

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

**Guidelines for Reviewers:**

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

<b>1) Country submitting the R-PIN:</b> <b>Mexico</b> <b>2) Date of Review:</b> 30 June 2008	
<b>I. Summary Assessment of the Quality and Completeness of the R-PIN:</b> <i>Note with value of 1 – 5</i>	<b>Mark</b> (score):
Criterion (i): Ownership of the proposal by both the government and relevant stakeholders:	4
Criterion (ii): Consistency between national and sectoral strategies and proposed REDD Strategy:	4
Criterion (iii): Completeness of information and data provided:	4
Criterion (iv): Clarity of responsibilities for the execution of REDD activities to be financed:	3
Criterion (v): Feasibility of proposal and likelihood of success:	4
<b>SUMMARY SCORE: add scores above and enter sum into box on right</b>	<b>SUM: 19</b>
<b>Improvements the country could make to R-PIN, and any TA needs for it:</b> <ol style="list-style-type: none"> <li>1. Consultancy with the Mexican financial sector</li> <li>2. More direct involvement of forest community (<i>ejidos</i> and indigenous communities) in the preparation of the proposal</li> <li>3. The potential relationship between the programs already in place and a potential REDD strategy for the country could be more elaborated in the proposal</li> <li>4. Better description of rural livelihood benefits monitoring</li> </ol>	

## II. Participants Committee Selection Criteria: Information

**Relevance of country in REDD context:** Priority to countries with: (i) substantial forest area and forest carbon stocks; and (ii) relevance of forests in economy, including livelihoods of forest dwellers and Indigenous Peoples:

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

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

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

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

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

CONAFOR (Comisión Nacional Forestal - National Forest Commission) will act as focal point. The organization appears to have the institutional arrangements and expertise necessary for the task.

Many organizations were consulted for the production of the R-PIN: ECOSUR (Colegio de la Frontera Sur); Subsecretaría de Planeación y Política Ambiental de la Secretaría de Medio Ambiente y Recursos Naturales (Undersecretariat of Planning and Environmental Policy); Instituto Nacional de Ecología (INE –National Institute of Ecology); Comisión Nacional de Áreas Naturales Protegidas (CONANP -National Commission of Natural Protected Areas); Procuraduría Federal de Protección al Ambiente (PROFEPA -Federal Agency for Environmental Protection); Technical Advisory Committee on Environmental Services (consultancy body in which are participating NGOs, academic and social organizations, as well as government institutes); among others.

The proposal could be improved if one or more financing agency is consulted, in special offering advise on appropriate ways to channel REDD funds to key stakeholders (e.g. communities and indigenous peoples).

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

All relevant organizations were identified in the proposal. CONAFOR will need to coordinate and implement an organized and transparent strategy, at different levels (national, regional and local), with other governmental and non-governmental agencies (in special indigenous people organizations in the Technical Advisory Committee on Environmental Services and the consultation process), in order to achieve the goals.

**3. Current country situation:**

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

The current situation, the drivers, the data and estimations available are well described in the proposal.

The main drivers for deforestation and forest degradation are economical ones (e.g. forest conversion to pasture; to a lesser extent agriculture; uncontrolled logging, etc.). In these sense, in order to estimate opportunity costs for a REDD program, it will be important to collect more detailed information, for instance about the fraction of land that is converted to agriculture and grazing, and whether degradation is followed by deforestation or whether the latter happens on other land areas.

Special attention should be given to land tenure of forest community (*ejidos* and indigenous communities), since about 2 millions hectares is disputed between indigenous groups or between indigenous and non-indigenous communities.

There are plans to develop a “monitoring system, which incorporates various satellite imagery with efficient ground truthing, such as the Brazilian “PRODER” monitoring system” and to use a Deforestation Risk Index (DRI) at national scale for derive crediting mechanism for REDD.

“Agricultural support programs such as PROCAMPO and PROGAN have been identified as likely underlying causes of deforestation, although efforts are increasing to ensure cross-sectoral environmental mainstreaming”.

“Where possible, PROFEPA and CONAFOR actively encourage the formation of local, community-based forest vigilance groups, to discourage illegal activities and report on the presence of unauthorized logging or harvest of wild flora and fauna”.

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

According to the proposal “In October 2007 a national land-use census was carried out by INEGI. Data from this census will soon become available with detailed land-user statistics at the scale of communities, ejidos and private land owners. This will give a good insight about the number of rural peoples active in the forestry, agricultural and animal husbandry sectors, their technological development, and their cultural background”.

Since “59% of the forest land is owned by ejidos and communities, around 33.5% is privately owned and the remaining 7.5% are forests on national lands” the census information will be very important to the development of a REDD strategy.

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

According to the proposal “The Mexican government is also committed to a target of “zero net deforestation” target<sup>1</sup> and in April 2001 the GOM created the National Forest Commission (CONAFOR) to support sustainable production and conservation of forest resources based on the Strategic Forestry Program for 2000-2025, which articulates specific priorities, goals, and strategies in areas such as community forestry, commercial forestry, soil conservation, forest land-use planning and management, and reforestation. This forest strategy is part of an overarching approach to national development that also includes formal sector strategies for water, rural development, and biodiversity. To help support and implement these strategies, the government recently passed on extensively modified laws on water resources management, forests, and sustainable rural development. These sectoral initiatives are complemented by the Sustainable Development Program, which seeks to build synergies and complementarities among different government policies and instruments. The introduction of a fiscal instrument (the water fee) and the payment for environmental services programs are further examples of the government’s serious commitment to conservation and sustainable use of natural resources.”

The proposal notes 12 different programs that are ongoing at national and regional levels. In special: the Payments for Hydrological Environmental Services Program (PSAH), that could be replicated or enhanced in a REDD program; and the so-called ProÁrbol program that has “integrated CONAFOR’s previously separate programs into a single, comprehensive program for sustainable forest management and conservation”.

It’s not clear how these multiple programs and policies aggregate up to a more coherent strategy, or what consultive processes were put in place for their development and implementation. The potential relationship between these programs and a potential REDD strategy for the country is not well elaborated in the proposal.

<sup>1</sup> It should be emphasized that this concept currently assumes that a net balance *in hectares per year* will be reached,

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

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

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

"It is expected that those programs will increase profitability of forest lands when compared with competitive land uses such as agriculture or grazing, having an impact on reducing land use change. Recognizing positive externalities of forest lands through payment for environmental services is aimed to this objective".

"Currently the Inter-sectoral Commission on Climate Change is developing a Special Program on Climate Change..."

"Decreasing deforestation and forest degradation is one of the important issues requiring cross-sectoral attention..."

"REDD strategies need to be coordinated with other Secretariats that are concerned with land use and rural development. One of the tasks of the national REDD preparation period will be to analyze the effects of the various governmental programs on deforestation and forest degradation, such as agricultural and animal husbandry subsidy programs, construction of roads and highways, among others. Synergistic strategies need to be developed that incorporating REDD-derived financing into a more comprehensive forest management and conservation program and at the same time, community-based land-use planning".

Besides the recognition that REDD and the development agenda are related, the potential relationships between the different programs are not well explored in the proposal.

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

The presentation in this section is quite complete and notes the various ways the Mexican government has been engaged in consultations with various stakeholders on different issues at different levels and between different sectors (some examples are listed below).

National Forest Council (CONAF), Technical Advisory Committee for Environmental Services Project and Regional or local consultations will be used to develop and implement REDD strategy.

Consultations already started at the Technical Advisory Committee: "... expected outcomes include the design of a consultation process for stakeholders at different levels (national, regional or local) and key issues for designing a REDD strategy have been identified... This ongoing consultation process allows CONAFOR to identify issues on which to focus the proximate consultation process and key issues for which FCPF support will be relevant".

"CONAFOR has also been promoting creation of Forest Regional Management Units (UMAFORs) to organize forest landholders and producers to implement sustainable forest management as well as for increasing productivity and competitiveness of forest sector. UMAFORs will be part of the regional consultation as well as other appropriate consultation bodies at regional or local level inside rural sector".

At this stage is difficult to gage the effectiveness of these processes of stakeholder participation. What challenges were and might be encountered in setting up or expanding such process for REDD implementation? Are incentives and oversight needed to ensure that the process continues to be effective in the future?

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at some point in the future, between rates of deforestation of mature forest cover and rates of areas replanted through reforestation programs, although the concept does not account for losses of biodiversity, carbon or ecosystem goods and services associated with the deforestation of mature forest.

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

The discussion about overcoming barriers to the implementation of REDD strategies is at a superficial level and deserves further fleshing out (e.g. in what ways “strengthening environmental institutions” is going to contribute to addressing challenges to REDD?) The same applies for the others issues raised.

One limitation is that “ProÁrbol is available only for those land holders who can demonstrate legal land tenure; CONAFOR will strengthen collaboration with agencies from agrarian sector, such as Secretariat of Agrarian Reform (SRA) and its Agrarian Agency (PA -Procuraduría Agraria-), in order to set up alternatives for demonstration of legal property of lands and to work within areas with land tenure conflicts identified with a high deforestation risk”.

The past experience with CABSA (Program to Develop Environmental Services Markets for Carbon Capture and Biodiversity and to Establish and Improve Agroforestry Systems) and PSAH (Payments for Hydrological Environmental Services Program) payment programs has been positive. Nevertheless, some questions remains: Who were the recipients of such payments? Was there leakage because illegal or other loggers and product suppliers shifted their focus to seek timber or others products outside the program boundaries? In such a case, in addition to the indigenous populations and ejidos should timber industry be compensated also? What would be the amount of such compensation?

“Nevertheless, performance-based payments will be a part of an integrated REDD strategy aimed to increase profitability of forest lands and promoting alternative income-generating activities that do not lead to deforestation.

To produce permanent results, payments have to be permanent, that is a principle of payment for environmental services approach. However, preliminary ideas lead to a scheme where payments are delivered until sustainable forest management and/or alternative income-generating activities are possible; initial time frame where such payments would be delivered must be analyzed and they are expected to be open-ended”.

It's important to highlight that focusing only in payments can affect the local culture view of the forest.

**9. REDD strategy monitoring and implementation:**

**How forest cover and land use change are monitored today, and any constraints in this approach?**

CONAFOR is responsible for forest monitoring and for the National Forestry and Soils inventory; forest monitoring includes analysis of remotely-sensed data to identify changes in land cover at regional/national level using MODIS (only allow for monitoring land use changes in areas bigger than 25 hectares. It does not detected forest degradation among other identified constrains).

The REDD activities will be developed within a national monitoring system of LULC (Land use and land cover) change with some complementary activities (e.g. network of permanent monitoring plots). “It is expected that data from the national forest inventory will be used to produce the new LULC map (the 2007 LULC map will be available at the end of 2008)”.

The description of these section is fully adequate for the stage of the proposal, but some questions will need to be addressed in the future: What has been the past experience with such a process? Using data from each plot would it be possible to establish standardized parameters for relating biomass and carbon density to species type, climate zone, soil type, etc?

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

"Biodiversity is monitored at site-specific or local scale only, under project basis with financial assistance of the National Commission for Knowledge and Use of Biodiversity (CONABIO), the CONAFOR's program CABSA as well as in selected Protected Areas (CONANP)". Consultation process will be carried out in coordination with CONABIO for the development appropriate monitoring systems.

"CONAPO (National Population Council) is the institute responsible to for monitoring the quality of life by means of a marginalization index ... To evaluate REDD related impacts on livelihoods; a special instrument has to be developed, through stakeholder consultations and coordinated by CONAPO".

Special attention should be given to such processes, since there is a high degree of dependence of forest dwellers and rural populations on goods, benefits and other services provided by forests. It will be vital to demonstrate from the onset that REDD strategies will generate net gains for the stakeholders on the ground.

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

Support will be need to: "design an effective communication strategy"; "develop a national baseline"; " establish appropriate REDD strategies through stakeholder consultation"; " design an adequate and efficient monitoring system which incorporates an integrated data collection and analysis procedures"; and to study "the possible impact of forest pests on forest degradation under various climate change scenarios, particularly the pests occurring in coniferous forests".

The proposal has listed the above elements but does not document the funding needs and the time schedule for implementing them.

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

The proposal states that " there are no donors cooperating with the Mexican authorities". But the proposal also mention cooperation with Brazil to develop a PRODER monitoring system; investigation in using the Canadian Forestry Service Carbon Model; among others.

These cooperations should be explored in the further steps of the FCPF process.

#### **13. Country's Potential Next Steps and Schedule:**

9 steps were identified: 1) Capacity building; 2) Gathering information; 3) Economic studies for determining opportunity costs and prices; 4) Estimating reference emissions level (baseline); 5) Building a monitoring system; 6) Designing a REDD strategy; 7) Consultation process; 8) Piloting REDD strategy and monitoring at regional/local levels; and 9) Adjusting strategy (lessons learned and feedback from stakeholders).

The time frame of some steps seems to be unrealistic, given the complexity of the issue. Also, there are no specific information regarding the institutions that will be involved in the different steps. Special attention should be given to steps 3 (correct identification of the opportunity costs), 7 (participation of forestry community to unsure their rights will not be affected in the implementation of the strategy) and 8.

#### **14. Attachments and their usefulness:**

Moderately useful for fleshing out in more detail a few of the sections in the RPIN, but does not significantly add to the analysis of the proposal.