

Technical Cooperation Abstract

I. Basic Project Data

▪ Country/Region:	CHILE/CSC - Southern Cone
▪ TC Name:	Supporting sustainable management of Chilean native forests
▪ TC Number:	CH-T1323
▪ Team Leader/Members:	SAAVEDRA GOMEZ, VALENTINA (CSD/CCS) Team Leader; ORDONEZ, ROMINA VALERIA (CSD/RND) Alternate Team Leader; WATSON, GREGORY (CSD/CCS) Alternate Team Leader; SANTA PENA, CAMILO ANDRES (CSD/CCS) Alternate Team Leader; SCHLING, MAJA (CSD/RND); OSORIO URZUA, CLAUDIO ANDRES (CSD/RND); MICCO HERNANDEZ ESTEBAN JAVIER (CSC/CCH); CASTILLO RODRIGUEZ DANIELA TERESA (CSD/RND); SEBASTIAN DE LOS RIOS (CSD/CCS); CELESTE MARZO, CRISTINA (LEG/SGO); TALBOT WRIGHT SIRAQYAN HIPOLITO NICOLAS (CSD/CCS); VOGT-SCHILB, ADRIEN (CSD/CCS); GOMEZ, JUAN CARLOS (CSD/CCS)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Transition Program towards a Carbon Neutral and Resilient Economy - CH-L1179
▪ Date of TC Abstract:	04 Apr 2024
▪ Beneficiary:	Chilean Government
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$410,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Firms; Individuals
▪ Prepared by Unit:	CSD/CCS - Climate Change
▪ Unit of Disbursement Responsibility:	CSC/CCH - Country Office Chile
▪ TC included in Country Strategy:	No
▪ TC included in CPD:	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Environmental sustainability

II. Objective and Justification

- 2.1 The objective is to create or improve business models for native forest plantations in Chile. This TC will help develop plans, registries, market research, analysis, models, and pilot projects to strategically manage public and private native forests in Chile for climate change mitigation.
- 2.2 The Government of Chile is increasingly integrating environmental considerations into policy and economic decision-making. Indeed, the Chilean National Determined Contribution (NDC) and the recently promulgated Climate Change Framework Law set legally binding objectives to reach a resilient, net-zero economy by 2050. Among its many objectives, the NDC targets using forest native cover as one of its key actions. By 2030, the NDC aims to recover and sustainably manage 200,000 hectares of native forest and increase forest cover by 200,000 hectares, of which 70,000 of the latter must be native species.
- 2.3 Besides its carbon capture, native forests can act as nature-based solutions to counter the effects of climate change. Native forest cover can help guarantee water provision, increase the productivity of adjacent activities, provide local products, and act as a

haven for biodiversity. In the *Los Ríos* region, a study estimates that increasing native forest cover by 10% can increase in 14.1% the provision of water during the drier summer months and increase in 14.6% the abundance of trout. Failure to expand native forest coverage and reduce the climate vulnerability of forests increases the risk of straying further from the forestation objective. This puts the country at risk of not fulfilling its NDC obligation and increases its vulnerability to future disasters. Increasing the sustainably managed area of native forests and reducing their degradation are two strategic objectives of the National Forest Service (CONAF). This TC aims to support landowners to increase the amount of sustainably managed native forest cover in their estates.

- 2.4 This TC will provide technical support to CONAF, enabling the appropriate ecological development of natural forests, providing society with quality goods and services, and contributing to climate change mitigation and adaptation goals in areas associated with native forests.

III. Description of Activities and Outputs

- 3.1 **Component 1. Support the creation of knowledge and capacity of the native forest industry and landowners to incorporate climate change & biodiversity.** Development of a Land Registry for owners of native forests in the Los Ríos and Los Lagos Regions, where the establishment of productive clusters is sought. Market research on products and services related to native forests in the Los Ríos and Los Lagos regions, considering potential properties participating in the productive clusters and forest management plans.
- 3.2 **Component 2. Support the design of climate change and biodiversity plans and forest management instruments.** Development of a Strategic Plan for the management of public and private forests in the Los Ríos and Los Lagos Regions. Analysis of the capacity, impact, and opportunities for improvement of clean production agreements. Construction of nature positive silvicultural models applied to native forests to address climate change, their contribution to carbon capture, the reduction of deforestation, and their contribution to the country's carbon neutrality goals.
- 3.3 **Component 3. Promote the incorporation of natural capital in decision-making.** Implementation of pilot projects for forests and climate change under forest management criteria. Monitor changes in biodiversity for Pilot projects before and after the intervention.
- 3.4 **Component 4. Communication and dissemination.** Dissemination activities, translation, edition, typesetting, production.

IV. Budget

Indicative Budget (US\$)

Activity/Component	IDB/Fund Funding	Total
Support the creation of knowledge and capacity of the native forest industry and landowners to incorporate climate change & biodiversity	100,000	100,000
Support the design of climate change and biodiversity plans and forest management instruments	90,000	90,000
Promote the incorporation of natural capital in decision-making.	200,000	200,000
Communication and dissemination	20,000	20,000
Total	410,000	410,000

V. Executing Agency and Execution Structure

- 5.1 Bank will be the executing agency of this TC. The follow-up and monitoring of the execution of this technical cooperation will be carried out exclusively by the Bank. The

terms of reference of the consultancies to be contracted within the framework of this TC will be consulted in accordance with the National Forest Corporation (CONAF), The Sustainability and Climate Change Agency (ASCC), the Ministry of the Environment, the Ministry of Finance, the Ministry of Agriculture and other institutions involved in defining the sectoral and subnational climate change policy, as appropriate. The Bank will have the autonomy to approve said documents.

- 5.2 The Climate Change Division (CSD/CCS) team in Chile (CCH) will lead the operation and be responsible for overall quality control, alignment of the products with CCS strategy, and the leveraging of state-of-the-art knowledge and all disbursements. The CSD/CCS team will manage: (i) the organization of workshops; (ii) the review of the products from local technical teams; (iii) the coordination with relevant IDBG specialists from INE and CSD as well as IFD, SCL, BID Invest, and BID lab as relevant; and (iv) the quality of the products, as well as their relevance for the governments.

VI. Project Risks and Issues

- 6.1 No significant risks are identified regarding the general execution of this TC. The actions involved are aligned with a legal mandate and the government's short and medium-term public policy objectives. However, risks that could compromise the completion and/or quality of the products must be considered and mitigated: (i) when working at the sectoral and subnational level, the capacity of said institutions to reach consensus on the execution of the TC and meet the stipulated deadlines should be considered. To minimize these risks, appropriate amounts of resources are provided for the hiring of high-quality international and national consultancies and cooperation with technicians from the Ministry of the Environment and the Ministry of Finance; and (ii) it must be taken into account that a change of key authority could be experienced, which would eventually delay the execution of the TC. To mitigate this effect, each proposal will be duly constructed and validated by the specialized governing body in each ministry to guarantee political and technical support.

VII. Environmental and Social Aspects

- 7.1 This TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).