

**Forest Carbon Partnership Facility (FCPF):  
Readiness Plan Idea Note (R-PIN) – External Review Form**

May 28, 2008

**Guidelines for Reviewers:**

- 1) This review form is a record of your review, which may be disclosed for transparency. Please bear that in mind when filling it out.
- 2) Please summarize your comments-- address whatever you feel is important.
- 3) Please evaluate and mark (score) each of the 5 Summary Assessment review criteria from the FCPF Information Memorandum, the Participants Committee Selection Criteria, and the numbered R-PIN major topics, as requested in the right-hand column. Select a mark from the following scale: NA: Not Addressed. 1: Inadequately addresses criterion. 2: Barely addresses criterion. 3: Average, or adequately addresses criterion. 4: Good job of addressing criterion. 5: Excellent job of addressing criterion.

<p>1) Country submitting the R-PIN: Chile                  2) Date of Review: 31 January 2009                  3) Name and affiliation of R-PIN Reviewer: TAP Review Synthesis</p>	
<p><b>I. Summary Assessment of the Quality and Completeness of the R-PIN:</b>  <i>Note with value of 1 – 5</i></p>	<p><b>Mark</b> (score):</p>
<p><b>Criterion (i): Ownership of the proposal by both the government and relevant stakeholders:</b></p> <p>A list of relevant specialists is provided. Although limited in number they play important roles in their respective governmental institutions and related stakeholders. Reading the PIN one may conclude that although the limited list, all names and positions are relevant. It is possible to state clearly that the ownership of the proposal is shared by the Government and main stakeholders.</p> <p>Nevertheless, it's not clear the role of the National Forest Service (CONAF) in the R-PIN preparation is not clear. From the R-PIN information it's clear that CONAF is a very important institution and will play a decisive role in any REDD strategy.</p>	
<p><b>Criterion (ii): Consistency between national and sectoral strategies and proposed REDD Strategy:</b></p> <p>The R-PIN mentions that several governmental programs; such as soil recovering, dissemination and training to small landowners in agricultural techniques, water conservation and management, cattle management programs, artificial pasture genetic improvement, and many others; "are cross-sectoral issues to REDD strategy" and within a "special high level Committee (Comite interinstitucional de Cambio Climatico)" "all broader agenda will consider the issues of REDD thoroughly".</p> <p>At the sub-national level regional strategy for development are also cross-sectional as every Region (Chile is composed of XV Regions including the Metropolitan Region) has its own development strategy.</p> <p>Further information is needed, because is not clear what are the names of these programs and how the Committee is working and how is his influence.</p>	
<p><b>Criterion (iii): Completeness of information and data provided:</b></p> <p>In general the R-PIN is quite complete (refer to sub-items for extra information needed). Chile has the best Sectoral Statistics in South America. So completeness of the information and data provided are up to those requested at this stage. Almost all answers make reference to the available statistics, the several data banks for almost all the areas related to REDD strategies.</p>	

<p>Forest, forest industries, wood products and trade statistics in Chile are complete and updated. With the current data and the available supporting information as maps, aerial and satellite photos, through the Forest Ecosystems Monitoring program in operations since 2001 its is possible to estimate deforestation and/or forest degradation.</p>	
<p><b>Criterion (iv): Clarity of responsibilities for the execution of REDD activities to be financed:</b></p> <p>The list of items expected to receive assistance form FCPF is not clear and it's not possible in this stage evaluate completely the responsibilities. The Instituto Forestal (Forestry Research Institute) will take the lead, as it has done in past inter-sectoral previous projects. The Institute will be responsible for coordinating the efforts of the different agencies and will organize the due diligence and technical and administrative tasks required by all the activities demanded by REDD.</p>	
<p><b>Criterion (v): Feasibility of proposal and likelihood of success:</b></p> <p>The issue of degradation is a complex one, but the country appears to have institutional arrangements, legal and technical basis for developing a good REDD strategy. A crucial point will be how the National Forest Law will be implemented and the relationship with REDD strategy.</p> <p>The country has a long and demonstrable experience in conducting joint public and private sectors participation in policy formation involving the parliament, public organizations, private organizations and associations and stakeholders.</p> <p>Previous projects carried out by FAO (Forest Institute), GEF, GTZ and many other institutions have been success stories. There are no indications that the REDD program could fail. The capacities and the will is there as it can be read in the answer to question 7 where "There is a solid basis and lessons learned to call for participation derived from past experience (Natural Forest Law Bureau) where all stakeholders (the Parliament, NGO's, ENGOs, government, academy, industry, indigenous community etc.) were invited and had the chance to give their opinion and participate, this methodology allowed for a great deal of discussion and finally achieved the consensus in a very difficult theme like the future natural forest law."</p>	
<p><b>SUMMARY SCORE:</b> <i>add scores above and enter sum into box on right</i></p>	<p><b>SUM:</b></p>
<p><b>How well do proposed activities fit into existing Bank-supported or other country development plans?</b></p>	
<p><b>Improvements the country could make to R-PIN, and any TA needs for it:</b></p> <p>In the past the government and many public institutions have used a broad arrangement of agreements, task force teams, public consultation, especially under the framework environmental law, and the natural forest management law with international organizations. There should be possibilities that under the experience so far developed, Chilean scientists, professionals and technicians could make contributions to make improvements in the R-PIN.</p> <p>The contribution of indigenous and local communities is not stated in the paper but only as one of the causes of forest degradation.</p> <p>Please refer to sub-items for other specific suggestions.</p>	
<p align="center"><b>II. Participants Committee Selection Criteria: Information</b></p> <p><b>Relevance of country in REDD context: Priority to countries with: (i) substantial forest area and forest carbon stocks; and (ii) relevance of forests in economy, including livelihoods of forest dwellers and Indigenous Peoples:</b></p> <p>Although, almost a 45% of the territory is considered as forest lands. According to official data, Chile has 15,4 millions hectares of forests, where 13,2 million hectares are natural forests and 2.2 million hectares</p>	

man-made forests.

Forestry activities make up 10% of the export gains, second to copper exports. The sector's contribution to the GDP is almost 3%. More than 350 thousand posts are directly and indirectly supplied by the forest and forest industry activity.

Although the indigenous population is not as large (relative to total population) as in Peru, Bolivia and Ecuador, forest dwellers, small forest land owners and indigenous population are explicitly considered in the development plans in order to improve their livelihood.

**Geographic and biome balance: across the world's main forest biomes.**

The natural cool-temperate rain forest of Chile is an endemic forest ecosystem recognized by UNESCO.

These characteristics make the Chilean Native forest a unique forest in the world. A whole set of National Parks from North to South protect these forest, but there is still a large area of forest privately owned and a substantial area in the hands of small poor forest owners, which keep them at risk.

**Variety of approaches:** Proposed innovative approaches to tackling deforestation and degradation; methods; testing new mechanisms and distribution of REDD revenues; and/or regionally important leadership.

Refer to the matrix presented in page 8 of R-PIN for the wide range of approaches suggested.

### III. Detailed Review of R-PIN Responses to Template Questions:

*Please review the R-PIN quality and completeness in terms of addressing the major questions in the FCPF R-PIN template.*

**1. Government focal point, and ownership and consultation in producing the R-PIN:**

The R-PIN was produced basically by INFOR (Forest Research Institute), that will also act as focal point. INFOR is a well recognized and leading governmental institution in forestry.

Consultation were made basically with governmental bodies (Ministry of Agriculture, Chile's Environmental Agency – CONAMA, Technological Innovation Foundation – FIA, National Agency of Indigenous People -CONADI, Small Owners Association - IX Region). It's not clear what is the role and position of each representative of each institution.

The role of the National Forest Service (CONAF) in the R-PIN preparation is not clear. From the R-PIN information it's clear that CONAF is a very important institution and will play a decisive role in any REDD strategy.

**2. Identification of institutions responsible for: forest monitoring, law enforcement, conservation, and coordination across forest, agriculture and rural development:**

Institutions are clearly identified: forest monitoring and forest inventories (CONAF and INFOR); forest law enforcement, forestry and forest conservation (CONAF); coordination across forest and agriculture sectors, and rural development (Ministry of Agriculture).

**Forest monitoring:** INFOR is responsible for forest monitoring. Data are based on permanent sample plots (field ground truth) under a statistical sampling design. These data is made up by several components. Although the forest inventory is considered national, its implementation strategy is, four major regions of the country are already under this design accounting today with 52% of total declared forest in the country (~6,9 million ha in southern regions VIII,IX,X,XI and XIV).

**Law enforcement:** Enforcement of existent laws are applied by the Corporacion Nacional Forestal (CONAF) who is in charge of applying the laws and its regulations. In this duty is assisted by the national police (Carabineros de Chile) and by

the courts.

**Conservation:** CONAF, as the Chilean Forest Service is in charge of all the conservation activities including the management of national Parks and National Reserves.

**Coordination:** INFOR is also responsible for coordinating the activity of the different participants. INFOR although a public institution is light in terms of personnel, highly specialized, agile, expedite in terms of administrative work, so it has all the advantages of an almost privately managed company.

**Social:** The indigenous communities and all the landowners are well defined and geographically located, there are also legally recognized lands. The information is stored in digital format in forest related organizations like CONAF & INFOR and in the Natural Resources Information Center (Centro de Informacion de Recursos Naturales, CIREN) and the Chile's environmental agency (CONAMA). Status of forest are contained in such data bases defining status of protected, national monument, national reserve, national parks, conservation areas.

### 3. Current country situation:

#### Where do deforestation and forest degradation occur, main causes, estimates of greenhouse gas emissions, data available? Key issues in forest law enforcement and forest sector governance?

Chile accounts with 15,4 millions hectares of forests, where 13,4 million hectares are natural forests (data from 1997). The rates of deforestation range between 0,1% to 0,2% by year, showing that the "major problem on Chilean forests are not deforestation but degradation", occurring "most southern part of the country (regions IX de la Araucania, XIV de Los Rios, X de los Lagos ~4,0 million ha of private land; 39°S to 44°S)".

The causes for degradation (almost 77,000 ha/year) identified by the R-PIN relay on the necessity of several small landowners in getting regular economics incomes from the forest lands they own, firstly by trying to extract as much volume of high value logs from the forest as they can, and then getting firewood material for both self consumption and for selling in the informal market; and finally, let the cattle entering the forest for pasture.

The consequences of such a practice are increasingly fragmented forests, where open areas are later populated by cattle, producing excess of pasture on regeneration, avoiding chances to recover forest cover. Underlying causes are poverty of landowners and their needs for a regular income from their lands.

There is no currently official figure for emissions from degradation.

Chile has a good inventory system based on permanent plots at national level (in place since 2001) that could be used as a basis for estimating GHG emissions from degradation.

Chile has also tow laws that will play a important role in any REDD strategy: Decree of Law 701 and the natural forest law (Law 20.283).

"Unfortunately, CONAF has not sufficient resources to control all the activities programmed at the forest and as such law enforcement has a lower impact".

### 4. Data available on indigenous peoples and forest dwellers?

Indigenous communities and small landowners are well defined and geographically located. The data is stored in digital format in forest related organizations like CONAF & INFOR and in the Natural Resources Information Center (Centro de Información de Recursos Naturales, CIREN) and the Chile's environmental agency (CONAMA).

The country also has information (data) organized in the National Territorial Information System (Sistema Nacional Integrado de Información Territorial- SNIT) data model which is devoted to store or link all the territorial auxiliary information of the country, as the social status of indigenous peoples and forest dwellers.

It's not clear how is the quality of the information for applying in a REDD strategy.

They have data available for legally recognized Indigenous communities and would be great to know about those not recognized and their forest situation, maybe the National Territory Information System would have it. No information on IPs population.

**5. Current strategy in place to address deforestation and forest degradation. What stakeholder process was used to arrive at it?**

The current strategy has five main approaches to address deforestation and degradation.

1. Definition of deforestation and degradation at national level.
2. Defining baseline methodology for identify and monitoring degraded forests.
3. Linking existent legal bodies to the silvicultural activities required for recovering degraded forests.
4. Coordination of forest related organizations programs.
5. Taking advantage of worldwide recognized tools on forest management certification and carbon mitigation.

The current strategy is based on the the natural forest law (Law 20.283 - "The law would provide US\$8 million annually for 30 years to be shared by small landowners and big business to provide incentives for better native forest management. Experts say this funding is desperately needed to encourage small landowners to protect their native forests") recently approved by the parliament after 15 years of discussion. The process of consultation was taken with a wide participation ("several stakeholders, landowners organizations, industry representatives, government institutions, NGO's and academy"). Further information about the law is welcome in special IPs involvement, since it will play a crucial role in any REDD strategy.

For the Natural Forest Law, the R-PIN present a very interesting consulting processes based on different Bureau ("mesas") that could be used in developing a REDD strategy. Further information on how this process could work for REDD is necessary.

Another issue that needed to be better explained is the statement that says "In Chile there is no explicit policy in forestry", since the way the R-PIN is presented, gives the impression that the natural forest law created some kind of policy in conjunction with the Decree of Law 701.

**6. What would be needed to reduce deforestation and forest degradation?**

The R-PIN propose the following actions, which all make sense:

- 1.- Definition of degradation at national level
- 2.- Defining baseline methodology for identify and monitoring degraded forests
- 3.- Linking existent legal bodies to the silvicultural activities required for recovering degraded forests
- 4.- Coordination of forest related organizations programs
- 5.- Taking advantage of worldwide recognized tools on forest management certification and carbon mitigation

Definition of degradation will depend on the political view of each stakeholder. Coordination with local forest related organization sounds good but huge capacity building on sustainable forest management is needed and taking into consideration their traditional views. Do they have ideas on type of certification?

**Has country considered the potential relationship between REDD strategies and country's broader development agenda?**

The R-PIN mention that other governmental programs related to a list of issues "are cross sectoral issues to REDD strategy" and by a "special high level Committee (Comite interinstitucional de Cambio Climatico) "all broader agenda will consider the issues of REDD thoroughly".

Further information is needed, because is not clear what are the names of these programs and how the Committee is working and how is his influence.

**Has any technical assistance been received, or is planned on REDD?**

According to the R-PIN, no.

**7. What stakeholder consultation process would country use for developing and implementing REDD under FCPF support?**

The R-PIN propose to use the same approach used to the Natural Forest Law, what seems to be adequate. This was a widely participative instance (Parliament – Scientists – Professionals, NGOs, ENGOs, large companies, small owners, interested public. Coordinated by INFOR it worked for years, and the output was encouraging. It's worth to mention that no consultation was undertaken until now.

When inviting indigenous and local organizations would be great if they invite leaders from their regional organizations. The experience with the Natural Forest Law is a good start. The ILO convention was ratified in Chile recently and the participation and consultation with IPs is main message among others. Do they have any reports in their consultations processes?

**8. Implementing REDD strategies: challenges to introducing effective REDD strategies, and how might they be overcome? Would performance-based payments though REDD be a major incentive for implementing a more coherent strategy to tackle deforestation?**

The R-PIN list potential challenges (Strengthening Institutions, Sociocultural Barriers, Economic Barriers) and the possible solutions, but no details are presented on how each of the solutions will be applied.

Chile has a strong tradition in market instruments. Different government institutions have knowledge and experience with economic instruments that can improve the application of performance-based payments. As many natural forests are cut without sustainable practices due to factors such as rural poverty and lack of opportunities, a potential payment to avoid degradation could improve rural income and reduce pressure to cut forest, thereby reducing carbon emissions. Payment based in REDD would be a complementary to current financial assistance offered by the government.

It's not clear what financial assistance are already in place and how they could work with a REDD payment.

"Is important to highlight Chile has embraced the Nested Approach proposal for implementing the REDD. In that respect the mechanism of redistribution and implementation is coherent with such a proposal. See <http://www-personal.umich.edu/~thoumi/Research/Carbon/Forests/Forests,ADCritiques/NestedApproachtoREDD.pdf>"

There is a need to understand the IPs views and their knowledge regarding the forest management. Underlying causes study will help to understand the local dynamic. More explanation on Prioritization or potential areas and to have identified them is required.

**9. REDD strategy monitoring and implementation: How forest cover and land use change are monitored today, and any constraints in this approach?**

Forest cover and land use change are mainly performed by CONAF and CONAMA. These institutions are responsible for the National Land Survey. INFOR is responsible for a continuous forest inventory at national level, carried out by regions, since 2001 under the Forest Ecosystems Monitoring Program ("based on permanent sample plots under a statistical sampling design").

Forest degradation under a REDD system in the country will be monitored by INFOR with the collaboration of CONAF and CIREN, already mentioned. In addition, institutional strengthening to INFOR can be envisioned in order to put in place a systematic sampling scheme with a bi or triennial frequency, which could improve the measurement of logging impacts on biomass or other indicators applying international protocols, for example, IPCC guidance or Winrock methodologies.

"The current system of monitoring has a good evaluation of land uses change but, It can not detect forest degradation at small scales". Other constrains are high cost and the "difficult to realize an integrated analysis of land use changes in the country".

A new high resolution satellite will be operating in Chile at the end of 2009. It's expect that "Forest degradation under a REDD system in the country could be implemented using medium/high resolution imagery. It can be possible from 2010 when a new satellite permit obtain images that could detect forest coverage changes or biomass variations".

**10. Additional benefits of potential REDD strategy, and how to monitor them: biodiversity and rural livelihood?**

The R-PIN mention that for biodiversity “there is no a national program to monitor biodiversity throughout the country. Nevertheless, efforts are being developed by INFOR is evaluating forest biodiversity between IX to XI regions through of the Forest Ecosystems Monitoring Program, but is necessary to expand this program to other regions of the country”. A positive effect of forest conservation is related to the protection of other ecosystems services such as biodiversity, water, landscape and tourism and, non-wood forest products. It could be a relevant support to the hydro graphic basin integrated management that is currently developed in Chile.

More information on the methodological proposal it will be welcome, since it’s not clear if the use remote sensing is helpful for biodiversity analysis.

Regarding rural livelihood, two surveys are being carried out by two different institutions National Statistic Institute (INE). It’s not clear if these surveys could be used in the REDD strategy. Usually the National Statistics doesn’t reflect the local and IPs situation because of their locations. Special attention will be applied to reduction of poverty between indigenous and no indigenous populations that rely on forest activities.

**11. What assistance is country likely to request from FCPF Readiness Mechanism?**

The R-PIN present a list of items that could receive assistance from FCPF, with a budget for 2009/2012. It’s not clear what are the activities that will be developed and implemented under some of these items (e.g. Methodological design of Evaluation of historical emissions; Climate Change Policy analysis; Institutional integrated coordination).

**12. Donors and international partners already cooperating with country on REDD.**

According to the R-PIN, no.

**13. Country’s Potential Next Steps and Schedule:**

A very short list of “stages” are presented and no information on the time frame and how it fits in the actions listed under section 6 of the R-PIN:

- A wide stakeholder consultation
- Definition of degradation at national level
- Assessment of historical emission and carbon baseline construction
- Definition of a national REDD strategy
- REDD monitoring and methodological design
- Institutional strengthen and communicational integration

**14. Attachments and their usefulness:**

Useful information was presented regarding:

- Government organization participating in the project and their particular contributions;
- Analytical capacity of the different teams, professionals and specialists. It is explained that the work so far done in terms of the REDD strategies has been done by local professionals and scientists;
- Performance-based payments, which to a great extent has already been used in Chile, in a different way, but in a similar sense, which is the case of the afforestation incentive, with a great success;
- Nature and the extent of the National Forestry inventory system;
- Development of the Carbon credit market, has brought about the use of forest (planted and natural forests) as a source of credits either by sinks or used as fossil fuels substitutes for energy. This has meant the development of national allometric functions (for planted and natural forests);
- Explanation on remote sensing and special data, which for many years has been as tool used by forestry

companies, having the universities began with its applications.

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