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READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$ 3.8 MILLION

TO THE

UNITED MEXICAN STATES

FOR

FOREST CARBON PARTNERSHIP FACILITY REDD+ READINESS PREPARATION
SUPPORT PROJECT

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DATA SHEET

United Mexican States
FCPF REDD+ Readiness Preparation Support Project

READINESS PREPARATION PROPOSAL (R-PP) ASSESSMENT NOTE

Latin America and the Caribbean Region

Basic Information			
Date:	October 18, 2013	Sectors:	Forestry
Country Director:	Gloria M. Grandolini	Themes:	: Climate Change (81)
Sector Manager/Director:	Laurent Msellati	EA Category	B
Project ID:	P120417		
Lending Instrument:	Carbon Offset/TF Grant		
Team Leader(s):	Carole Megevand		
Date of country selection into FCPF: July 8, 2008			
Date of Participation Agreement signed by Country: October 16, 2008			
Date of Participation Agreement signed by Bank: October 16, 2008			
Date of R-PP Formulation Grant Agreement signature: N/A			
Expected date of Readiness Preparation Grant Agreement signature: November 15, 2013			
Joint IFC: N/A			
Project Implementation Period:		Start Date: October 2013	End Date: October 2016
Project Financing Data			
<input type="checkbox"/> Loan	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Other	
<input type="checkbox"/> Credit	<input type="checkbox"/> Guarantee		
For Loans/Credits/Others (US\$M):			
Total Project Cost :		Total Bank Financing :	US\$3.8 million
Total Cofinancing : N/A		Financing Gap : N/A	
Financing Source		Amount	
BORROWER/RECIPIENT: Government of Mexico			
IBRD			
IDA:			
FCPF:		3.800	
Others			
Financing Gap			
Total			

Regional FCPF Trust Fund Number: TF093616

FCPF Country Child Trust Fund Number:

Recipient: Government of Mexico

Responsible Agency: Comisión Nacional Forestal (CONAFOR)

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ABBREVIATIONS AND ACRONYMS

ATREDD+	Acciones tempranas REDD+
BIC	Bank Information Center
CDI	<i>Comisión Nacional para el Desarrollo de los Pueblos Indígenas</i>
CICC	<i>Comisión Intersecretarial de Cambio Climático</i>
CIDRS	<i>Comisión Intersecretarial para el Desarrollo Rural Sustentable</i>
CO ₂ e	Carbon dioxide equivalent
CONABIO	<i>Comisión Nacional para el Conocimiento y Uso de la Biodiversidad</i>
CONAF	<i>Consejo Nacional Forestal</i>
CONAFOR	<i>Comisión Nacional Forestal</i>
CONANP	<i>Comisión Nacional de Áreas Naturales Protegidas</i>
COP	Conference of the Parties
CTC-REDD	<i>Comité Técnico ConsultativodeREDD+</i>
CTF	Clean Technology Fund
DPL	Development Policy Loan
ENAREDD+	<i>Estrategia Nacional para REDD+</i>
ESMF	Environmental and Social Management Framework
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
FMT	Facility Management Team
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
MRV	Measurement, Reporting and Verification
Mt	Megaton (million metric tonnes)
NGO	Non-governmental organization
OIC	<i>Organo Interno de Control</i>
PC	Participants' Committee
PECC	<i>Programa Especial de Cambio Climático</i>
PES	Payment for Environmental Services
PROCYMAF	<i>Programa de Conservación y Manejo Forestal</i>
PROCEDE	<i>Programa de Certificación de DerechosEjidales y Titulación de Solares</i>
PROFOS	<i>Programa de Fomento a la Organización Social, Planeación y Desarrollo Regional Forestal</i>
REDD+	Reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks in developing countries
REDD+ WG	REDD+ Working Group
Red MOCAF	<i>Red Mexicana de Organizaciones Campesinas Forestales, A. C.</i>
RL/REL	Reference Level or Reference Emission Level
R-PIN	Readiness Preparation Idea Note
R-PP	Readiness Preparation Proposal
SAGARPA	<i>Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación</i>
SEMARNAT	<i>Secretaría de Medio Ambiente y Recursos Naturales</i>
SESA	Strategic Environmental and Social Assessment

SEDATU	<i>Secretaria de Desarrollo Agrario Territorial y Urbano</i>
SIL	Sector Investment Loan
UNFCCC	United Nations Framework Convention on Climate Change
UNOFOC	<i>Unión Nacional de Organizaciones de Forestaría Comunal</i>
WBS	World Bank System

PURPOSE OF THE READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

As part of its responsibilities for the Forest Carbon Partnership Facility (FCPF), the World Bank has been asked to ensure that the FCPF's activities comply with the relevant World Bank Operational Policies and Procedures, in particular the Safeguard Policies, and the policies on Procurement and Financial Management.

The World Bank has also been asked to assist countries participating in the FCPF (i.e. REDD Country Participants) to formulate and implement their Readiness Preparation Proposals (R-PPs).

The purpose of this Readiness Preparation Proposal Assessment Note (R-PP Assessment Note), therefore, is for the Bank to assess if and how the proposed REDD+ Readiness Support Activity, as presented in the R-PP, complies with Safeguard Policies, and the Bank's policies on Procurement and Financial Management, discuss the technical quality of the R-PP, record the assistance it has provided to the REDD Country Participant in the formulation of its R-PP, and describe the assistance it might potentially provide to the REDD Country Participant in the implementation of its R-PP. For more information on FCPF, please refer to Annex 6.

UNITED MEXICAN STATES
FCPF REDD+ Readiness Preparation Support
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I. Introduction and Context

A. Country Context

1. **Mexico has achieved remarkable economic and social progress over the past several decades.** With a population of 120.8 million, Mexico is the second most populated country in Latin America. It has the 14th largest GDP worldwide, and is the second largest economy in Latin America. Key economic sectors and sources of income include manufacturing, industry, oil, tourism and remittances. Its sound policy frameworks and prudent macro-economic management have resulted in favorable financial conditions that helped the country remain resilient during the US slowdown and the financial turmoil in Europe. The country has maintained a strong growth of 3.9% during 2012. This has been supported by both external and internal demand, with a firmer expansion in services. Gross Domestic Product (GDP) is expected to grow 3.5% during 2013 with a recovery in 2014¹.

2. **However, Mexico still faces challenges in its quest for inclusive growth.** Although Mexico's overall economic and human indicators have improved steadily over the past decade, poverty is still widespread especially in rural areas. Mexico still faces strong inequalities, i.e. rich and poor states, dynamic urban centers and isolated rural areas, small informal enterprises serving the domestic market and large companies competing abroad.

B. Sectoral and Institutional Context

1. Sustainable forest management

3. **Natural forests are central to livelihoods of millions of people in Mexico.** While forests contribute a modest 1 % of GDP, they represent an essential source of employment, income and livelihood for some 12 million people. 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.

4. **Over the last century, Mexico has transformed its land tenure regime** and community-based tenure has now become the dominant form of land tenure.² It is estimated that between 65-80 % of the 64 million hectares of forests in the country belong to approximately nine thousand agrarian communities, including indigenous peoples and *ejidos*,³ under this legally

¹ The World Bank Mexico: <http://www.worldbank.org/en/country/mexico/overview>. Updated in 2013. [Accessed: June 28, 2013].

² The Mexican Revolution led to the reform of the Constitution to include an explicit recognition of a community-based land tenure system called the *ejido* (article 27). Ejido tenure expanded during the 20th century, largely as a result of large scale expropriations of privately owned lands by the Cardenas government. By the end of the century, ejido tenure covered approximately 105 million hectares, or 52% of the total land area of Mexico. Ejido land tenure is characterized by its inalienability (although with some important changes in the last 20 years) and its primary agricultural orientation.

³ Communities are longstanding rural population centers that have been given formal ownership of their traditional or customary lands – many of them are indigenous peoples and/or non-indigenous *campesinos*. *Ejidos* refers to a portion of land that has been titled to a rural population nucleus that was formed recently or relocated from one area to another – most of them are non-indigenous *campesinos*. Both types of community property are governed by a

recognized collective land ownership system; a situation that is unique in the world and only behind Papua New Guinea in terms of total area.⁴ Other forest lands belong to individual owners and the State.

5. **Mexico is recognized as a global leader in forest management.** In the nineties, the Government started helping communities to manage their forest resources through a series of incentives and advisory programs, especially the *Programa de Conservación y Manejo Forestal* (PROCYMAF) and Payments for Environmental Services (PES). Budget allocation for sustainable forest management increased from US\$27 million in 2001 to US\$396 million in 2010. The PROCYMAF and PES programs have strengthened institutions and social capital, and are delivering promising results on the ground. To date, as many as four thousand communities have participated in the demand-driven programs operated by the National Forestry Commission (CONAFOR) since they were launched in 2001. An estimated 2,380 communities manage their forests according to an approved forest management plan, and about 50 forests are independently certified. Although much remains to be done and improvements may be necessary, Mexico's approach, which combines a strong history of community forestry and enhancement of environmental services such as water and biodiversity, is increasingly being recognized as a worldwide reference for its innovation, scale, and results.

2. *Climate change and REDD+*

6. **Mexico has become a global leader in climate change issues.** It has developed an active agenda that includes adaptation and mitigation activities. The *Programa Especial de Cambio Climático* (PECC) was created in 2008 by the *Comisión Intersecretarial de Cambio Climático* (CICC), setting an aspirational target of 50 % reduction in greenhouse emissions by 2050, compared with 2000, for which the REDD+ strategy has become central due to the mitigation potential of forests in the country⁵. The National Law of Climate Change was issued in 2012 and in June 2013, a new National Climate Change Strategy was released, confirming Mexico's commitment in addressing climate change issues, and the essential role of forests in mitigation actions.

7. Official rates of national deforestation in Mexico are moderate (around 0.25% annually⁶). The major direct drivers of deforestation⁷ are variable by region, but primarily include forest conversion to pasture and to a lesser extent agriculture. Forest degradation is relatively high: estimated at 0.45% annually. Causes of degradation include unsustainable logging, forest grazing, fuel wood collection, fires, and pests and diseases. Often, deforestation occurs by a gradual process of continual degradation over time. Over the last decade, public investment in forestry and conservation, low profitability of agriculture, rural out-migration, and poor

similar structure, with an "Asamblea" of all *ejidatarios* or *comuneros*, a "Comisariado Ejidal" or *Comisariado de Bienes Comunes* and a "Consejo de Vigilancia".

⁴ Source: Bray, D., Perez, L., 2004. Community Forests of Mexico: Achievements and Challenges. Sierra Madre, Mexico City.

⁵ CONAFOR (2012): <http://www.conafor.gob.mx/portal/index.php/marco-institucional/b-programa-especial-de-cambio-climatico>. Accessed July 1, 2013. [updated June 14, 2012]

⁶ As per the Readiness Preparation Proposal R-PP, presented by Mexico to the FCPF on 2010.

⁷ See Annex 6: Main causes of deforestation and forest degradation. Potential REDD+ Strategies identified by the Mexico R-PP.

suitability for agriculture of remaining forestland have contributed to a decline in forest loss—although one cannot assume those trends will continue.

8. **In Cancun in 2010, the “Mexico’s Vision for REDD+: Towards a National Strategy” was unveiled.** Mitigation targets projected for “agriculture, forestry and other land use” sector⁸ represents 30% of the total committed and is equivalent to 15.3 MtCO₂e. According to “Mexico’s Vision for REDD+”, the best way to develop REDD+ in Mexico is through Sustainable Rural Development (SRD) which promotes a territorial and multi-sectorial approach, in order to reduce the pressures that lead to deforestation and forest degradation. The “Mexico’s Vision for REDD” sets the lines which will serve as a basis for the National REDD+ Strategy⁹: it emphasizes forests’ contribution to adaptation by reducing local communities’ vulnerability to natural disasters and economic downturns. Forestry and land-use change are Mexico’s third highest source of greenhouse gas emissions¹⁰:

9. By the end of 2011, Mexico presented a document entitled “*Elementos para el diseño de la estrategia nacional REDD*”, which was developed jointly with civil society. During 2012, the Mexican government improved this document by incorporating comments and feedback received from the various participatory platforms (incl. the *Comité Técnico Consultivo* or CTC-REDD+¹¹ and the *Comité Técnico Asesor del Grupo de Trabajo REDD+* under the *Comisión Intersecretarial de Cambio Climático* or CTA del GT-REDD+¹²) and the ENAREDD working group of the *Consejo Nacional Forestal* (CONAF)).

10. Since most forests in Mexico are owned by communities, REDD+ actions in Mexico would most likely be implemented at the community level on a voluntary basis: the ongoing PROCYMAF and PES programs are expected to serve as a cornerstone of the REDD+ strategy, with necessary improvements to be defined through studies and public consultations during the REDD+ readiness phase. As part of the REDD+ preparation phase, Mexico is developing REDD+ Early Actions (ATREDD) which are a set of articulated institutionally efforts at the subnational level, including local governments, to address the root causes of forest carbon and forest loss in a particular territory, through policy instruments and specific actions of different actors that create opportunities for economic and social development of communities. Some of these actions are currently being piloted under the Forests and Climate Change project also financed by the World Bank.

⁸ Referred to as LULUCF for Land-Use, Land-Use Change and Forestry

⁹ The REDD+ Vision is an intermediate step towards a REDD+ strategy. It further develops many of the concepts Mexico outlined in the R-PP, which was presented to the FCPF Participants’ Committee in March 2010.

¹⁰ Source: Mexico: Fourth National Communication of Mexico to the United Nations Framework Convention on Climate Change / Secretaría de Medio Ambiente y Recursos Naturales, Instituto Nacional de Ecología (2009): Energy Secotr (59.9%), Waste (14.3%), Land use change and forestry (9.8%), Industrial processes (9.7%) and Agriculture 6.3%)

¹¹ the CTC-REDD+ was formally established on May 13, 2010 and brought together over 60 civil society and producers organizations, academic and governmental institutions to discuss REDD issues and provide inputs into the policy making process.

¹² Article 23 paragraph VI of the new bylaws of the CICC Working Group on reducing emissions from deforestation and degradation (GT-REDD +) may establish a councilor subgroup for technical consultation or advice necessary for the fulfillment of its objectives.

11. **In 2010, Mexico submitted a Readiness Preparation Proposal (R-PP) to the FCPF Participant Committee.** It contains a detailed assessment of the drivers of deforestation and forest degradation, a preliminary methodology to define its emissions reference level based on past emission rates and future emissions estimates, a monitoring, reporting and verification system for REDD+, and actions for integrating environmental and social considerations into the REDD+ Readiness process, including the national REDD+ strategy. The R-PP was approved by the FCPF Participant Committee on March 2010. The below table summarizes some of the progress of the Mexican preparation process for REDD+ considering the activities agreed under the UNFCCC as requisites for participation in REDD+:

National REDD+ Strategy	<ul style="list-style-type: none"> • ENAREDD: Reviewed draft that incorporates inputs and feedback from civil society • Institutional Arrangements • Implementation model with a landscape approach and intergovernmental cooperation mechanisms through local technical Agents • Strengthening of the national CTC and state CTCs • Regional participation processes (foros de silvicultura comunitaria) • Alignment with other participation processes (FIP)
MRV and Reference Level	<ul style="list-style-type: none"> • Mobilization of significant resources on MRV, including from the Mexico-Norway Project, USAID's M-REDD project, CIGA-UNAM • Historical analysis (1990-2010) to estimate net deforestation (LANDSAT 1:100,000) • Identification of hot-spots, analysis of drivers of deforestation. • Emission factors - National Forest and Soils Inventory Data (INFyS) • Activity Data: annual monitoring 2011-2013 (Rapideye: 1:20,000)
Safeguards Information System (SIS)	<ul style="list-style-type: none"> • Social and Environmental Standards in Early Action Areas (Jalisco and Yucatan Peninsula) • Analysis of the legal framework and identification of gaps • Analysis of possible components for the SIS

12. **Over the past few years, Mexico has made considerable progress in the construction of its National REDD Strategy (ENAREDD+)** through a participatory process. The ENAREDD+ is established under the framework of the Sustainable Rural Development (SRD) that requires coordination of forest and non-forest policies, the strengthening of governance mechanisms and participative processes at the local level, institutional arrangements, and appropriate funding mechanisms. As of September 2013 the third version of the draft ENAREDD+ was prepared incorporating the comments and feedback received from various platforms of civil organizations.

3. Legal and institutional framework for REDD+

13. **Mexico has a solid legal framework, which includes the Climate Change General Law and the General Law for Sustainable Forest Development,** which provides new tools and structures to meet the challenges of climate change and that are also relevant for REDD+. In addition, the National Climate Change Strategy was released in June, 2013. The National REDD+ Strategy (ENAREDD+) will be aligned with the targets, objectives and strategic actions for mitigation in the forest sector included in the Climate Change Strategy.

14. **The leading institution for REDD+ in Mexico is the *Comisión Nacional Forestal (CONAFOR)*** a decentralized agency under the Ministry of Environment and Natural Resources (**SEMARNAT**). CONAFOR oversees a wide range of programs, including forest management, community forestry, payments for environmental services, inventories, pest management and others. Other key federal agencies involved in REDD+ include: the Environmental Prosecuting Agency (**PROFEPA**) the Ministry of Agriculture, Livestock and Rural Development (**SAGARPA**), the Ministry of Urban and Territorial Development (**SEDATU**), the *Comisión Nacional para el Desarrollo de los Pueblos Indígenas* (**CDI**), the *Comisión Nacional de Áreas Naturales Protegidas* (**CONANP**), and the Comisión Nacional para el Conocimiento y Uso de la Biodiversidad (**CONABIO**).

C. Relationship to Country Partnership Strategy (CPS)

15. **The proposed FCPF engagement is consistent with the Mexico CPS for FY 2014-2019.** The objectives of the project are aligned with Mexico's Country Partnership Strategy (CPS), which covers fiscal years 2014-2019. The CPS outlines four strategic themes, notably promoting green and inclusive growth, including by reducing the footprint of growth and using 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, and livelihood for about 12 million people, and its important role in mitigating and adapting to climate change. Additionally, the proposed activities have important linkages with the thematic area on "increasing social prosperity", as the proposed activities will (indirectly) support forest management activities for communities and *ejidos*, as well as directly support inclusion through consultancy processes and dissemination.

16. **The proposed FCPF engagement is equally consistent with the Government's National Development Program (NDP) 2013-2018** which seeks sustainable development as one of its key pillars and therefore aims to reduce the cost of environmental degradation. The NDP outlines that at the moment economic growth often comes with greenhouse gas emissions, pollution and deforestation. But recognizes that only by conserving the natural capital and providing ecosystem services sustainable development can be achieved.

17. **The proposed FCPF operation is part of a broad strategic engagement in support of the Government's agenda on forest and climate change.** Through recent years Mexico has been designing a number of projects and initiatives to strengthen forest's capacity to respond to climate change. The core elements of these activities include: i) capacity building for territorial management through the strengthening of community management, and training and certification of technical services, ii) consolidation of regional forest programs, iii) innovation and alignment of intersectorial policies at multiple scales, iv) participatory management through promoting participatory platforms for the design and evaluation of territorial plans, v) monitoring and evaluation, with actions aimed to develop a multi-scale environmental monitoring system and mechanisms for policy evaluation.

18. **The Bank's engagement in climate change and REDD+ in Mexico currently comprises the full range of Bank instruments** Building upon a long-standing, successful

collaboration¹³, this engagement has matured in recent years and now includes Knowledge Services, through this FCPF operation and analytical work under PROFOR, Financial Services through investments (such as the Forests and Climate Change Project and the Coastal Watershed Conservation Project) and Policy lending (in particular through the Social Resilience DPL) and Convening and Coordination Services (see below Figure 1 and Annex 5).

¹³ 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).

Figure 1. Engagement on Climate Change in Mexico (REDD+-related Operations are Highlighted)

Stages of Climate Change Engagement in Mexico				
	Foundations (Before 1999)	Early Support [1999–2007]	Strengthening [2007–2009]	Consolidation [2010–2013]
Knowledge Services		<ul style="list-style-type: none"> • LAC Region Landfill Gas Initiative (FY06) • Evaluation of Energy Efficiency Initiatives (FY06) • Economic Assessment of Policy Interventions in the Water Sector (FY06) 	<ul style="list-style-type: none"> • Carbon Finance Assistance Program for Mexico (FY09) • Low-Carbon Study (FY09) • Mass Urban Transport-Federal Program (FY09) 	<ul style="list-style-type: none"> • Social Impacts of Climate Change (FY11/12) • Othon P. Blanco Sustainable Development Strategy (FY11/12) • Climate Change Public Expenditure Review (FY12) • Advisory Services under the Program on Forests (PROFOR) (FY11-on) • SEP Adaptation of Water Sector to CC (FY 12) • Programmatic Approach for Environmental and Climate Change Policies (FY 14) • Forest Carbon Partnership Facility (FY14)
Financial Services	<ul style="list-style-type: none"> • Solid Waste Management Pilot Project (FY86) • Urban Transport Project (FY87) • Community Forestry (FY97) 	<ul style="list-style-type: none"> • Renewable Energy for Agriculture Project (FY99) • Introduction to Climate-friendly Measures in Transport (FY03) • Mexico Environmental Services Project (FY06) • Programmatic Environment DPL I and II (FY06) 	<ul style="list-style-type: none"> • Climate Change DPL (FY08) • Environmental Sustainability DPL (FY09) • Sustainable Rural Development Grant (FY09) 	<ul style="list-style-type: none"> • Urban Transport Transformation Program (FY10) • Green Growth DPL (FY10) • Adaptation to Climate Change in the Water Sector DPL (FY11) • Low-carbon DPL (FY11) • Adaptation to Climate Change Impacts in the Coastal Wetlands (FY11-on) • Social Resilience to CC DPL (FY12) • Hydrometeorological Service SIL (FY12) • Ecosystems Adaptation DPL (FY13) • Forest and Climate change SIL and FIP (FY13-on) • Coastal Watershed Conservation in the Context of Climate Change (FY14)
Convening and Coordination Services		<ul style="list-style-type: none"> • Consolidation & Strengthening of the Mexican Office for Greenhouse Gas Mitigation (FY99) 	<ul style="list-style-type: none"> • Preparation of the CTF Investment Plan (FY09) 	<ul style="list-style-type: none"> • Energy-efficiency conference (FY10) • Water sector events in the lead-up to COP16 (FY10) • High level facilitation activities related to COP 16 (FY10) • Agriculture and forestry sector events during COP16 (FY10)

^aThe figure highlights several significant examples and does not aim to exhaustively illustrate all climate change activities.

II. Proposed PDO/Results

A. Proposed Development Objective(s)

The Project Development Objective is to support a participatory and inclusive process for the finalization of Mexico's National REDD+ strategy (ENAREDD+).

B. Key Results

- A final version of ENAREDD+ reflects the comments and feedback from the various sectors and stakeholders.
- A technically strong ESMF has been finalized and validated by a broad range of stakeholders.
- A state-level comprehensive feedback and grievance mechanism for REDD+ is piloted in one Early Action Area.

III. Project Context

A. Concept

1. Description

19. The overall financial envelop needed for achieving REDD+ Readiness in Mexico has been estimated to US\$ 23 million (as per the final version of the R-PP dated February 2010). Since 2010, Mexico has implemented various activities under the REDD+ preparation process with the support from different sources, which include multilateral and bilateral financing arrangements in addition to the Mexican government's own contribution. Mexico is now at an advanced stage of its REDD+ Readiness process: the proposed FCPF grant would focus on a subset of components as per the R-PP (see table 1 below) that were selected jointly with CONAFOR, taking into account the following criteria: (i) comparative advantage of the World Bank, (ii) financing of full set of activities (with no co-financing required that could jeopardize the achievement of the project objective), and (iii) complementarity with activities financed by other donors and government.

Table 1: Synopsis of proposed Readiness Preparation activities and contributions of other donors to the various components (in thousands of US\$)

REDD Readiness Preparation Activities	Total*	FCPF	Main donors contributing to the different components
Component 1: Organization and Consultation	1,900	2,558	
1a: National Readiness Management Arrangements	750	950	FCPF, MREDD+**
1b: Stakeholder Consultation and Participation	1,150	1,608	FCPF
Component 2: Development of the REDD+ Strategy	7,940	1,242	
2a: Land Use, Forest Policy, and Governance	420	288	FCPF, MREDD+**, LAIF ***
2b: REDD+ Strategy Options	6,500	124	FCPF, Mex-Norway project, MREDD+**
2c: REDD+ Implementation Framework	420	300	FCPF
2d: Social and Environmental Impacts	600	530	FCPF
Component 3: Develop a Reference Level	1,175	0	Mex-Norway project
Component 4: Design a MRV System	12,000	0	Mex-Norway, MREDD+**, LAIF ***
Total	23,015	3,800	

* Total: as per the R-PP approved by the FCPF Participant Committee (PC) on march 2010

** M-REDD+: USAID financed project on REDD+ (part of the Mexico Global Climate Change (GCC) Programme)

*** LAIF: European Union financed - Latin America International Facility

20. It should be noted that the activities to be financed by the FCPF would not include any physical investment or the implementation of any REDD+ program on the ground. The FCPF support is limited to analytical studies, capacity building, and consultation processes at the national and sub-national levels. Through the Readiness Program, the government is expected to identify priority investment needs to achieve the goals of REDD+. These investment needs will be financed by public and private donors and investors and the Government itself, and not by the FCPF Readiness Grant. Mexico has expressed interest in participating in the Carbon Fund of the FCPF and has already presented some early ideas.¹⁴

21. The FCPF operation will be articulated into two Components: (i) Component 1: Organization and Consultation, including the following sub-components: 1a. National Readiness Management Arrangements (US\$950,000); 1b. Stakeholders Consultation and Participation (US\$1,608,000); (ii) Component 2: Development of the REDD+ Strategy, including the following sub-components: 2a. Assessment of Land Use, Forest Policy and Governance (US\$288,000), 2b. REDD+ Strategy Options (US\$124,000), 2c. REDD+ Feedback and Grievance Mechanism (US\$300,000) and 2d. Social and Environmental Impacts Assessment (US\$530,000). The Annex 3 presents a detailed description of the activities to be financed through the FCPF operation.

2. Key Risks and Issues

22. **Public participation and equitable distribution of REDD+ benefits.** Mexico has a strong record of implementing initiatives with indigenous peoples and other forest-dependent communities, most notably the PROCYMAF and PES programs. However, there are concerns –

¹⁴ Mexico is currently preparing a ER-PIN (Emission Reduction-Program Idea Note), that would be submitted to the Committee of the FCPF Carbon Fund on March 2014.

in Mexico and at the international level – that, if not prepared with full participation of grass-root organizations and other key stakeholders, REDD+ may not fully benefit local communities, infringe land and resource rights, and/or weaken traditional socio-political structures.

Mitigation measures include: (i) strong emphasis on consultation and participation as part of the preparation of the ENAREDD+ with a particular attention on vulnerable stakeholder groups (i.e. indigenous peoples, women and youth) and through a targeted and culturally-appropriate communication and consultation process (Component 1). CONAFOR will work with CDI to design and conduct a consultation process with indigenous peoples; (iii) in-depth analysis of potential adverse impacts of REDD+ strategic options: critical themes (such as carbon rights and benefit-sharing) have already been identified in the third raft of the ENAREDD+ and will be furthered investigated as part of the SESA process; (iv) preparation of an ESMF including mitigation measures to the identified potential risks,¹⁵; and (iv) design of a grievance and redress mechanism for REDD+.

23. **Cross-sectoral nature of REDD+.** The Government of Mexico intends to mainstream the future REDD+ strategy within the broader integrated rural development framework for the country. The R-PP and the REDD+ Vision emphasizes that: (i) forest management is interrelated with other rural activities; and (ii) many of the drivers of deforestation and forest degradation originate outside the forest sector, such as the livestock and agriculture sector, or the tourism sector. During the development of Mexico's REDD+ Vision there was coordination between CONAFOR and other government agencies from various sectors. The cross-sectoral approach should also be downscaled at the state and regional level to ensure an effective implementation of REDD+ on the ground.

Mitigation measures include: (i) a specific assessment of the challenges related to the cross-sectorality of REDD+ and the necessary coordination mechanism amongst various agencies and programs, (ii) an analysis of the legal framework at the state level to generate governance models at the territorial level.

24. **Donor Coordination.** As per the R-PP, achieving REDD+ readiness in Mexico would require a total envelop of US\$ 23 million. The FCPF grant will only partially cover the total costs of the Readiness process; additional resources will be provided by other donors as well as the Government of Mexico.

Mitigation actions taken include: (i) the activities to be financed by the FCPF have been selected after technical discussions with CONAFOR and other donors, based on the current priority needs in the readiness process. They mostly focus on a limited number of aspects, i.e. consultation and participation and analytical work on REDD+ strategic options; (ii) together with the national resources, the FCPF activities would cover the necessary needs to finalize the national REDD+ strategy; (iii) CONAFOR has the required capacities to ensure proper coordination amongst REDD+ related activities financed under various sources; and (iv) the World Bank team will continue sharing information with the donor community.

¹⁵Mitigation measures must be put in place to ensure that the institutional frameworks and policies for REDD+ equally benefit both men and women, especially in the areas of land tenure and security, the multiple co benefits that REDD+ has to offer and improved livelihoods.

25. **National vs. sub-national approach**¹⁶. The R-PP proposed to combine a national and a subnational approach to build their national REDD+ strategy: CONAFOR intends to use a stepwise approach, starting with priority regions and gradually expanding to the entire country, in order to better address the specific drivers of deforestation and degradation in each particular state or region. While a national REDD+ strategy (along with national REDD+ implementation mechanisms) will be prepared, REDD+ early actions (ATREDD¹⁷) will be piloted in areas located in the States of Jalisco, Chiapas, and the Yucatan Peninsula (States of Yucatan, Campeche, and Quintana Roo) (see Annex 7 on *Main Causes of Deforestation and Degradation and Potential REDD+ Strategies*). Such an approach requires a good coordination amongst the relevant governmental and non-governmental organizations at the national, state and local level, in order to build a consolidated vision at the national level (cf. ENAREDD+) while acknowledging the specific needs at the regional levels..

Mitigation activities include an analysis of the lessons learnt from the early actions and assessment of their replicability. FCPF readiness grant will include regional consultations, and the enhancement of local forums for participation, such as state or regional CTCs. CONAFOR would ensure these early pilots are consistent with each other.

26. **REDD+ still in progress.** Despite progress achieved at COP16 in Cancun, international negotiations are yet to settle the technical, legal, and operational modalities of REDD+. Therefore, it may be possible that the Readiness preparation does not address all the main criteria a REDD+ mechanism would eventually require. However, the benefits of engaging early and supporting Mexico in building on its experience and providing a learning case for other countries seem to outweigh the risks of missing some future REDD+ requirements that may not be known today.

Mitigation activities include: the Bank team closely follow developments in the international negotiations and will advise Mexico on appropriate adjustments that may be needed during the preparation process.

B. Implementing Agency Assessment

27. CONAFOR has a successful track record of implementing the PES and PROCYMAF programs that have many of the same elements as the potential REDD+ strategy. This track record suggests that CONAFOR has the critical capacity and commitment to effectively engage in a REDD+ program. CONAFOR also demonstrated its capacity to implement World Bank fiduciary, social and environmental safeguards policies. With regard to safeguards, given the cross-sector and countrywide nature of REDD+, FCPF activities will require a more strategic approach than regular past projects. In that regard, the Bank team has been assisting CONAFOR to help design the SESA and plan for the ESMF. CONAFOR increased its capacity to implement

¹⁶ As indicated in the UNFCCC Cancun decisions, REDD Readiness should lead to national strategies and action plans.

¹⁷ An ATREDD is a set of articulated institutionally efforts at the subnational level, including local governments, to attend the causes of forest carbon and forest loss in a territory, through policy instruments and specific actions of different actors that create opportunities for economic and social development of communities.

safeguards as part of the preparation of the Forests and Climate Change SIL/FIP and its operational processes and has augmented its technical capacity with key personnel that will be very important for the implementation of the FCPF grant. In addition, CONAFOR will increase its capacity to ensure adequate human resources to address the SESA and ESMF process.

C. Project Stakeholder Assessment

28. Key stakeholders for REDD+ in Mexico include:

- **Indigenous peoples and other forest-dependent communities in *ejidos* and communities.** The role of indigenous peoples and other forest-dependent communities (non-indigenous *campesinos*) is crucial for a successful REDD+ program. As owners of most forests, they would participate in the implementation of any REDD+ initiative at local level on a strictly voluntary basis.
- **Other vulnerable groups (particularly women and youth).** There is a tendency toward social exclusion and triple discrimination for being poor, female and indigenous. Women have limited legal and social recognition as they lack the mechanisms for acquiring land right. Women's participation in the *ejidos*' governance structure is still limited, and most often the decision-making process overlooks the specific socioeconomic and cultural importance of forest resources to women. However, it is worth noticing that women have increasingly become managers of agricultural and forest lands by default through inheritance and absence of males¹⁸. Similar discrimination also applies to a certain extent to youth. A particular attention would thus be given to women and youth, as both groups may be significantly affected by REDD+ related decisions.
- **Individual forest owners.** Individual forest owners are important for a successful REDD+ program. In most cases, they are small rural land-holders. They would also participate in any REDD+ initiative on a voluntary basis.
- **Federal Government Institutions.** A successful REDD+ program will require coordination among federal institutions involved in rural development and natural resources management, mainly SEMARNAT, SAGARPA, CONANP, CONABIO, CDI, PROFEPA, and SEDATU. This coordination would take place through the CICC and the REDD+ Working Group.
- **Local Government Institutions.** State and municipal entities and their associations are important for the integration of public policies at the local level. Their support will be crucial for the design, implementation and monitoring of REDD+ related activities in the AATREDD+ located in the States of Jalisco, Chiapas and the Yucatan Peninsula (Yucatan, Campeche, Quintana Roo).
- **Civil society.** Civil society organizations would participate in the design and implementation of REDD+ programs through the national CTC REDD, the local CTCs to be created in each of the ATREDD+ regions as well as through the PROFOS program.

¹⁸ In addition, according to the Office of the Federal Agricultural Attorney (Procuraduría Agraria), approximately 600,000 women are registered in the Land Certification Program, accounting for about 15 % of the land registered as *ejidos* (16 million hectares), compared to only 1 % approximately 35 years ago.

- **Private Sector.** Private operators interested in innovative forest services and carbon finance are vital for a successful REDD+ strategy, and will be involved in readiness preparation and implementation.
- **Academia and research institutes.**

IV. Overall Risk Ratings

29. The proposed overall risk rating is **Moderate**.

A. Risk Ratings Summary Table

Risk	Rating		Rating
Stakeholder Risk	Substantial	Project Risk	
Operating Environment Risk		- Design	Moderate
- Country		- Social and Environmental	Substantial
- Sector and Multi-Sector	Substantial	- Program and Donor	Moderate
Implementing Agency Risk		- Delivery Monitoring and Sustainability	Low
- Capacity	Moderate	-	
- Governance	Moderate	-	
- Fraud and Corruption (sub-category of Governance)			
Overall Preparation Risk	Medium-I	Overall Implementation Risk	

B. Overall Risk Rating Explanation

30. REDD+ in Mexico benefits from CONAFOR's good capacity and commitment, and from well-established and well-perceived environmental and community forestry programs in most segments of society. However, the overall risk rating is driven up to Moderate by the risks associated with the the perception that the future mechanism may not benefit –or even adversely impact- forest communities, including indigenous populations and other vulnerable groups (including women and youth). As indicated by several stakeholders, there is a risk that, if not carefully prepared, REDD+ may not deliver the expected outcomes and may in some cases aggravate existing circumstances of inequalities especially for indigenous peoples and other vulnerable groups. Therefore, legitimate and effective stakeholder involvement is critical as part of the finalization of the REDD+ National Strategy. See ORAF in Annex 1 for further details.

V. Proposed Team Composition and Resources, including Technical Assistance Provided by Bank Staff to Date

31. The World Bank has put together a team of experts to support the Government of Mexico in its REDD+ Readiness process. The team has provided regular comments on various documents prepared by the Government of Mexico. In particular, it commented on the first draft R-PP produced by Mexico in April 2010. Based on comments from the Bank, the Technical Advisory Panel, and the FCPF Participants Committee, Mexico revised and resubmitted its R-PP

in April 2011. Over the past few years, it has conducted a series of support missions¹⁹, the latest being held on September 2013 to finalize the Assessment note.

32. The Bank has mobilized specific technical expertise to respond to the Government's needs. In particular, a communication specialist and a social specialist have supported CONAFOR to help develop the SESA instrument and strengthen the dialogue between the government and civil society, and provided feedback to the consultation process conducted so far and planned for the next phases.

Team Composition

Name	Title	Unit
Carole Megevand	Sr. Natural Management Specialist	LCSAR
Kristyna Bishop	Sr. Social Development Specialist	LCSSO
Dora Patricia Andrade	Consultant, Environmental Specialist	LCSEN
Maria Carolina Hoyos	Consultant, Communications Specialist	LCSAR
Jeannette Ramirez	Operations Officer	LCSAR
Erick Fernandes	Adviser	LCSAR
Jorge Luis Alva-Luperdi	Legal Counsel	LEGLE
Dmitri Gourfinkel	Financial Management Specialist	LCSFM
Diomedes Berroa	Senior Procurement Specialist	LCSPT
Katharina Siegmann	Consultant, NRM Specialist	LCSEN
Stavros Papageorgiou	Consultant, Forest Carbon	LCSAR
Diana Rebolledo	Language Program Assistant	LCSAR

VI. Assessment Summary

A. Technical

33. The activities to be financed by the FCPF grant have been selected after technical discussions with the CONAFOR. They adequately reflect the priority needs at this advanced stage of readiness process in Mexico; they have also been selected based on the World Bank's comparative advantages, in complementarity with support provided through other financial partners.

B. Financial Management

34. The project will be implemented at federal level, making use of most of the country Financial Management (FM) systems, including accounting, budgeting, treasury, internal control and auditing. The project will mainly finance consultants' services and operating costs, including through the PROFOS Program. Based on previous satisfactory experience with the CONAFOR's implementation of Bank-financed projects, as well as the proposed project characteristics,

¹⁹ Including the due diligence mission that took place in May 2011, with the participation of the Bank Information Center (BIC) as official Civil Society Observer to the FCPF.

including centralized payments to consultants, providers, and PROFOS' beneficiaries, the overall proposed FM risk is **Moderate**.

35. The Project FM control measures include: (i) robust country public FM arrangements and their large use by the project; (ii) program integration into the national budget; (iii) selection of beneficiaries and subsidies' monitoring are based on PROFOS Operational Guidelines; (iv) reimbursement of eligible expenditures recorded under earmarked budgetary lines and pre-financed by the Government and upon receiving of all supporting documentation; (v) use of the Governmental Resource Planning (GRP) system for records and control purposes of all project transactions; (vi) internal auditing procedures according to Public Audit Standards and Guidelines, issued by Public Administration Ministry (SFP); (vii) follow-up of CONAFOR's Internal Control Unit (OIC) on project external auditor's findings, if any; (viii) submitting to the Bank of semiannual non-audited Interim Financial Reports (IFRs); (ix) annual audit of Project Financial Statements and Statements of Expenditures (SOEs) by auditors acceptable to the Bank; (x) ample experience dealing with Bank-financed operations of the CONAFOR's staff; (xi) NAFIN's support to CONAFOR on main fiduciary related issues; (xii) at least two on-site FM supervision mission per year. Annex 4 provides more detailed information on Financial Management issues.

36. *Retroactive financing.* CONAFOR has requested to use up to 20 % of project funds to retroactively finance some payments relating to operating costs incurred before this operation has been declared effective. To that end, the following conditions should be observed in all retroactive financing:

- a. Payments must be for expenditures that are eligible under the Grant Agreements. Procedures for procurement and the use of consultants and for processing and clearances are subject to the Bank's Procurement and Consultant Guidelines as agreed for this operation.
- b. Documentation requirements for expenditures claimed under retroactive financing are the same as those for disbursement against payments made after the Grant Agreement is signed.

C. Procurement

37. General Provisions Procurement for the proposed project will be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011, and the provisions stipulated in the grant Agreement. For each contract to be financed by the grant, the different procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank in the Procurement Plan. Annex 4 provides more detailed information on Procurement issues.

38. *Procurement Plan.* An 18-month Procurement Plan will be developed by CONAFOR, and will be approved by the Bank before disbursement of funds. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. Two missions will be undertaken by the Bank every year

to monitor and review compliance with procurement policies. Bank staff will undertake an *ex-post* review of procurement.

39. CONAFOR will be the sole implementing agency for this project, and will observe Bank procurement procedures and guidelines. As with financial management, CONAFOR has demonstrated its capacity to implement World Bank procurement policies. Implementation of the Second Community Forestry Project was deemed fully satisfactory with regards to procurement policies. Procurement for FCPF-supported activities will be executed by the same staffs as the current Environmental Services Project (P087038) and SIL/FIP Project (P123760) that have a good track record for procurement.

40. The overall procurement risk for this operation is **Moderate**. Although not envisaged, specific mitigation measures, as needed, would be developed at later stages of the Readiness preparation phase.

D. Social and Environmental (including Consultation, Participation, Disclosure and Safeguards)

41. Given the highly specific nature of REDD+ Readiness, the Participant's Committee of the FCPF proposed using a Strategic Environmental and Social Assessment (SESA)²⁰ as a way to address social and environmental safeguards during readiness. SESA, as contemplated by the FCPF Participant's Committee, combines analytical work and consultation/participation as part of the process for analyzing the strategic options being proposed in an iterative fashion that will inform the preparation of the REDD+ strategy. In order to identify potential risks and benefits and ensure that there is opportunity for those most directly affected by potential REDD+ mitigation activities to offer their perspectives and raise concerns, the SESA process is characterized by a strong analysis of the drivers of deforestation and the strategic options and a participatory approach to reviewing the potential environmental and social safeguard issues that will need to be considered during the preparation of the National Strategy and/or the REDD+ Readiness process.

42. The sub-Component 2d of the FCPF Readiness Preparation grant would support the SESA process and finance key processes and activities necessary to identify the potential risks and benefits associated with the strategic options (action lines) identified in the third draft of the ENAREDD+. The SESA process would be conducted in close coordination with the additional analytical work on the REDD+ strategic options (Component 2) and the consultation process (Component 1).

43. As part of the REDD+ readiness process in Mexico and taking into account the major progress already made, an adjusted SESA would be conducted during the grant period in order to reinforce existing efforts to assess the social and environmental risks associated with the national REDD+ Strategy. The main product of the SESA process would be a comprehensive Environmental and Social Management Framework (ESMF) as well as stand-alone Indigenous

²⁰The current FCPF SESA guidelines can be found in Annex B and D of version 6 of the R-PP template.

Peoples Planning Framework (IPPF) and/or a Process Framework.²¹ The ESMF would provide guidance regarding the management of environmental and social issues during the implementation of World Bank financed REDD+ investments. The ESMF will be submitted as part of the Readiness Package, along with the National REDD+ strategy.

44. Taking into account the progress that has been made since the R-PP was approved by the PC, a draft SESA Workplan has been prepared by CONAFOR that reflects work already completed and underway as well as activities focused on identifying the risks and benefits associated with the strategic options that have now been identified in the third version of ENAREDD+. The SESA Workplan includes a summary of the work completed on the drivers of deforestation and engagement with civil society since 2011, concrete activities for the next 2 years of readiness preparation, institutional arrangements including information regarding the existing information platforms that will be used to continue the analytical and participatory process and the link between the SESA process and the preparation of the ENAREDD+ as well as a budget and timeline for implementation (see the draft SESA Workplan in Annex 8).

D.1. Social (including Safeguards)

45. The following World Bank safeguard policies will be triggered as part of the FCPF operation.

- Indigenous Peoples (OP 4.10). As there are indigenous peoples in Mexico that meet the four criteria contained in OP 4.10, this policy has been triggered. Within the first few months of the grant period, the ENAREDD+ Consultation Plan, which is a condition of disbursement, will be prepared and will outline the specific process for the free, prior and informed consultation with indigenous peoples as required by OP 4.10. This consultation will be undertaken in collaboration with the National Indigenous Peoples Development Commission (CDI), National Indigenous Language Institute (INALI) and the key indigenous representative organizations identified in the stakeholder map that will also be updated and finalized. In addition, the SESA workplan includes studies that will analyze the potential impacts of the REDD+ strategic options on indigenous peoples and these will be used to inform the final version of the ENAREDD+. The main product of the consultation and SESA processes will be an ESMF with a stand-alone Indigenous Peoples Planning Framework (IPPF) or Indigenous Peoples Plan as appropriate. Per the requirements of OP 4.10 and the conditions of this grant, a representative group of Indigenous leaders will provide their broad community support for the IPPF prior to approval. The IPPF will be validated by a representative group of indigenous leaders and will provide a clear process for the development of specific Indigenous Peoples Plans if required and the process for attaining and documenting broad community support at the regional/local level for any future REDD+ actions financed by the World Bank. In addition, section V.6 of the third draft of the National REDD+ Strategy (July 2013) refers to Mexico's commitment to the safeguards outlined in the Cancun Agreement including compliance with the principle of free, prior and informed consent for indigenous peoples

²¹ It is expected that all frameworks would be gender-sensitive.

and rural communities for the implementation of REDD+ related activities in their territories.

- Involuntary Resettlement (OP 4.12). There will be no acquisition of land or resettlement of persons and it is not anticipated that use of natural resources in national protected areas will be restricted by the strategic options that are currently included in the National REDD+ Strategy (ENAREDD+). However, the OP 4.12 has been triggered as the strategic options have not been fully defined and they may change during the process of finalizing ENAREDD+. During the SESA process, specific efforts will be made to review the potential risks and benefits of the strategic options identified in the ENAREDD+ in relation to the use of natural resources in protected areas. If necessary, a stand-alone Process Framework will be prepared to accompany the ESMF in order to manage any negative impacts and to ensure that appropriate compensation or livelihood support for those affected is provided. It is highly likely that this Process Framework will be consistent with the Process Frameworks approved for other REDD+-related projects such as the Forests and Climate Change and Coastal Watersheds.

D.2. Environmental (including Safeguards)

46. The following World Bank safeguard policies will be triggered as part of the FCPF operation.

- Environmental Assessment (OP/BP 4.01). As part of the readiness process, through the SESA, the country will assess key social and environmental risks and potential impacts associated with the implementation of the REDD+ strategy, and develop a management framework (ESMF) to give general guidelines to prevent and mitigate such risks and potential impacts. It will also outline specific instruments that should be developed to implement the strategy in a sustainable manner, taking into account the results of consultations with stakeholders. CONAFOR has already been working to integrate into institutional operational processes, activities to mitigate risks and prevent possible environmental impacts.
- Natural Habitats (OP/BP 4.04). The National Biodiversity Commission “Priority Areas” and “Gap Analysis” results will be mainstreamed early in the participatory planning process to ensure key policy and regulatory recommendations from the readiness phase will take into account and report on downstream impacts during the national REDD+ strategy implementation. It is expected that if REDD+ strategies are successful, the impacts on critical forest habitats will be positive, however, the SESA will assess the possible risks associated with strategic options relating to forest habitats in protected areas and other sensitive habitats that are under private control or community. In the implementation stage, it is necessary to ensure that activities carried out in protected areas will be consistent with their management plans, and to integrate rules and guidelines from the preparatory phase to take into account possible future impacts during the implementation of the national strategy for REDD+ to ensure that critical habitats are not affected. This analysis should be worked in close coordination with the CONANP and the National Commission for the Knowledge and Use of Biodiversity (CONABIO).

- Forests (OP/BP 4.36). The REDD+ Strategy will build largely on the experience of CONAFOR with the Community Forestry, Payment for Environmental Services (PES), and Sustainable Forest Management Certification programs. During the preparation phase, these and other forestry and rural development initiatives will be evaluated in order to ensure lessons are incorporated early in the design and key social and environmental risks and potential impacts associated with REDD+ are considered in the ESMF that could be used during implementation.
- Pest Management (OP 4.09) and the Physical Cultural Resources (OP/BP 4.11) may be triggered depending on the final scope of the National REDD+ Strategy and the results of the SESA process. If potential impacts are identified, mitigation measures will be included in the ESMF, see table below.

D.3. Consultation, Participation and Disclosure

47. Consultation involves the participation of a wide-range of key stakeholder groups including: national, state and municipal governments; Indigenous Peoples and other forest dependent communities; civil society; women's groups; and small producers, etc. As part of the development of the consultation plan, CONAFOR and the World Bank recognizes the complexity of the task as Mexico is a multiethnic country with 62 indigenous groups and over 6.7 million still using their original language. In some states such as Oaxaca, Chiapas and Yucatan, where early REDD+ action are being implemented, the indigenous population exceeds 25% of the total population.

48. Building on a strong history of positive engagement with rural communities on forestry and other issues, in particular with Indigenous Peoples and other forest dependent local communities, the R-PP and draft ENAREDD+ propose a consultation strategy that makes use of existing mechanisms for consultations and participation such as: (i) the CTC-REDD+ (at the national and state levels); (ii) *Consejo Consultivo de Desarrollo Sustentable*²² established at the national and regional levels to foster participation, consultation, design and evaluation of public policy in the environmental sector; and (iii) the *Consejo Nacional Forestal* (CONAF) that provides guidance on the forest sector as well as monitoring and evaluation of national forest programs and policy. In addition, CONAFOR will work with CDI to design and conduct a specific consultation process with indigenous peoples. As part of this effort, they will explore the use of the *Consejo Consultivo* of the CDI as a platform for participation and consultation as it includes 140 indigenous representatives at the national level that advise the CDI and other agencies regarding policies, programs and related activities that either benefit or impact Indigenous Peoples. Active involvement of state and municipal governments is considered key as they will be critical in facilitating the policy and institutional context for the implementation of the REDD+ strategy.

²²Consejo Consultivo de Desarrollo Sustentable (CCNDS) It is a consultative council of the Ministry of Environment and Natural Resources (SEMARNAT), whose purpose is to achieve responsible participation of all sectors of society to promote the protection, conservation and restoration of ecosystems, natural resources, and environmental goods and services in order to promote their use and sustainable development. Includes representatives of various sectors of society democratically elected, as well as the Federal Executive.

i. Experience to Date

49. The R-PP and draft ENAREDD+ refer to a number of prior meetings with stakeholders including the first multi-stakeholder workshop on REDD+ organized by CONAFOR in Guadalajara (July 7-8, 2008) to discuss the evolving global context for REDD+ and the opportunities for the forestry sector in Mexico.

50. The dialogue with civil society about REDD+ at national level started in the Technical and Consultative Committee (CTC) created for the PSA program. Then, the CTC-REDD+ was formally established on May 13, 2010 and brought together over 60 civil society and producers organizations, academic and governmental institutions to discuss REDD issues and provide inputs into the policy making process. The CTC-REDD+ has been actively involved in providing technical advice to CONAFOR regarding the proposal for the national REDD+ strategy and has been actively involved in formulating the consultation strategy. The CTC has its own procedures and regulations, is chaired by an elected civil society representative, and is considered the civil society multi-sectoral forum. The CTC-REDD+ meets regularly to discuss the preparation of the national REDD+ strategy and other related programs. Although the CTC-REDD+ is open to any interested civil society organization, in practice, due to limited budget availability, most meetings of the CTC-REDD+ have taken place in Mexico City. As of June 2013, the CTC-REDD+ meeting are being web streamed to ensure more stakeholders can participate. In 2013, the CTC-REDD+ has met in April, June and August and the main topics of the agenda have been: i) Feedback to the third draft of the ENAREDD+; ii) Proposal to the Carbon Fund; iii) CTC-REDD+ operational rules; and iv) Safeguards for REDD+ among others. At the regional level, between 2009 and 2012, CONAFOR conducted a series of meetings and workshops related to REDD+ with the participation of key stakeholder groups at the state and local levels.

51. These regional dialogues have included the establishment of regional or state Technical Advisory Groups (*CTC locales*) in order to further develop the REDD+ agenda at the regional level, which in turn has established coordination with the CTC at the national level.

- On August 12, 2011 the CTC-REDD+ in Chiapas was created. This committee seeks to work in coordination in processes and projects focused on climate mitigation measures including the issues of deforestation and forest degradation.
- On September 5, 2011 the CTC-REDD+ of Campeche was created and is still active to date with ample participation of various stakeholders. Among the activities undertaken by the CTC-REDD+ in Campeche is to agree on defining the eligibility criteria of demonstration projects aimed at sustainable management of resources.
- In November 2011 the CTC-REDD+ of the Yucatan Peninsula was created in order to monitor, and to provide inputs and tools for the development of a regional REDD+ agenda and follow up on the agreement signed by the three states (Campeche, Quintana Roo and Yucatan) to establish a Regional Strategy for REDD+ and climate change.

52. In 2012, the participatory related activities that the Mexican Government carried out were: (i) 4 workshops as part of the “*Foros Regionales CONAFOR*” that disseminated information related to Forests and Climate Change project, including REDD+ and set the basis with more than 150 participants from local communities for the 2014 consultations; (ii) one national workshop was carried out as part of the Consultations Protocol process, to socialize key concepts about Forests and Climate Change, have feedback, proposals and opinions, and to present the work program towards the National REDD+ Strategy; (iii) the government continued developing and sharing communications material related to forests, climate change, and REDD+, including booklets and flyers.

53. **SESA workshops.** In 2011, CONAFOR carried out two specific workshops for the SESA process: a regional SESA workshop in Bacalar, Quintana Roo (April 9, 2011) and a National SESA Workshop in Mexico City (May 12-13, 2011), with the objective to further inform key stakeholders about CONAFOR’s plan for designing a national REDD strategy and carry out an initial issue scoping exercise with key stakeholder groups. These two workshops provided key stakeholders with an opportunity to provide CONAFOR with a comprehensive overview of the specific issues and concerns that affect them in order to be considered during the readiness phase. The two SESA workshops also called for the participation of additional key stakeholder groups at the regional and state levels that were not sufficiently represented in the CTC. Additionally, six regional workshops were carried out in REDD+ Early Action areas to complement the risks and benefits assessment and to strengthen the information on drivers of deforestation and forest degradation from a regional level. The findings and comments from these workshops were analyzed and served as inputs for the draft REDD+ strategy.

ii. Proposal Going Forward

54. In specific terms, the consultation strategy builds on a phased-approach. The first phase consists of the dissemination of basic information on REDD+ and sensitization of key stakeholders to critical issues related to REDD+, identifying concerns, questions and comments on REDD+. A second phase consists of a participative process to receive preliminary feedback for the construction of a viable and relevant National Strategy. The last phase consists of the development and implementation a consultation plan for the final version of the National REDD+ Strategy.

55. **Dissemination.** CONAFOR has embarked in a series of communication activities on REDD+ since 2011. As part of the Forests and Climate Change Project, CONAFOR has developed a communication strategy that includes baseline information about knowledge and attitudes, objectives and activities to inform key stakeholders about climate change, forests, REDD+, safeguards and early REDD+ action. In addition, CONAFOR in partnership with MREDD+ will develop a national communication REDD+ strategy to ensure full and informed participation of all key stakeholder groups in the readiness and consultation processes.

56. It is important to highlight that the communication strategy is looking into alternative means of communication such as community radios, digital community centers, and community/*Ejido* assemblies, to ensure a high level of penetration within rural areas. The FCPF grant would help strengthening the communication outputs especially with materials and

activities for Indigenous Peoples and rural communities with the support of CDI.²³ The FCPF grant would also support dissemination of information on REDD+ through local organizations of civil society, using the PROFOS program.

57. Journalists at the state level are key for the dissemination efforts and positioning of the REDD agenda at local level. In order to ensure proper media coverage during the readiness phase, a capacity building initiative will be conducted with selected journalists and opinion leaders in the Early REDD+ Action areas as a model to be replicated in other states.

58. **Participation & Consultation:** CONAFOR is planning to strengthen the CTC to ensure greater participation of organizations representing grassroots local forest communities for planning and implementing REDD in order that these communities and *ejidos* are able to provide inputs directly. Additionally, CONAFOR is supporting the creation of state CTCs to ensure ample participation. CONAFOR will coordinate with the CDI and other relevant institutions, to implement a national consultation process focused on indigenous forest communities, taking into account their experience in operating and creating opportunities and platforms for consultation.

59. CONAFOR carried out a participatory process with civil society to receive inputs for a future consultation protocol. These inputs from the participatory process, among others, will be used to develop a Consultation Plan for the ENAREDD+ to be launched, in principle, in April 2014. The Plan will include the scale, scope and representation information, in addition to schedule and budget.

60. CONAFOR will conduct consultation activities for the various local communities to inform them on the proposal for a REDD strategy in Mexico and seek their meaningful participation throughout the readiness preparation phase and towards the finalization of the national strategy on REDD+. Particular attention during this consultation process will be given to Indigenous Peoples and other forest dependent local communities. A specific consultation process with Indigenous Peoples is planned and would be implemented in collaboration with CDI who has previous experience in carrying out a national-level culturally appropriate consultation process. CONAFOR has indicated its commitment to follow the principles of free, prior and informed consent when implementing REDD+ activities in specific areas within the territory.

61. **Disclosure.** The first draft R-PP was posted online in February 2010. After several revisions, the final version was disclosed in May 2011. Specific information materials were also widely distributed. During the preparation phase, special attention will be paid to dissemination of materials in indigenous languages. The R-PP Assessment, once approved by both parties, will be disclosed on the FCPF website. The three versions of the ENAREDD+ were published in CONAFOR's website on October 22, 2013.

²³The CDI has a nationwide network of radio stations that transmit in Indigenous languages.

D.4. Safeguards Policies Triggered

Safeguard Policies Triggered <i>(please explain why)</i>	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
<p>The Strategic Environmental and Social Assessment (SESA) to be carried out under the project will serve to identify, avoid, and mitigate the potential negative environmental and social impacts associated with activities implemented on the ground. This policy is triggered given that, as part of its implementation, the REDD+ Strategy may have implications on forest management and associated environmental services: recommended actions to be undertaken during implementation phase of the REDD+ Strategy may support physical investments with associated environmental risks.</p> <p>The SESA will provide guidance and key elements for the preparation of an Environmental and Social Management Framework (ESMF), which will provide guidance regarding the management of environmental and social issues during the implementation of World Bank financed REDD+ investments. It is expected that the SESA will also influence the final national REDD+ strategy, by ensuring that social and environmental risks are factored into the preparation of the strategy.</p>			
Natural Habitats (OP/BP 4.04)	X		
<p>This policy seeks to ensure that all options proposed in the National REDD+ Strategy should take into account the conservation of biodiversity, as well as the numerous environmental services and products that natural habitats provide to human society. Overall, REDD+ activities are expected to have significant positive impacts on natural habitats, as the country puts in place an effective strategy to reduce loss of natural forests. This policy strictly limits the circumstances under which any Bank-supported project can damage natural habitats (land and water areas, in which most of the native plant and animal species are still present). The SESA will address issues related to natural habitats and potential impacts of the National REDD+ Strategy, which will later be included in the ESMF.</p>			
Forests (OP/BP 4.36)	X		
<p>This policy triggered since overall, REDD+ activities are expected to have significant positive impacts on forest, in that the main goal of the program is to reduce deforestation and forest degradation, while contributing to the well-being of forest-dependent communities. Potential impact of the National REDD+ Strategy on natural forests will be assessed through the SESA and included in the ESMF. The SESA and associated ESMF will reflect the requirements of the Bank's Operational Policy regarding forest management, in particular as these relate to the establishment of plantations.</p>			
Pest Management (OP 4.09)			X
<p>This policy could be triggered depending on the final scope of the National REDD+ Strategy and particularly the silvicultural activities (and their associated uses of pest) to be supported under the implementation phase of the REDD+ strategy. As part of the SESA, CONAFOR will assesses the critical issues related to pest management, as necessary, and these will also be included in the key elements for the ESMF.</p>			
Physical Cultural Resources (OP/BP 4.11)			X
<p>Under the preparatory phase, FCPF doesn't expect physical interventions with important earthworks movements involving the findings Archaeological, Artistic or Historic elements or Monuments. CONAFOR will evaluate the needed of this policy, and if under environmental and social framework will include mitigation and management measures as appropriate</p>			
Indigenous Peoples (OP/BP 4.10)	X		
<p>As there are indigenous peoples in Mexico that meet the four criteria contained in OP 4.10, this policy has been triggered. Within the first few months of the grant period, the ENAREDD+ Consultation Plan, which is a condition of disbursement, will be prepared and will outline the specific process for the free, prior and informed consultation with indigenous peoples as required by OP 4.10. This consultation will be undertaken in collaboration with the National Indigenous Peoples Development Commission (CDI), National Indigenous Language Institute (INALI) and the key indigenous representative organizations identified in the stakeholder map that will also be updated and finalized. In addition, the SESA workplan includes studies that will analyze the potential impacts of the REDD+ strategic options on indigenous peoples and these will be used to inform the final version of the ENAREDD+. The main product of the consultation and SESA processes will be an ESMF with a stand-alone Indigenous Peoples Planning Framework (IPPF) or Indigenous Peoples Plan as appropriate. Per the requirements of OP 4.10 and the conditions of this grant, a representative group of Indigenous leaders will provide their broad community support for</p>			

Safeguard Policies Triggered <i>(please explain why)</i>	Yes	No	TBD
the IPPF prior to approval. The IPPF will be validated by a representative group of indigenous leaders and will provide a clear process for the development of specific Indigenous Peoples Plans if required and the process for attaining and documenting broad community support at the regional/local level for any future REDD+ actions financed by the World Bank. In addition, section V.6 of the third draft of the National REDD+ Strategy (July 2013) refers to Mexico's commitment to the safeguards outlined in the Cancun Agreement including compliance with the principle of free, prior and informed consent for indigenous peoples and rural communities for the implementation of REDD+ related activities in their territories.			
Involuntary Resettlement (OP/BP 4.12)	X		
There will be no acquisition of land or resettlement of persons and it is not anticipated that use of natural resources in national protected areas will be restricted by the strategic options that are currently included in the National REDD+ Strategy (ENAREDD+). However, the OP 4.12 has been triggered as the strategic options have not been fully defined and they may change during the process of finalizing ENAREDD+. During the SESA process, specific efforts will be made to review the potential risks and benefits of the strategic options identified in the ENAREDD+ in relation to the use of natural resources in protected areas. If necessary, a stand-alone Process Framework will be prepared to accompany the ESMF in order to manage any negative impacts and ensure that appropriate compensation or livelihood support for those affected is provided.			
Safety of Dams (OP/BP 4.37)		X	
Projects on International Waterways (OP/BP7.50)		X	
Projects in Disputed Areas (OP/BP 7.60)		X	

VII. Annexes

Annex 1: Operational Risk Assessment Framework (ORAF)

Annex 2: Preparation Schedule and Resources

Annex 3: Detailed description of the Project activities

Annex 4: Financial Management and Procurement

Annex 5: World Bank Climate Change Engagement in Mexico

Annex 6: Background on the Forest Carbon Partnership Facility

Annex 7: Main Causes of Deforestation and Degradation and Potential REDD+ Strategies

Annex 8: Draft SESA Workplan

Annex I: Operational Risk

Assessment Framework (ORAF) United Mexican States:FCPF REDD+ Readiness Preparation Support

Nota : this ORAF table indicates the risk identified as part of the Readiness process, which is considered a “**preparation stage**”. At this time, it is impossible to know whether Mexico will engage in an “Implementation” phase through the signing of an ERPA under the Carbon Fund pillar, as such the potential risks under an Implementation phase have not been reflected in the above table.

Project Stakeholder Risks		Rating: Substantial		
Description : There are concerns – in Mexico and at the international level – that, if not prepared with full participation of grass-root organizations and other key stakeholders, REDD+ may not fully benefit local communities, infringe land and resource rights, and/or weaken traditional socio-political structures.		Risk Management: The FCPF operation has been designed to specifically address these risks. In particular, it will support: (i) strong emphasis on consultation and participation, including a culturally-appropriate communication process (Component 1), (ii) assessment of potential adverse impacts of REDD+ strategic options through the SESA process and identification of mitigation measures in the ESMF, (iii) design of a grievance and redress mechanism for REDD+.		
		Resp: Client	Stage: Preparation	Due Date : Status:
Implementing Agency Risks (including fiduciary)				
Capacity		Rating: Moderate		
Description : CONAFOR has demonstrated satisfactory performance in managing the forestry portfolio of the World Bank (Second Community Forestry and Environmental Services projects, and more recently, in the Forest and Climate Change Project). The project will be implemented at federal level, making use of most of the country FM systems, including accounting, budgeting, treasury, internal control and auditing. The overall fiduciary arrangements will be based on those agreed for the ongoing MX Forests and Climate Change (P123760). Project procurement and payments will be carried out/processed centrally by CONAFOR, while payments to eligible PROFOS' beneficiaries will be processed by BANORTE, based on the		Risk Management: The overall risk for this operation is low, and it is not envisaged the need to develop mitigation. However a close supervision of the operation will allow identifying any early warnings and will prompt necessary mitigation actions, as needed.		
		Resp:World Bank	Stage:Preparation	Due Date : Status:

instruction provided by CONAFOR. The financial management and procurement teams have full knowledge of the Bank reporting requirements in terms of financial reporting, disbursements, and preparation of procurement plans, among other fiduciary related aspects. Reporting is of high quality, and the teams are pro-active in identifying problems and proposing solutions.				
Governance	Rating: Moderate			
Description : A national REDD+ system will need to involve different levels of the government and various stakeholders, at national, state and municipality levels. The REDD+ agenda has benefitted from a high-level political support so far and still ranks high on the priorities identified in the Special Program on Climate Change (PECC).	Risk Management: The FCPF operation will foster the mainstreaming of REDD+ in other sector policies and programs. It will help identify the main challenges related to the “transversality” of REDD+. It will support various platforms (national and regional) that will foster inter-sectorial dialogue on REDD+.			
	Resp: Client	Stage: Preparation	Due Date :	Status:
Project Risks				
Design	Rating: Moderate			
Description : The design of the project has been kept simple and very targeted to key components of the R-PP. The main focus of the operation will be on supporting the consultation process that will lead to the final draft of the national REDD+ Strategy.	Risk Management: The activities to be financed by the FCPF grant have been selected after technical discussions with the CONAFOR. They adequately reflect the priority needs at this advanced stage of readiness process in Mexico; they have also been selected based on the World Bank’s comparative advantages, in complementarity with support provided through other financial partners. A particular focus during implementation will be on ensuring that the consultation plan is implemented in a fully participatory, inclusive and culturally-appropriate manner.			
	Resp: Client/World Bank	Stage: Preparation	Due Date :	Status: not yet due
Social & Environmental	Rating: Substantial			
Description : Given the highly specific nature of REDD+ Readiness, a Strategic Environmental and Social Assessment (SESA) ²⁴ was proposed as the most appropriate way to address social and environmental safeguards during readiness. However, this approach is complex and abstract, as it aims to influence decision-making, and not only mitigate risks. It is also quite innovative and capacity in implementing the Strategic Environmental and Social Assessment (SESA) is limited in the country (and elsewhere, for that matter).	Risk Management: The FCPF will support the SESA process in Mexico: it will combine analytical work and consultation/participation as part of the process for analyzing the strategic options being proposed in an iterative fashion that will inform the preparation of the REDD+ strategy. A close supervision from the World Bank will be provided. An ESMF that incorporates the elements corresponding to the applicable safeguard policies (such as an EMF, IPPF, RPF, and/or Process Framework, as necessary) will be prepared and will provide guidance regarding the management of environmental and social issues during the implementation of any World Bank financed REDD+ investments			
	Resp: Client	Stage: Preparation	Due Date :	Status:
3.1. Program & Donor	Rating: Moderate			

²⁴The current FCPF SESA guidelines can be found in Annex B and D of version 6 of the R-PP template.

Description : As per the R-PP, achieving REDD+ readiness in Mexico would require a total envelop of US\$ 23 million. The FCPF grant will only partially cover the need, along with other donors as well as the Government of Mexico.	Risk Management : The activities to be financed by the FCPF have been selected after technical discussions with CONAFOR, based on the current priority needs in the readiness process. They mostly focus on a limited number of aspects, i.e. consultation and participation and analytical work on REDD+ strategic options. In addition, CONAFOR has the required capacities to ensure proper coordination amongst REDD+ related activities financed under various sources.			
3.2. Delivery Monitoring & Sustainability	Resp: Client	Stage: Preparation	Due Date :	Status:
Description : The final product expected out of the Readiness preparation will be a National REDD+ strategy. Success will be determined based on technical design, operational soundness, broad consensus among stakeholders, and consultation with affected communities, particularly among Indigenous Peoples.	Rating: Low	Risk Management : Mexico has demonstrated sound technical capacity in past and on-going projects. Mexico has been, and continues to be, very involved in negotiations about REDD+ and is leading the way in defining “best practices” for REDD+.		
	Resp: Client / World Bank	Stage: Preparation	Due Date :	Status:
5. Overall Risk Following Review				
5.1. Preparation Risk Rating: Moderate Comments: REDD+ in Mexico benefits from CONAFOR’s good capacity and commitment, and from well-established and well-perceived environmental and community forestry programs in most segments of society. However, the overall risk rating is driven up to Moderate by the risks associated with the the perception that the future mechanism may not benefit –or even adversely impact- forest communities, including indigenous populations and other vulnerable groups (including women and youth).As indicated by several stakeholders, there is a risk that, if not carefully prepared, REDD+ may not deliver the expected outcomes and may in some cases aggravate existing circumstances of inequalities especially for indigenous peoples and other vulnerable groups. Therefore, legitimate and effective stakeholder involvement is critical as part of the finalization of the REDD+ National Strategy.		7.2 Implementation Risk Rating: Comments:		

Note :Include on average no more than 3 Risk Management Measures per Risk Category

Annex 2				
Preparation Schedule and Resources				
Preparation Schedule				
Milestone	Basic	Forecast	Actual	
AIS Release				
Concept Review				
Auth Appr/Negs (in principle)				
Bank Approval				
Sector Unit Estimate of Resources Required from Preparation through Approval				
Source of Funds	Preparation Expenses to Date (US\$)	Estimate of Resource Requirements (US\$)		
		Fixed	Variable	
Bank Budget				
Trust Funds				
Team Composition				
Bank Staff				
Name	Title	Specialization	Unit	UPI
Non Bank Staff				
Name	Title	Office Phone	City	

Additional Information (Optional)

(From OPCS PCN Template Version November 2011)

Preparation Schedule				
Milestone	Basic	Forecast	Actual	
AIS Release				
Concept Review				
Auth Appr/Negs (in principle)				
Bank Approval				
Sector Unit Estimate of Resources Required from Preparation through Approval				
Source of Funds	Preparation Expenses to Date (US\$)	Estimate of Resource Requirements (US\$)		
		Fixed	Variable	
Bank Budget				
Trust Funds				
Team Composition				
Bank Staff				
Name	Title	Specialization	Unit	UPI
Non Bank Staff				
Name	Title	Office Phone	City	

Additional Information (Optional)

(From OPCS PCN Template Version November 2011)

Annex 3: Detailed description of the Project activities

The overall financial envelop needed for achieving REDD+ Readiness in Mexico has been estimated to US\$ 23 million (as per the final version of the R-PP). The REDD+ preparation process in Mexico would be supported by different sources, which include multilateral and bilateral financing arrangements in addition to the Mexican government's own contribution. The proposed FCPF grant would focus on a subset of components as per the R-PP (see table 1 below). Activities to be financed by the FCPF would not include any physical investment or the implementation of any REDD+ program on the ground.

COMPONENT 1: Organization and Consultation (FCPF amount: US\$2,558,000). The FCPF grant would support the continuing dialogue and participative process with stakeholder groups, within and outside government as part of the preparation of the National Strategy for REDD+ in Mexico (ENAREDD+).

Sub-Component 1a: National Readiness Management Arrangements. (FCPF amount: US\$950,000)

Context: The REDD+ readiness is a complex and challenging process. To be successful, it requires a solid consultation with, and coordination amongst the various platforms at the policy level and at the multi-stakeholder level. CONAFOR has been leading the preparation of the ENAREDD+ through a participatory process that is anchored by a multi-stakeholder technical advisory committee - *Comité Técnico Consultivo* or CTC-REDD+, - which includes representatives of key governmental institutions (forestry and non-forestry), NGOs, indigenous peoples, forest community-based organizations, the academic sector and financial institutions. Their mandate is to provide an open and transparent participation platform for the preparation of the ENAREDD+ and related programs. In addition, the CTC-REDD also works closely with other important platforms have been established such as the Technical Advisory Committee of the REDD+ Working Group under the CICC (*Comité Técnico Asesor del Grupo de Trabajo REDD+* or CTA del GT-REDD+) and the ENAREDD+ working group of the *Consejo Nacional Forestal (CONAF)*. In July of 2013, CONAFOR and CDI signed a collaboration agreement which includes the design and implementation of consultation and dissemination activities targeted to indigenous people, as well as the promotion of indigenous participation in existing participatory platforms.

At the local and state level, existing platforms will be strengthened in order to ensure that potentially affected stakeholders have an opportunity to raise specific issues and concerns regarding REDD+ that affect them. The approach of the Community Forestry program includes the identification and integration of spaces for social participation and consultation (*foros regionales* or regional natural resources committees) in order to better plan, evaluate and monitor the construction of community development processes and to strengthen social capital. These regional spaces are managed by Community Forestry Program staff and an average of 10 to 15 communities and *ejidos* are represented in each meeting. All resolutions/decisions are taken by consensus, documented and must be signed and sealed by the representatives.

FCPF support: The FCPF grant would finance additional human resources in CONAFOR, to follow up the REDD readiness and the participative process in México and to coordinate the construction of the upcoming documents required by the FCPF. It would also support the strengthening of the existing multi-stakeholder participative platforms both at the national (CTC-REDD+, CTA del GT-REDD+, and others in complementarity with other initiatives) and at the state-level (regional CTC in five states). At the local and state level, the FCPF grant would support the sensitization on REDD+ through the *foros regionales* +, at least one meeting per year. Specifically, the FCPF grant would finance consultancy services, non-consulting services and operating costs to:

- recruit four consultants for 2 years :
 - One for the International Affairs Unit (UAIFF) to monitor FCPF activities (necessary to have knowledge and understanding of REDD+ and/or forest policy, management and relations with national and international organizations) ;
 - Three for the General Coordination of Production and Productivity (CGPP) to respectively: i) coordinate activities related to consultation, participation, strengthening of participative platforms, operation of programs and communication activities; ii) support the community forestry program in the strengthening of *foros regionales* and follow up of PROFOS, iii) support monitoring of the national consultation;
- rent a mobile office and equipment;
- ensure a full participation of representatives of indigenous peoples and communities, civil society members, state government representatives, to national and regional participative platforms (including travel expenses, workshops, technical advisory);
- support CDI and CONAFOR in the design, implementation and follow up of the consultation activities targeted to indigenous peoples;
- support the dissemination of the concept of REDD+ and the sensitization of the different actors, through the meetings of the *foros regionales* in the regions of Early Actions to disseminate.

Since the REDD+ Readiness process is a continuous process that has been on-going during the past few years, it has been agreed that some expenditures made by CONAFOR as part of its support to the national and regional participative platforms (mostly operating costs) over the 2013 year would be eligible under this sub-component, as retro-active financing.

Sub-Component 1b: Stakeholder Consultation and Participation.
(FCPF amount: US\$1,608,000)

Context: The government of Mexico has been working to ensure a wide dissemination of REDD+-related information to the various stakeholders in order to guarantee their full and effective participation in the preparation of the ENAREDD+. Particular attention will be paid to Indigenous Peoples and forest-dependent communities as well as to other vulnerable groups such as women and youth. To date, the CTC REDD+, considered by many to be one of the most important representative participation platform at the national level, has been very involved in the early discussions and technical reviews of the ENAREDD+ (see Annex 8). Additionally, CONAFOR and CDI signed a collaboration agreement in July 2013 that includes a mandate to design and implement consultation and dissemination activities specifically targeted to

indigenous people, as well as the promotion of indigenous participation in the existing participatory platforms mentioned above. It is expected that before the final draft of the ENAREDD+ is released for consultation, a guiding document defining the plan for the national consultation (Consultation Plan²⁵) will be prepared taking into account past experiences and existing inputs (to be ready by the end of 2013). During 2014, the final draft of the ENAREDD+ will undergo a comprehensive multi-stakeholder consultation process throughout the country, as per the Consultation plan.

Potential risks of the REDD strategy options applicable in Mexico will be widely discussed with relevant stakeholders during consultations and also as part of the Strategic Environmental and Social Assessment (SESA) process explained below. Special attention will be given to Indigenous Peoples and other forest-dependent communities; lessons learnt from ATREDD+ will inform the preparation of the subnational REDD+ strategies. In order to foster an inclusive and informed consultation on the ENAREDD+, particular efforts will be made to ensure a wide dissemination of information on REDD+ at the local level: it is envisioned to use the *Programa de Fomento a la Organización Social, Planeación y Desarrollo Regional Forestal* (PROFOS) to channel culturally-relevant and user-friendly communication material on REDD+ through the local organizations that work directly with forest communities and *ejidos* in compliance with Bank procurement policies and guidelines.

FCPF support: The FCPF grant would finance the consultation process with relevant stakeholders at the national, state and local levels in order to influence the construction of the ENAREDD+. This process will build upon other successful efforts such as the national consultation for the National Climate Change Strategy. This activity will be closely articulated with the Strategic Environmental and Social Assessment (SESA), under component 2d. Specifically, the FCPF grant would finance consultancy services, non-consulting services and operating costs to:

- implement the National Consultation on the ENAREDD+ (workshops, meetings, website platform, coordination activities...)
- support local civil organizations to promote dissemination of REDD+-related information (modalities to be applied are expected to follow the procedures of the PROFOS program defined in the *Lineamientos*)
- prepare and disseminate culturally-relevant and user-friendly communication material on the draft ENAREDD+ (leaflets, posters, website, videos, etc.) and provide inputs and complement the communication strategy,
- support the systematization and reporting of consultations and workshop results.

COMPONENT 2: Development of the REDD Strategy. (FCPF amount: US\$1,242,000)

The FCPF grant would support further analysis and design policies and programs to tackle the drivers of deforestation by analyzing barriers to inter-sectorial coordination, conduct dialogues on the critical aspects identified related to REDD+, extensive consultation and participation and the preparation of an ESMF to provide guidance for the management of social and environmental

²⁵ The preparation and adoption of the Consultation Plan constitutes a disbursement condition (cf. Grant Agreement).

risks during the implementation of the ENAREDD+, while putting in place the necessary institutional and legal framework, and the institutional arrangements to make them effective.

Sub-Component 2a: Assessment of Land Use, Forest Policy, and Governance.
(FCPF amount: US\$288,000)

Context: Mexico has made significant progress in assessing the main drivers of deforestation and forest degradation and the potential options to promote REDD+ in the wider context of sustainable rural development. As part of the preparation of a the ENAREDD+, Mexico launched REDD+ Early Actions (ATREDD+) at the subnational level: the ATREDD+ will pilot innovative local governance models at the territorial level in order to plan, guide and assist communities in landscape-based management and help harmonize government interventions in the rural sector. Currently, ATREDD+ are being piloted in the State of Jalisco, the State of Oaxaca, the State of Chiapas and three states of the Yucatán Peninsula (Campeche, Quintana Roo and Yucatán).

FCPF support: In complementarity with on-going and planned activities²⁶, the FCPF would support studies, analytical work and dialogue on key challenges to REDD+ implementation. Specifically, the FCPF grant would finance consultancy services, non-consulting services and operating costs to:

- identify the barriers to inter-sectorial policy coordination for REDD+ implementation (phase 1); and to conduct expert dialogues in order to make recommendations to reduce such barriers (phase 2);
- systematize activities related to REDD+ Early Action Areas in order to generate three products: i) a systematization of existing information to introduce stakeholders into what constitutes a REDD+ Early Action Area; ii) preparation of materials for dissemination of results; and iii) conduct a feasibility analysis to identify additional REDD+ Early Action areas.
- analyze the state's legal framework (at least three studies) and generate recommendations for the promotion of local governance models for REDD+ and landscape management.

Sub-Component 2b: REDD Strategy Options.
(FCPF amount: US\$124,000)

Context: Mexico has made significant progress over the past years to identify potential strategic options for the ENAREDD+ that would address deforestation and forest degradation. The third version of the draft ENAREDD+ is available. However, critical issues related to REDD+ strategic options, mostly in terms of their potential impacts social and environmental, still need to be further investigated either through analytical work or expert dialogues. Pre-identified critical issues relate to carbon property, benefit sharing and it is expected that additional issues may be identified as part of the SESA process. While the REDD+ options are being identified, as part of the analytical and participatory process of preparation of the draft ENAREDD+, the

²⁶In particular, the analysis on land use, forest policy, and governance to be funded from a bilateral agreement with the Government of Norway and French Development Agency (AFD).

potential impacts in terms of avoided GHG emissions and/or carbon sequestration have not been fully assessed.

FCPF support: The FCPF would finance activities to specifically address the strategic options (or action lines) related to REDD+ to help the finalization of the ENAREDD+ and the design of potential REDD interventions. The activities under this sub-component would support analytical work and promote dialogue between different actors to broaden the discussion at the national and subnational level about identified critical issues. Building on modeling exercises conducted by other countries involved in REDD+, the FCPF would help Mexico to identify the impacts and efficacy of the various proposed REDD+ options and create scenarios that could inform policy-making process on REDD+. Specifically, the FCPF grant would finance consultancy services, non-consulting services and operating costs to:

- analyze critical issues for REDD+ implementation identified as part of the SESA process, including through dialogues with experts (workshop and/or meetings). This activity will be done in complementarity with other existing initiatives related to critical issues. Valuable lessons on participatory governance and bottom up inclusion from the community forestry programs may inform analytic studies.
- develop scenarios to model the impacts of strategic options for REDD+, including the analysis of methodologies and studies conducted by other countries and sharing of experiences.

Sub-Component 2c: REDD+ Feedback and Grievance Mechanism.

(FCPF amount: US\$300,000)

Context: In order to provide adequate answers to the citizens and to integrate the existing mechanisms for complaints, grievances, suggestions and requests of information, CONAFOR will establish a *Mecanismo de Atención Ciudadana* (MAC) building on existing mechanisms such as: the *Servicio de Información y Atención Ciudadana* (SIAC), the *Órgano Interno de Control* (OIC), and the *Unidad de Enlace del Instituto Federal de Acceso a la Información y Protección de datos* (Unidad de Enlace- IFAI). While the national-level of the feedback and grievance mechanism is well-established and already operational, the state level needs to be strengthened.

FCPF support: The FCPF would support the strengthening of the feedback and grievance mechanism at the state level for REDD+ in Mexico: particular attention would be given to identifying and analyzing the existing gaps in attention at the state level. Focus would also be on how to strengthen the mechanisms in the Early Action Areas. The specific needs of indigenous peoples, women and vulnerable groups would be emphasized and a pilot of the proposed methodology would be undertaken in one targeted area in order to ensure its adequacy and relevance before it is finalized. Specifically, the FCPF grant would finance consultancy services, non-consulting services and operating costs to:

- identify the existing feedback and grievance mechanisms used by state governments that can apply to REDD+ as well as challenges and opportunities for its implementation in this context.
- strengthen the grievance mechanisms at the local level including: i) analysis of processes used by local communities, indigenous peoples and women to express and deliver

complaints, feedback, etc., focusing on both inputs and outputs; ii) Analysis and recommendations of viable practices to strengthen local mechanisms in Early Action Areas; iii) Pilot in an Early Action Area and development of a methodology to replicate and improve the feedback and grievance mechanism at the local level, including a link to the national level MAC.

Sub-Component 2d: Social and Environmental Impacts Assessment (SESA).
(FCPF amount: US\$530,000)

Context: The government of Mexico has historically shown a full commitment to working with local communities, and has recognized the rights of Indigenous Peoples and other forest dependent local communities to lands and natural resources. CONAFOR underlines these commitments to working with local communities by emphasizing the social dimensions of the REDD+ Strategy based on its past experience and lessons learned. The National REDD+ Strategy is being designed with ample participation of a wide-range of stakeholders at various levels (national, regional and local), and also early information dissemination and dialogue with key stakeholders has been conducted.

A new draft SESA Workplan has been prepared by CONAFOR in order to identify the risks and benefits associated with the strategic options that are articulated in the third draft of the National REDD+ Strategy (ENAREDD+). The SESA Workplan includes a summary of the work completed between 2011–2013 and identifies the priority activities to be undertaken in the period 2013-2015. In addition, the SESA Workplan includes information regarding how the existing participation platforms will be involved in the participatory process, information regarding the link between the SESA process and the preparation of the ENAREDD+ as well as a budget and timeline for implementation. The SESA Workplan was reviewed by different representatives of key stakeholders groups: : on November 8th, it was presented to the CTC's working group on State REDD+ Strategies, on December 16th to the national CTC and on February 5, 2014 to the ENAREDD+ Working Group from CONAF. The comments from these stakeholders were incorporated into the final version that was submitted to the World Bank on February 28, 2014. The draft SESA Workplan is attached in Annex 8.

FCPF support: The FCPF grant would support the implementation of the activities outlined in the SESA Workplan. Activities financed under this component would be coordinated with the Consultation and Participation plan supported under component 1b and with the analytical work carried out under component 2b. Specifically, the FCPF grant would finance consultancy services, non-consulting services and operating cost to:

- implement the activities included in the Workplan, in particular (i) prioritization and analysis of critical themes; (ii) identification of gaps and needs for specific studies to be financed by the grant, (iii) participation events for key stakeholders to review the results and; (iv) preparation of the SESA report and dissemination of the results of the SESA process;
- develop the Environmental and Social Management Framework (ESMF), an Indigenous Peoples Planning Framework (IPPF) and a Process Framework (PF), if needed.

Annex 4: Financial Management and Procurement

A. Financial Management

Introduction. This report documents the results of the Financial Management (FM) Assessment of the National Forestry Commission (CONAFOR), which will be the implementing entity for MX Readiness Preparation Proposal (R-PP) (the Project). It is also worth mentioning that the overall fiduciary arrangements for this operation will be based on those agreed for the ongoing MX Forests and Climate Change Project (P123760). The assessment was conducted by Bank staff in accordance with OP/BP 10.00 and Guidelines for Assessment of Financial Management Arrangements in World Bank-Financed Projects. It also takes into account the considerable experience of the *Nacional Financiera* (NAFIN) as financial agent of Bank's resources.

Summary. The project will be implemented at federal level, making use of most of the country FM systems, including accounting, budgeting, treasury, internal control and auditing. The project will mainly finance consultants' services and operating costs, including the PROFOS Subsidies to eligible beneficiaries. Based on previous satisfactory experience with the CONAFOR's implementation of Bank-financed projects, as well as the proposed project characteristics, including centralized procurement and payments to consultants, providers, and PROFOS' beneficiaries, the overall proposed FM risk is **Moderate**.

The Project FM control measures described in this assessment include: (i) robust country public FM arrangements and their large use by the project; (ii) program integration into the national budget; (iii) selection of beneficiaries and subsidies' monitoring are based on PROFOS Operational Guidelines; (iv) reimbursement of eligible expenditures recorded under earmarked budgetary lines and pre-financed by the Government and upon receiving of all supporting documentation; (v) use of the Governmental Resource Planning (GRP) system for records and control purposes of all project transactions; (vi) internal auditing procedures according to Public Audit Standards and Guidelines, issued by Public Administration Ministry (SFP); (vii) follow-up of CONAFOR's Internal Control Unit (OIC) on project external auditor's findings, if any; (viii) submitting to the Bank of semiannual non-audited Interim Financial Reports (IFRs); (ix) annual audit of Project Financial Statements and Statements of Expenditures (SOEs) by auditors acceptable to the Bank; (x) ample experience dealing with Bank-financed operations of the CONAFOR's staff; (xi) NAFIN's support to CONAFOR on main fiduciary related issues; (xii) at least two on-site FM supervision mission per year.

1. Description and Assessment of Project FM arrangements

Country issues relevant to the Project. In general, public financial management in the Mexican Federal Administration relies on robust budgeting, treasury, accounting and control systems. All FM-related activities using these country systems will be coordinated by CONAFOR and use in this operation. The Project will be implemented through the national budget as described below.

Implementing entity. The project implementation will be carried out by CONAFOR, which has strong institutional structures and capacities for implementation of Bank-financed projects. From the FM perspective, the project implementation responsibility, including preparation of SOEs,

IFRs and annual financial statement, budget monitoring and execution, and accounting records, among others, mostly belongs to the *Dirección de Financiamiento (DF)* mapped to the *Unidad de Asuntos Internacionales y Fomento Financiero* and *Gerencia de Recursos Financieros (GRF)* mapped to the *Coordinación General de Administración*. Both DF & GRF have ample experience dealing with Bank-financed operations and a strong system of FM internal and external controls in place. Moreover, most FM activities, including funds flow, budgeting, accounting and financial reporting, will be carried out based on the existing FM arrangements, which were agreed for the ongoing MX Forests and Climate Change project (P123760) and are being considered satisfactory by the Bank.

Financial administration. NAFIN will act as the financial agent of the Recipient. In that capacity, NAFIN will manage grant disbursement processes and provide overall implementation support and oversight, drawing on its many years of experience with Bank-financed projects.

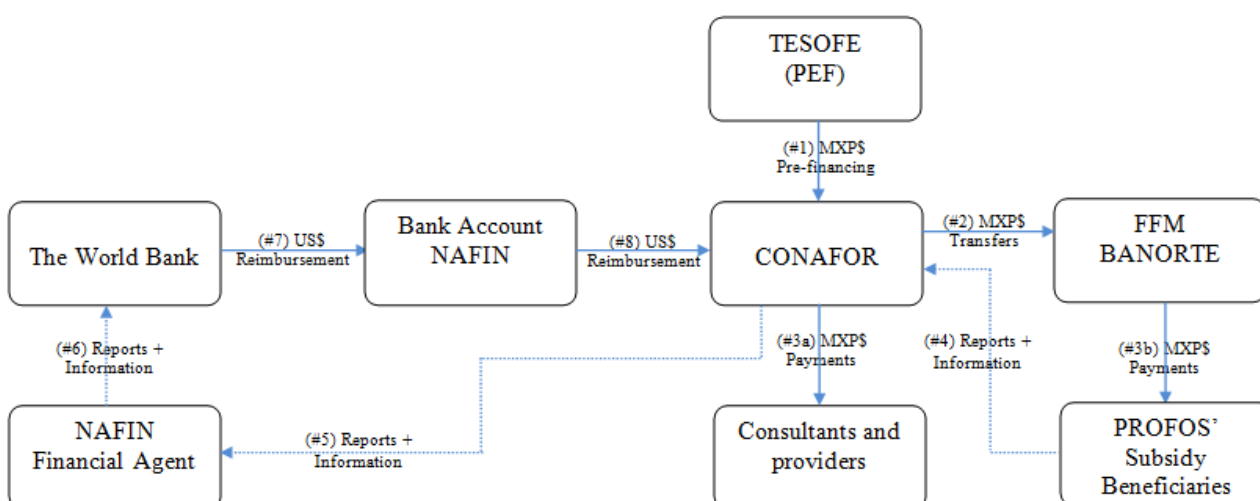
Budgeting arrangements. Project funds will be part of the Federal Expenditure Budget (PEF). Thus, Project funds will be subject to provisions of the annual PEF Law, the Federal Budget and Fiscal Responsibility Law, the General Government Accounting Law, the Guidelines on Budget Procedures, among others. This set of legal and regulatory arrangements, together with CONAFOR's implementation systems, provides sound budget formulation, execution and control arrangements. As per usual practice in Mexico for the operations implemented at the national level, the government will pre-finance the Project's expenditures under budgetary lines earmarked for the Project.

Accounting system. CONAFOR, through DF & GRF, will maintain records and accounts adequate to reflect this Bank-financed operation, and will be responsible for keeping files of all supporting documentation for project expenditures. Project records will be kept in accordance with accounting practices acceptable to the Bank and in compliance with General Government Accounting Law and other administrative requirements issues by the Federal Ministry of Finance and National Council of Governmental Accounting Harmonization (CONAC).

The entity has implemented an Integrated Financial Information System (SIIF-GRP), which includes modules for budgeting, accounting and treasury, among others. This system has been previously considered acceptable to the Bank. Some specific project data, produced by the SIIF-GRP, will be extracted from the institutional system and used for preparation of project-related documents, such as Statements of Expenditures (SOEs) and Interim Financial Reports (IFRs), through Excel-based spreadsheets.

Internal control and internal auditing. In addition to the budget regulations and procedures mentioned above, CONAFOR is subject to the Federal Public Administration Internal Control Standards issued by the Public Administration Ministry (SFP), which provide sound internal control arrangements. The internal auditing function is carried out by the Internal Control Unit (OIC), which reports to SFP and follows the Public Audit Standards and Guidelines also issued by SFP. Good systems are in place for timely follow-up to internal and external audit observations and implementation of recommendations, including those findings from project external audit, if any.

Flow of funds. The project will mainly finance Consultants' Services and Operating Costs, including the *Programa de Fomento a la Organización Social, Planeación y Desarrollo Regional Forestal* (PROFOS) subsidies to eligible beneficiaries. It is worth mentioning that PROFOS is a standalone Program of the Federal Governmental, implemented by CONAFOR. The PROFOS' operation, including assigning of the subsidies, selection of beneficiaries, subsidies' monitoring, and FM requirements of the beneficiaries, such as accounting and audit arrangements, is based on the PROFOS Operational Guidelines and its annexes. From financial perspective and similarly to the financial arrangements used for the MX Forests and Climate Change Project, CONAFOR will transfer part of its annual budget, allocated for PROFOS, to *Fondo Forestal Mexicano* (FFM), which, in turn, is administered by BANORTE. BANORTE is considered as a solid national wide financial institution, which has been also providing a set of financial services to the Bank country office in Mexico for many years. The general arrangements for the flow of funds are described in the following chart and explained below:



1. CONAFOR pre-finances project expenditures from the national budget (PEF).
2. Part of the budget funds, which are allocated for PROFOS, is transferred to FFM.
3. (a) CONAFOR executes the project budget funds and processes payments to consultants and providers; (b) CONAFOR selects PROFOS' beneficiaries, signs subsidy agreements with each eligible beneficiary, and gives instruction to BANORTE, a to processes payments to such beneficiaries.
4. PROFOS' beneficiaries submit reports and information to CONAFOR.
5. Based on the reports provided by the PROFOS beneficiaries as well as payments processed to consultants and providers, this information is aggregated and summarized in Statements of Expenditures (SOE), and formally submitted to NAFIN.
6. NAFIN reviews the SOEs and submit them, through Client Connection, together with the grant withdrawal application to the Bank.
7. The Bank reimburses the eligible funds into a bank account administered by NAFIN, which, in turn, transfers them to CONAFOR.
8. Finally, CONAFOR officially requests SHCP to regularize the additional funds as part of the PEF in accordance with the applicable legal framework.

Disbursement arrangements. The grant disbursement arrangements²⁷ are hereby summarized:

Disbursement method	Reimbursement of eligible expenditures (pre-financed by the government) into a bank account in US\$ administered by NAFIN.
Supporting documentation	<ul style="list-style-type: none"> ✓ Statements of Expenditures²⁸, with exception of the Part 1b of the Project. ✓ Customized Statements of Expenditures for the Part 1b of the Project. Thresholds will be specified in the disbursement letter and reviewed as part of the project financial audit.
Retroactive expenditures	Reimbursement of the eligible expenditures that comply with the following: <ul style="list-style-type: none"> ✓ Incurred within one calendar year before the signing of the GA; ✓ Do not exceed 20 % of the grant amount. Expenditures would be subject to the same systems, controls, and eligibility filters described above. Expenditures would also be subject to the Project's external audits.

Disbursement Table

<u>Category</u>	<u>Amount of the Grant Allocated (expressed in US\$)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) Consultants' Services, non-consulting Services, Operating Costs and Training for Readiness Preparation Activities under Part 1 (a), Part (b) (iii), Part (b)(iv) and Part 2.	2,328,000	100%
(2) Consultants' Services, non-consulting Services, Operating Costs and Training for Readiness Preparation Activities under Part 1(b)(i) for the "the provision of technical assistance to carry out of the national consultation on the ENAREDD+, in accordance with the ENAREDD+ Consultation Plan"	672,000	100%
(3) Consultants' Services, non-consulting Services, Operating Costs and Training for Readiness Preparation Activities under Part 1(b)(ii) - "Support to local civil organizations to promote dissemination of REDD+-related information".	800,000	100%
TOTAL AMOUNT	3,800,000	

²⁷ For details, please see the Disbursement Guidelines for World Bank Clients.

²⁸ All SOE supporting documentation will be maintained by CONAFOR & NAFIN. Such documentation will be available for review by the external auditors and the Bank staff at all time during project implementation, and at least until one year after the audit report covering the last disbursement has been received from the Bank.

Financial reporting and external audit. The general framework for the financial reporting and audit of all Bank-financed projects implemented in Mexico at federal level is the technical MOU and general ToRs on auditing, which were agreed between the GOM and the Bank. The project will be subject to this framework. CONAFOR will prepare and submit to the Bank not later than 45 days after the end of each calendar semester unaudited Interim Financial Reports (IFRs) for the Project covering each semester. These reports will be based on the formats of the annual financial statements. The project's financial statements will be annually audited by an acceptable audit firm, designated by the SFP, and in accordance with the ToR mentioned above. The project implementation and external auditor's findings will be also subject to follow-up provided by the CONAFOR's Internal Control Unit. After grant effectiveness, the financial, audit and technical reports will be presented by CONAFOR to NAFIN for review and further submission to the Bank, as follows:

Report	Due date (World Bank receipt)
Semi-annual unaudited project IFRs	Within 45 days after the end of each calendar semester.
Annual audit report on project financial statements and eligibility of expenditures	Within six months after the end of each calendar year (or any other period agreed with the Bank).

Written procedures. Project FM procedures will be documented in an Operations Manual (OM) that will define the roles and responsibilities of CONAFOR and other involved agencies, such as NAFIN. The OM will include, among other financial procedures: (i) budgeting, treasury, accounting, internal control policies and procedures; (ii) formats of the SOEs; (iii) financial reporting and audit, among other monitoring & evaluation arrangements.

Bank FM supervision. The scope of project supervision will review the implementation of FM arrangements and FM performance, identify corrective actions if necessary, and monitor fiduciary risks. It will take place on a semi-annual basis and include: (a) desk review of project IFRs and audit reports, following-up on any issues raised by auditors, as appropriate; (b) participation in project supervisions at least twice a year, which will look into the operation of the control systems and arrangements described in this assessment; (c) updating the FM rating in the FM Implementation Support and Status Report (FMISSR), as needed.

Risk assessment. On the basis of the Bank's Project FM assessment, the overall project FM risk is considered **Moderate**, as explained in the following table:

B. Procurement

1. Procurement Methods

62. *Procurement of Works.* No civil works will be financed under this project.

63. *Procurement of Goods and Non-consulting Services.* The FCPF operation will finance goods and non-consulting services, such as training, communication and outreach. The

procurement will be carried out using Standardized Bidding Documents (SBD) agreed between the Government of Mexico and the Bank for International Competitive Bidding (ICB) for activities equivalent to US\$3,000,000. National Competitive Bidding (NCB) will be used for activities costing less than US\$3,000,000. Contracts for small purchases of goods and non-consulting services for individual contracts costing less than US\$100,000 could be procured by CONAFOR through shopping procedures. Direct contracting could be used on an exception basis, under the circumstances explained in paragraph 3.7 of the Procurement Guidelines.

64. *Selection of Consultants.* The project will require the services of consultants to carry out a variety of consultant services under both components, including those related to policy design, policy innovation and cross-sector harmonization.

65. Universities, government research institutions, public training institutions and NGOs in some specialized fields of expertise could participate in the provision of consulting services in accordance with Bank procurement guidelines and policies.

66. *Firms.* Most contracts for firms carried out by CONAFOR are expected to be selected using of Quality and Costs-based Selection (QCBS), Consultants' Qualifications (CQS) method. Consultant assignments of specific types, as agreed previously with the Bank in the Procurement Plan, may be selected through the use of the following selection methods: (i) Quality-and Cost-Based; (ii) Quality-Based Selection (QBS) and (iii) Single Source Selection (SSS).

67. *Individuals.* Individual consultants will be hired to provide technical advisory and project support services and will be selected in accordance with Section V of the Consultant Guidelines. All sole-source selections of consultants will be subject to prior review. Other specific procedures for the selection of these consultants will be described in the Operational Manual.

68. *Stakeholder Consultation and Participation.* The government of Mexico is committed to ensuring a wide dissemination of REDD+-related information to the various stakeholders in order to ensure their full and effective participation in the preparation of the ENAREDD+. Particular attention will be paid to Indigenous Peoples and forest-dependent communities as well as to other vulnerable groups such as women and youth. In order to foster an inclusive and informed consultation on the ENAREDD+, particular efforts will be made to ensure a wide dissemination of information on REDD+ at the local level, it is envisioned to use the *Programa de Fomento a la Organización Social, Planeación y Desarrollo Regional Forestal* (PROFOS) to channel culturally-relevant and user-friendly communication material on REDD+ through the local organizations that work directly with forest communities and *ejidos*.

These service providers will be drawn from a roster of qualified consultants (CONAFOR's padrón) maintained by CONAFOR. Admission to the roster would be conditional upon presentation of technical qualifications and participation in a training course provided by CONAFOR and in the near future by universities and or academic institutions selected by CONAFOR. These providers would be subject to a satisfactory evaluation of their technical performance, drive for results, and working relationships with the communities. Firms and individuals with the best qualifications and references among those on the roster (padrón) will be selected on fixed-budget basis (paragraph 3.5 of Guidelines), in accordance with CONAFOR's

Operating Rules, as stated in the Grant Agreement and further explained in the Operational Manual. These processes should be documented and recorded under the terms stipulated in the Operational Manual. The selection of these technical assistance providers from the roster is in compliance with Bank procurement policies and guidelines, including the comparison of three CVs (for individual consultants) and Consultant Qualifications (for firms). In exceptional cases, this technical assistance could be selected under the sole source modality, for example when only one firm is qualified or has experience of exceptional worth for the assignment.

2. Procurement Plan

64. The Procurement Plan, prepared by CONAFOR and submitted to the Bank, provides the basis for the procurement methods. This plan will be available in the project's database and on the Bank's external website. It will also be available in SEPA. The procurement plan will be updated in agreement with the Bank annually or as required to reflect actual project implementation needs and improvements in institutional capacity.

65. *Goods, non-consulting services:* There is no expected ICB or direct contracting under the project.

69. *Consulting Services:* There is no expected contract with international short list and sole source. (i) Consultancy services estimated to cost above \$200,000 per contract, as well as all single-source selections of consultants (firms and individuals), will be subject to prior review by the Bank; (ii) Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than US\$500,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

3. Others

67. *Operating Costs.* The project will finance the incremental expenses incurred due to project implementation, including supplies, operation and maintenance, communication and insurance costs, office administration costs, travel, per diems and supervision costs. They are typically small-value expenditures for goods and services that are periodically incurred and consumed in a short period of time, are necessary for the project's operation and maintenance, and usually continue beyond the life of the project. If the term "operating costs" is defined to include only items that are typically non-procurable (e.g., utilities, per diems for field supervision) but also includes items such as equipment, office supplies and other goods/non-consulting services, they may need to be treated as "procurable" like any other small-value goods and non-consulting services. Furthermore, these procurable activities should be listed in the procurement plan and will be procured by CONAFOR in accordance with the procurement procedures described in this section.

68. *Retroactive financing.* CONAFOR has requested to use up to 20 % of project funds to retroactively finance some payments relating to operating costs incurred before this operation has been declared effective. To that end, the following conditions should be observed in all retroactive financing:

- a. Payments must be for expenditures that are eligible under the Grant Agreements. Procedures for procurement and the use of consultants and for processing and clearances are subject to the Bank's Procurement and Consultant Guidelines as agreed for this operation.
- b. Documentation requirements for expenditures claimed under retroactive financing are the same as those for disbursement against payments made after the Grant Agreement is signed.

69. *Project Operational Manual.* The Project Operational Manual for the FCPF operation mostly builds on the existing Operation Manual for the SIL/FIP project: it covers the relevant procurement processes, including detailed institutional procedures, accountabilities, composition of technical and administrative evaluation committees, time frames for approvals, etc. The Operational Manual also covers topics related to conflicts of interest, fraud and corruption.

70. *Notification of Business Opportunities.* A General Procurement Notice will be published in the United Nations Development Business (UNDB), informing prospective bidders about the upcoming ICBs under the project. The World Bank will arrange for its publication in the UNDB online and on the Bank's website. All procurement notices published in UNDB online will be also published in at least one newspaper of national circulation in the Borrower's country. The Borrower is encouraged to develop instruments for public access to all procurement activities to be financed under the grant, as described in Annex 3.

71. *Bank supervision.* Bank procurement staff will undertake at least one mission in the first two years after the project has been declared effective to monitor and review compliance with procurement policies. The Bank's supervision of PROFOS program may consist of reviewing reports on procurement post reviews carried out by CONAFOR according to procedures acceptable to the Bank and should be done in addition to technical and financial reviews and audits.

72. *Other support and control systems.* CONAFOR is subject to regular financial (prior and ex post) audits, internal or external, as detailed in the SFP statutes and CONAFOR's Organic Law (Ley Orgánica). CONAFOR has also made provisions to ensure that the technical units will work closely in implementing/supervising this project. Furthermore, NAFIN should enforce additional control mechanisms under its project activity supervision role. Furthermore, CONAFOR may engage the services of specialized firms to assist in the implementation and monitoring of investment subprojects. These services may include training in small-scale procurement by the community, accounting, and document filing.

Annex 5: World Bank Climate Change Engagement in Mexico

1. **The Government of Mexico and the World Bank have a long-standing, deep engagement on climate change.** The Bank program of climate change in Mexico 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 program through the years in a consistent manner. As shown in Figure 1 on page 14 of this document, this engagement has progressed in recent years, with subsequent stages built on previous actions. The Bank's engagement in the field of climate change in Mexico currently comprises the full range of Bank instruments, including:

- a. *Knowledge Services*: providing advice on a range of development options to tackle climate change and acting as an incubator of innovation.
- b. *Financial services*: including investment lending, Development Policy Loans (DPL) as well as Clean Technology Fund (CTF) concessional financing, GEF and other grants. The Bank also provides credit enhancement, hedging swaps, catastrophe risk management and advisory services.
- c. *Convening and Coordination Services*: including knowledge sharing, event organization and high-level coordination.

2. **Four stages of climate change engagement between the Bank and the GoM can be distinguished:** (i) Foundations; (ii) Early Support; (iii) Strengthening; and (iv) Consolidation.

- **During the first stage, Foundations (before 1999)**, Bank support was focused on small investment projects in the waste, transport and forest management areas. Moreover, with the launch of the Global Environment Facility (GEF) in 1991, Mexico gained new opportunities for grants on projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. Although climate change was not explicitly included in the programs, this laid the foundations of the climate change engagement between the Bank and the GoM, leading to the creation of the Mexican Office for Greenhouse Gas Mitigation in FY99.
- **The second stage, Early Support (1999–2007)**, corresponds to Mexico's ratification of adherence to the Kyoto Protocol, which led to the establishment of a national strategy and sectoral committee on climate change issues. During this stage, support to the climate change agenda became explicit. The projects were mainly focused on specific sectors such as clean transport, waste management and energy provision. The Bank's leading role in knowledge on climate change was recognized by a series of Knowledge Services and represented a new relationship with the GoM, going beyond traditional financial services.
- **In the third stage, Strengthening (2007–2010)**, Bank support was focused on cross-sectoral strategies to address climate change and was closely related to the National Climate Change Strategy. The flagship of this period is the *Climate Change DPL* (US\$501 million) which was presented to the Board for its approval jointly with a new Country Partnership Strategy (CPS). In this stage, the analytical and knowledge activities

continued increasing considerably, evidencing the Bank's technical expertise on climate change. One of the key activities developed during this stage was the preparation of the CTF Investment Plan (IP), which provides support for the low-carbon growth objectives in Mexico's 2007–2012 National Development Plan, Climate Change Strategy and Special Climate Change Program. Preparation of the IP was led by the GoM and the Bank, in partnership with the Inter-American Development Bank (IADB) and the International Finance Corporation (IFC).

- **In the fourth and current stage, *Consolidation (2010–2013)***, the focus has been on mainstreaming mitigation and adaptation to climate change across sectors and levels of government. Some of the key instruments that were deployed during this stage and are underway include:
 - a. The *Green Growth DPL* (FY 10, US\$1.504 billion), which recognized and supported the cross-cutting mitigation measures embedded in the objectives of the PECC.
 - b. The *Low-carbon DPL* (2010) in the amount of US\$401 million, which recognized and supported the GoM's reforms and implementation of policies and programs under the PECC. This DPL included the energy, transport, urban housing and forestry sectors and was informed by the flagship Low-carbon Study.
 - c. The *Strengthening Social Resilience to Climate Change through Adaptation and Forestry Mitigation Policies DPL* (FY12) sought to reduce the impacts of climate change on the poor through policies to (a) promote sustainable territorial development and reduce vulnerability to natural disasters; (b) strengthen long-term climate change adaptation planning; and (c) implement pro-poor climate change measures in the forestry sector.
 - d. The *Forestry and Climate Change Investment Program* (FY12), which is deploying various instruments, including technical assistance, policy advice, convening services, institutional strengthening and direct support to forest communities and the piloting of innovative financial services.
 - e. This is complemented by an engagement in the Water Sector and Climate Change, particularly through the *Adaptation to Climate Change Impacts on the Coastal Wetlands* project in the Gulf of Mexico.
 - f. Other activities include the *Hydrometeorological Service Specific Investment Loan* (FY12), the *Climate Change Public Expenditure Review* (FY12) and the *Energy Efficiency (Supply-side Management) Investment Loan* (FY13).

3. During FY14, the engagement will be further consolidated through new sectors and instruments. Some of the planned activities that deserve prominence include:

- a. The analytical work to be realized within the *Programmatic Approach for Environmental and Climate Change Policies* (FY14) aims to support the Government of Mexico's efforts in the further development and enhancement of policies to: (i) further state-of-the-art legislation on environmental and climate change policies; and (ii) develop a complementary green and inclusive growth policy at the national and subnational levels. In order to tackle these issues, the PA will work not only with the federal government, but also with Congress and the governments of Hidalgo, Quintana Roo, Campeche and Yucatan – States that present many of the country's most urgent environmental and climate change challenges, as well as some of its

untapped sources of green and inclusive growth based on the sustainable use of natural resources.

- b. The *Coastal Watersheds Conservation in the Context of Climate Change Project* (FY14) seeks to promote integrated environmental management of selected coastal watersheds as a means to conserve biodiversity, contribute to climate change mitigation, and enhance sustainable land use.

4. **The current engagement strongly emphasizes the critical role of forests in climate change (both in terms of mitigation and adaptation).** The proposed FCPF engagement is part of a broader program of collaboration on Forest and Climate Change between the Government of Mexico and the Bank, which will deploy various instruments, including technical assistance, policy advice, convening services, institutional strengthening and direct support to communities and the piloting of innovative financial services. The activities to be financed under the FCPF project are aligned with Mexico's CPS 2014-2019, which seeks to support the GoM in using its natural resources in an optimal way as part of a broad strategy of promoting green and inclusive growth. The instruments mobilized as part of these efforts are described in the following table.

Table: Mexico: Program on Forests and Climate Change

Instrument	Description
Forest Carbon Partnership Facility (FCPF)	The US\$3.8 million preparation grant from the FCPF Readiness Fund (discussed in this document) would support studies and consultations. These Readiness activities will contribute to the preparation of a Readiness Package consisting of four main elements: (i) a national REDD+ strategy, (ii) a national forest reference level, (iii) a forest monitoring and verification system, and (iv) a system for addressing environmental and social safeguards. Mexico is a candidate to pilot the new FCPF Carbon Fund which would pay a few pilot countries for demonstrable results in REDD+ (instrument would be an Emissions Reduction Payment Agreement, ERPA). GoM presented their initial ideas to the Carbon Fund in June 2013.
Forest and Climate Change SIL	The SIL supports the Government of Mexico in two main areas; (i) Multi-Scale Institutional Strengthening and (ii) Incentive Programs to Communities. This operation builds upon and scales up successful previous PROCYMAF and PES operations. Total amount is US\$300 million.
Forest Investment Program (FIP)	As one of the eight pilot countries, Mexico's base allocation is US\$40-60 million as decided by the FIP sub-committee. The FIP is a targeted program of the Climate Investment Funds (CIF) to support developing countries' efforts to reduce deforestation and forest degradation (REDD+) and promote sustainable forest management. FIP resources under CONAFOR's responsibility are blended with the above mentioned IBRD SIL. In addition, Mexico will also benefit from the Dedicated Grant Mechanism of the FIP to ensure participation of Indigenous people and local communities to the FIP Program.
Social Resilience and Climate Change DPL	Forestry is one out of three pillars in the Social Resilience and Climate Change DPL (amount US\$300 million). The forestry pillar supports three policy actions: (i) the launching of a new collaboration between CONAFOR, SAGARPA and SEMARNAT aimed at sharing information and aligning incentive programs; (ii) the creation of one national and two state-level REDD+ Consultative Groups (CTC-REDD) formed by civil society organizations; and (iii) the inclusion of climate change programs in the first inter-municipal initiative.
Program on Forests (PROFOR)	The Bank mobilized two PROFOR grants with a total of US\$250k to support CONAFOR in: (i) the re-designing of the Mexican Forest Fund; and (ii) the assessment of Mexico's community forestry enterprises' competitiveness on local and global markets.
GEF	In final stage of preparation: Ensure the integrated management of coastal watersheds that drain to the Gulf of Mexico and the Gulf of California as a means of conserving biodiversity

	threatened by climate change. Expected GEF contribution of US\$40million.
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Annex 6: Background on the Forest Carbon Partnership Facility

The Forest Carbon Partnership Facility (FCPF) is assisting developing countries in their efforts to reduce emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest (REDD+) by providing value to standing forests. It was announced at CoP13 in Bali in December 2007 and became operational in June 2008.

The FCPF is helping build the capacity of developing countries in tropical and subtropical regions to reduce emissions from deforestation and forest degradation and to tap into any future system of positive incentives for REDD+. The aim is to enable countries to tackle deforestation and reduce emissions from REDD+ as well as develop capacity for assessment of measurable and verifiable emission reductions.

The FCPF has the dual objectives of: (i) assisting tropical and subtropical forest countries in developing the systems, policies, and capacity for REDD+ (Readiness Mechanism); and (ii) testing a program of performance-based incentive payments in some pilot countries, on a relatively small scale, in order to set the stage for a larger system of positive incentives and financing flows in the future. Two separate mechanisms have been set up to support these objectives:

(i) Readiness Mechanism. The FCPF's initial activities relate to strategic planning and preparation for REDD+ in IBRD and IDA member countries in the tropics across Africa, East Asia and Pacific, Latin America and the Caribbean and South Asia. Specifically, countries prepare for REDD+ by:

- i. assessing the country's situation with respect to deforestation, forest degradation, conservation and sustainable management of forests and relevant governance issues;
- ii. identifying REDD+ strategy options;
- iii. assessing key social and environmental risks and potential impacts associated with REDD+, and developing a management framework to manage these risks and mitigate potential impacts;
- iv. working out a reference level of historic forest cover change and greenhouse gas emissions and uptake from deforestation and/or forest degradation and REDD+ activities, and potentially forward-looking projections of emissions; and
- v. designing a monitoring system to measure, report and verify the effect of the REDD+ strategy on greenhouse gas emissions and other multiple benefits, and to monitor the drivers of deforestation and forest degradation, as well as other variables relevant to the implementation of REDD+.

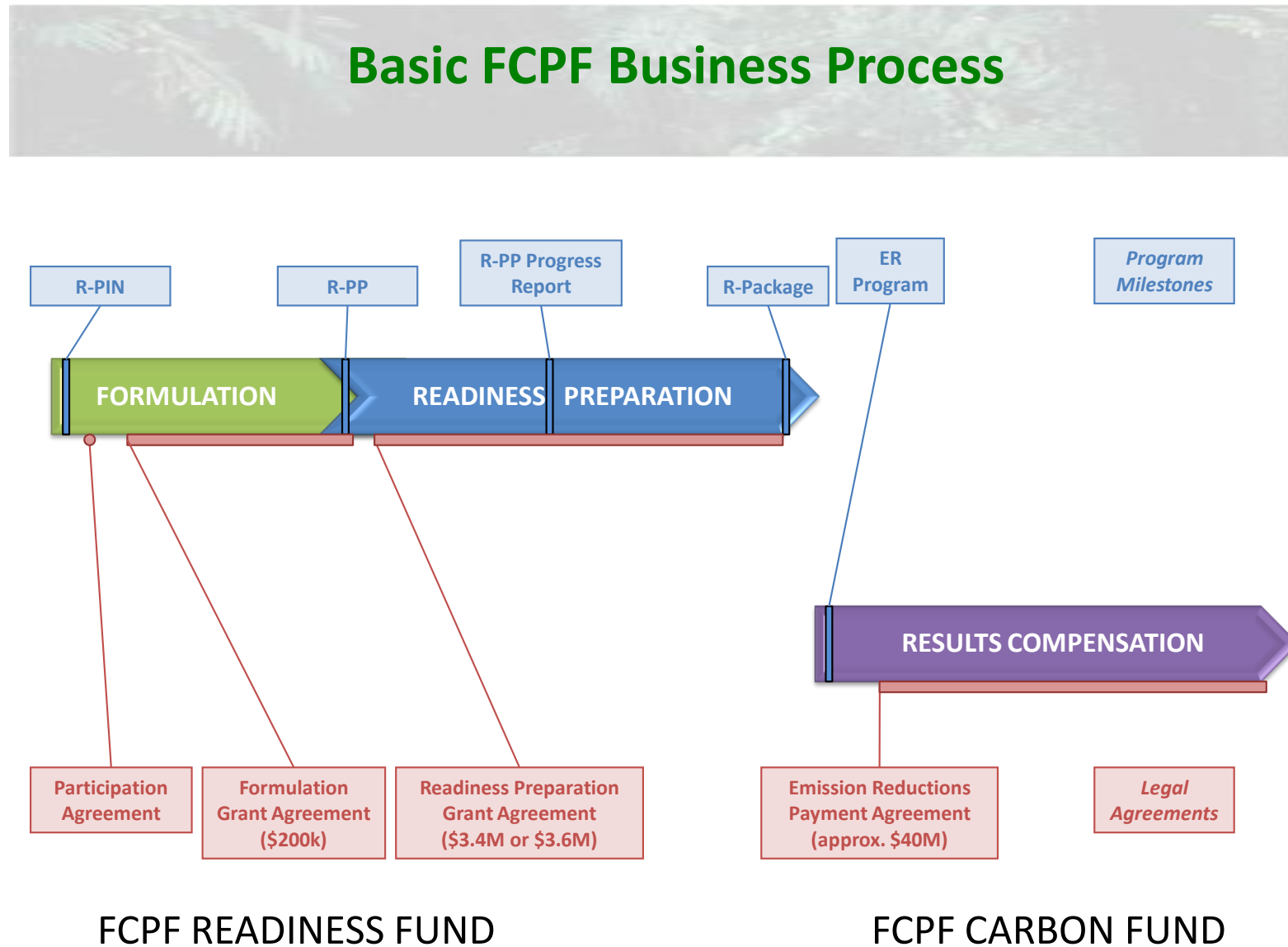
These preparatory activities are referred to as 'REDD+ Readiness' and are supported in part by the Readiness Fund of the FCPF. This FCPF Readiness Preparation grant activity (referred to as "Project" in the R-PP Assessment Note) will fund only a portion of the R-PP activities, but will help the Country towards achieving REDD+ Readiness, even though the Country may not reach this stage until well after the grant closes; it will not finance any implementation of REDD+ activities on the ground (e.g., investments or pilot projects).

(ii) Carbon Finance Mechanism. It is expected that approximately five to ten countries that will have made significant progress towards REDD+ readiness will also participate in the Carbon Finance Mechanism and receive financing from the Carbon Fund. Specifically, these countries will benefit from performance-based payments for having verifiably reduced emissions from deforestation and/or forest degradation through their Emission Reductions Programs. The structure of these payments will build on the options for REDD+ that are currently being discussed within the United Nations Framework Convention on Climate Change (UNFCCC) process, with payments made to help address the causes of deforestation and degradation.

The experiences generated from the FCPF's methodological, pilot implementation and carbon finance experience will provide insights and knowledge for all entities interested in REDD+. The FCPF thus seeks to create an enabling environment and garner a body of knowledge and experiences that can facilitate development of a much larger global program of incentives for REDD+ over the medium term.

Thirty-seven countries have been selected as REDD+ Country Participants in the FCPF Readiness Mechanism, based on Readiness Preparation Idea Notes reviewed by the Participants Committee and independent reviews by a Technical Advisory Panel. Many of these REDD+ Country Participants received grant support to develop a Readiness Preparation Proposal (R-PP), which contains a detailed assessment of the drivers of deforestation and forest degradation, terms of reference for defining their emissions reference level based on past emission rates and future emissions estimates, establishing a monitoring, reporting and verification system for REDD+, adopting or complementing their national REDD+ strategy, and actions for integrating environmental and social considerations into the REDD+ Readiness process, including the national REDD+ strategy. A Consultation and Participation Plan is also part of the R-PP.

Figure 3. Key milestones in the basic FCPF Business Process

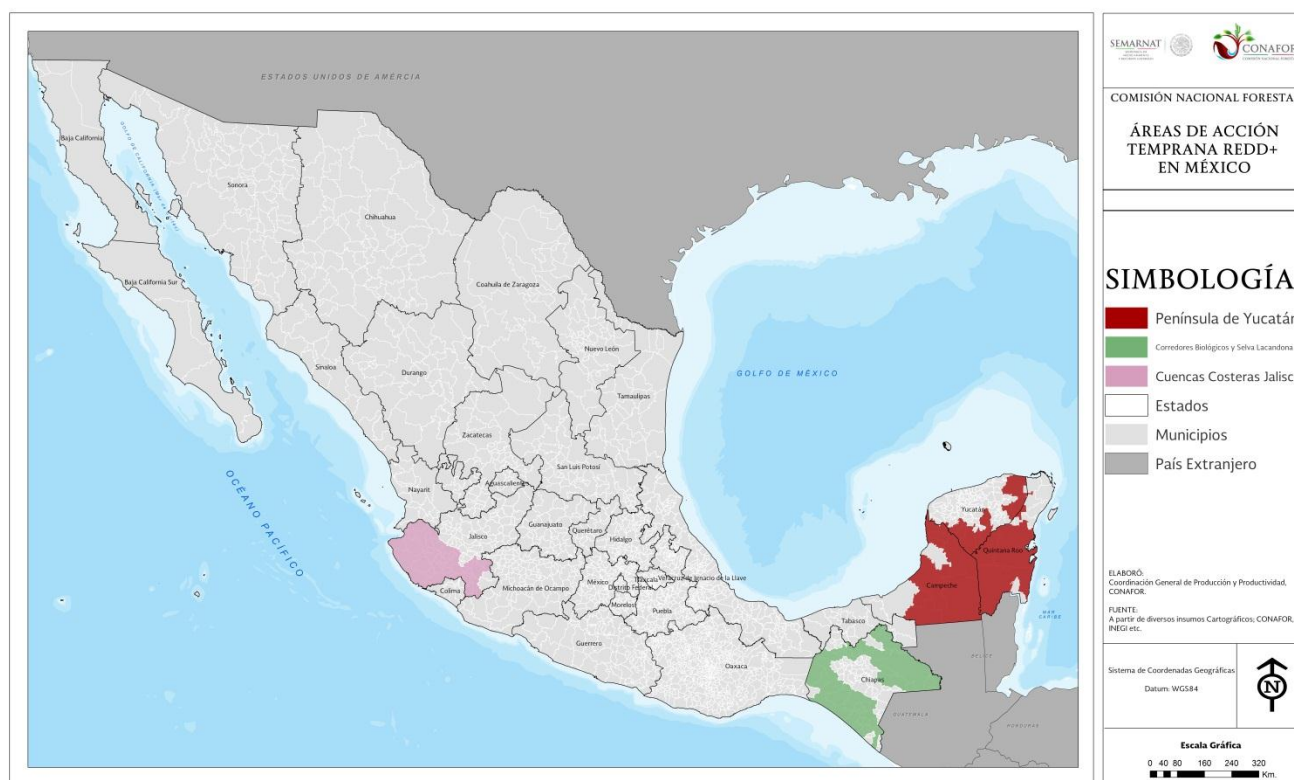


Annex 7: Main Causes of Deforestation and Degradation and Potential REDD+ Strategies

The table on the following pages lists the main (non-region specific) drivers of deforestation and forest degradation identified in Mexico's R-PP. The R-PP further specifies potential actions to directly address these drivers, which will be further analyzed and developed through studies and consultations in the preparation phase. The R-PP lists some of the risks involved with each possible strategy and potential risk mitigation measures. The evaluation of these strategic options (action lines), and identification and mitigation of risks will be closely tied to the SESA process.

Under Mexico's approach, each region will undergo a diagnostic process to determine the specific drivers, a baseline, and region-specific interventions. The first areas that will undergo this process are the early action areas, shown in the map below.

Figure 1. REDD+ Early Action Area



Drivers of deforestation and degradation identified in the R-PP, and potential REDD+ Strategies

Drivers of Deforestation	Risks	Strategies and potential action	Mitigation measures
Limited use of forested areas	Initially low potential of high quality timber production, due to degradation of forests, limited resources for PES, require long-term investments.	Increase areas under forest management, development of other added value activities, such as payment for environmental services (PES), Non-timber Forest Products NTFP, certified forest products.	Actions to restore lands degraded forest and incorporate to productivity.
	Inappropriate land use	Land use planning	Implement actions in priority areas first.
			Implement actions that avoid D&D and maintain or increase the carbon stock through conservation and sustainable management of forests.
Lack of investment in forest related industries	Limited resources available in the forestry sector, long-term commitments.	Define priority production areas according to land attributes.	
	The political system in Mexico could avoid reduction of subsidies to rural areas considering the risk of getting fewer votes because of subsidy reductions.	Revise current government assistance for infrastructure and structure development in response to priority areas needs.	Work at the Congress promoting concepts, ideas and plans to create a Mexican cap and trade system.
		Increase budget for forest industry for sustainable production of high quality forest products	Promote products and services demand from the forest, to create a market supply.
		Promote synergies among local and national programs.	Make the best use of the REDD+ scope according to national circumstances, by including all areas.
		Promote the demand of forest product and ecosystem services so that a market development can be set up at both community and national levels.	
low returns to forests	Pressure of non-forest related activities, which require close collaboration with other agencies.	Development of value added projects of forest related activities.	Open a wide participatory process of consultancy and communication among stakeholders.
		Increase certified forestry activities to maintain forest stock.	Intensify actions of community organizations and land management.
	Monoculture production reduces interest to develop a market and alternatives for the use of ecosystem services different than timber.	Perform studies for the development of opportunity costs indicators.	Let the community and relevant forest owners decide on actions against monoculture production.
		Define the value of the ecosystem services	
Uncontrolled livestock activities in forested areas	Lack of capacity in the livestock sector to develop alternative livestock practices.	Development of sustainable livestock practices in non-forested areas.	Undertake extensive training and finance to cattlemen to avoid extensive livestock production.
	Livestock opportunity cost too high to substitute the income from that activity by a compensation payment mechanism.	Intensify the cooperation and synergies between SEMARNAT and SAGARPA.	Implement a real coordination among SAGARPA and SEMARNAT programs.
		Design payment mechanisms that compensate the land owners for the livestock activities, so they develop this activity in non-forest areas.	Implement financial mechanisms that make higher payments compared to livestock opportunity costs.
Uncontrolled logging	Introduction of exotic species, high costs of restoring degraded areas, with	Development of forest management plans, improved	Extensive training and finance to forest owners to

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Uncontrolled logging	Introduction of exotic species, high costs of restoring degraded areas, with few perspectives of income on the short term (require combinations with short-term products, e.g. agroforestry).	Development of forest management plans, improved enforcement of compliance, engage communities in forest restoration and other forestry related activities.	Extensive training and finance to forest owners to know REDD+ options.
	Lack of governance stops any initiative.	Develop an opportunity costs index and design a compensation mechanism for land owners to protect their own forests and to implement best management practices.	Implement a real coordination among communities and governance institutions.
	Low enforcement does not go with the implementation of projects.	Intensify the cooperation and synergies between the forest communities and institutions in charge of the forest governance, NGO's and academics.	Implement financial mechanisms that make higher payments compared to uncontrolled logging.
	Financial mechanisms are scarce and do not compete with illegal logging opportunity costs.		
Lack of security on user rights (timber, carbon)	Implementation of land-use related policies costly and require close collaboration with and of involvement of communities.	Improvement of policies that address the development of efficient timber rights (plantations) and development of policies related to carbon rights.	Implement a legislative process to create laws related to carbon user/provider rights.
	Lack of consultancy and lack of all stakeholders involvement in the process leads to misinformation in the forest owner sector.	Increase the communication between different levels of government (legislative and executive powers) to develop user rights policies.	Create sound government capacity and structure to implement consultancy and monitoring of social and environmental impacts.
	Miscommunication leads to wrong actions from communities in relation to any REDD+ program.	Align international and national experiences to develop user rights policies.	Set up a communication program.
		Implement a wide communication and consultancy program among and between forest owners.	Involve communities and all stakeholders in all processes
Poverty and lack of forestry related income opportunities	Lack of funding, require long-term commitments, as benefits generation may take a long time.	Development of forestry related economic activities at the community level.	Funding focused on stopping degradation makes land available for production in the long term. Production may come after, under sustainable bases.
	Lack of governance avoids access to projects in the forest area.	Development of a valuation index on ecosystem services at the community level.	Conservation is a purpose but actions have co-benefits like poverty alleviation.
	For some areas where the lack of income exist, the projects to stop D&D are not an ideal solution.	Develop best management practices guidelines to avoid forest degradation and increase the forest value.	Align programs to make a real synergy in relation to REDD+

Annex 8: SESA workplan

(version consulted with civil society platforms, dated February 28, 2014)

Presented in a separate document