Forest Carbon Partnership Facility (FCPF) Readiness Mechanism Readiness Preparation Proposal (R-PP) External Review Template

(interim, September 10, 2009, from Program Document FMT 2009-1, Rev. 3)

Review of R-PP: Mexico

Reviewer: David Kaimowitz (lead) + 10 reviewers

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Draft

Objectives of a Readiness Preparation Proposal (condensed directly from Program Document FMT 2009-1, Rev. 3)

*The **purpose of the R-PP** is to build and elaborate on the previous Readiness Plan Idea Note (R-PIN) or a country's relevant comparable work, to assist a country in laying out and organizing the steps needed to achieve 'Readiness' to undertake activities to reduce emissions from deforestation and forest degradation (REDD), in the specific country context. The R-PP provides a framework for a country to set a clear roadmap, budget, and schedule to achieve REDD Readiness. The FCPF does not expect that the activities identified in the R-PP and its Terms of Reference (ToR) would actually occur at the R-PP stage, although countries may decide to begin pilot activities for which they have capacity and stakeholder support. Instead, the R-PP consists of a summary of the current policy and governance context, what study and other preparatory activities would occur under each major R-PP component, how they would be undertaken in the R-PP execution phase, and then a ToR or work plan for each component. The activities would generally be performed in the next, R-PP execution phase, not as part of the R-PP formulation process.*

A Summary Comments of the Technical Advisory Panel Regarding the REDD Readiness Preparation Proposal (R-PP) submitted by the Government of Mexico

Mexico has the third largest area of forest in Latin America: roughly evenly divided between coniferous and broadleaf forests. Rural communities own the majority of that. There are also large areas of shrubs and woodlands.

The country suffered rapid deforestation and degradation in the 1970s and 1980s, but forest loss has diminished since then, to roughly 150,000 – 200,000 hectares of deforestation and 250,000 – 300,000 hectares of degradation each year. Traditionally, deforested areas ended up as pasture or maize fields. Now, the picture is more diverse. Unsustainable logging, fires, grazing in forests, fuel wood collection, pests and diseases, and shifting cultivation are responsible for most forest degradation.

Public investment in forestry and conservation, low profitability of agriculture, rural out-migration, and poor suitability for agriculture of remaining forestland contributed to the decline in forest loss. One cannot assume those trends will continue.

Mexico is a promising candidate to use international funds to reduce forest carbon emissions. It has more capacity to implement community forestry and environmental service programs and monitor land use change than many countries. Many Mexican communities manage their forests. With appropriate support, Mexico could greatly increase the managed area and its quality. Much forestland has low opportunity costs. Since deforestation and degradation rates are declining, REDD+ efforts can re-enforce an existing trend and since poor rural communities own most forest REDD+ policies could have large social co-benefits.

The TAP's assessment is the R-PP provides sufficient basis for the Mexican government to move forward in implementing readiness activities. While the proposal could undoubtedly be improved, it offers real potential to help Mexico significantly reduce its forest carbon emissions and benefit communities. Most outstanding issues can be addressed during project implementation.

That said, one thing that makes it hard to assess the R-PP is that parts of the text contradict each

other. For example, some sections say REDD+ efforts will focus almost entirely on funding mechanisms, while others suggest they will be more comprehensive. In other cases the text says the right things, but experience suggests it will be difficult to deliver what is promised.

Strengths of the R-PP:

1. It builds on government programs that have already demonstrated to be at least partialy effective in reducing forest loss, including the Community Forestry Program (PROCYMAF) and the Environmental Service Payment programs (PSA-H and CABSA), and it proposes to improve existing government forestry programs by putting greater emphasis on building social capital in the communities they support.

2. It would support active community management of forests, rather than just protected areas and conservation set-asides. That approach is more likely to be effective in the long-term, generates greater co-benefits, and is particularly relevant for reducing degradation – which may prove more important in Mexico than reducing deforestation over the next few decades.

3. It partially recognize the importance of taking an integrated approach to REDD+, including changes in agricultural and infrastructure policies and improved regulatory approaches and capacity, as well as funding forest management and conservation.

4. It forms part of a national plan for reducing Green House Gas emissions (PECC 2009-2012), which has received high level attention within the government.

5. It includes a coherent strategy for monitoring forest cover change at the national level.

6. CONAFOR consulted some key national Non-Governmental Organizations concerned with forests and some important academic institutions when it prepared the proposal.

Issues in the R-PP:

1. Some sections of the R-PP imply that REDD+ stategies would largely be limited to expanding the existing Pro-Arbol program, with minor modifications, rather than taking a more comprehensive set of actions. That is unlikely to be effective or efficient.

2. The R-PP does not distinguish enough between deforestation and degradation. Although the two partially overlap, the actors involved, direct and indirect causes, location, monitoring requirements, and appropriate policy interventions differ markedly.

3. The R-PP says little about what the government proposes to do about conflicts related to land and forest tenure, illegal logging, and other illegal activities.

4. Pro-Arbol has been controversial, particularly its reforestation activities. Critics claim the program emphasizes quantiative targets, rather than the quality of results; has been inefficient; gives preferential treatment to organizations aligned with the government; provides limited technical assistance to accompany it investment funding; and lacks truly independent monitoring and evaluation. The R-PP does not discuss these issues, even though Pro-arbol is a central part of the proposed strategies.

5. The proposed consultation plans do not adequately consider relevant stakeholders with whom CONAFOR traditionally has not interacted much, including indigenous groups that don't receive government forestry funding, agribusiness, and small farmers.

6. The R-PP largely fails to recognize the special needs, circumstances, and rights of Indigenous Peoples. It does not explain how CONAFOR will coordinate with the National Commission for Indigenous Development (CDI); does not take into account Mexico's linguistic and cultural

diversity; does not have a clear strategy for consulting with Indigenous Peoples organizations; and does not discuss how the government will ensure that the proposed efforts comply with its international obligations, related to the rights of Indigenous Peoples.

Major Recommendations:

The R-PP should:

1. Clarify the relative weight that Pro-Arbol is expected to have within the overall set of REDD+ strategies, and develop more fully the aspects related to other REDD+ strategies involving agriculture and infrastructure policies, tenure policies, regulatory policies, protected areas, government procurement policies, among others.

2. Distinguish more clearly between deforestation and degradation and between coniferous and broadleaf forests and propose approaches that are relevant to each specific case. Within this context, the R-PP should focus more on efforts to enhance forest carbon stocks, particularly forest management practices that increase carbon stocks.

3. Map out in greater detail who are the relevant groups and organizations that need to be consulted and why; explain in greater detail how Indigenous Peoples, private sector representatives, and small farmer organizations will be effectively consulted; and give greater emphasis to community and civil society participation in monitoring REDD+ activities and their effects.

4. Devote greater attention to the specific needs and rights of Indigenous Peoples.

5. Explain in greater detail the role and content of the state and local pilot projects.

6. Re-examine whether it makes sense to devote 75% of the total readiness budget to improving the National Forestry Inventory.

Standards to be Met by R-PP Components

(from Program Document FMT 2009-1, Rev. 3:)

Component 1. Organize and Consult

Standard 1a: National Readiness Management Arrangements

The cross-cutting nature of the design and workings of the national readiness management arrangements on REDD, in terms of including relevant stakeholders and key government agencies beyond the forestry department, commitment of other sectors in planning and implementation of REDD readiness;

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The R-PP explains the institutional framework for the development and implementation of the REDD strategy, including both past efforts and future plans. It mentions the relevant governmental players and sets the stage for clarifying their roles and responsibilities in REDD+ strategy design and implementation in subsequent phases of the program.

Mexico has made progress towards developing an inter-sectoral approach to climate change. The Inter-Secretarial Commission Climate Change (CICC), which has the full support of Mexico's President, includes most relevant federal agencies. (The National Commission on Indigenous Development – CDI – is a notable exception.) The country has prepared a coherent National Program of Climate Change 2009-2012, which covers all aspects of climate change and lays out clear targets for work related to forests and land use. The CICC, in turn, is creating a formal REDD-Working Group. This is a promising framework.

Encouragingly, the R-PP mentions the need to involve Mexico's Secretaries of Agriculture

(SAGARPA), Transportation and Communications (SCT) and Social Development (SEDESOL) in readiness effort. For the most part though, this is still aspirational.

To-date discussion about REDD+ strategies within the government seems to have largely been limited to CONAFOR, the Nationa Ecological Institute (INE), the Climate Change group wihin the Ministry of Environment (SEMARNAT), and the climate change team within SAGARPA. CONAFOR and their consultants apparently prepared the current R-PP document almost single handedly. There is a risk many relevant agencies will only be nominally involved in the REDD+ efforts. The R-PP posits an institutional framework that has the potential to go beyond that, but it is by no means guaranteed. Mexico has a very complex and fragmented set of political and technical institutions. The need to reconcile their agendas and get them to coordinate effectively constitutes a major challenge for REDD+.

The SCT and the CDI merit more attention. While the R-PP refers to both agencies and notes they are important it says little about how they will be incorporated. As the R-PP notes, transportation investments are a major determinant of land use, and the CDI has considerable capacity to consult with indigenous peoples organizations.

The role of non-environment and forestry agencies will depend heavily on whether REDD+ policies are largely restricted to environment sector policies or include agricultural, infrastructure, and other non-environmental policies. The R-PP provides conflicting signals in that regard. Some sections imply agricultural and infrastructure policies will play an important role in Mexico's REDD+ approach, while others imply the contrary.

The role of state and local governments in policy design and implementation is not discussed much; neither are represented in the CICC. Those roles will need to be clarified to ensure effective joint work between federal and local institutions. While Mexico has made some progress with the decentralization of its forest and forestry policies, much remains to be done.

Recommendations: The R-PP should:

- lay out in greater detail how non-environmental government agencies, such as SCT, CDI, and SAGARPA will be incorporated into the Readiness Preparation process.

- clarify more the respective roles of the REDD Working Group and the REDD Task Force, as well as their exact composition.

This standard is partially met.

Standard 1b: Stakeholder Consultation and Participation

Ownership, transparency, and dissemination of the R-PP by the government and relevant stakeholders: Inclusiveness of effective and informed consultation and participation by relevant stakeholders, assessed in the following ways:

    i.   the consultation and participation process for R-PP development thus far[13], the extent of ownership within government and REDD coordinating body, as well as in the broader national stakeholder community; and

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[3] Did the R-PP development, in particular the development of the ToR for the strategic environmental and social assessment and the Consultation and Participation Plan, include civil society, including forest dwellers and Indigenous Peoples representation? In this context the representative(s) will be determined in one of the following ways: (i) self-determined representative(s) meeting the following requirements: (a) selected through a participatory, consultative process; (b) having national coverage or networks; (c) previous experience working with the Government and UN system; (d) demonstrated experience serving as a representative, receiving input from, consulting with, and providing feedback to, a wide scope of civil society including Indigenous Peoples organizations; or (ii) Individual(s) recognized as

the Consultation and Participation Plan included in the R-PP (which looks forward in time); and the inclusion of elements in the R-PP that adequately document the expressed concerns and recommendations of relevant stakeholders and propose a process for their consideration, and/or expressions of their support for the R-PP.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

Mexico seems to have the capacity to implement an appropriate consultation process. There has been some consulation, but it has been largely restricted to members of the Technical Advisory Committee (CTC) of CONAFOR's Environmental Services Payment program.

The consultation plans seem reasonably well thought out and are presented in detail. They identify the objectives and expected products, who will do the work and how, and the budget. The consultation budget appears consistent and well proportioned. However, many groups involved in forest loss have not traditionally been considered "forestry related stakeholders" and the plan is weak as far as Indigenous Peoples are concerned.

a. Th*e consultation and participation process for R-PP development thus far*

CONAFOR has conducted several national consultation activities, involving some leading civil society organizations, universities and forestry producers associations.

CONAFOR's creation of a reasonably well – functioning Environmental Service Payments Technical Advisory Committee (CTC), with its own REDD task force, including many of the most active and knowledgeable forestry NGOs, to provide input and feedback about the government's plans for REDD, is a major accomplishment.

The CTC's active members are mostly that have offices in Mexico City and work on conservation and community forestry. Local groups, Indigenous Peoples organizations, small farmer organizations, state and municipal governments, and other stakeholders are poorly represented. Using a committee designed to provide input about Payment for Environmental Services (PES) programs creates an inherent bias towards PES within the REDD+ approach. While PES will undoubtedly be an important instrument for REDD+ in Mexico – and perhaps the most important – other instruments will also be needed for the effort to succeed. Thus, CONAFOR should be careful about considering the CTC its "main consultation forum".

There has been little consultation with indigenous organizations and authorities. The CDI and the federal research institute for applied anthropology (CIESAS) have experience organizing consultations with Indigenous Peoples, but neither was involved in the consultations plans.

The R-PP does not provide sufficient information to assess how much sub-national consultation there was. It mentions meetings, workshops, and conferences, but does not give details. Similarly it refers to two state-level REDD working groups, but does not say anything about the other states. Based on the information provided, it appears there has been little sub-national consultation to-date.

b. *The extent of ownership within government and the broader national stakeholder community*

CONAFOR and SEMARNAT and a few NGOs haven taken ownership of the process. The challenge is to go beyond that important base and fully involve other national government agencies, the states and municipalities, a broader spectrum of civil society groups, and the forest communities.

c. *Document stakeholders' concerns and recommendations and propose a process consider them*

legitimate representative(s) of a national network of civil society and/or Indigenous Peoples organizations (e.g., the GEF Small Grants National Steering Committee or National Forest Program Steering Committee).

The R-PP mentions concerns and recommendations that emerged from consultations and gives a sense of how some of them may be incorporated. Nonetheless, the consultation process has just begun and has been limited to organizations that interact regularly with CONAFOR.

d. The Consulation and Participation Plan

The consultation and participation plan is presented clearly and in detail. The four proposed phases, namely: a) planing,; b) pilot efforts to adjust methodologies; c) national application of the consultation instruments, and d) dissemination of results to obtain feedback, provide a useful framework. The budget appears consistent and well proportioned.

The consultation plan does not clarify the extent to which the groups consulted will be representative, either in a statistical sense or in terms of their legitimacy. Nor does it clarify how Mexico will advertise the consultations and ensure relevant groups have an opportunity to participate. Indigenous peoples and other forest dependent communities are mentioned, but there is not enough detail to determine the extent to which they will be truly consulted.

CONAFOR's existing mechanisms such as the National Forest Council (CONAF), CTC, state forestry councils, and regional consultations about program rules of operations mostly consult with groups concerned with commercial forestry (including community forestry). They do not really involve other stakeholders that will be important for REDD's success – such as farmers organizations, Indigenous Peoples not engaged in commercial forestry, those concerned with protected areas, and groups involved in small-scale informal forestry activities. Community forestry organizations that aren't aligned with the government are also poorly represented in these mechanisms. Additional mechanisms will probably be required to consult with these groups. None of the organizations mentioned as being involved in designing the consultation process (i.e. CONAFOR, WWF, COLMEX, and PMC) have much experience working with these sorts of stakeholders.

The proposed consultations seem excessively focused on identifying the causes of forest loss and discussing financing mechanisms. Other aspects such as regulatory issues, protected area management, land tenure problems, technical assistance and training, and other policies affecting the competitiveness of sustainable forest management seem to have been largely overlooked.

The plan does not say much about what sort of materials describing REDD will be used to communicate this topic with stakeholders, especially forest communities. Nor does it mention plans to communicate with Indigenous communities in their native languages.

Recommendations:

- The R-PP should map out in greater detail who are the relevant groups and organizations that need to be consulted and why.

- The REDD-TF should meet at least monthly and should be broadened to include representatives of a wider range of relevant stakeholder groups, particularly Indigenous Peoples, private sector representatives, and small farmer organizations.

- CONAFOR should re-examine the budget assigned for the consultation activities taking into account the need to consult with a broader spectrum of groups and organizations.

ThIs standard is partially met.

Component 2. Prepare the REDD Strategy

Standard 2.a: Assessment of Land Use, Forest Policy, and Governance: A completed assessment is presented that identifies major land use trends, direct and indirect deforestation and degradation drivers in the most relevant sectors in the context of REDD, and major land tenure and natural resource rights and relevant

governance issues. It documents past successes and failures in implementing policies or measures for addressing drivers of deforestation and forest degradation, and identifies significant gaps, challenges, and opportunities to address REDD. The assessment sets the stage for development of the country's REDD strategy to directly address key land use change drivers.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

a. *A completed assessment is presented that identifies major land use trends, direct and indirect deforestation and degradation drivers in the most relevant sectors in the context of REDD*

Mexico is a large, complex country, with a great diversity of situations. There has been little recent high quality analysis of the dynamics of land use change there. Given that, it is unrealistic to expect the R-PP could synthesize well the trends and drivers in the time and space available.

CONAFOR invested a lot in assembling the existing national forest cover spatial data for the period since 1990. This should provide a solid basis for assessing land use change and developing reference scenarios. The data is better for analyzing deforestation than for degradation. The latter is very important in the Mexican context and is likely to become more so.

The R-PP gives a sense of the magnitude and main direct causes of deforestation and degradation and – to a lesser extent – their relative importance. It also points to the main policies that influence forest cover and quality, although it does not assess their impacts to any degree.

The proposal is weaker with regards to factors that influence land use indirectly. These include macro-economic policies, market forces, demographic trends, and technological changes, among others. (There is some brief discussion of the role of poverty.)

Migration plays a central role in land use change in Mexico, but the R-PP does not mention it. Migration has favored forest re-growth in areas where agricultural fields have been abandoned, but has also led to the collapse of collective institutions, favoring clandestine logging and deforestation, and remittances are sometimes used to invest in activities with negative impacts on forests.

The decline in legal timber production and Mexico's growing reliance on forestry imports merits greater attention in the R-PP. Some factors responsible for these trends also contribute to forest loss.

The R-PP has little about the opportunity costs of maintaining forest cover. These vary enormously; from situations of extensive grazing where opportunity costs are almost zero to areas with intensive avocado production or urbanization, where the costs are very high. This aspect will be fundamental for the design of REDD+ strategies.

CONAFOR's understanding of deforestation in Mexico could be greatly improved by reviewing the literature and consulting specialists such as Jennifer Alix García, Ed Barbier, Gerardo Bocco, David Bray, Francisco Chapela, Sergio Cortina, Elvira Duran, Alejandro Guevara, P Kleipeiz, Omar Masera, Carlos Muñoz, Jaime Navia, Susana Ochoa, Claudia Radel, Maria Isabel Ramírez, Birgit Schmook, Billy Turner, and C Vance. R-PP authors are familiar with some of their work, and in a few cases the text reflects that. However, a more systematic literature review and consultation with a range of specialists could provide relevant insights for designing appropriate policies.[4]

Unfortunately, as the R-PP notes, no similar quantity or quality of literature exists focusing on degradation in Mexico. That is a gap that the readiness process should help to address

b. *An assessment of major land tenure and natural resource rights and relevant governance issues*

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[4] Note that much of the deforestation research has focused on the Yucatan Pennisula, Chiapas, and Michoacán. Much less is known about other regions – particularly in Northern Mexico.

The document identifies tenure and resource rights and governance issues, including disputes over land tenure, illegal logging and other illegal activities, and recognizes that the government has had little capacity to address these issues. It does not assess the extent of illegal logging or its importance for REDD+, nor does it give a sense of the information available on the topic.

> c. *Documents successes and failures in implementing measures for addressing drivers of deforestation and forest degradation, and identifies gaps, challenges, and opportunities to address REDD*

The R-PP provides information about the successes and failures of related policies, but makes no attempt to systematically assess the lessons from those policies' implementation. The reference scenario component includes the preparation of some studies of the impact of a few government programs on deforestation and degradation.

Given the central role planned for the Pro-Arbol program in Mexico's REDD+ strategies, it is noteworthy that the R-PP does not discuss that program's successes and failures. Pro-Arbol has been controversial. Some critics claim it has been ineffective and inefficient and its operations have not been transparent, particularly with regards to reforestation. It would have been useful for the R-PP to discuss Pro-Arbol's strengths and weaknesses and relevant lessons for future interventions.

Land tenure conflicts pose a major problem for implementing government incentive programs, since the law does not permit landowners to receive funds unless they have clear and undisputed ownership. The R-PP does not discuss the problem.

Recommendations:

- It would have been desirable to have a breakdown of the assessment of deforestation and degradation by major regions (South-East; Central, etc.) and forest types. If that is not possible at this stage, it should be done soon.

- The R-PP should give more attention to degradation and opportunities for forest C enhancement.

- The R-PP should present the main lessons from the implementation of previous policies designed to reduce deforestation and degradation. If that is not feasible it should provide greater information regarding how those lessons will be derived and utilized going forward.

Largely meets the standard, although more work will be required as part of the readiness activities.

Standard 2.b: REDD strategy Options: Alignment of the proposed REDD strategy with the identified drivers of deforestation and forest degradation, and with existing national and sectoral strategies: the R-PP includes a summary of the emerging REDD strategy to the extent known presently, and of proposed analytic work (and, optionally, ToR) for assessment of the various REDD strategy options. This summary states:

 i. how the country proposes to address deforestation and degradation drivers in the design of its REDD strategy;

 ii. early estimates of cost and benefits of the emerging REDD strategy, including benefits in terms of rural livelihoods, biodiversity conservation and other developmental benefits;

 iii. socioeconomic, political and institutional feasibility of the emerging REDD strategy;

 iv. major potential synergies or inconsistencies of country sector strategies in the forest, agriculture, transport, or other sectors with the envisioned REDD strategy; and

 v. risk of domestic leakage of greenhouse benefits. The assessments included in the R-PP eventually should result in an elaboration of a fuller, more complete and adequately vetted REDD strategy over time.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The proposal is good initial effort to design REDD+ strategies that take into account the drivers of deforestation and degradation. However, the supporting analysis and rationale are still weak and substantial effort will is still required to design REDD+ policies with a high probability of success.

a. *Alignment of proposed REDD strategies with the drivers of forest loss, and existing national and sectoral strategies*

The document includes a matrix with an extensive list of deforestation drivers. For each driver it identifies strategies and activities. The section provides a useful list of gaps in information.

Although the matrix is useful it is too generic to serve as the basis for designing REDD* strategies for a large and diverse country. The drivers of deforestation and degradation vary greatly in Mexico depending on the region and forest type, and REDD+ strategies will have to take that into account.

Most drivers of deforestation and degradation the matrix mentions are related to factors that limit the competitiveness of sustainable forest management. These are important, but are by no means the only factors. In many contexts commercial timber or non-timber forest production can never be a competitive option, and the R-PP is silent about what to do in that case. The matrix gives little attention to conflicts within and between communities, land tenure problems, illegal logging, and other illegal activities that contribute to deforestation and degradation.

One factor limiting the competitiveness of sustainable forest management the matrix fails to mention is over-regulation of forestry production, which greatly increases the costs of forest management. (In contrast, PROFEPA makes almost no effort to regulate illegal clearing of forests for agriculture.)

The document mentions a range of potential REDD* strategies, including Payment for Environmental Services (PES), management and land use plans, building community social capital, making community forestry more sustainable and competitive, improving regulatory systems, strengthening protected areas, and adjusting agricultural and infrastructure policies. Success, however, will depend on an appropriate balance between the instruments and how they interact. The document says little about that. That may be appropriate at this stage, but it will be important to avoid expanding existing programs without developing a coherent strategy for achieving success.

The document mentions that existing PES schemes will serve as one major starting point for the design and implementation of the REDD+ strategy. However, it doesn't discuss the findings of previous studies and evaluations of those schemes.

One daunting aspect of PES schemes is how much to focus on groups and locations that present the greatest threat to forests versus focusing on supporing those that are already making an effort to conserve their forests. This wil be a central issue in Mexico and the R-PP doesn't really address it.

The R-PP makes the key point that support for community forest management and protected areas have already been shown to reduce forest loss in Mexico. Hence there is some justification for including such efforts in Mexico's approach to REDD+.

The R-PP's distinction between net and gross deforestation is important. In addition to reforestation efforts that already receive government support, forests are naturally regenerating in much of Mexico without such support. Fostering natural regeneration may prove one of the most effective and efficient ways to increase forest carbon stocks. The R-PP should devote more attention to policy options that encourage natural regeneration. More generally, given the Mexican contexts, one would have expected the R-PP to emphasize more the enhancement of forest carbon stocks.

The state and local level pilot interventions the document proposes may be appropriate. However, it does not provide sufficient information about the pilots to assess their role or potential merits.

b. *The R-PP summarizes the emerging REDD strategy and proposes analytic work for assessing REDD options. It explains how the country's REDD strategy will addressth the drivers of forest lossd; early estimates of cost and benefits of the REDD strategy, including livelihood and biodiversity benefits; feasibility of the emerging REDD strategy; potential synergies or inconsistencies of country sector strategies with the envisioned REDD strategy; and risk of domestic leakage of greenhouse benefits.*

As is appropriate for a large and complex country with a federal system, the document says national, state, and farm-level REDD strategies will be developed, and gives a sense of possible actions at each level. It doesn't discuss much how activities at the distinct levels might fit together.

The document does not have a section on costs and benefits but provides an interesting analysis of the variability in hypothetical REDD costs, while acknowledging the need for more information on the economics of REDD. The document does not address leakage.

The proposal says one REDD+ strategy objective will be to minimize carbon emissions, while maximizing poverty alleviation, and biodiversity conservation. It does not discuss possible trade-offs between these objectives. Previous experiences in Mexico with PES programs suggest these trade-offs may be significant.

The section ends with a well thought out schedule for 2010 and 2011, which provides a basis for the budget proposal. Even so, the proposed budget may prove insufficient for the activities mentioned.

Recommendations:

- It would be useful to have TORs for the state and local pilots, to better understand the role of these pilots within the overall strategy.

Partially meets the standard

Standard 2.c: REDD implementation framework: Describes activities (and optionally provides ToR in an annex) to further elaborate institutional arrangements and issues relevant to REDD in the country setting that identifies key issues, explores potential arrangements to address them, and offers a work plan that seems likely to allow their full evaluation and adequate incorporation into the eventual Readiness Package.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The chapter is poorly developed and adds little to previous sections. It does not answer most key questions set forth in the Guidelines and does not provide details about the proposed activities.

Does not meet the standard.

Standard 2.d: Assessment of social and environmental impacts: The proposal includes a program of work for due diligence for strategic environmental and social impact assessment in compliance with the Bank's safeguard policies, including methods to evaluate how to address those impacts via studies, consultations, and specific mitigation measures aimed at preventing or minimizing adverse effects.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The section commits Mexico to conduct a SESA that strictly follows World Bank guidelines and provides a list of expected outcomes, a time table, and some information about the proposed methodology; however it does not provide detailed TORs.

The document is unclear about whether the SESA will be integrated with the consultation process, and if so how. Nor is it clear how the safeguards will be monitored over them.

The budget appears consistent with proposed activities, although it may be a bit low.

Recommendations:

- The R-PP should address how the SESA will handle issues related to Indigenous Peoples rights.

- The readiness process ought to include the development of an ESA Management Plan to manage adverse impacts from REDD Options, while seeking to magnify the positive aspects.

Largely meets the standard, although there is not much detail.

Component 3. Develop a Reference Scenario

Standard 3 Reference scenario: Present work plan for how the reference scenario for deforestation, and for forest degradation (if desired), will be developed, including early ideas on feasibility of which methods to use (e.g., scenario of forest cover change and emissions based on historical trends in emissions and/or based on projections into the future of historical trend data), major data requirements and capacity needs, and linkages to the monitoring system design.

(The FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The component is well developed. It has clear objectives, expected outcomes, and activities. Terms of Reference are provided and key actors to be involved are identified and they are highly qualified.

Mexico is farther along than most developing countries in assessing the magnitude and location of changes in forest cover and quality and associated carbon stocks. This is an important building block for building reference scenarios and targeting interventions in locations with greater risks.[5]

The R-PP proposes to develop the reference scenarios based mostly on spatial analysis of historic land use trends and assessments of the effects of several key government agriculture and forestry programs. Those are essential elements and the proposal lays them out well. However, there are major gaps. Spatial analysis tells a lot about the extent and location of land use changes (and how they correlates with variables such as roads or tenure regimes), but little about why the changes occur. Assessing the effect of policies should give some insight into the latter, but fails to consider demographic variables or changes in relative prices, local institutions, incomes and consumption.

Those aspects are key for reference scenarios in Mexico. Arguably, massive rural out-migration, low agricultural and forestry prices, the collapse of traditional local institutions, declining fuelwood use, and slow population and GDP growth have decisively influenced the patterns of forest loss over the last 20 years. Any projection of land use trends should be explicit about its assumptions regarding those trends has been and whether they will continue.

Although the R-PP consistently refers to deforestation and degradation, much of the data available only relates to deforestation. Researchers at the Colegio de Posgrado (COLPOS) have been working to use remote sensing methodologies to identify stages of degradation, but it is not clear how far they have gotten and the R-PP does not discuss that. It isn't clear how the reference scenarios will treat situations where forest carbon stocks are growing, which are increasingly common in Mexico.

The R-PP mentions that current carbon stocks will be estimated from inventory data for 2004 to 2007. It is unclear how those estimates will be linked to those for earlier periods.

The methodology for developing deforestation risk maps emphasizes factors that increase risk such as access to markets and roads and environmental variables. There is little mention of past policy interventions that may reduce the risks, such as government forstry investments and protected areas. The methodology also fails to recognize that relations between deforestation, degradation,

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[5] That said, major controversies persist in Mexico about deforestation rates and one can find a wide range of estimates in the literature. At some point it would be useful to explain howvCONAFOR's estimates compares with others and why.

and proximity to roads and markets may vary depending on the region. That may require use of distinct spatial regression models for regions that have different causes of forest loss.

The document mentions a decision was made regarding the definition of forests based on consultation with relevant stakeholders but it does not say what that definition is.

The R-PP proposes to estimate historic emissions as far back as 1990, but there may be little to gain by going back that far.

Mexico will need to have a critical mass of trained people in different government agencies to develop the reference scenarios and related activities. The R-PP does not describe existing capacity or discuss what capacity needs strengthening.

Recommendations:

- The R-PP should indicate what methods / approaches will be used to project the future Business as Usual deforestation and degradation rates that take into account considerations other than past trends and a handful of government programs.

- The R-PP should describe what standards will be used for levels of accuracy in analyzing emissions and what level of uncertainty will be considered acceptable for estimating emissions.

This standard has been largely met, although there is room for improvement.

Component 4. Design a Monitoring System

Standard 4: Design a monitoring system: The R-PP provides a proposal for the initial design of an integrated monitoring system of measurement, reporting and verification of changes in deforestation and/or forest degradation. The system design should include early ideas on including capability (either within an integrated system, or in coordinated activities) to monitor other benefits and impacts, for example rural livelihoods, conservation of biodiversity, key governance factors directly pertinent to REDD implementation in the country, and to assess the impacts of the REDD strategy in the forest sector.

The R-PP should describe major data requirements, capacity requirements, how transparency of the monitoring system and data will be addressed, early ideas on which methods to use, and how the system would engage participatory approaches to monitoring by forest-dependent indigenous peoples and other forest dwellers. It should also address independent monitoring and review, involving civil society and other stakeholders, and how findings would be fed back to improve REDD implementation. The proposal should present early ideas on how the system could evolve into a mature REDD monitoring system with this full set of capabilities.

(The FCPF recognizes that key international policy decisions may affect this component, so a staged approach may be useful. The R-PP states what early activities are proposed.)

Reviewer's assessment of how well R-Plan meets this standard, and recommendations

The section does a good job with aspects related to monitoring land use change. The sampling frame, methods, resolution, types of remote sensing, etc. are presented fully. The well developed matrix of monitoring activities allows the identification of a consistent and verifiable budget.

The section does not sufficiently develop aspects related to the cost – effectiveness of proposed methods, forest degradation, co-benefits, independent verification, and the participation of local communities and civil society.

a. *The initial design of an integrated monitoring system of measurement, reporting and verification of changes in deforestation and/or forest degradation.*

This section gives a good understanding of the steps Mexico will take to develop a monitoring system for changes in forest area changes and forest carbon emissions. It gives precise Terms of Reference and identifies the groups to be involved in implementation. Mexico proposes to estimate biomass stocks using national forest inventory, state forest inventory, and community monitoring

plots. It thus expects to develop a monitoring system that will be coherent across scale.

The result is a clear and credible (if expensive) approach to monitoring deforestation at the national and state levels and for specific pixels. Implementing these proposals could go a long way towards establishing a coherent national system for monitoring changes in forest cover.

The proposal does not give sufficient attention to monitoring at the municipal and state levels. As the Brazilian experience demonstrates, monitoring at the municipal level provides a powerful tool for identifying critical areas for attention and motivating local governments to perform better.

The R-PP provides less information about how the Mexican government plans to monitor forest degradation and regeneration than it does about deforestation.

b. *The design should include ideas on monitoring benefits and impacts such as, livelihoods, biodiversity conservation, and governance factors related to REDD, and the impacts of the strategy in the forest sector.*

The R-PP has a matrix that discusses monitoring of other benefits and impacts, like livelihoods and biodiversity conservation. However, it goes into much less detail about monitoring co-benefits than about tracking forest cover change. The document does not explain whether monitoring systems exist for the other benefits and how these might link with the planned MRV system.

c. *The R-PP should address independent monitoring and review, involving civil society and other stakeholders, and how findings would be fed back to improve REDD implementation.*

The R-PP does not address independent monitoring and review and says little about how REDD programs will be monitored. CONAFOR is required by law to conduct annual evaluations of its programs. However, some evaluations have been criticized for methodological weaknesses and not being truly independent, and independent evaluations have come to different conclusions about program results. The effectiveness and credibility of the proposed REDD policies and programs will depend heavily on the transparency and rigor of the monitoring and evaluation approaches used.

d. *The R-PP should describe data requirements, capacity requirements, how transparency of the monitoring system and data will be addressed, early ideas on which methods to use, and how the system would engage participatory approaches to monitoring by forest–dependent indigenous peoples and other forest dwellers.*

The R-PP does a good job describing the components and activities of the proposed national system for monitoring forest cover, integrating RS and forest inventory plots. The data requirements are reasonably well stated, although it is not clear how the government plans to integrate different date sources in the overall system. In the next phase it will be important to specify how the system would handle this. That would give the system greater transparency and help to identify more clearly the system's data, processing, human resource, and financial requirements and constraints.

Although Mexico has established a large number of National Forest Inventory plots, these were established for different purposes and may not be distributed in a manner that is suitable for REDD monitoring. In the latter case a spatial analysis of deforestation and degradation threats is key for identifying the density of plots needed.

The document says little about what monitoring standards will be established and what sort of uncertainty analysis will be conducted or what sort of quality standards will be established for activity data and emissions factors. It is silent with regards to what sort of reporting will be done.

The document gives little attention to capacity constraints. Mexico has good capacity for doing this work, but there are capacity constraints in specific areas such as local capacity to implement participatory monitoring methodologies.

Apparently many organizations will collaborate in this task, but it is still not clear which the lead

organization will be for this work and what roles the other groups will have in the process.

The proposed monitoring system appears top down; with little involvement of people outside the technical agencies. There are no proposals for participatory monitoring, although this is mentioned. Involving local communities in the monitoring activities could potentially improve their reliability and lower the costs and add to the transparency, acceptance and ownership of the REDD plan.

The proposal is much clearer about how land use change will be monitored than how the information obtained will be used to prioritize interventions and take corrective action.

Recommendations:

- Give greater emphasis to generating municipal-level land use change data that permits assessing municipal performance and prioritizing work in specific municipalities.

- Develop more how issues related to forest degradation and regeneration are to be addressed.

- Seek stakeholder input through the consultation process about how to best implement credible independent and transparent monitoring and evaluation activities with widespread legitimacy.

- Propose participatory monitoring activities or explain why they are not appropriate.

- Clarify which team will coordinate this work and what role other groups will play.

- Mexico should devote greater attention to looking at how other countries are planning to establish an MRV system and see what lessons it can learn from those efforts.

- CONAFOR might want to re-visit the 20 different forest classes it plans to use. For the purpose of REDD forests should be stratified based on differences in Carbon stocks, rather than forest types, and some of these classes may have similar levels of Carbon stocks.

- Clarify which Carbon pools will be considered. In one section it makes reference to above ground biomass and in another to "all C pools". Decisions regarding this aspect should be made based on cost effectiveness, and may partially have to wait until the activities are underway and there is a better sense of the true costs and the magnitudes of the carbon stock changes.

- The authors might want to reference IPCC AFOLU as the framework Mexico will use to estimate emissions using data coming out of the field measurements and remote sensing analysis.

The R-PP partially meets this standard.

Component 5. Schedule and Budget

Standard 5: Completeness of information and resource requirements

The R-PP proposes a full suite of activities to achieve REDD readiness, and identifies capacity building and financial resources needed to accomplish these activities. A budget and schedule for funding and technical support requested from the FCPF, as well as from other international sources (e.g., UN-REDD or bilateral assistance) are summarized by year and by potential donor. The information presented reflects the priorities in the R-PP, and is sufficient to meet the costs associated with REDD readiness activities identified in the R-PP, or gaps in funding are clearly noted.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

It provides fairly detailed budgets for the components and explains what the government will contribute, what is expected from the FCPF, and what must come from "other development partners". The Mexican Government will contribute substantially to the budget, which demonstrates a strong country commitment.

It is hard to assess if the budget and time framework for the components is realistic. It looks

challenging to implement the activities within the time and resources available, but may be possible.

Fully 75% of the proposed budget is to go to improving the National Forestry Inventory. That bares consideration. It is not self-evident that the marginal improvements in the data that investment could provide would contribute more to REDD+ readiness than other uses of those funds.

Recommendations:

- Explain whether the funds required from "other develoment partners" have already been identified and what the implications may be if sufficient funds are not available.

- Assess re-assigning some of the $30 million slated for improving inventories to other activities.

- Provide for stakeholder consultation beyond 2011 to collect feedback about activities.

The R-PP meets this standard.

Component 6. Design a Program Monitoring and Evaluation Framework

Standard 6: Adequately describes the indicators that will be used to monitor program performance of the Readiness process and R-PP activities, and to identify in a timely manner any shortfalls in performance timing or quality. The R-PP demonstrates that the framework will assist in transparent management of financial and other resources, to meet the activity schedule.

Reviewer's assessment of how well R-PP meets this standard, and recommendations:

The R-PP did not present a Program Monitoring and Evaluation Framework. This was optional.

Even though this was optional it would have been useful if the R-PP explained why it was not included. In principle, tracking the progress of planned activities should be useful in terms of transparency, efficiency, and effectiveness.

This component can be developed at a later stage, once some consultancies and studies have been conducted. Nonetheless, preliminary indicators for monitoring would be useful and could help to inform the Terms of References developed for the activities. In would also be useful to know how project implementers might deal with any shortfals in performance and quality.

In Summary,

Component 1 a) Partially meets the standard

Component 1 b) Partially meets the standard

Component 2 a) Largely meets the standard, although much more work will be required as part of the readiness activities.

Component 2 b) Partially meets the standard

Component 2 c) Does not meet the standard

Component 2 d) Largely meets the standard, although there is not much detail.

Component 3 Largely meets the standard, although there is room for improvement.

Component 4 Largely meets the standard (but with recommendations to be taken into account)

Component 5 Meets the standard