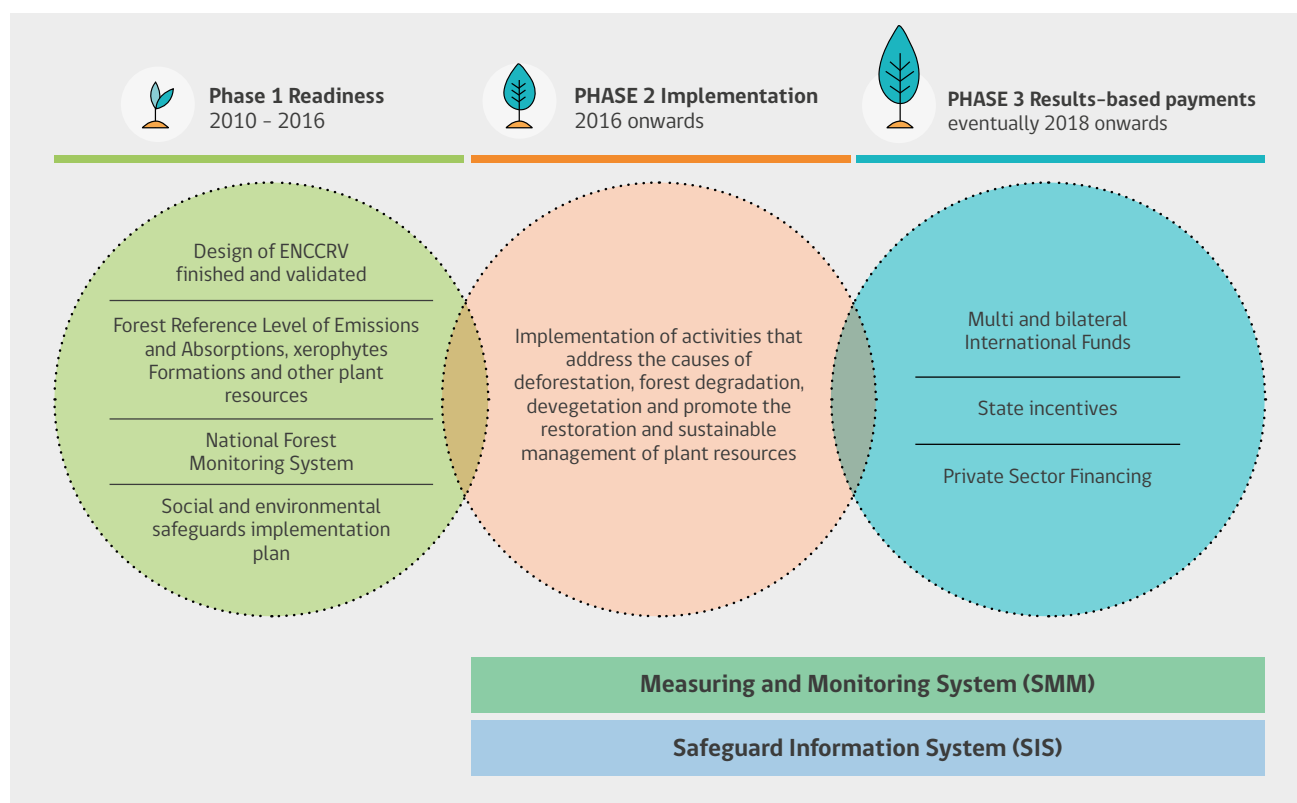


Figure 1. Phases, elements and systems of the ENCCRV.

For the third phase of Results-based Payments, which seek to repay the countries that have achieved to reduce effectively their emissions, various sources of financing are considered and analyzed that can contribute with the ENCCRV, whether public, private, bilateral and/or multilateral, as the window that was opened in 2017 for Results-based Payments in the FVC, that was previously mentioned.

ii. Formulation and Validation Process

Formulation of the ENCCRV was structured based on 15 regional workshops, one in each administrative region of the country (Figure 2), plus one at national level, where through a methodology that allowed identification of different Focal Groups (GF, by its Spanish acronym) with direct or indirect relation to the vegetation resources¹⁹, sought to prioritize in a consensual manner guidelines with local relevance that would facilitate the ENCCRV formulation and the definition of its action measures, with the objective that the rights of the Indigenous People, local communities or disadvantaged groups are not affected, ensuring active and effective participation of women, as well as other guidance elements considered, such as identifying drivers of deforestation and forest degradation, improvement of monitoring, analysis and processing of legal background to improve the forest legislation, and other analysis such as raising relevant inputs that allowed to contribute in the design of the core elements of the national SDB²⁰. In addition, two workshops of experts were added, where specialists in the topics got together and from which guidelines and technical inputs were obtained that contributed to strengthen both, the studies as well as the results obtained from the workshops with the GF.

¹⁹ To see the definition and identification methodology of the Focal Groups see Social and Environmental Safeguards Implementation Plan of Public and Indigenous Consultation and Self-assessment of the ENCCRV. Document available at: <https://www.enccrv.cl/doc-salvaguardas>

²⁰ Preliminary inputs on Benefit Distribution System. Document available in https://www.forestcarbonpartnership.org/sites/fcp/files/2016/Aug/8-ER%20Title%20Transfer%20and%20Benefit%20Sharing%20report_-_chile_esp%C3%81ol.pdf

Regarding this last two inputs, the process considered consultation regarding approaches and expectations that different stakeholders of the GF had in regards potential expected benefits when implementing that action measures, or their willingness to participate in the executions without receiving monetary compensation, by endorsing the positive effects of implementation the action measures in their regions, and finally, about the mechanisms that to their thoughts, could facilitate the distributions and delivery of benefits that are promoted under the ENCCRV²¹.

iii. Targets of the ENCCRV

After the participatory and technical formulation processes and validation of the ENCCRV, it was determined inevitably the need of differentiating the targets of this public policy instrument in two areas, one focused in mitigation and the other in adaptation to climate change, being these areas reflected in the following targets:

Mitigation Target

"Reduce GHG emissions associated to degradation and deforestation by 20% by 2025, based on the emissions in the period 2001–2013, as well as to increase the capacity of the vegetation resources as carbon sink".

Adaptation Target

"Reduce the vulnerability associated to the risk of land degradation through the management of vegetation resources by means of the direct intervention of at least **264.800** hectares, between 2017 and 2025. The contribution to the reduction of the vulnerability will be assessed in terms of indicators associated to biodiversity, provision of ecosystem services such as the supply and regulation of the water flow and quality, as well as land productivity".

It is important to highlight that these goals will be achieved based on the integration of various activities established for each one of the action measures that have been defined for the ENCCRV, considering, in addition, new financial resources for the implementation.

iv. Action Measures of the ENCCRV

During formulation and validation process of the ENCCRV, the main issues that affect the native plant resources of the country were defined and later, the activities and action measures that should be adopted to face these conflicts were identified. These action measures are classified in two modalities, being one of them called "direct", which generate environmental benefits, for example forestation, forest restoration, among others. The second category is called "facilitative" and is intended to allow or enhance the implementation of the direct measures, for example, institutional partnerships, related legislative definitions or capacity building for relevant stakeholders.

In this context, the action measures are grouped under seven activities associated to the priority drivers and an activity of a transversal characteristic to all the causes. As a whole, these activities imply the implementation of 26 action measures, from which seven are direct and 19 are facilitative²².



²¹ For more information check Information Note No. 25. Participation as a tool for the formulation of the National Climate Change Strategy and Vegetative Resources (ENCCRV) of Chile. Document available in <https://www.enccrv.cl/nota-informativa-25>

- Informative Note No. 21. Self-Assessment Process of the National Strategy of Climate Change and Vegetative Resources of Chile. Document available in: <https://www.enccrv.cl/nota-informativa-21>

- Informative Note No. 17. Dialogue and Participation Process with Indigenous Peoples in the formulation of the National Strategy for Climate Change and Resources Vegetacional (ENCCRV) of Chile. Document available in <https://www.enccrv.cl/nota-informativa-17>

- Informative Note No. 12. Citizen Consultation Process for Validation and Strengthening of the National Strategy for Climate Change and Vegetative Resources (ENCCRV) (2017–2025) of Chile. Document available in: <https://www.enccrv.cl/nota-informativa-12>

²² For more information, review the National Strategy for Climate Change and Plant Resources (ENCCRV). Document available at: <https://www.enccrv.cl/libro-enccrv2017-2025>

2.3. Forest Carbon Partnership Facility

The FCPF was designed to provide assistance to developing countries in their efforts to reduce emissions generated by deforestation and forest degradation, besides promoting preservation, strengthening its capacity and formulating a methodological and regulatory framework that provides incentives for the execution of the REDD+ Programs. For this the FCPF defines the following objectives:

- ✓ Assist countries that can participate in REDD+ initiatives in their efforts to reduce the emissions from deforestation and forest degradation by providing them with technical and financial assistance, in building their capacity to benefit from possible future systems of incentive for REDD+;
- ✓ To test a results-based payment system to achieve Emission Reductions starting from REDD+ activities, with a view to ensuring equitable benefit sharing and promoting future large-scale positive incentives for REDD+;
- ✓ Test ways to sustain and enhance the means of livelihood of local communities and to conserve biodiversity;
- ✓ Widely disseminate the knowledge gained with the development of the Facility and the implementation of REDD+ readiness preparation proposals and Emission Reductions Programs.

To achieve these objectives, the FCPF consists of two funds:

- a) The Readiness Fund;
- b) The Carbon Fund.

The Carbon Fund is designed to test the implementation of REDD+ Programs through incentives. Participants seek to achieve net emission reductions of all its Strategy, and to apply in a experimental manner to REDD+. Carbon Fund Participants will take this into account when selecting Emission Reductions Programs for signing the corresponding Emission Reduction Payment Agreement (ERPA).

Since the year 2014 the FCPF has contributed with financing and technical support to Chile to move forward in the readiness phase of REDD+²³.

The Readiness Fund, which supports countries on formulating their REDD+ strategies, defines their reference levels and monitoring systems and also establish how they will address the environmental and social safeguards.

With the support of the Readiness Fund, Chile developed the participatory and technical processes of formulation and validation of the ENCCRV, defining at the same time the first operational and technical scopes and considerations that the SDB, associated to Results-based Payment phase of REDD+, should have.

Besides moving forward in each of the readiness Fund stages, complying the national and international requirements—like those of the FCPF— allowed that the ENCCRV to: (i) demonstrate the national commitment with the UNFCCC and REDD+, (ii) move forward and show transparency in the preparation for REDD+, (iii) ensure the participation of stakeholders at a regional and national level, in a process socially endorsed, in order to avoid or mitigate possible environmental and social risks, (iv) receive technical feedback and guidance from national, international counterparts specialists as well as from other countries, and ultimately, (v) broaden the possibilities of receiving technical and financial support from international funds for the implementation of the activities²⁴.



²³ Information Note N°4 "International Cooperation in the National Strategy on Climate Change and Plant Resources (ENCCRV) of Chile". Link: <https://www.enccrv.cl/nota-informativa-4>

²⁴ CONAF, 2016. Readiness Package of Chile for the FCPF. Document available in: <https://www.forestcarbonpartnership.org/sites/fcp/files/2016/Aug/Chilean%20R-P-August%208-2016-%20Spanish.pdf>

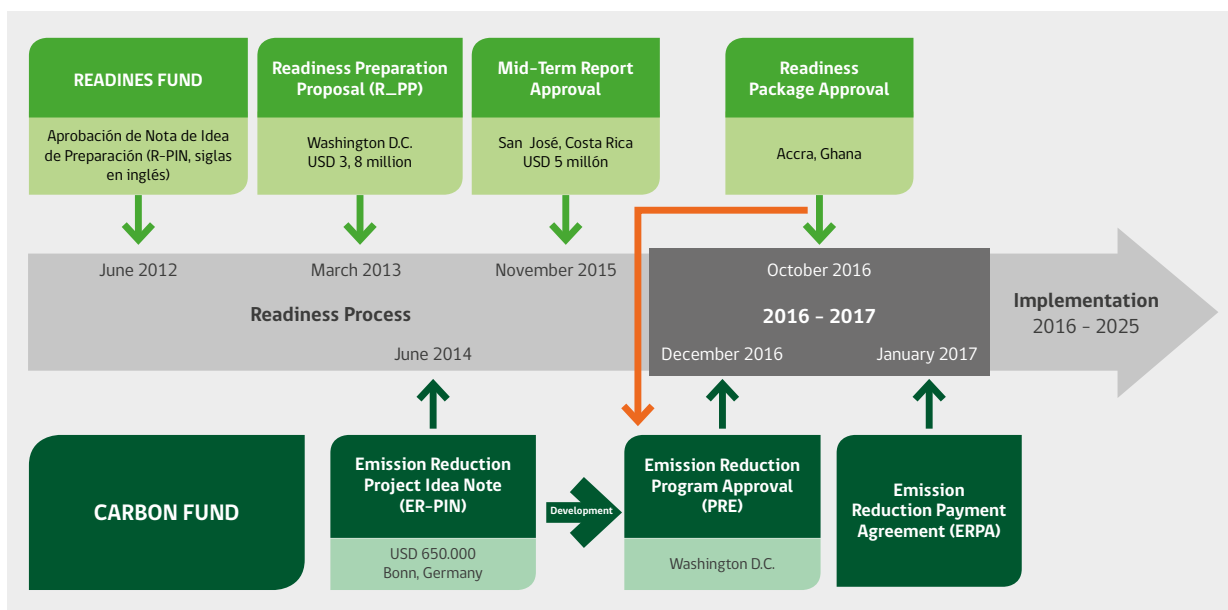



Figure 2. Chile's Progress and Products in the Readiness and Carbon Funds of the FCPF.

The countries that progress successfully in the Readiness Fund, of the FCPF, are the ones that are able to participate in the Carbon Fund, this instance allows to receive technical support from the World Bank, to elaborate a document called "Emission Reductions Program" (PRE, by its Spanish acronym), which must comply with the Methodological Framework (MM, by its Spanish acronym) of the Carbon Fund, that guides its development to give compliance to the criteria and indicators that proposes and that must be accomplished. The general integration that the Readiness and Carbon Funds have under the FCPF, in the case of Chile is shown in Figure 2.



► **Methodological Framework of Carbon Fund, Ver. June 10, 2016.**

The Carbon Fund Methodological Framework aims to guide the development of the Emission Reductions Program for which establishes general guidelines that act as a standard design to achieve a consistent approach regarding carbon accounting and characteristics of the programs to be developed. For that reason a set of 38 criteria and 76 indicators are used to formulate the requirements that must fulfill the Programs to be piloted, grouped in Level of Ambition, Carbon Accounting, Safeguards, Program Design and Implementation and Emission Reduction Transactions.

Document available in: https://www.forestcarbonpartnership.org/sites/fcp/files/2017/Jan/Marco%20metodol%C3%B3gico%20del%20Fondo%20del%20Carbono%20del%20FCPF%20final_0.pdf.

Chile's PRE contemplates the implementation of REDD+²⁵ in 5 regions of the country, from the Maule Region to the Los Lagos Region, as the program that establishes the first field actions to reduce emissions and increase carbon absorption in order to pilot the various technical, legal, financial and administrative mechanisms that are being developed under the ENCCRV, and that will eventually allow for results-based payments.

Chile presented and approved its PRE on December 15, 2016 at the 15th Meeting of the Participants Committee of the Carbon Fund, in Washington D.C., being Chile the first country in the world to circumvent such stage without any binding conditions or observations; milestone that allowed, as of 2017, to begin the readiness process for the subsequent ERPA negotiations, which is expected to be signed during 2018.

2.4. Requirements for the SDB from FCPF

One of the most important background information associated to the SDB design that is addressed in Chile's PRE, is to have considered the specific guidelines and requirements for its design, which are demanded to countries that develop their PRE through the Carbon Fund MM. In summary, these guidelines correspond to the following aspects²⁶:

- ✔ Describe the institutional arrangements considered;
- ✔ Definition of monetary and non-monetary benefits;
- ✔ Elaboration by means of a transparent, participatory and, consultative process, appropriate for the context of the country, based in the Readiness stage and obviously taking into account the already existing mechanisms;
- ✔ Transparent implementation; and
- ✔ Framed in the national legal context.

In 2014, when Chile entered the Carbon Fund, a Letter of Intent²⁷, that establishes preliminary parameters of negotiation to receive payments, was signed, where is indicated that Chile's PRE could offer to the FCPF a volume of up to 5,2 million tons of CO₂ equivalent (MtCO₂e) associated to its accounting area. Given that the Carbon Fund establishes a price of USD 5 per ton, it is expected that the country may obtain an income of USD 26 million, associated to emission reduction generated between 2107 and 2025. Based on the background information of the FREL/FRL and ex ante evaluations regarding the PRE implementation, it is estimated that this volume will be achieved without inconvenient even in the more pessimistic investment scenarios.

From 2017 to date, Chile has been preparing the effectiveness documents that resulted as recommendations after the meeting with the Carbon Fund, where the PRE was approved. With these inputs developed, plus the acceptance of the proposed commercial conditions by the donors, it is expected that the country can sign the ERPA during 2019. Within this inputs it is considered to make the SDB more precise, with the objective of having clarity that the payments under the Carbon Fund, or from another financing source, will be distributed in a transparent, equitable, and traceable way.



²⁵ Forest Sustainable Management was not considered because of existing technical limitations that are going to be analyzed to evaluate in the short-term their incorporation. CONAF, 2016. Chile's Emission Reduction Program for the FCPF. Document available at: https://www.forestcarbonpartnership.org/sites/fcp/files/2016/Nov/ER-PD%20Chile-%20Final-%2024%20Octubre%202016_0.pdf

²⁶ FCPF, 2013. Carbon Fund Methodological Framework. Document available at: [https://www.forestcarbonpartnership.org/sites/fcp/files/2014/July/Marco%20methodol%C3%B3gico%20del%20Fondo%20del%20Carbono%20%20del%20Fondo%20Cooperativo%20para%20el%20Carbono%20de%20los%20Bosques%20version%20final%2012%202013%20\(updated%20July30%202014\).pdf](https://www.forestcarbonpartnership.org/sites/fcp/files/2014/July/Marco%20methodol%C3%B3gico%20del%20Fondo%20del%20Carbono%20%20del%20Fondo%20Cooperativo%20para%20el%20Carbono%20de%20los%20Bosques%20version%20final%2012%202013%20(updated%20July30%202014).pdf)

²⁷ The letter can be accessed at: <https://www.forestcarbonpartnership.org/sites/fcp/files/2014/November/Letter%20of%20Intent%20signed%20Chile.pdf>

National approach to a SDB associated to REDD+



National approach to a SDB associated to REDD+

Chile's SDB design that is described in this document, has been developed based on the technical inputs and with the participatory instances carried out during the formulation and validation of the ENCCRV, and complemented by the background information review and discussions with national and international experts that, for years, the CONAF team has performed with the purpose of having an operational SDB, efficient and accepted by all the stakeholders.

At global level and following the guidelines of the REDD+ approach, both within the UNFCCC framework and other international bodies associated to this matter, it has been stated that the SDB of the ENCCRV must satisfy criteria of efficiency and effectiveness, transparency, equity, as well as defining the type of benefits and how they will be shared among the stakeholders. In this sense, it has been established the following basic criteria that the SDB of the ENCCRV must consider:

- ✓ Is a unique national system that must meet, in a comprehensive way, the requirements of all the international bodies that currently and in the future allow Chile to access to results-based payments, for example the Carbon Fund, FVC and bilateral agreements;
- ✓ Considers the non-monetary benefits sharing;
- ✓ It will focus mainly in smallholders (that includes agricultural and indigenous communities), and;
- ✓ Use the preexisting management structure in Chile associated to climate change, at national and regional level, complemented by instances of participation of various stakeholders.

► Monetary and Non-Monetary Benefits Definition in the SDB framework of the ENCCRV



Non-Monetary Benefits (*in kind*): Those generated by implementing the action measures of the ENCCRV. These include technical assistance, farm consumables, forestry work execution, regularization of property titles, among others, which are assigned through two modalities established by the SDB.



Monetary Benefits: allocation of economic resource made directly to the beneficiaries for their use and disposal (*in cash*), type of benefit that is not contemplated under the SDB of the ENCCRV.

In addition, and considering the administrative costs that implies the access to results-based payments, as well as implementing the facilitative action measures of the ENCCRV, it has been determined that a 20% of the financial resources that will be received under this concept are managed in a centralized manner, and the remaining 80% distributed between the regions where the emission reduction and/or the increase in absorption was generated which enabled obtaining the payments to finance projects associated to the direct action measures of the ENCCRV.



A key aspect to understand, regarding results-based payments of REDD+ and its consequent relation with SDB, is that the volume for which it is monetarily compensated corresponds to the difference between the estimated volume of emissions in the FREL/FRL for the accounting area in an historical period and the estimated volume of emissions in the different monitoring milestones. Chart 1 exemplifies what Chile has defined for the Carbon Fund.

For the case of deforestation, forest degradation, increase of stock and forest conservation, in Chile's FREL/NRF, the volumes of emissions and absorptions were estimated at a regional scale. In each monitoring milestone the emissions and absorptions will be estimated with the same scale, making it impossible to identify what specific actions in the land, at a lower scale, could be considered as incremental and which not, and therefore not attributable to a spatially explicit area nor either to individual owners (Figure 3).

In the specific activities associated to absorption, even though it is possible to identify with greater spatial precision the areas where they are being generated, it is not technically feasible to segregate those that allow reaching the volume estimated in the FRL and those that should be considered additional.

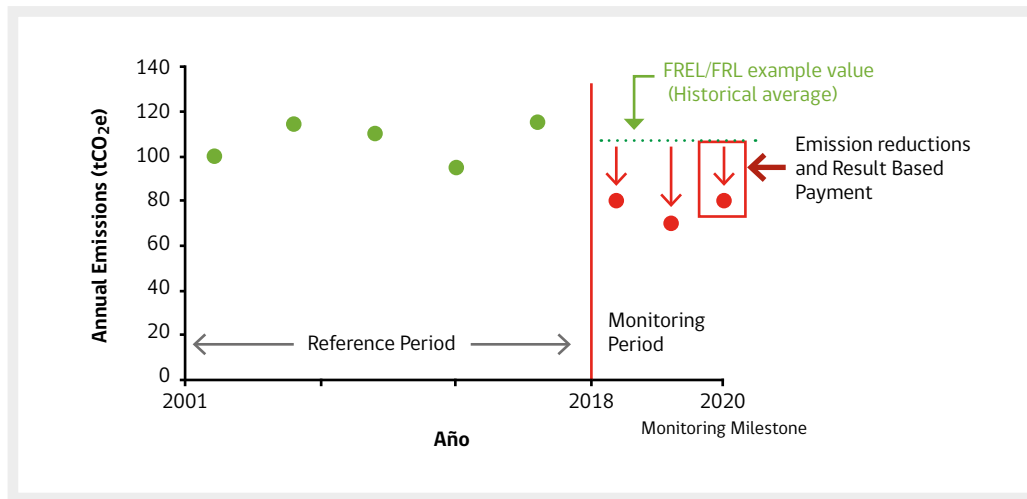


Figura 3. Graph of the monitoring milestone and obtaining emission reduction.

According to the above, and based in a purely technical consideration of carbon accounting in the ENCCRV framework, it is not feasible for an individual owner to be attributed or to demonstrate that has rights over a reduction or emission capture estimated at a regional level. However, and with the purpose to avoid this situation that could be understood as conflictive, in the SDB it has been considered that the non-monetary benefits to give, are in line with what thousands of persons indicated in the ENCCRV formulation and validation workshops, and at the same time all is generated under a transparent and traceable process for any stakeholder.

Chart 1. Planning of the Monitoring Milestones associated to the Carbon Fund.

Monitoring Milestone	Years	Report
1	2018-2019	2021
2	2020-2021	2023
3	2022-2023	2025

SDB for the ENCCRV of Chile



SDB for the ENCCRV of Chile

4.1. General scopes

Based in global definition of concepts for benefit-sharing systems, and the corresponding adaptation to the national context, the SDB of the ENCCRV is understood as: **“the way in which the different areas are compensated, the benefits that are generated implementing the action measures of the ENCCRV with the financing received by results-based payments associated to REDD+”**. As a basic principle it is stipulated that the SDB for the ENCCRV be clear, effective, coherent, equitable and transparent, additionally respecting the customary rights to land.

The process of designing and surveying the minimum considerations that the SDB should have started once the Plan for Environmental and Social Safeguards Implementation of Public and Indigenous Consultation and Self-Assessment was defined and applied, obtaining inputs from the different participating Focus Groups in these processes regarding to:

- Expected benefits of the implementation of the action measures (direct and indirect);
- Willingness to participate of the implementation of the ENCCRV without receiving monetary benefits directly²⁸;
- Feasible mechanisms for benefit-sharing and distribution.

This preliminary guidances where considered in view of the demands that are established in the MM of the FCPF, when it is requested that the SDB counts with “broad community support”, through the engagement of various stakeholders in the formulation and validation phases of the ENCCRV, and made it possible to consult, for example, if the communities would consider valid non-monetary benefits that could arise from the implementation of the action measures of the ENCCRV; and, with “the support of others actors involved”, for which the Intraministerial Technical Committee on Climate Change (CTICC) of the Ministry of Agriculture and at the regional level the Regional Councils on Climate Change (CORECC) has been considered as part of the SDB governance structure at the national level.

To reinforce the above, these procedures are supported in explicit demands for the SDB “in what it was executed during the national preparation phase (including the Strategic Environmental and Social Evaluation)” established in the Carbon Fund Framework, and that were recorded in reports and audiovisual records of the fifteen regional workshops that were considered in the development of the Strategic Environmental and Social Evaluation (SESA) of the ENCCRV, and that reflects general considerations for the approach that has been taken at the SDB.



²⁸ An important part of the answers indicates that they were willing to do so, since they value the benefits that by their nature, do not allow the allocation of resources from owner to owner, for more information on this background see Regional Reports (15) and audiovisual records of the ENCCRV's formulation process. Regional Reports and SESA Workshop audiovisual records. Available at: <http://www.conaf.cl/nuestros-bosques/bosques-en-chile/cambio-climatico/enccrv/>

Thus, the work developed under the ENCCRV for the SDB design, will allow that these resources are channeled through previously established processes which ensure:

- **Legality**

It is based in national and international legal framework, to which the country is attached, respecting the property rights, the indigenous rights and the legal provisions related to plant resources.

- **Engagement**

The participation of various national platforms in the field of climate change has been considered, as well as regional participation instances with OSC, indigenous peoples and academia, with the purpose to increase the diversity and relevance of the decisions regarding the use of the resources coming from results-based payments.

- **Legitimacy**

It is considered to count with various agreement and monitoring areas at different levels (national and local), where the decision-makers from different fields converge, in order to materialize the proposals contained in the ENCCRV and ensure the synergies with other government initiatives and demands in matter of climate change.

- **Effectiveness**

Incentives through the implementation of action measures in the territories allow to progress in modifying the behavior associated with deforestation and forest degradation, as well as in encouraging conservation and sustainable forest management, recognizing and respecting the beneficiaries organization and production forms.

- **Sustainability**

The proposed structure must enhance the country's climate change institutionality, avoiding the creation of parallel structures and programs, given that the current one has spaces to expand the engagement of other stakeholders and fields to be developed, promoting intersectorality in the management of the resources and national and regional scope approaches compatible with the ENCCRV.

- **Completeness**

In order to correctly balance the ENCCRV with the mitigation, adaptation and vulnerability to climate change needs, focusing on the territories, beneficiaries and technical prescriptions that are established for the implementation of the action measures, parameters of other environmental services will be considered that complement those of carbon, among them, it can be highlighted, water resources, biodiversity, soil conservation along with others of socio-cultural characteristics.

In order to satisfy these characteristics, a structure and operation has been established in two levels, one national and the other regional (Figure 4), which will guide the implementation phase of the activities that are financed with the resources coming from results-based payments.

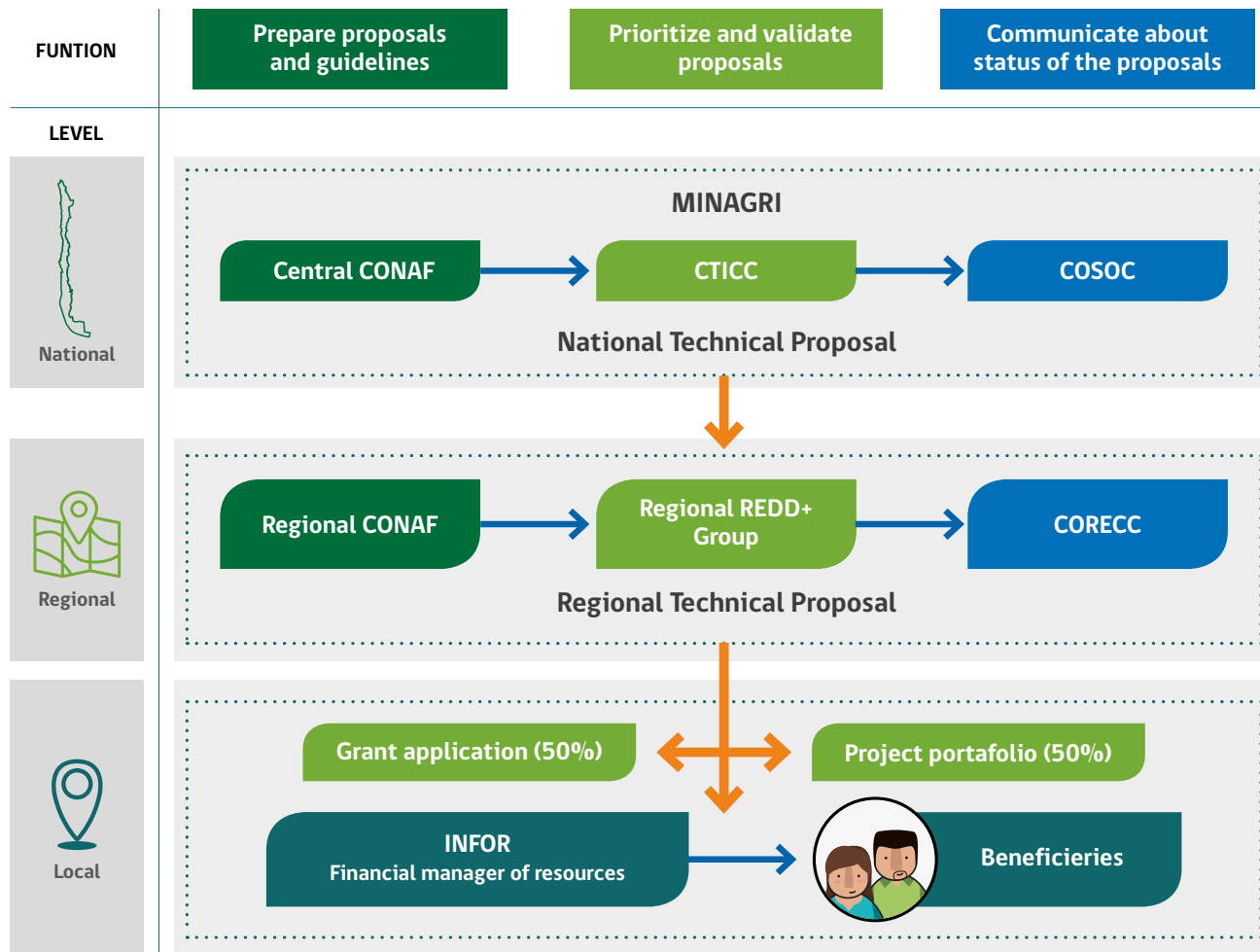


Figure 4. Structure and decision-making levels of the SDB for the ENCCRV.

In the first instance, it considers the definition and validation of a **National Technical Proposal**, which will be prepared by the Central Office of CONAF and then be reviewed and validated by the CTICC and informed to the Civil Society Council of CONAF (COSOC) (Figure 5). This proposal must consider at least the following aspects:

- ✓ Prioritization of the action measures of the ENCCRV, which must be selected later at regional level.
- ✓ Financial allocation, for each region that contributed in emission reductions and/or increase of forest carbon absorption for which they received resources to make results-based payments.

► National Technical Proposal

The National Technical Proposal, among other background information, will define two fundamental elements associated to the SDB, the first one of them is the **prioritization of the direct action measures** in the ENCCRV that are proposed to be implemented in regions with financing obtained from results-based payments. This will ensure that the resources coming from the results-based payments, associated to REDD+, are reinvested in the territories in forestry practices that are part of the direct action measures of the ENCCRV. Equally the National Technical Proposal must have general technical requirements for the implementation of the projects, procedures to execute the forest extension, and other background information that allows to justify the proposal on the basis of its environmental, social, and economic relevance.

In second place, at regional level in each one of the Proposals at least the following elements must be included:

- ✓ Targeting the areas where the projects associated to the direct action measures of the ENCCRV will be implemented.
- ✓ Evaluation criteria for the grant application.

In this case, the Regional Groups of REDD+ participate, together with the regional offices of CONAF, to subsequently inform CORECC.

► Regional Technical Proposal

The Regional Technical Proposal must contain the national guidelines that the CTICC validates, will focus on: the targeting of areas in each region where the associated projects will be executed to the measures of action of the ENCCRV, in addition to identifying the possible beneficiaries to prioritize under the two modalities of execution that are contemplated at regional level, that is to say the addressing by the REDD+ Groups and the direct allocation through grant application administered by CONAF; and finally the third element to be defined will be the final distribution of regional financing.

4.1.1. Prioritization system to implement the action measures of the ENCCRV

The prioritization instances of the areas where to develop projects associated to the direct action measures of the ENCCRV, that are contemplated in the SDB, will be based on the "Prioritization System" that is being developed by CONAF, that counts with the GEF funding and technical assistance of the World Bank.

The objective of this system is to integrate data bases and decision-making and flexible result display tools that allow identifying priority areas and eligibility of beneficiaries, based on a selection of environmental, economic, and social criteria, to help in the decision-making process associated to the implementation of the direct action measures of the ENCCRV.

The design of this system began at the beginning of 2018 and is expected to be in operation at the end of the year 2019. The development of this system considers the following stages:

- Identify criteria to prioritize areas and beneficiaries eligibility linked to the implementation of the action measures of the ENCCRV.
- Collect, analyze, and systematize data and information applicable to the identified criteria for prioritization, focusing on those developed based on studies performed in the readiness stage of the ENCCRV.
- Build conceptual and operational algorithms; and develop adequate and flexible tools for the prioritization of areas of implementation and beneficiaries' eligibility of the action measures of the ENCCRV.
- Propose areas for implementation and beneficiaries by applying the tools based in operational algorithms for the implementation of the action measures of the ENCCRV.

4.1.2. Eligibility of potential beneficiaries

For the identification and prioritization of the beneficiaries in the SDB's framework for the ENCCRV the related definitions provided in the Law N°20.283, regarding recovery of the native forest and forestry development and the corresponding regulations, will be used as a basis.

Based on the above, the prioritization will be focused at first instance in the category called "Small Forest Owners". Equally, those beneficiaries classified as "Mid-size Owners" will be considered.

The prioritization considers aspect of environmental, economic, and social vulnerability to be specified at regional level, taking into account aspects such as gender, presence of indigenous peoples and vulnerable population.

For its part, the incorporation of Mid-size Owners in the SDB responds to the potential interest in establishing landscape-scale approaches, because this type of beneficiaries have larger area under their control, therefore the environmental and social benefits generated intervening this areas can have a positive impact in the surrounding neighbors, for example, improve the water regime in the basin, reduce the risk of natural disasters, among others.

The definitions established by the Law N°20.283 in this case correspond to the following:

● **Small Forest Owners:**

The person who has a title of ownership of one or more rural properties with a total surface area not exceeding 200 hectares, or of 500 hectares when these are located between Regions I and IV, including XV; or of 800 hectares for properties located in the Lonquimay commune, in the IX Region; in the Palena province, in the X Region; or in the XI and XII Regions, whose assets not exceed the equivalent of 3.500 unidades de fomento; that its income comes mainly from farming or forestry and that it works directly the land, in its property or in another property of third parties.

It will be understood included in small forest owners the **agricultural communities** under the force of law N° 5, of 1968, from the Ministry Of Agriculture; the **indigenous communities** regulated by law N°19.253; the communities on common goods resulting from the Agrarian Reform process; rain fed companies formed according to article 1° of the decree N° 2.247, of 1978, and the companies referred

to in article 6° of the law N° 19.118, provided that, at least, 60% of the social capital of such companies in held by the original partners or of people that have the quality of small forest owners, as certified by the Agricultural and Livestock Service²⁹.

● **Other stakeholder:**

Group of owners that considers all of those that do not comply with the category of small forest owners defined above.

- **Mid-size Owner:** Category that groups those that do not comply with the criteria of the Forest Consortium, nor the Big Landowners, neither the Small Forest Owners.

It is important to highlight that in the National Technical Proposals and the Regional Technical Proposals for the SDB, Forest Consortiums will not be eligible, which correspond to those that have the category of society related to economic groups (such as Arauco, Compañía Mnuufacturera de Papeles y Cartones -CMPC or Masisa Sociedad Anónima).

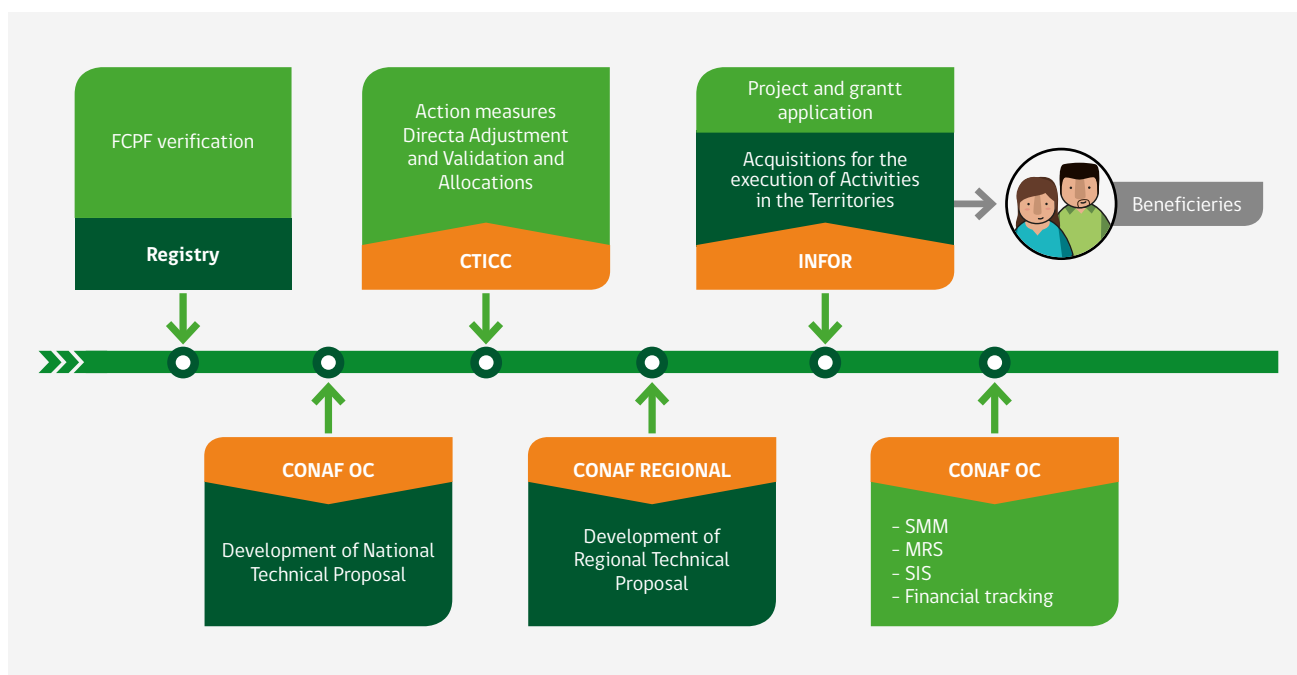


Figure 5. Management Process of the National and Regional Technical Proposal.



²⁹ Only for the purposes of the provisions of the third paragraph of article 22 and the first paragraph of article 25, it would be understood that a small forest owner to be one who meets the requirements established in the first paragraph and who has acquired the status of regular holder in accordance with the provisions of Decree-Law No. 2.695 of 1979. This circumstance shall be evidenced by a copy of the registration of the resolution that granted the regular possession of the property of the corresponding Real Estate Conservator.

4.2. SDB Structure and Process

4.2.1. Procedures at central level

At this level the process of defining guidelines from the arrival of the funds is described. Once the Emission Reduction Payment Agreement (ERPA) has been signed with the State of Chile, the resources will be transferred from the World Bank to the Agency for International Cooperation and Development (AGCID), which will transfer to the Forestry Institute (INFOR), which will manage the funds that will be technically executed by CONAF. This process is accomplished prior to the administrative steps that are typical of the Chilean state structure.

Once the income of the financing has been made according to state regulations and procedures and with the objective to assure the engagement of the main stakeholders of the institutionality for the climate change of the country, the aim is to provide the SDB of a decision-making body to manage these resources with a public policy approach at national level, thus giving subject matter transversality and intersectorality to the approaches and decisions that are taken in a more strategic aspect. In this logic the relevant institutionality bodies of the country for the climate change are involved (Figure 4), to adjust and validate a National Technical Proposal.

i. Inter-Ministry Committee on Energy and Climate Change (CTICC)

The role to develop this proposal is in the hands of CONAF HO, specially the UCCSA –as REDD+ Focal Point– and its different internal technical units of the Corporation. The proposal will be submitted to review and validation of the Inter-Ministry Committee on Climate Change (CTICC) of the MINAGRI, which has a more transversal role, being an internal working group of the Ministry where all of the Public Services that depend on it participate, and that implement and manage the forestry development policies and instruments.

The CTICC was established on April 17, 2015 by Ordinary N°275 of the Undersecretary of Agriculture, but it was not until December 4, 2017, by Decree N°360, of the Ministry of Agriculture that it was formally established. Its role is to coordinate the elaboration of national and international proposals and approaches of the MINAGRI regarding climate change and initiatives that link it. It is coordinated by the Office of Agrarian Studies and Policies (ODEPA³⁰, by its Spanish acronym), and its integrated by the Undersecretary of Agriculture, Agricultural and Livestock Service (SAG³¹, by its Spanish acronym), the Institute of Agricultural Development (INDAP³², by its Spanish acronym), National Irrigation Commission (CNR³³, by its Spanish acronym), CONAF³⁴, the Forestry Institute (INFOR³⁵, by its Spanish acronym), the Institute of Agricultural Research (INIA³⁶, by its Spanish acronym), CIREN³⁷, the Foundation for Agricultural Innovation (FIA³⁸, by its Spanish acronym), the Foundation for Communications, Capacity Building and Culture of Agriculture (FUCOA³⁹, by its Spanish acronym), Agro Insurance Committee (AGROSEGUROS⁴⁰, by its Spanish acronym), and any other entity or specialist with recognized scientific experience in climate change matters that the president of the Committee may decide to invite.



³⁰ <http://www.odepa.gob.cl/>

³¹ <https://www.sag.gob.cl/>

³² <https://www.indap.gob.cl/>

³³ <http://www.cnr.gob.cl/>

³⁴ <http://www.conaf.cl/>

³⁵ <http://www.infor.gob.cl/>

³⁶ <http://www.inia.cl/>

³⁷ <https://www.ciren.cl/>

³⁸ <http://www.fia.cl/>

³⁹ <http://www.fucoa.cl/>

⁴⁰ <https://www.minagri.gob.cl/institucion/agroseguros/>

The objectives of the CTICC, express clearly: (i) advise the Ministry of Agriculture in the climate change policies formulation, (ii) support the ministerial management in international negotiations for climate change, (iii) promote policies that aim to generate improvements in the forestry and agriculture sector in climate change matters, (iv) and encourage and promote the generation of information and support systems in the decisions taken in this context. Specifically the role of the CTICC in the SDB will be to complement, improve, and finally endorse the National Technical Proposal, as well as support its implementation through the regional offices of services present in the territory, which will allow to complement these allocations and approaches with other initiatives of the same Ministry that have a similar scope of action.

At the conclusion of this process of contributions and validations, the SDB approach will be strengthened in a substantive way through the sociabilization of the proposals to the CONAF Civil Society Council (COSOC).

ii. Civil Society Council

The Civil Society Council (COSOC) of the National Forestry Corporation is a citizen participation mechanism of a consultative, non-binding nature, whose function is the incorporation of the voice of citizens throughout the management cycle of public policies. He is responsible for ensuring the strengthening of participatory public management in CONAF, and must also provide knowledge and opinions regarding matters of competence in the forestry sector, among other actions.

The COSOC 2018-2019 is made up of 11 directors, representatives of various sectors of civil society related to CONAF. In particular, and as part of the governance of the ENCCRV, it has been established that COSOC participates in strategic decisions and general technical guidelines, which is why 2 sessions were held to date where the ENCCRV was addressed.

The expected results to be obtained in this phase of revision and alignment of the National Technical Proposal are:

- ✓ Integrated sectoral (silvoagropecuaria) and intersectoral approaches and criteria, to guide the prioritization of the ENCCRV action measures, for later implementation in the regions.
- ✓ Budget allocation to the regions and socialized financing for the SDB according to its distributive criteria.
- ✓ Alignment and promotion of the sectoral guidelines on climate change of the institutions that participate in decision-making at the central level, and that have a regional presence.

- **CONAF through the coordination of the CTICC, currently has informed to all the member Public Services regarding the preliminary background information associated with the SDB; as a complement to the bilateral efforts that are already being executed in this matter with the Ministries of Treasury, MINREL and MMA.**

4.2.2. Procedures at regional level

Chile has a political administrative structure based in regions, with a regional representation of the majority of the institutions that act at national level, which is strongly reflected in the public services related to the environmental and forestry and farming sectors. Accordingly, under the institutionality that has been set at regional level to address the topics associated to climate change, progress is made in giving greater autonomy and control over the approaches and policies that are implemented at this level. The design of the SDB recognizes that, giving importance to this level in the implementation of the ENCCRV and decision regarding the use of the financial resources within what the SDB and the national legal system permits.

iii. REDD+ Group

It is for this reason, that once the National Technical Proposal has been validated by the CTICC, these guidelines go down to regions, so that the technical teams of the CONAF Regional Directorates elaborate a Regional Technical Proposal based on local reality and national guidelines, to start the adjustment and validation process in each of the regions through the regional REDD + Groups for validation.

That is why, after the participatory processes carried out to validate the SDB, it has been established that a regional instance called the REDD + Group will be created, which will be under the mandate of the SEREMI of Agriculture and composed of at least the following institutions and focus groups:

- Environment SEREMI
- CONAF
- INFOR
- INDAP
- SAG
- SERNATUR
- NGOs
- Indigenous peoples (when they exist)
- Private sector
- Civil society
- Academy

The composition of each REDD + Group will vary depending on the region because there is not the same presence of organizations in all regions. In addition, in the formation of REDD + Groups, there will be urged that there be a participation of at least 30% of women, following the guidelines of the ENCCRV.

This table must be set up and session with at least two instances of preparation before meeting for the prioritization, validation and evaluation of projects and competitions.

The expected results of this phase of elaboration and validation of the Regional Technical Proposal are:

- Integration of regional approaches and criteria (environmental and silvoagropecuaria), to guide the selection of ENCCRV action measures identified in the National Technical Proposal.
- Focusing of the regional areas where the resources associated with the SDB will be channeled.
- Description in greater detail of the beneficiaries that will be prioritized at regional level.

These antecedents will allow to define the criteria that should be considered in the execution of the modalities by which activities in the territory will be executed, such as technical and administrative requirements that will be demanded to the beneficiaries, among other antecedents.

ii. Regional Council on Climate Change

Once the guidelines have been established at the national level, the proposal is defined at the regional level, the process of informing the CORECC is initiated, a Council led by the Mayor – representative of the President of the Republic in each administrative region of the country.

Among the roles that the CORECC has, the strengthening of the regional and communal institutionality is included, to face the climate change; promote and facilitate the implementation of the sectorial plans of adaptation according to the local needs and priorities; include considerations and action on climate change in the territorial planning instruments and other public policies of regional and communal level and participate in the implementation of the PANCC 2017-2022, among other actions. The formation of the CORECCs has been concretized in most of the regions as shown in Chart 2.

Chart 2. Establishment Dates of the CORECCs.

Región	Date of Establishment
Arica and Parinacota	May 15, 2018
Tarapacá	November 17, 2016
Antofagasta	December 15, 2017
Atacama	October 20, 2017
Coquimbo	June 10, 2017
Valparaíso	December 6, 2016
Metropolitan	June 2, 2017
O'Higgins	October 30, 2017
Maule	October 13, 2017
Biobío	February 22, 2018
La Araucanía	July 31, 2017
Los Ríos	August 11, 2017
Los Lagos	October 18, 2017
Aysén	March 17, 2017
Magallanes	November 17, 2017

Although, in previous versions of the SDB it had been reported that it would be the CORECC who would have the function of validating the Regional Proposals, because in its conformation it does not include civil society and indigenous peoples, also according to the participatory process it was indicated Since it was a political and non-technical instance that could affect the decisions that must be established in the SDB, a regional REDD + Group will be included and CORECC will be informed of all the actions to be carried out in each region.

4.3. Flow of financial resources

For the resource management assigned to each one of the regions, a careful process has been established to be deployed through expedite procedures, formal and attached to national regulations, so they reach the final recipients and/or beneficiaries of the corresponding territories. These processes, even though they are parallel to the elaboration of the Technical Proposals, will go on complementing on a permanent basis, as the allocations and distribution modalities are defined in each one of the regions.

ERPA Payments will be received, on behalf of the Program Entity, by Chile's Agency for International Development Cooperation (AGCID, for its Spanish acronym), which will also sign the ERPA in the capacity of ERPA Payment Recipient Entity. AGCID is a public institution under the Ministry of Foreign Affairs authorized to receive and administer international funds on behalf of Chile and has been the recipient of a number of trust funded grants with the World Bank (including FCPF and GEF). Once received, ERPA revenues will be transferred by AGCID to Chile's Forest Institute (INFOR, for its Spanish acronym) which will execute them in accordance with the BSP under CONAF's technical supervision.



► Oficio 661 Dipres



► Reply Dipres



► CONAF office requesting DIPRES pronouncement

AGCID is a public service created by Law N°18.989 of 1990, that is functionally decentralized with its own legal personality and capital, whose function is to capture, provide and administer international cooperation resources, that is headed and articulated by National System of International Cooperation of Chile, which is translated in the cooperation and facilitation between the international organizations and the institutions that will implement the resources, in this case CONAF through INFOR.

The procedures reflected in Figure 6 below, identify the transfer and documents proposal for the financial and operational management of the resources since they enter the country until they are implemented in the territories.

With regard to the financial flow specifically associated with payments for results of the Carbon Fund, it is proposed that the World Bank disburse such resources after the signing of an Agreement with the Ministry of Agriculture and the Ministry of Finance and AGCID.

Subsequently, the Ministry of Agriculture will sign a Collaboration Agreement with CONAF as technical manager and with INFOR as Financial administrator.

Finally, CONAF will indicate to INFOR which projects or competitions must be contracted in each one of the PRE regions so that INFOR can carry out the respective tenders for the acquisition of services and implement in the different territories the activities established in the framework of the ENCCRV.

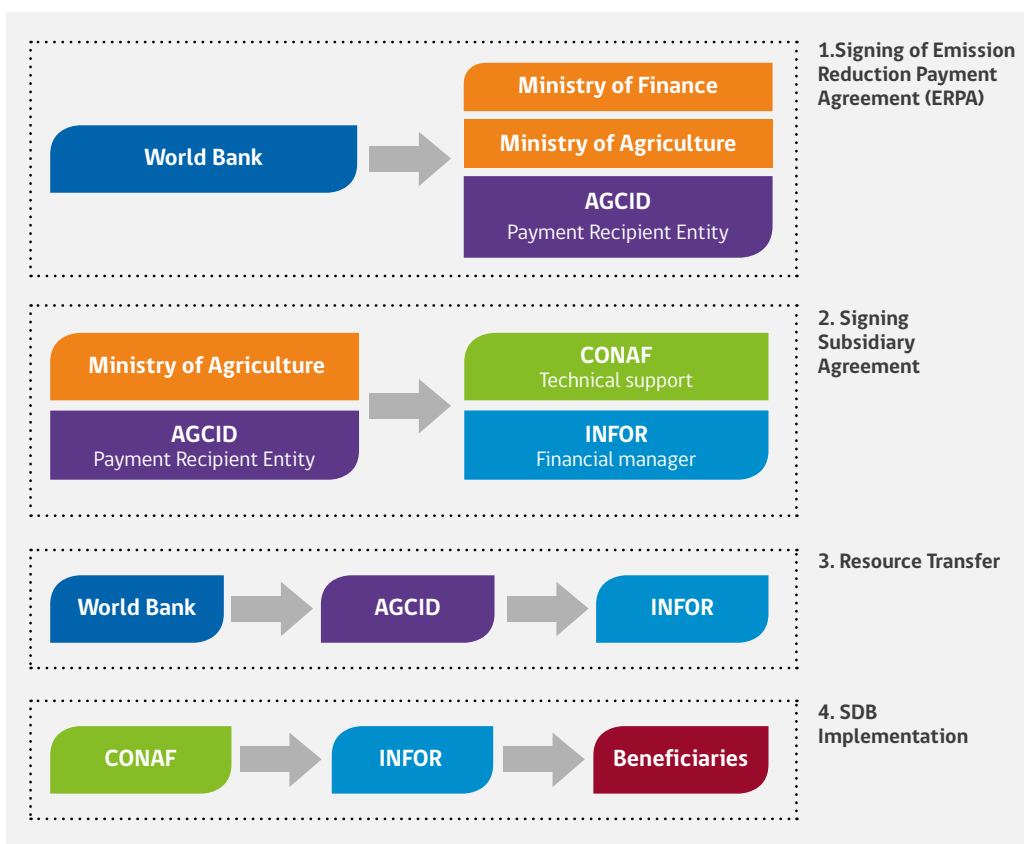


Figure 6. Financial management proposal and its institutional arrangements associated to the SDB.

After the signing of the ERPA and Collaboration Agreement and their respective reasoning by the CGR will proceed to establish the administration of resources by INFOR, such as the Budget Office of the Ministry of Finance (DIPRES), promote for this type of operations.



► Office of the Comptroller General of the Republic of Chile

The Office of the Comptroller General of the Republic of Chile (CGR) has a key role in the entry of international financing to public institutions, being the State body that oversees the compliance to the regulations of the administrative acts of the public bodies. For the purpose of a payment agreement by emission reductions, such as that of the Carbon Fund, must ensure, among other things, that the use of the resources, within CONAF and AGCI is in accordance with the administrative law of the Chilean State.

It is important to note that in order to trigger the entry of international funds, like those associated to the ENCCRV, there must be a previous, general, and mandatory legal control, proper of the Chilean institutional system, that in matter of legality and constitutionality is executed by the CGR, regarding the decrees and resolutions that authorizes the receipt of the financing, either coming from a donation, as it was the case with the financing of the Readiness Fund of the FCPF, or coming from performance-based payments associated to the Carbon Fund. These milestones are translated into the so-called "Acknowledgement", which gives presumption of legality of the administrative acts involved for the implementation of that fund, for which the CGR gives its approval to the Donation and Subsidiary Agreements prior to the entry of the resources.

For internal management of the resources between the HO of CONAF and the Regional Offices that receive the financing, as well as for its implementation, the CGR performs post-use audit processes, which are complemented with its regulatory role for all the public institution of the State.

Link: <https://www.contraloria.cl>

It should be considered that the Collaboration Agreement contemplates aspects of the obligations of CONAF and INFOR in the technical and financial administration of said resources and in the description of the products associated with the execution of activities and use of resources.

The follow-up of the actions that are being carried out in the field will be the responsibility of CONAF, and its different dependencies at central and regional level. This management will be carried out by the technical team that will hire INFOR for CONAF with part of the 20% that is established for the technical management of the project, in addition with this budget the administrative and financial team of INFOR will also be strengthened, who will be in charge of all procurement of goods and services of the project.

Finally, for the implementation of the activities on the field, Agreements with owners must be established, being these natural or legal persons (communities, or other institution like municipalities, NGOs, among others) that wish to participate in the implementation of the activities, independently of the modality in which the resources are assigned. These Agreements must have, with differences according to each modality adopted and to the type of owner, the following elements:

- Identification of the beneficiary(ies), being these natural or legal persons.
- Commitment and responsibility of the Beneficiary(ies) and the Regional Office of CONAF.
- Technical, administrative, and budgetary background information (proper to each modality).
- Brief characterization of the area to be intervened (if applicable).
- Technical description of the intervention (activities, monitoring, environmental and social considerations, etc).
- Implementation planning.



► Budget Office (DIPRES) of the Ministry of Treasury

Prior to the incoming of the financing from international funds, the Agency for International Cooperation of Chile (AGCI), must request the No Objection basis to the Budget Office (DIPRES), in view that the fact that this institution under the Ministry of Treasury has the role of acting as the State's financial auditor, and therefore all the budgetary allocations from the public organizations are under its supervision and control. This requirement has been required in other occasions for international financing associated to the ENCCRV, therefore is a procedure with predictable terms and regulated administrative acts.

Link: <http://www.dipres.gob.cl>

4.4. Management and allocation of resources to regions

4.4.1. Resource management in regions

All the actions carried out under the associated financing to results-based payments for REDD+ in the SDB's framework of the ENCCRV, will be implemented in close linkage with the existing incentives in the forestry management instruments administered by CONAF and others of livestock, agricultural and environmental characteristics that other public entities coordinate, with the purpose of enhancing and establishing synergies that increases the territorial impact of the financial resources available.

To protect this, the SDB will operate according to two modalities (Figure 7) based on the execution of the direct action measures of the ENCCRV (Annex 6.1); the first of these will be the targeting of activities by the regional REDD+ Groups with contracting of services for the execution by INFOR technically advised by CONAF, whose objective will be:

- ✓ Execute activities in areas prioritized by the national and regional institutions associated with the ENCCRV action measures.

The second modality will be through grant application process administered by each of the Regional Offices where different owners can voluntarily access to financing coming from results-based payments to implement actions in their plots. This modality seeks:

- ✓ Expand at the regional level, the activities that are carried out under the prioritization of the regional REDD+ Groups, to other beneficiaries that have an interest in carrying out forestry actions on their farms.

For both modalities, a preliminary set of variables and criteria are considered, which will be further defined in both levels as appropriate, at general guidelines level for the National Technical Proposal, and in another more specific for the development of the Regional Technical Proposal. These preliminary guidelines will be aligned with the definition of the activities that will be proposed to the REDD+ Group, and to the basis of the entry requirements for the grant application process (Chart 3). In compliance with national legislation, in preliminary terms, the eligibility requirements both for the projects or for regional grant application processes, consider the following aspects:

- ✓ **Formal Requirements:** Legal aspects regarding the ownership of the land of those who are applying as owners, whether individual or collective, or that present another type of tenure.
- ✓ **Alignment with the action measures of the ENCCRV:** To give more objectivity and coherence to the SDB with the prioritization at national and regional level, with the public policy instrument that the ENCCRV is.
- ✓ **Technical and budgetary feasibility:** It is reviewed that the proposal is technically feasible and financially doable with the resources available.

Chart 3. Preliminary set of variables and criteria for the technical Proposal elaboration.

Variable	Criteria
Territorial Variable Specific need of a region or smaller territorial unit	1.- Formal articulation of local actors. 2.- Beneficiaries that are from extreme zones of the country. 3.- Solutions of communal scope or higher. (Example, Preventive forestry urban-rural interface. IF3). If two are achieved it has 100% of the attribute.
Indigenous Variable Communities, organizations or individual needs of the 9 recognized indigenous peoples	1.- Involves as beneficiaries persons, communities, indigenous association or organizations. 2.- Involves as owners persons, communities, indigenous association or organizations. 3.- Enhances ecosystems and/or sites of cultural or religious significance in the indigenous worldview, as well as other types of spaces or areas of ancestral use. If the three criteria are achieved it has 100% of the attribute.
Environmental Variable Ecosystem conditions of the territory and priorities that determine their care	1.- Is in the areas defined as priority for the implementation of the direct action measures. 2.- Considers the recovery of degraded soils. 3.- Adds the protection and/or promotion of other ecosystem services, as water supply and regulation, biodiversity, culture, etc. 4.- Restoration of areas affected by forest fires. If the 4 are achieved it has 100% of the attribute.
Forestry Variable Linked to forest as a natural resource	1.- Scarce formation and/or species in conservation category 2.- Enhance not non-timber products. 3.- Reduce forest fragmentation. If the 3 are achieved it has 100% of the attribute.
Gender Variable Privileges and/or enhance the role of women in forest development	1.- Involves as beneficiaries women in a specific and different way. 2.- Involves as plot owners women and women organizations. If two are achieved it has 100% of the attribute.

It is established that the funds allocated to the regions will be distributed equally in each of the modalities indicated, that is, 50% for grant application and 50% for projects prioritized by the Groups REDD+.

i. Modality prioritized by the REDD+ Group

These resources will be focused according to what the REDD+ Groups, for the implementation of the action measures of the ENCCRV, that are prioritized according to the needs of each region, based on the Regional Technical Proposal provided by the corresponding Regional Director of CONAF, that will consider prioritized areas at regional level, and according to the identification of the positive impacts and potential environmental, social and economic risks.

Under this modality the REDD+ Groups, will be the ones that at the last instance determine and prioritize the projects to be developed aligned with the eligible action of the ENCCRV and the areas where the actions, financed with the resources coming from performance-based payments, will be implemented.

CONAF's Regional Office together with the participatory Instance must grant that the Regional Technical Proposal allows to align locally the technical requirements defined in the ENCCRV's framework for each action measure, so once defined, it will be CONAF's regional Offices responsibility, to elaborate the Project Portfolio that results from the prioritization carried out by Regional REDD+ Groups, complementary to the operational guidelines of the ENCCRV.

This Portfolio must be presented by the regional Offices to the central office of CONAF, specifically to the UCCSA through a "Project Design Sheet", individualizing in each one of them the core idea and the general background information for its implementation, including a cost determination. These Sheets will be submitted to review and adjustments that allow to establish the implementation feasibility of the Project Portfolio, together with the compliance to the National Technical Proposal and Regional Technical Proposal, as well as with the ENCCRV; for that, once the implementation feasibility has been established, request to the regional team the formulation of the "Project Document"⁴¹ for each one of the Sheets for the final development of the initiatives to be implemented.

In addition to the technical, budgetary and administrative background information, each one of the Projects will be implemented considering the guidelines and regulations established in the Environmental and Social Management Framework (MGAS, for its acronym in Spanish) of the ENCCRV, instrument that has as a goal mitigate possible negative impacts that could be generated in the implementation phase of the ENCCRV.

The stages involving the MGAS of the ENCCRV that will be addressed during the preparation of each one of the Project Documents will correspond to the following:

- Relevance of environmental and social assessment.
- Alternative analysis.
- Socio-environmental characterization of the influence area of the Project
- Risk, impacts and benefits identification.
- Socio-environmental characterization of the impacts.
- Project categorization.
- Safeguards identification and activation.
- Mitigation measures identification.
- Definition of the follow-up and monitoring system for the mitigation measures.



⁴¹ Both formats, the Project Design Sheet and the Project Document, can be found in the MGAS document of the ENCCRV, in the following link.
Link: <https://www.enccrv.cl/mgas>

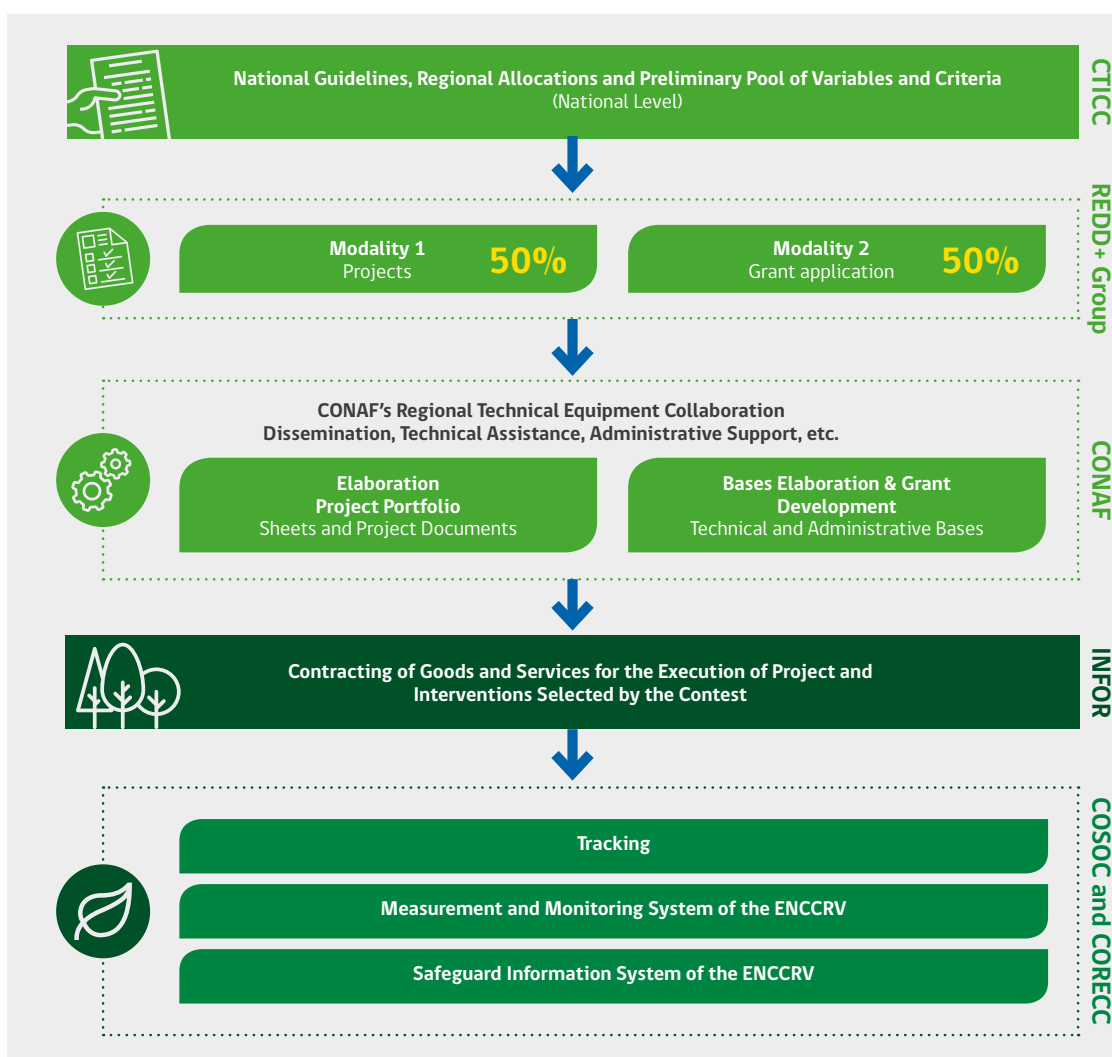


Figure 7. Financing modalities by project and Grant application process.

ii. Modality executed by grant application process

The second modality of distribution will be performed through a grant application process administered by the regional Offices of CONAF, based on technical, environmental and socioeconomic criteria, similar to the way in which the Contestable Fund of Law N°20.283⁴² operates.

The radical difference is that the financing will be available before executing the field activities and not as with the incentives of Law No. 20.283, where each owner is paid after a compliance check carried out by CONAF officials. In addition, it may finance activities that are currently not in any literal of the Law, such as afforestation.



⁴² To have a better idea how this contest works the link, to the Basis of the First Contest 2017 for Small Forest Owners and Other Stakeholders, that CONAF developed this year, is attached. Link: <http://www.concursolbn.conaf.cl/login/bases.php>

These activities will be contracted directly by INFOR, through the acquisition of goods and services in the Public Market.

Chile has developed regional financing experiences of this nature, for example, the National Fund for Regional Development (FNDR, by its Spanish acronym), in which contest have been performed for applications and implementation of activities in the territories. Once these Bases are elaborated by each one of the regional Offices of CONAF –considering the management elements of the national and regional technical Proposals– they will be published in regional media and in the media that MINAGRI, CONAF and INFOR have.

All the projects that apply, will do it based on the background information collected in the execution of the projects of early implementation in many regions, in the framework of the ENCCRV. For that, technical and administrative Bases are developed for applying, that establishes the administrative requirements also the technical backgrounds of monitoring, environmental, safeguard treatments, budgetary quantification of the intervention and financing application and co-financing in kind that the owner will provide, such as labor force, equipment, etc.

Having into account the Bases that are currently used for the contest associated to Law N°20.283 and other similar experiences, some of the main elements that will be required in the Bases, and that will be specified once elaborated, are shown in Chart 4.

Chart 4. Preliminary content of the Bases under Direct Allocation Modality.

General content for the Bases under Direct Allocation Modality ⁴³	
Administrative Bases	Technical Bases
a. Objectives of the grant application process.	a. Technical approach of the grant process.
b. General description of the nature of the grant process.	b. Technical definitions.
c. Restrictions y maximum amounts to be financed.	c. Action measures and activities to be financed.
d. Available fund for the call.	d. Technical description of the activities to be financed.
e. Requirements for the applicant(s).	e. Mapping requirements.
f. Application channels (internet and paper)	f. Environmental analysis.
g. Grant process (present application, inquiries, terms, opening, admissibility, withdrawals, etc.).	g. Social analysis.
h. Project appraisal and awarding	h. Monitoring.
i. Presentation of plots plans (when necessary).	i. Budget.
j. Project withdrawal and background returns.	j. Activity planning.
k. Calendar of the stages of the grant process.	k. Table of Values for Action Measures
	l. Annexes

This approach is complementary to the emphasis that the validation instance, been coherent with what was stated in the participatory workshops of formulation and evaluation of the ENCCRV, where the majority of the participants, wish different alternatives or ways to implement the projects framed in the action measures of the ENCCRV in their territories.



⁴³ This list of content is preliminary and must be adjusted –as well as its content– once the Bases for the grant process are prepared.

To this contestable fund individual or collective land owners can apply⁴⁴ that have not been prioritized by the REDD+ Groups, with the purpose of broadening the positive impact at regional scale, because it shows the existence of an specific interest of the applicants, which, among other benefits reduces the reversion risks, increases the engagement of the communities and provides an independent view to the initiatives proposed.

This allows incorporating an additional factor in the SDB, by generating window of financing that picking the interest of owners or private organizations to carry out forestry, environmental or productive activities linked to some action measures of the ENCCRV, which also will be assisted technically by the CONAF's team with fiscal budget.

The grant process considers to weigh the financing based on eligibility elements associated to equity, inclusion and technical relevance aligned with the environmental and social safeguards considered in the MGAS of the ENCCRV.

For the modalities above described, operational manual are generated, which will fix the guidelines for the benefit-sharing, which will be carried out after the signing of the ERPA:

4.4.2. Allocation of financial resource to regions

As indicated, part of the resources entered for payments for results will be used by CONAF at the central level, the amount of which has been estimated at 20%. The purpose of 20% will be to ensure adequate technical management by CONAF and administrative and financial by INFOR, to carry out the maintenance of related systems (registration, MRV, SIS, among others), as well as to execute those measures of action facilitating the ENCCRV that are the direct responsibility of the institution (inspection, technical assistance to forest land owners, etc.). These resources will be managed by INFOR making the hiring and procurement necessary to fulfill the role CONAF technician.

For the remaining 80%, which is allocated to the regions (with no transfer of resources, since the payment will be made by INFOR) in which the emission reduction and/or increase in carbon absorption that led to the payments were generated for results in the context of REDD+, addressing will also be defined through the National Technical Proposal that reviews and validates the CTICC. For this phase, three criteria have been established from which the different assignments that add up to the final amount allocated to each of the regions are shown (Figure 8). These criteria correspond to:

- ✔ **Equity.** To homogenize and allow the normal implementation of ENCCRV's action measures in the different regions where it will operate, and those that will be added later, without their particularities (social, productive vocation, type of plant resources, etc.), affecting negatively or positively this first distribution, a base financing will be provided that levels out the efforts deployed by the technical teams and institutions in each region, as well as by the owners themselves involved, without limiting it to the specific capacities for reducing emissions and/or increasing forest carbon absorption of each one (Basal Allocation, 50%).
- ✔ **Eficacia.** To encourage the correct use of resources in the territory, prioritizing the most cost-efficient activities of the ENCCRV, as well as field operation, a distribution criterion will be considered based on the performance measured in emission reductions and/or increase in forest carbon absorption generated at regional level (Performance Allocation, 20%).
- ✔ **Solidarity.** Given that there may be catastrophic events of force majeure that affect regional performance associated to emission reduction and/or increasing forest carbon sequestration, for example forest fires, volcanic eruptions, plagues and diseases, among others, an allocation has been considered to alleviate these situations by avoiding that a region suffering from these phenomena reduce significantly the possibility of accessing resources from results-based payments, not only in the present but also in the future (Buffer Allocation, 10%).

⁴⁴ Emphasizing in small and mid-sized owners.

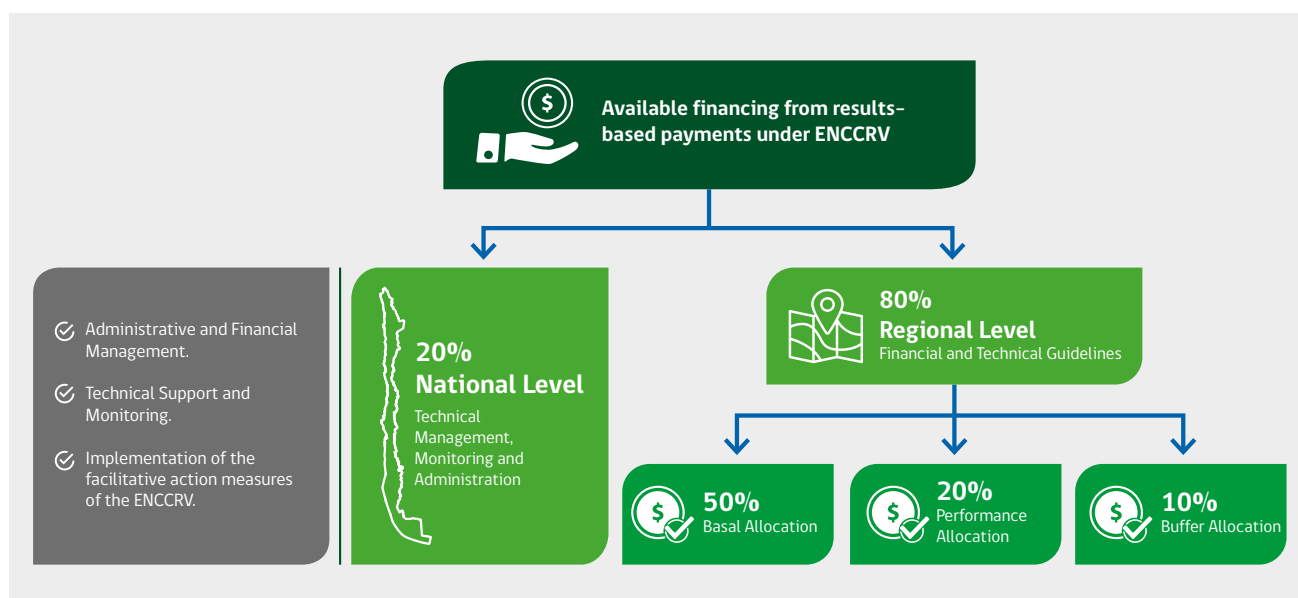


Figure 8. Resources distribution diagram at central and regional level.

With these criteria, the following categories of financial resource allocation and percentages have been defined for each of them, which together will define the total amount available per region to be used in its two modalities (Figure 8).

- ✓ **Basal Allocation.** This allocation operates based with an arithmetic criterion, where the percentage assigned under the criterion of Equity, will be divided in equal parts among the regions where the reductions and forest carbon sequestrations are generated, without distinction of any type. A real example is the Chilean case before the Carbon Fund, that considers that the regions located between Maule and Los Lagos (5 regions) participate in the PRE, where, of the 80% assigned to the regions, half will be carried out under this basal allocation. This will give a minimum financing floor for each region involved, which will be destined completely to implement projects associated to the action measures of the ENCCRV.
- ✓ **Performance Allocation.** The second allocation, as indicated above, will be provided in function of the emission reductions and/or increase in forest carbon absorption generated in each of the regions, compared with the respective FREL/FRL. The allocation will be proportional between the amount of tons emissions reduced and/or increased absorption per region and the financing available after receiving the corresponding results-based payments. Parallel to this calculation, a percentage will be subtracted from the total, which will release financing for the buffer allocation.
- ✓ **Buffer Allocation.** The third form of allocating and constituting the total amount assigned to each region, has as a purpose to redistribute resources based on the total emissions divided by regional surface, equating those regions that, by any circumstances of force majeure⁴⁵ (fires, plagues or other situations), require more intense intervention and therefore of greater duration and cost.



⁴⁵ An extraordinary and unavoidable event beyond the reasonable control of the affected party, including, among others, fires, plagues and diseases, volcanic eruptions, storms and floods, shall be excluded those cases where the event could have been prevented or mitigated by the affected party.

Therefore, each region receives a total amount calculated based on the aggregation of the Basal, Performance and Buffer Allocations⁴⁶, a total amount that will be destined to each region. It has been estimated that of the 80% of total financing obtained, 50% will be managed through the Basal allocation and 20% through the performance allocation; finally, it is expected that at least 10% will be allocated to the Buffer allocation (Figure 8). To estimate, with real figures, how the distribution of these allocations will work in the National Technical Proposal, in Annex 6.2. An exercise has been carried out based on the results obtained in the first Technical Annex of REDD+ Results for the period 2014–2016. It is important to emphasize that this exercise has no correlation with the expected results for each region in the ERPA period.

Finally, each CONAF regional office that is benefited by the payment for REDD+ results within the framework of the ENCCRV, shall periodically inform CORECC, of the progress made in the implementation of the ENCCRV.

This information will be of a public nature and the central office of CONAF, through the UCCSA, will systematize the reports of each region to generate national reports that will be submitted to the CTICC and COSOC, and will be available in public media.

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⁴⁶ If during the monitoring period corresponding to results-based payments, no force majeure events have been recorded, those resources will be added to the performance allocation.

Final Considerations



Final Considerations

The SDB of the ENCCRV has been conceived with an approach that allows establishing a decision-making platform and joint work in different levels fostering a transparent and balancing dialogue between actors of civil society organizations and institutions.

To give sustainability to this dialogue, as well as a correct integration with the public policies that have been promoted in the country in the climate change framework, a structure has been designed based in those sectoral governmental instances (CTICC) of the highest political and strategic level that the country has, where actions in the territories associated to the ENCCRV will be prioritized and the financial allocations will be established to each region.

At regional level, participatory roundtables have been set up to congregate representatives of various groups linked with plant resources, and that they have systematically collaborated in the various participation spaces of the ENCCRV. They, along with targeting beneficiaries and territories in each of their regions, should follow-up the implementation of activities by contributing to the dissemination and evaluation of the actions to be carried out in the territories, thereby to ensure the legitimacy of the ENCCRV as an instrument of public policy relevant to the agricultural and forestry sector. It is considered important to underline the complementary role they will have with the REDD+ Groups and the CORECC, whose main role is to address climate commitments on the Agreement on Paris.

Considering the relevance of the regional management in the correct use of the resources coming from results-based payments of REDD+, in the framework of the ENCCRV, it must be encouraged the conformation of stable multidisciplinary teams in CONAF that are capable of managing the resources and carry out the implementation of the activities in the territory efficiently. Likewise at central level a big challenge appears of implementing the coordination actions that implies to convene and achieve consensus among the different services and ministries, as well as adequately disseminating the procedures to follow for the correct development of the SDB, for example the Bases for the grant application process, Prioritization System of the ENCCRV, among others.

Specifically, for the development of the background information necessary for the implementation of the actions in the regions involved under both modalities (1.- Direct Prioritization of the areas and beneficiaries, validated by the CORECCs; and 2.-Grant application process managed by the regional guidelines of CONAF), past experiences must be considered in the design and implementation of similar instruments, considering continuous improvement principles for a correct implementation of the financing available to carry out the projects that are prioritized.

The SDB design of the ENCCRV, considers the international requirements associated to results-based payments schemes for REDD+. As well as the related experiences that have been developed in Chile in strict compliance to the legal and regulatory bases of the country, enhancing at the same time, the participatory instances that seek to give more legitimacy and robustness to the procedures that are carried out in this matter.

Annexes



Annexes

6.1. Generic Activities to be financed by action measure and the non-monetary benefits expected

Direct action measures of the ENCCRV	Activities for each action measure ⁴⁷	Non-monetary benefits ⁴⁸
MT.4. Forestation and replanting program in prioritized communes/ areas.	<ul style="list-style-type: none"> • Elaboration of technical, financial and planning backgrounds. • Input procurement. • Production or plant procurement • Installation, fence repair or individual protection. • Planting or direct sowing. • Fire protection. 	Technical assistance, training, improved quality and availability of environmental services. Property investment (inputs), improvement of assets, possible jobs in the implementation of activities.
MT.5. Strengthening of ecological restoration program in prioritized communes/areas.	<ul style="list-style-type: none"> • Elaboration of technical, financial and planning backgrounds. • Input procurement. • Production of plant procurement • Installation, fence repair or individual protection. • Planting or direct sowing. • Forest cleaning, cutting, cleaning and pruning. • Fire protection. 	Technical assistance, training, improved quality and availability of environmental services. Property investment (inputs), improvement of assets, possible jobs in the implementation of activities.
MT.6. Environmental dissemination and education program.	<ul style="list-style-type: none"> • Planning of activities at regional level. • Team contracting. • Input and graphic and audiovisual material elaboration. • Workshops and training sessions. 	Training, community empowerment on technical and environmental elements, strengthening of the local governance, improving community partnership. Access to state promotion instruments.
MT.7. Strengthening of forestry and environmental audit programs.	<ul style="list-style-type: none"> • Regional level Audit Program coordination and planning. • Team contracting. • Dissemination input and activities. • Implementation of teams and systems. 	Training in environmental and forestry legislation. Incentives to formalize commercial activities. Improvements in knowledge regarding government support for business activities.

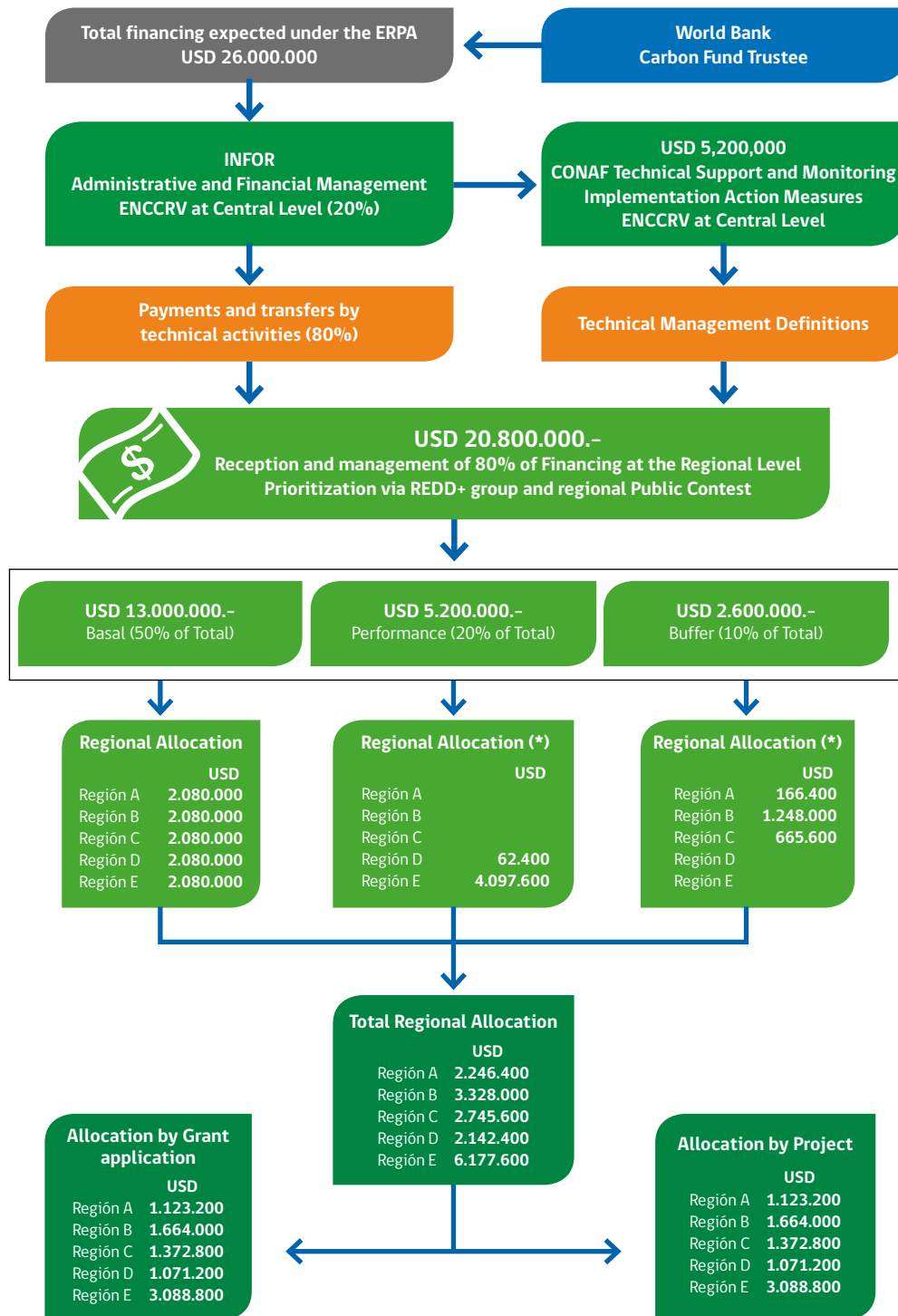


⁴⁷ These activities are general estimates of the sub-activities to be incurred for the implementation of each action measure, and may increase and decrease according to the activities estimated in each region and situation.

⁴⁸ To define general benefits in a general way, the PROFOR publication on the subject was used as a guide, among other things. PROFOR, 2015. Achieve Benefit Sharing in Forest-Dependent Communities. Document available at: https://www.profor.info/sites/profor.info/files/distribuci%C3%B3n-beneficios-comunidades-bosques-73013_1_0_0.pdf

Direct action measures of the ENCCRV	Activities for each action measure ⁴⁷	Non-monetary benefits ⁴⁸
IF.2. Restoration program for ecosystems affected by forest fires.	<ul style="list-style-type: none"> • Elaboration of technical and planning backgrounds. • Input procurement. • Production of plant procurement • Installation, fence repair or individual protection. • Enrichment and additional planting. • Cutting and cleaning. • Forest Fire protection. 	Technical assistance, training, improved quality and availability of environmental services. Property investment (inputs), recovery of their assets, possible jobs in the implementation of activities.
IF.3. Preventive forestry program with emphasis on the urban-rural interface.	<ul style="list-style-type: none"> • Elaboration of technical, and planning backgrounds. • Input procurement. • Instalación o reparación de cercos. • Cutting and cleaning. • Forest Fire protection. 	Technical assistance, training, improved quality and availability of environmental services. Protection of environmental heritage and infrastructure (property, housing, production), creation of possible jobs in the implementation of activities.
US.1. PInstitutional forest management program focused on public and private lands.	<ul style="list-style-type: none"> • Coordination and planning at regional level. • Background information analysis and development. • Field visit. • Dissemination input and activities. 	Improve the quality and availability of environmental services. Incorporation of the community in the territorial planning, rising of demands on ASP, better quality and availability of environmental services. Access to State Promotion Instruments, new business opportunities, environmental certifications for productive activities.
US.3. Strengthening of the wood fuel program and the country's energy matrix.	<ul style="list-style-type: none"> • Elaboration of registry with target group. • Activity planning at regional level. • Field professionals contracting. • Field visit. • Dissemination input and activities. • Workshops and training sessions. 	Technical assistance, training, technological improvements in biomass production, improvement in the public-private relationship of stakeholders, strengthening of local governance. New business opportunities, cost reduction by producer association, better relationship between offeror and demanders (prices, payments).
GA.1. Adaptive management program, of plant resources in the framework for climate change desertification and land degradation and drought.	<ul style="list-style-type: none"> • Coordination and planning with regional teams. • Generation of technical documentation. • Field activities (harvest, sowing, etc.). • Laboratory activities. • Workshops and training sessions. 	Technical assistance, training, dissemination of new forestry and agricultural technologies, better use of water resources, better knowledge of state support for forestry and agricultural activities. Improvement in productive and technological techniques that reduce costs, opportunities for new businesses, availability in the market of better plant inputs adapted to specific conditions.

6.2. Example of the financial flow associated with the Carbon Fund



(*) The percentages that define the amounts indicated are not related to the expected emission reductions, they should be considered only a theoretical exercise to better understand regional allocations.

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List of abbreviations and acronyms

CBD	Convention on Biological Diversity
CGR	Office of the Comptroller General of the Republic
CIREN	Natural Resources Information Center
CMNUCC	United Nations Framework Convention on Climate Change
CMS	Council of Ministers for Sustainability
CNR	National Irrigation Commission
CNULD	United Nations Convention to Combat Desertification
CONADI	National Indigenous Development Corporation
CONAF	National Forestry Corporation
COP	Conference of the Parties
CORECC	Regional Committee for Climate Change
COSUDE	Swiss Agency for Development and Cooperation
CTICC	Inter-Ministry Technical Committee on Climate Change
DIPRES	Budget Office of the Ministry of Treasury
DNT	Neutral Earth Degradation
ENCCRV	National Strategy on Climate Change and Plant Resources
ERPA	Emission Reduction Payment Agreement
FCPF	Forest Carbon Partnership Facility
FIA	Foundation for Agricultural Innovation
FNDR	National Fund for Regional Development
FREL/FRL	Forest Reference Emission Levels and/or Forest Reference Level
FUCOA	Foundation for Communications, Training and Culture of Agriculture
FVC	Green Climate Fund
GEDEFF	Forest Development and Promotion Management
GEI	Greenhouse Gases
GEF	Global Environment Facility
GF	Focus Groups
INDAP	Institute of Agricultural Development
INFOR	Forestry Institute
INIA	Agricultural Research Institute

MGAS	Environmental and Social Management Framework
MIDESO	Ministry of Social Development
MINAGRI	Ministry of Agriculture
MINREL	Ministry of Foreign Affairs
MM	Methodological Framework (of Carbon Fund)
MMA	Ministry of the Environment
MRV	Monitoring, Reporting and Verification
MRS	Grievance Mechanism and Suggestions
NDC	Nationally Determined Contribution
ODEPA	Office of Agricultural Policy and Studies
ODS	Sustainable Development
OIRS	Information, Complaints and Suggestions Office
OIT	International Labour Organization
ONG	Organización No Gubernamental
ONU-REDD	United Nations REDD+ Programme
OSC	Civil Society Organization
PRE	Emissions Reduction Program
PUC	Pontificia Universidad Católica de Chile
PANCC	National Action Plan on Climate Change
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SAG	Agricultural and Livestock Service
SDB	Benefit-Sharing System
SESA	Strategic Environmental and Social Assessment
SIAC	Integral Citizen Service System
SIS	Safeguard Information System
SMM	Measurement and Monitoring System
SNMF	National Forest Monitoring System
UCCSA	Climate Change and Environmental Services Unit of CONAF
UNFCCC	United Nations Framework Convention







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Climate Change and Environmental Services Unit (UCCSA)
Forest Development and Promotion Management Department (GEDEFF)
National Forestry Corporation (CONAF)
Chilean Ministry of Agriculture

Paseo Bulnes 377, Office 207
Santiago, Chile

www.enccrv.cl | www.conaf.cl