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The World Bank

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PROJECT CONCEPT NOTE

ON A

PROPOSED GRANT

IN THE AMOUNT OF 6.00 (US\$M)

TO THE

Organization to be selected

FOR A

Mexico Dedicated Grant Mechanism for IP and LC (P151604)

Vice President: Jorge Familiar Calderon  
Country Director: Gerardo M. Corrochano  
Senior Global Practice Director: Paula Caballero  
Practice Manager/Manager: Raul Ivan Alfaro Pelico  
Task Team Leader(s): Alberto Coelho Gomes Costa

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**PCN DATA SHEET**

Mexico

Mexico Dedicated Grant Mechanism for IP and LC (P151604)

**PROJECT CONCEPT NOTE**

*LATIN AMERICA AND CARIBBEAN*

<b>Basic Information</b>			
Project ID	Lending Instrument	EA Category	Team Leader(s)
P151604	Investment Project Financing	B - Partial Assessment	Alberto Coelho Gomes Costa
Project Implementation Start Date		Project Implementation End Date	
01-Mar-2017		01-Mar-2022	
Joint IFC			
No			
Practice Manager/Manager	Senior Global Practice Director	Country Director	Regional Vice President
Raul Ivan Alfaro Pelico	Paula Caballero	Gerardo M. Corrochano	Jorge Familiar Calderon
<b>Project Financing Data</b>			
<input type="checkbox"/> Loan	<input type="checkbox"/> IDA Grant	<input type="checkbox"/> Guarantee	
<input type="checkbox"/> Credit	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Other	
<b>For Loans/Credits/Others (US\$M):</b>			
Total Project Cost :	6.00	Total Bank Financing :	0.00
Financing Gap :	0.00		
<b>Financing Source</b>		<b>Amount</b>	
Borrower		0.00	
Strategic Climate Fund Grant		6.00	
Total		6.00	
Borrower: Organization to be selected			
Contact:	to be informed	Title:	to be informed
Telephone No.:	0000000000	Email:	notinformedyet@ngo.org
Responsible Agency: Organization to be selected			
Contact:	to be informed	Title:	to be informed
Telephone No.:	0000000000	Email:	tobeinformed@ngo.org
<b>Institutional Data</b>			
<b>Practice Area (Lead)</b>			
Environment & Natural Resources			

<b>Contributing Practice Areas</b>				
<b>Cross Cutting Topics</b>				
[ X ] Climate Change				
[ ] Fragile, Conflict & Violence				
[ X ] Gender				
[ ] Jobs				
[ ] Public Private Partnership				
<b>Sectors / Climate Change</b>				
Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Agriculture, fishing, and forestry	Forestry	100		
Total		100		
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
<b>Themes</b>				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Environment and natural resources management	Climate change	40		
Social dev/gender/inclusion	Social Inclusion	20		
Social dev/gender/inclusion	Indigenous peoples	30		
Social dev/gender/inclusion	Gender	10		
Total		100		
<b>Private Capital Mobilized</b>		No		
<b>Gender Tag</b>				
Does the activity plan to undertake any of the following? Please select Yes or No for each:				
Gender analysis and/or consultation on gender related issues.				
Yes				
Specific actions to address the distinct needs of women and girls, or men and boys, or positive impacts on gender gaps.				
Yes				
Mechanisms to facilitate monitoring and/or evaluation of gender impacts.				
Yes				
<b>Consultants (Will be disclosed in the Monthly Operational Summary)</b>				
Consultants Required? Consultants will be required				

## Mexico

### Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (P151604)

#### I. Introduction and Context

##### A. Country Context

**With a population of 127 million, Mexico is the second most populated country in Latin America.** However, 46.2% of the population (about 55.3 million people) live under the poverty line and poverty rates are much higher among the indigenous peoples even though it has the 14th highest GDP worldwide. It is estimated that 12 million people live in and around forest areas of Mexico with more than half of them living in impoverished conditions, and 5 million attributed to indigenous people.

**Mexico is also a megadiverse country and its biological diversity provides substantial opportunities for socio-economic development.** One third of the country is covered by forests. Of the total national territory (196.4 million hectares), just over 66 million hectares (33%) are covered by tropical forests and temperate forests; 37% are covered by arid ecosystems and other types of vegetation, while the remaining 30% corresponds primarily to agricultural and livestock, as well as urban areas.

##### B. Sectoral and Institutional Context

###### Sectoral

**Mexico's unique land tenure structure provides a firm basis for collective management of forest resources.** Following the 1917 Land Distribution Reform, land ownership became communal in agrarian communities, which are either communally farmed land (*ejidos*) or traditional indigenous communities (*comuneros*). As a result, more than 70% of the forests (45.5 million hectares) are under collective ownerships by 8,400 indigenous and non-indigenous forest communities (*ejidos*), with the remaining owned by small landowners and the state. This unique land tenure system of *ejidos* and *comuneros* is unique in the world and provides a firm social, economic and legal basis for collective management of forest resources.

**Natural forests are central to livelihoods of millions of people in Mexico.** Community forests have provided a means of survival for traditional communities and the environment. Evidence shows that communally managed forests in Mexico have experienced less deforestation than protected nature reserves and forests under logging bans.<sup>1</sup> While forests contribute a modest 1 % of GDP, they represent an essential source of employment, income and livelihood for people living in and around forests. In 2008, 57 % of the poorest quintile of rural households obtained almost one-quarter of their income from natural resource extraction, most of which was forest-related. Over a quarter of the forest populations lives in extreme poverty (FIP – Mexico: 2011).<sup>2</sup>

**The drivers of deforestation and forest degradation show significant variation across the country and include direct and underlying factors.** Despite a strong land tenure structure, significant areas of forest are still under high pressure and have high rates of deforestation and forest degradation. The underlying causes of deforestation and degradation include economic, social and institutional factors, such as: the profitability of alternative land uses; land use change, particularly related to agriculture and livestock production; weak management; governance and leadership capacity by *ejido* and indigenous communities for conducting forest operations; and pressure created by other rural, landless populations on *ejidos* and indigenous communities forest resources. As a result, environmental degradation and depletion of natural resources in Mexico have an economic cost equivalent to roughly 6.3% of Mexico's national GDP, being even higher in deforestation hotspots, and the country is among the top ten countries globally in net forest loss.

**Community forestry still faces challenges to access finance and better management practices.** Although 65% of the community forests have commercial potential, less than a quarter of them have developed forest management plans and less than 9% have evolved into community forest enterprises.<sup>3</sup> In addition, the sector represents only 0.01 % of total loans by the banking sector. Only 16 % of the *ejidos* and communities have been able to apply for a loan – the vast majority of which is for agriculture and herding activities. Indeed, *ejidos* and communities have recently pointed out two main difficulties in emerging towards community forest businesses: i) lack of finance, and ii) lack of technical capacity to manage investments.<sup>4</sup> Some of the community forest management challenges include: (i) community forest enterprises are seen as a source of jobs and benefit-sharing rather than enterprises that must be managed on sound business and entrepreneurial principles; (ii) *ejidatarios* and comuneros have a precarious understanding of the technical, regulatory, financial and management issues involved in community forest enterprises, which force local forest users to engage in market exchange under rules with which they are often unfamiliar or lack the capacity to influence or take advantage; (iii) control of the *ejido* and community assemblies by the most senior members leads to the marginalization of young people and women; (iv) direct community management of forests is subject to legal requirements whereby community representatives have a three-year term limit on their governance post; and (v) community organizations become overly reliant on governmental as well as non-governmental programs and projects over which they have poor ownership and, consequently fail to continue after external support ends.<sup>5</sup>

#### Institutional

**Mexico is committed to curb deforestation and degradation through policy and institutional reforms.** At the federal level, the Ministry of Environment and Natural Resources of Mexico (SEMARNAT) is the government agency responsible for natural resources including forests. In 2001, the National Forest Commission (CONAFOR) was established with the objective of promoting conservation activities and developing sustainable forest policies, plans and programs, including the focal point of REDD+. Throughout these years CONAFOR has become a very solid institution and has gained national and international recognition for its tangible results in strengthening local communities to manage their forest through demand-driven government lead national programs. World Bank support to CONAFOR dates from its creation and currently cover a full range of Bank's instruments in support of Mexico's forestry agenda. In addition, there are cross-sectoral coordination platforms, including civil society and indigenous organizations networks such as the National Development Commission for Indigenous Peoples (CDI).

**Mexico is also at the forefront at the international level in the preparation and implementation of the REDD+ scheme.** Mexico's ambitious INDCs<sup>6</sup> recognize the essential role of forests in mitigation actions and establish the goal of 0% deforestation by 2030. In addition, Mexico's climate change commitments emphasizes forests' contribution to adaptation by reducing local communities' vulnerability to natural disasters and economic downturns. The efforts on reducing emissions from deforestation and forest degradation (REDD+) are addressed through Mexico's ambitious REDD+ agenda, a comprehensive set of instruments and interventions under the National REDD+ Strategy, (ENAREDD+). Mexico participates in many platforms of technical and financial support for REDD+; it is one of the 44 developing country participants of the Forest Carbon Partnership Facility (FCPF),<sup>7</sup> one of the eight pilot countries for the Forest Investment Program (FIP) and a member of the UN-REDD program. Significant amounts of domestic funds and international pledged funds are committed to the forestry sector and with various projects underway, including the Forest Investment Program.<sup>8</sup>

## **C. Relationship to Country Partnership Strategy (CPS) and WB Forest and Climate Change Program.**

**The proposed Mexico Dedicated Grant Mechanism (DGM) Project is consistent with the World Bank Group’s Mexico Country Partnership Strategy (CPS) 2014-2019 and The Forest Investment Program (FIP).** One of the four strategic themes of this CPS relates to the promotion of green and inclusive growth, which includes the reduction of the footprint of growth and the use of natural resources in an optimal way. The CPS acknowledges not only the costs of land and forest degradation, but the importance of forests as an essential source of employment, income, livelihood and its important role in mitigating and adapting to climate change. Likewise, the project has an important relationship with the thematic area of “increasing social prosperity”, as the proposed activities will support new and innovative sustainable forest management activities identified by *ejidos* and communities.

**The DGM is aligned and will complement FIP, Forest and Climate Change’s activities that provides financing for REDD+ efforts to address key drivers of deforestation and forest degradation.** The FIP is one of the three programs under the Strategic Climate Fund (SCF) to provide fast-track climate financing to reduce deforestation and forest degradation in tropical countries. Mexico’s FIP Investment Plan – approved in 2011 – integrates four projects, two implemented by IBRD (US\$25.66 million in loan and US\$16.34 million in grants), currently executed by CONAFOR and blended with an US\$350 million IBRD loan, and two by the IADB (US\$15 million in loan and US\$3 million in grants). Thus, the proposed DGM engagement complements the Bank’s engagement in climate change and REDD+ in Mexico which currently comprises the full range of Bank instruments building upon a long-standing, successful collaboration in the country. While FIP focuses on increasing institutional and local capacity on REDD+, and on promoting sustainable rural development, the DGM will focus on new and innovative (demand-driven) interventions identified by *ejidos* and communities through a participatory process. Even though, resources under the DGM represents a relatively small portion compared to this overall agenda, they will strategically focus on issues not yet attended through any of the interventions: bottom up, community driven activities identified and led by *ejidos* and communities themselves that will therefore enhance ownership and participation.

**The DGM has been established as a special initiative under the FIP.** It was established at the request of Indigenous Peoples and Local Communities (IPLC), to provide grants to IPLC and support their participation in the development of the FIP and other REDD+ investment strategies, programs and projects. The DGM currently has eight FIP pilot countries, including Mexico.<sup>9</sup> The DGM Program was established under the rationale that the full and effective, continuous participation of IPLC in the design and implementation of FIP investment strategies is necessary and highly dependent on (i) strengthening the capacity of these groups to play an informed and active role in national REDD+ processes, as well as on (ii) recognizing and supporting their tenure rights, forest stewardship roles, and traditional forest management systems.<sup>10</sup>

In addition, the DGM operation fully fits into and complements the broader World Bank forestry engagement in the country under the Forest and Climate Change Programmatic Approach. This comprises the full range of Bank instruments building upon a long-standing, successful collaboration<sup>11</sup>, that has matured in recent years and now includes Knowledge Services, through the FCPF operation, analytical work under PROFOR, Financial Services through investments (such as the Forests and Climate Change Project and the Coastal Watershed Conservation Project) and Convening and Coordination Services, and REDD+ carbon finance under the FCPF.

## **II. Proposed PDO/Results**

### **A. Proposed Development Objective(s)**

The proposed Development Objective (PDO) of the project is to strengthen capacity of forest-dependent peoples from targeted states to participate in local, national and international REDD+ related processes and to support new and innovative demand-driven initiatives identified by *ejidos* and communities for the sustainable management of the forest.

In the spirit of the DGM's collaborative approach to design and implementation, the DGM Program objective is consistent with the interests and aspirations of the IPLCs expressed in the DGM Design Proposal and the DGM Framework Operational Guidelines. Likewise, the proposed PDO has an overarching approach which leaves enough room to allow the selection of activities based on the principle of demand-driven interventions and identified through an extensive participatory and representative process which is the nature and essence of the DGM.

## **B. Key Results**

The PDO and the results of the project would be measured by the set of mandatory indicators shared by all DGM pilot country projects:

- (i) Percentage of sub-projects successfully completed and achieved their objectives;
- (ii) People in targeted forest and adjacent communities with increased monetary or nonmonetary benefits from forests, disaggregated by gender;
- (iii) Percentage of participants in the capacity development activities with increased role in the FIP and other REDD + processes at local, national or global levels;
- (iv) Percentage of grievances registered related to delivery of project benefits that are actually addressed; and,
- (v) Percentage of DGM stakeholders that perceive DGM governance and processes as transparent and inclusive.

A comparative analysis of indicators among Mexico FIP's Investment Plan, the Forests and Climate Change Project and the DGM will be done to identify common indicators at both sector and project level to be included in the results framework.

## **III. Project Context**

### **A. Concept**

#### **1. Description**

**The Mexico DGM project would be aligned with Mexico's FIP Investment Plan.** The Mexico DGM will focus on the direct and underlying causes of deforestation and forest degradation in Mexico's REDD+ Early Action Areas: Oaxaca, the coastal watersheds of Jalisco and the Yucatán Peninsula (Campeche, Yucatan and Quintana Roo). While FIP's intervention are mainly focused on enhancing the quality and quantity of the offer under CONAFOR's programs and financial services through public development banks and financial intermediaries, the DGM will complement these efforts by directly supporting new and innovative (demand-driven) sustainable forest management schemes and practices identified by *ejidos* and communities. Considering that DGM's contribution to the overall subsidies available to *ejidos* and communities is small, the value added of the project will be to identify and pilot, under a participatory approach, initiatives that better integrate IPLC's needs, perspectives, and modalities of delivery and organization.

**The DGM's approach to identify interventions will support an extensive participatory and representative process** by: (i) enhancing informed participation of the local population in decision-making processes; (ii) incorporating the interests of different local shareholders (including women, young people, and landless people); and (iii) considering peoples' worldviews and traditional knowledge when design policies, programs and/or projects. The following

components have been preliminarily discussed and proposed by representatives of key stakeholders (*ejidos* and communities):

**Component 1: Governance and Financing Mechanisms for Community Forestry Management (about USD 3.6 million).** This component would support a revolving fund and seed money to support the implementation of demand-driven proposals from *ejidos* and communities within the following thematic areas: (a) avoided deforestation and forest degradation through sustainable forest management, (b) protection of environmental services; (c) enhancement of carbon stocks in forest landscape, (d) agroforestry and sustainable use of non-timber products, (e) low carbon production systems in agriculture, and (f) evolving towards and strengthening of enterprises associated with appropriate social schemes.

**Component 2: Capacity Building, Communication and Advocacy (about USD 1.5 million).** This component would support a focalized capacity-building plan for strengthening managerial skills and technical knowledge required for community forest management. The component will: (i) provide training and technological development to community and producers' organizations; (ii) facilitate knowledge-exchange networks among forest-dependent people and community forest entrepreneurs; (iii) support a communication strategy for reporting on project's progress and outcomes, identify and disseminate lessons learned to both internal and external audiences and interested parties. It would promote spaces for sharing experiences or good practices related with the Project among different community members and communities.

**Component 3: Management, monitoring and evaluation (about USD 0.9 million).** This component would support activities that will increase the capacity of indigenous peoples and local communities to oversee, monitor and evaluate project activities and to strengthen internal systems of social control. The component would also cover the incremental costs in which the National Executing Agency (NEA) (to be selected) would incur to implement the sub-projects to be selected under the project.

Additionally the Mexico DGM will benefit from the Global DGM component on knowledge sharing and networking on REDD+.

**Expected outcomes.** DGM activities will address the underlying economic causes of deforestation and degradation by working directly with *ejidos* and local communities providing revolving funds and seed money to support new and innovative (demand-driven) proposals within thematic areas. The project will focus on some of the social causes of deforestation and degradation by strengthening managerial skills and technical knowledge required for community forest management. Thus, the project is expected to: (i) improve participation of forest-dependent communities in REDD+ related processes; (ii) enhance ownership over community forest initiatives that they have identified and participated in; and (iii) improve the access to information, knowledge, and skills needed to engage in sustainable forest management and run community forest enterprises eventually on more sounding business and entrepreneurial grounds.

## 2. Overall Risk and Explanation

**The overall risk of the project is substantial due to its innovative character and implementation arrangements and contextual challenges.** First and foremost, specific interventions will be identified through a participatory process after the project is approved and the NEA is selected. To that regard, a National Steering Committee (NSC) has been established and it is currently elaborating the terms of reference for the NEA. Project performance and synergies with other projects and programs may be compromised because the project would engage its key stakeholders with thematic areas that are still open for debate and not fully familiar to them, especially REDD+. The participation of *ejidos* and indigenous peoples in the project may

not be perceived as representative of the country's diversity by other local organizations. The legitimacy of the NSC may be questioned if consultations with local and regional stakeholders and civil society organizations are perceived as insufficient or not fully inclusive, raising criticisms related with favoritism, vested interests and elite capture and may lead to conflicts about proposal funded. A disconnection may occur between the NSC and other key consultative and participatory arenas such as the CTC-REDD+ and the CDI.<sup>12</sup>

The key project principle of recognizing the traditional tenure rights, forest stewardship roles, forest management systems, political and social organization of indigenous peoples and *ejidos* implies that the Project may need to rely on Communal Assemblies, which may not have the necessary broad representation. *Avecindados* (persons who live in the *ejido* but officially do not possess land) and *posesionarios* (persons who have users' rights in the territory) are not included in this process at the same level as the *ejidatarios*. Furthermore, women and young people may also be underrepresented and generational aspects may be underscored. Finally, there are governance risks at the country level associated to historically weak coordination and alignment between key stakeholders.

**Critical features embedded on the DGM guidelines and project design are expected to contribute to overcome or, at least, minimize such risks.** They are: (i) its broadly participatory and empowering approach that ensures representation and participation of key stakeholders in the different stages of project preparation and implementation; (ii) the design of an appropriate, clear, transparent and broadly representative governance mechanism – the NSC – open to dialogue with other participatory bodies; (iii) the identification and selection of a National Executing Agency through a competitive process, which shall (a) be familiar with World Bank procedures (fiduciary, procurement, and safeguards), (b) hold the capacity to provide technical assistance and training in all areas needed by the key stakeholder, and (c) have experience in working with indigenous communities and *ejidos*. The project will set an efficient system of communication to promote dissemination, transparency and access to information about the project's activities, outcomes and lessons learned.

**No adverse environmental and social impacts are expected.** Nevertheless, environmental and social safeguard policies would be triggered to avoid, prevent, and mitigate any potential negative impacts. Broad participation and full ownership over project design and implementation have been pursued since the beginning of the Project preparation, and the project would rely on appropriate mechanisms of clear and transparent governance, including a grievance and redress mechanisms.

## **B. Economic Analysis**

### **1. Briefly describe Project's development impact in terms of expected benefits and costs**

**The project will contribute to support new and innovative demand-driven schemes and practices for sustainable forest management while strengthening communities' participation in decision-making and planning processes related to REDD+.** Given its community demand-driven nature, the proposed project would respond to and support the demands of its target population, its activities are not yet known, and its benefits could not be fully quantified. The opportunity costs of forest lands, which account for the bulk of economic costs, have also been imperfectly quantified. All these circumstances make a detailed *ex-ante* cost-benefit analysis of the Project to be difficult to determine and a full economic analysis of the project is not possible. The Bank has extensive experience with previous and ongoing community forestry and biodiversity conservation programs in Mexico that have yielded high net benefits and internal rates of return (IRRs) for participating communities.<sup>13</sup> It is expected that community forestry activities to be supported under the Project would have at least similar high rates of return, because they would be selected based on their economic feasibility as well as sociocultural adequacy. Given its

community demand-driven nature, participation of forest owning *ejidos* and indigenous communities would also tend to be financially beneficial to them; otherwise, they would be able to simply choose not to participate. Finally, activities to be included in the Mexico DGM are expected to generate extensive multiple co-benefits to indigenous communities and *ejidos* at the REDD+ Early Action Areas. They are expected to have additional environmental, social and institutional co-benefits to improve local and indigenous community livelihoods, increase capacity for local self-development, foster access to environmental benefits and improve biodiversity conservation in productive landscapes.

## 2. Rationale for public sector provision/financing, if applicable

Not applicable.

## 3. Value added of Bank's support

### **The World Bank adds value to this project because of:**

- Its long-standing, deep engagement through operations in the forestry sector in Mexico – the Project would build on the Bank's past and ongoing engagement with Mexico on forests and climate change, which constitutes an outstanding example of engagement with a sophisticated middle-income country in which the Bank has deployed the full range of available instruments to support the evolution of the government's programs through the years in a consistent manner;
- Its role as a key player in REDD+, under a broad forest programmatic approach, the Bank is already playing a leading role through the implementation of the Forests and Climate Change Project, which has been identified as having visible economic impacts among all international initiatives related to REDD+, because it supports communities by supporting the development of business models to improve timber and non-timber forest production;<sup>14</sup>
- Its favorable position to convene key stakeholders and facilitate constructive engagement on critical issues in the forests and climate change arena as well as indigenous people's affairs.

## C. Implementing Agency Assessment

**The National Executing Agency (NEA) would be a non-profit and non-governmental organization (NGO).** This organization would be selected prior to Project Appraisal through a competitive process supported by the World Bank and carried out by the NSC. The Terms of Reference for this selection process would emphasize the responsibility of the NEA to comply with all fiduciary and safeguard policies of the World Bank. The NSC committee would compose a short-list with the first three ranked candidates. The World Bank will then carry out an assessment of each candidate's capacity to comply with fiduciary and safeguard requirements. The selected agency would be responsible to develop the project operation manual, incorporating all procedures related with fiduciary and safeguards management as a condition of effectiveness. The grant agreement will be signed between the World Bank and the NEA to administer the grant scheme after approval by the World Bank Group Board of Executive Directors.

## Annex 1 – Systematic Operations Risk-Rating Tool (SORT)

<b>Risk Category</b>	<b>Rating</b>
1. Political and Governance	Substantial
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Substantial
8. Stakeholders	Substantial
9. Other	
<b>OVERALL</b>	Substantial

## Annex 2

### Preparation Schedule and Resources

Milestone	Basic	Forecast	Actual
AIS Release			25-Aug-2014
Concept Review	01-Oct-2014	6-Jan-2016	
Auth Appr/Negs (in principle)		15-Jun-2016	
Bank Approval	30-Jul-2015	01-Nov-2016	
<b>Sector Unit Estimate of Resources Required from Preparation through Approval</b>			
Source of Funds	Preparation Expenses to Date (USD)	Estimate of Resource Requirements (USD)	
		Fixed	Variable
<b>Bank Budget</b>			
<b>Trust Funds</b>	79,831.80	150,000.00	100,000.00
<b>Team Composition</b>			
<b>Bank Staff</b>			
Name	Role	Title	Unit
Alberto Coelho Gomes Costa	Team Leader (ADM Responsible)	Senior Social Development Specialist	GSURR
Carlos Tomás Pérez-Brito	Social Development Specialist	Senior Social Development Specialist	GSURR
Katharina Siegmann	Environmental Specialist	Environmental Specialist	GENDR
Arelia Jacive Lopez	Safeguards Specialist	Social Specialist	GSURR
Daniel Chalupowicz	Financial Management Specialist	Financial Management Specialist	GGODR
Francisco Rodriguez	Procurement Specialist	Senior Procurement Specialist	GGOV
Dora Andrade	Safeguards Specialist	Environmental Specialist	GENDR
Daniella Arruda	Team member	Operations Analyst	GENDR
Kristyna Bishop	Team Member (Former TTL)	Senior Social Development Specialist	GSURR

Extended Team			
Name	Title	Office Phone	Location
Salvador Anta	Consultant		

**Additional Information (Optional)**

**The Mexico DGM is conceived as a pilot project and its design has been led by Indigenous Peoples and Local Community groups.** There is an ongoing broad process of informed and free consultation that started in 2014 and a total of 16 consultation workshops have been held and convened 384 people from key stakeholders, including two regional meetings with indigenous representatives in the Yucatán Peninsula and Oaxaca. The main outcomes of this participatory process, so far, have been: (i) the designation of the World Bank as the Development Multilateral Bank (MDB) responsible for the Project in Mexico; (ii) the agreement on the criteria for selecting representatives of the Regional Subcommittees and the NSC; (iii) the selection of the *Consortio Chiclero* as the chair of the NSC; and (iv) the inauguration of the NSC in January 2015 with a composition proportional to the number of participant States.

Next Steps. Going ahead with Project preparation, the World Bank team would provide support to the National Steering Committee – its Coordination and Technical Secretariat – aiming to further strengthening the National Steering Committee, broadening the participation of representative organizations of indigenous peoples, local communities, community forest entrepreneurs, women and youth; specifying the principles, criteria and operational guidelines that would guide the implementation of the DGM in Mexico; carrying out the process for the selection of the National Executing Agency; and, finalizing the project design.

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Endnotes

<sup>1</sup> Bray DB, Merino L, (2005) “*La experiencia de las comunidades forestal en México: veinticinco años de silvicultura y construcción de empresas forestales comunitarias*” (The experience of forest communities in Mexico: Twenty-five years of silviculture and building community forestry enterprises), SEMARNAT-Fundación Ford, Mexico. Available at: <http://www.inecc.gob.mx/descargas/publicaciones/461.pdf>; Porter-Bolland L., et al. (2011) *Community managed forests and forest protected areas: An assessment of their conservation effectiveness across the tropics*, Forest Ecol. Manage

<sup>2</sup> The estimates on community owned forests range from 60 up to 80 percent. It is also estimated that Indigenous Peoples hold up to 45 percent of Mexico’s forest lands. Whereas 15 percent are privately owned and just 5 percent are public lands. INEGI. Censo Agropecuario 2007, IX Censo ejidal.

<sup>3</sup> Depending on their level of vertical integration, Community Forest Enterprises (CFE), are classified in four typologies. (i) Forest owners with potential to benefit from its resources but lack their management plans authorized to do it; (ii) Forest owners that rent their land and resources to a contractor to exploit the area without the owners participation; (iii) Forest owners with authorization to benefit from forest’s economic activities and participate in it; and (iv) raw materials producer with infrastructure for transformation and commercialization. Profor. Competitividad y Acceso a Mercados de Empresas Forestales Comunitarias en México. 2013

<sup>4</sup> CONAFOR, Estrategia Nacional de Manejo Forestal Sustentable para el Incremento de la Producción y Productividad (Enaipros) 2013-2018.

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<sup>5</sup> CONAFOR, Estrategia Nacional de Manejo Forestal Sustentable para el Incremento de la Producción y Productividad (Enaipros) 2013-2018; de Jong et al., Opportunities and Challenges for Community Forestry. In Mery, G. et al., Forests and Society: Responding to Global Drivers of change, available at <http://www.iufro.org/science/special/wfse/forests-society-global-drivers/>.

<sup>6</sup> Intended Nationally Determined Contributions under the UNFCCC, mitigation and adaptation commitments defined prior to the 2015 COP in Paris and intended to contribute to the global mitigation efforts of global warming below 2degrees, [http://unfccc.int/focus/indc\\_portal/items/8766.php](http://unfccc.int/focus/indc_portal/items/8766.php).

<sup>7</sup> Mexico's Readiness Preparation Proposal (R-PP) was approved by the FCPF in 2010 and the legal agreement was signed in 2014. Mexico's Emission Reduction Project Idea Note (ERPIN) was approved in April 2014. The letter of intent for an Emission Reductions Program (ERP, also called "Mexico's Emission Reductions Initiative") was signed on November 2014.

<sup>8</sup> According to the REDD+ study (Muñoz, C. and J. Ortega: 2013. National Report for Mexico. Follow up of REDD+ finance 2009 – 2012 ), from 2009 to 2012 Mexico has received \$773.5 million in REDD+ and forest-related financial commitments up to 2018, of which 43% comes from the country's own budget. The potential for emissions reduction by 2020 are estimated at 32 MtCO<sub>2</sub> eq. (SEMANART/INECC, 2012).

<sup>9</sup> DGM pilot countries are: Brazil, Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Lao PDR, Mexico and Peru.

<sup>10</sup> For reference: Design Document for the Forest Investment Program, available at [https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP\\_Design\\_Document\\_July\\_final.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_Design_Document_July_final.pdf) – and Design for the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities, available at [http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP\\_Design\\_Proposal\\_DGM\\_for\\_IPs\\_and\\_%20LC\\_FINAL\\_November2011.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_Design_Proposal_DGM_for_IPs_and_%20LC_FINAL_November2011.pdf).

<sup>11</sup> In particular the two *Community Forestry Projects* that assisted forest-dependent communities to raise their standards of living through improved forest management (closed in 2009), and the *Environmental Services Project* (closed in 2011).

<sup>12</sup> The CTC REDD+ is a multi-stakeholder and specialized space created in 2010 to analyze and provide feedback on the REDD+ process; CDI stands for National Commission for the Development of Indigenous Peoples.

<sup>13</sup> Exemplarily: the overall economic rate of return (ERR) yielded by the Indigenous and Community Biodiversity Conservation Project in Mexico (COINBIO) has been estimated at 26.9 percent; and community forest production and non-timber forest products projects supported by the Second Community Forest Project (PROCYMAF II) yielded IRRs of 20.2 percent and 22.1 percent.

<sup>14</sup> Bauche (2015), The Impacts of International REDD+ Finance: México Case Study. Available at [http://www.climateandlandusealliance.org/uploads/PDFs/Impacts\\_of\\_International\\_REDD\\_Finance\\_Case\\_Study\\_Mexico.pdf](http://www.climateandlandusealliance.org/uploads/PDFs/Impacts_of_International_REDD_Finance_Case_Study_Mexico.pdf).