

CLIMATE INVESTMENT FUNDS

FIP/SC.7/CRP.2
October 31, 2011

Meeting of the FIP Sub-Committee
Washington, D.C.
October 31, 2011

PRESENTATION BY GOVERNMENT OF MEXICO
ON THE MEXICO FIP INVESTMENT PLAN

Comisión Nacional Forestal



FOREST INVESTMENT PLAN

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Context



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COMISIÓN NACIONAL FORESTAL



AÑO INTERNACIONAL
DE LOS BOSQUES 2011



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Total population: 112 mill.
In forested areas: 10 mill.
Of which more than half in
poverty conditions

64.8 mill. with forests (33%
of the country)
53% primary forests
< 9 mill. sustainably
managed

Biologically and culturally
diverse country

Unique collective tenure
structure
70% of forests property of
ejidos and indigenous
communities (ca. 9,000)

Complex landscapes

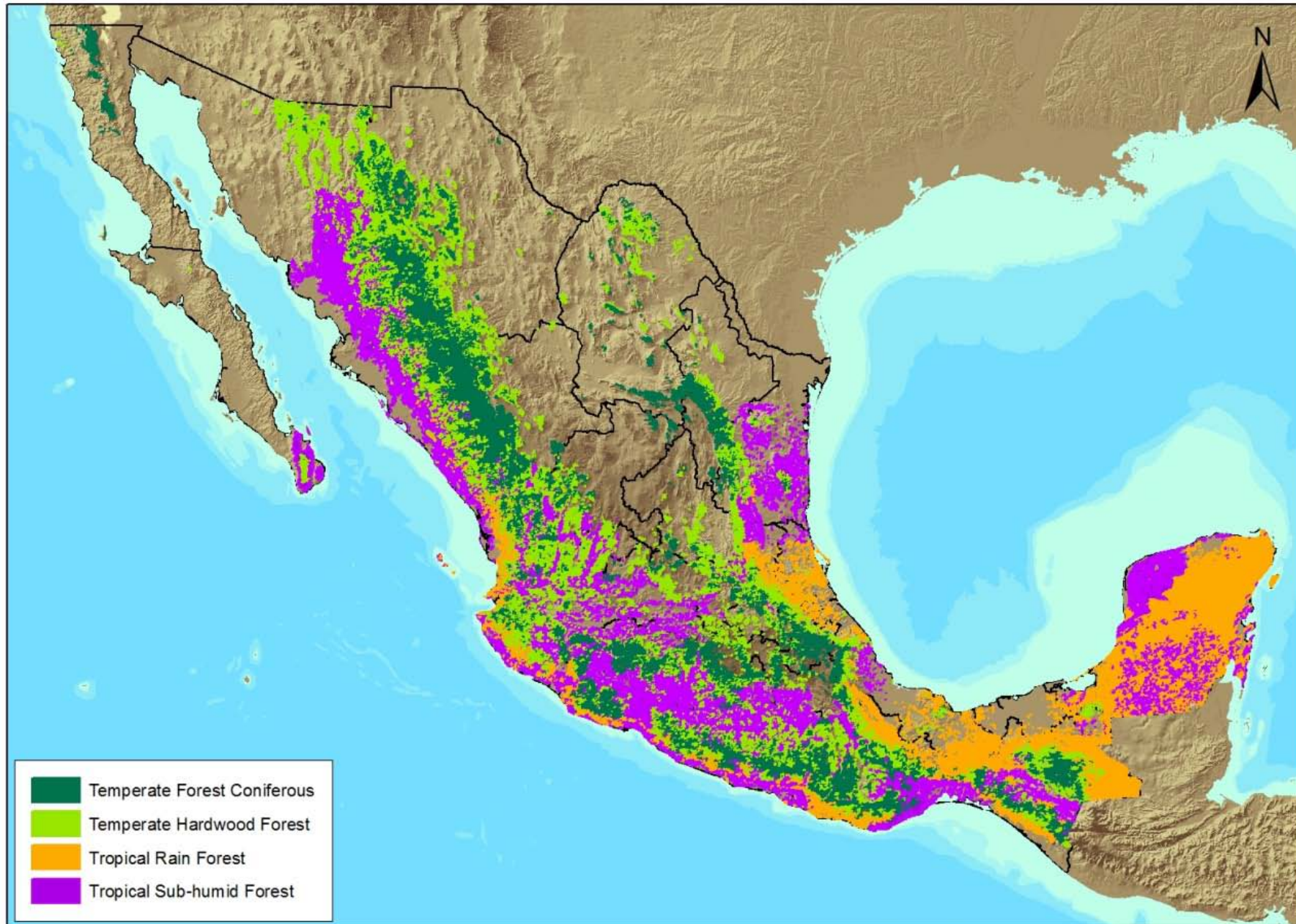


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Deforestation & associated emissions



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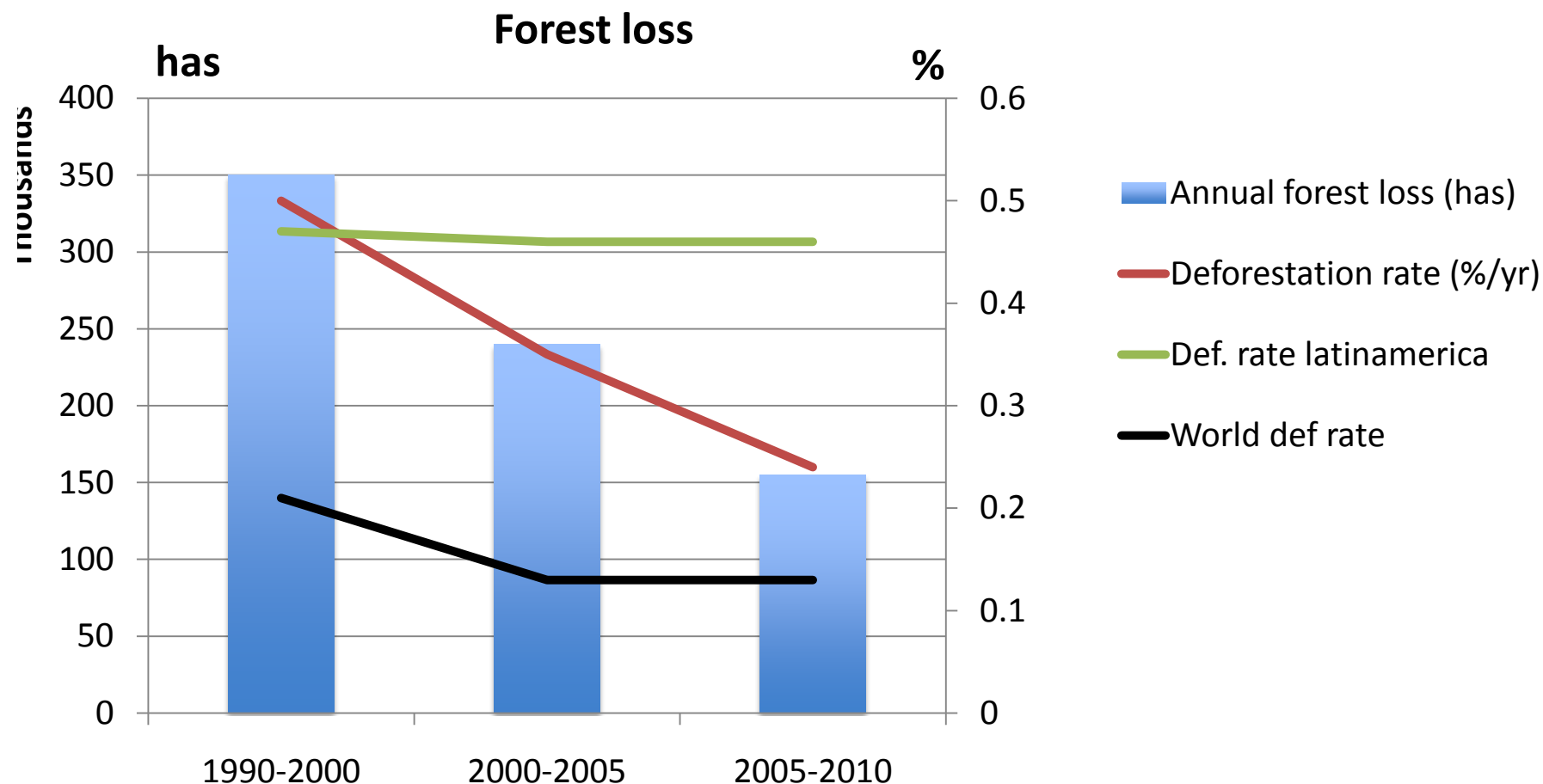
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AÑO INTERNACIONAL
DE LOS BOSQUES - 2011



LULUCF Emissions

86 Mt CO₂e/yr
(1990)
14% of Total



69 Mt CO₂e/yr
(2006)
10% of Total



5th National
Communication



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Spatial distribution of deforestation trends & emissions



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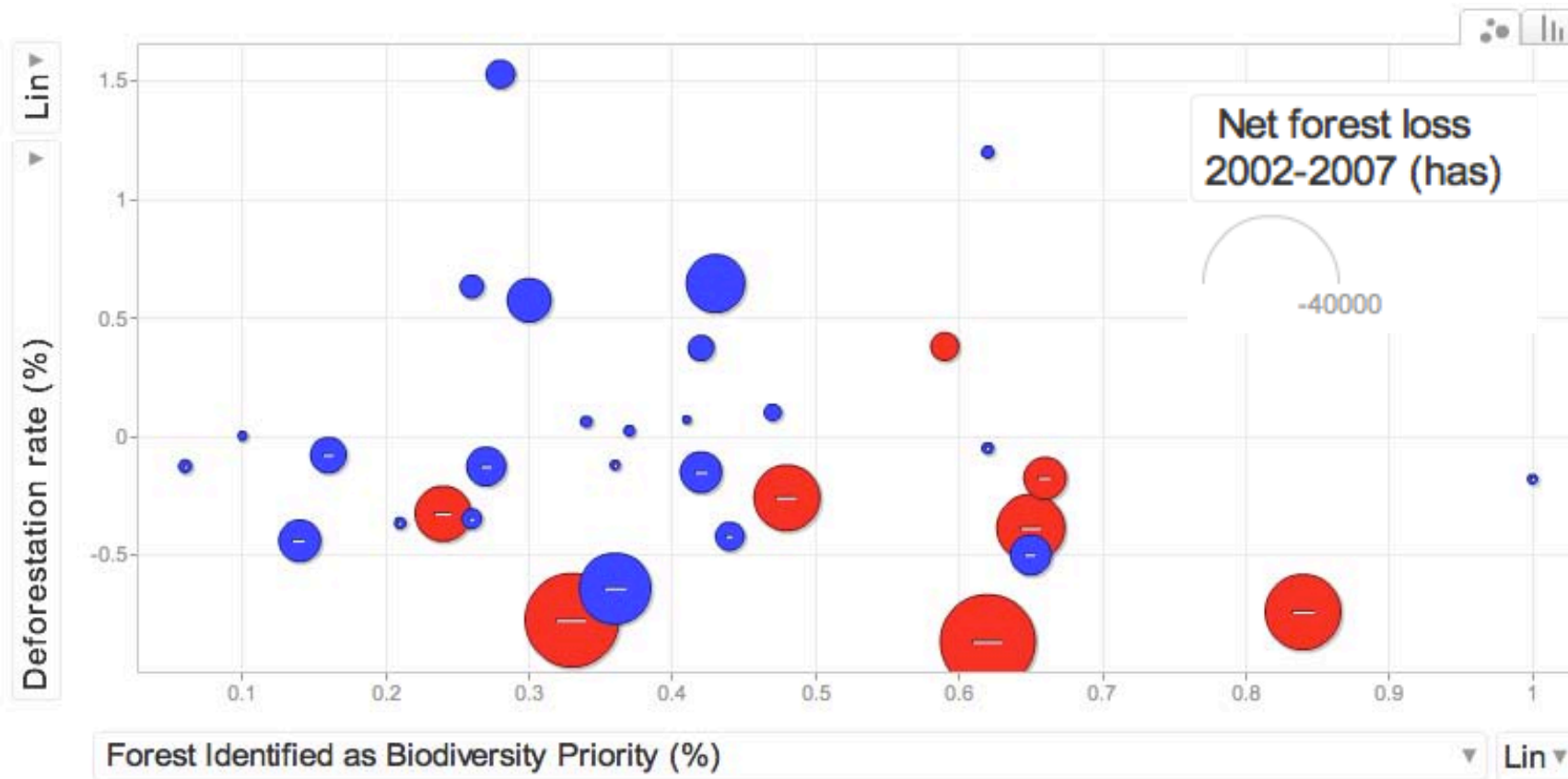
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AÑO INTERNACIONAL
DE LA BIODIVERSIDAD - 2010



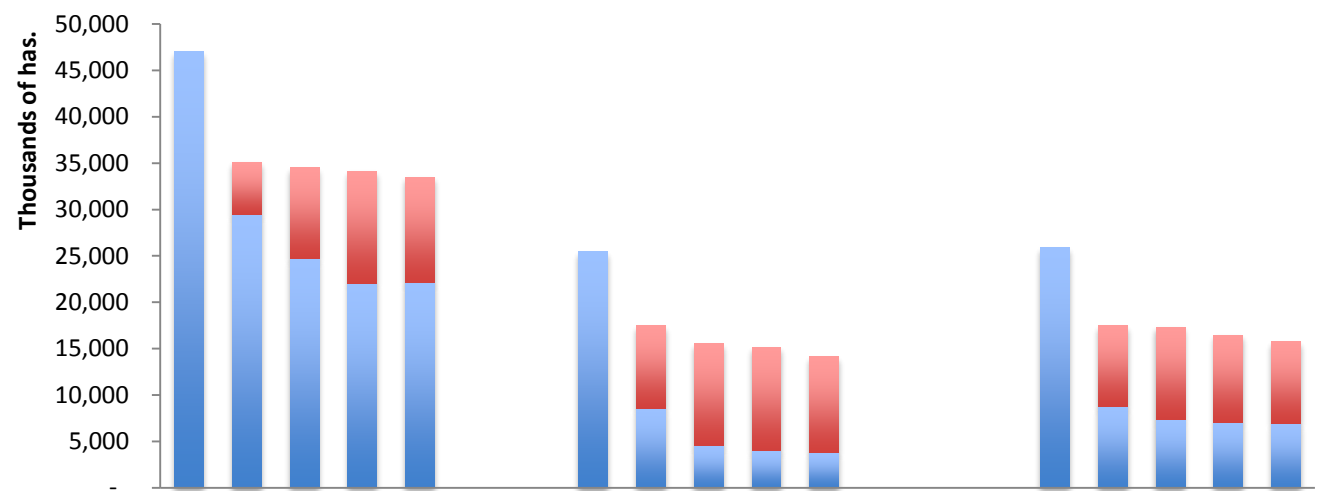
- Significant variation in deforestation rates across States
- Most important losses also in high biodiversity areas
- Socially also areas of high social need

States in red are the Early Action States selected



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Degradation



Temperate forests

65 t/ha

91 t/ha

33 t/ha

75 t/ha

118 t/ha

54 t/ha

- Bars:
- a. Potential primary vegetation
 - b. 1970s
 - c. 1993
 - d. 2002
 - e. 2007

Secondary

Primary



Gobierno Federal

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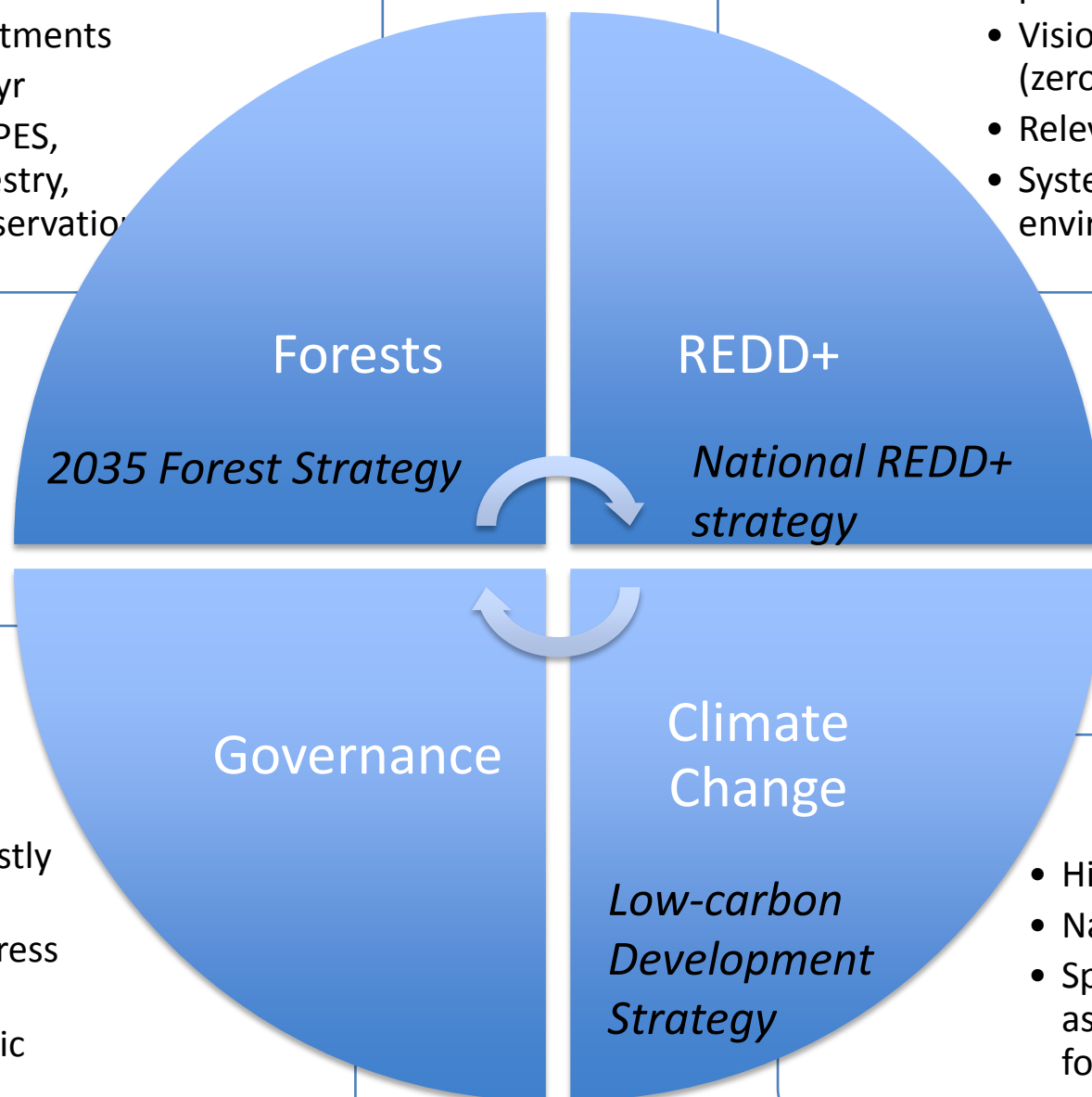
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Policy context



- Strong Forest Institutions (Conafor, MFF)
- Significant investments
Ca. USD 0.5 bn/yr
- Rich policy set (PES, Community forestry, community conservation)

- Dedicated and innovative participatory spaces
- Vision with aspirational targets (zero net def @ 2020)
- Relevant technical experience
- Systems for social & environmental management



- Clear tenure arrangements, mostly community based
- Institutions to address land disputes
- Wide array of public participation fora

- High political commitment
- National Climate Strategy
- Special Program with aspirational targets (30% on forests)

Coordination of readiness efforts



Phase
III

FCPF
Carbon Fund

Forest Bond
Feasibility study

Phase
II

SIL “Forests & Climate change”
Institutional strengthening, consolidation of
programs &...
(IBRD)

FIP- Transformative
investments and innovative
institutional arrangements
(IBRD & IDB)

MRV & RLs- Norway

Governance (AFD-AECID-Life)

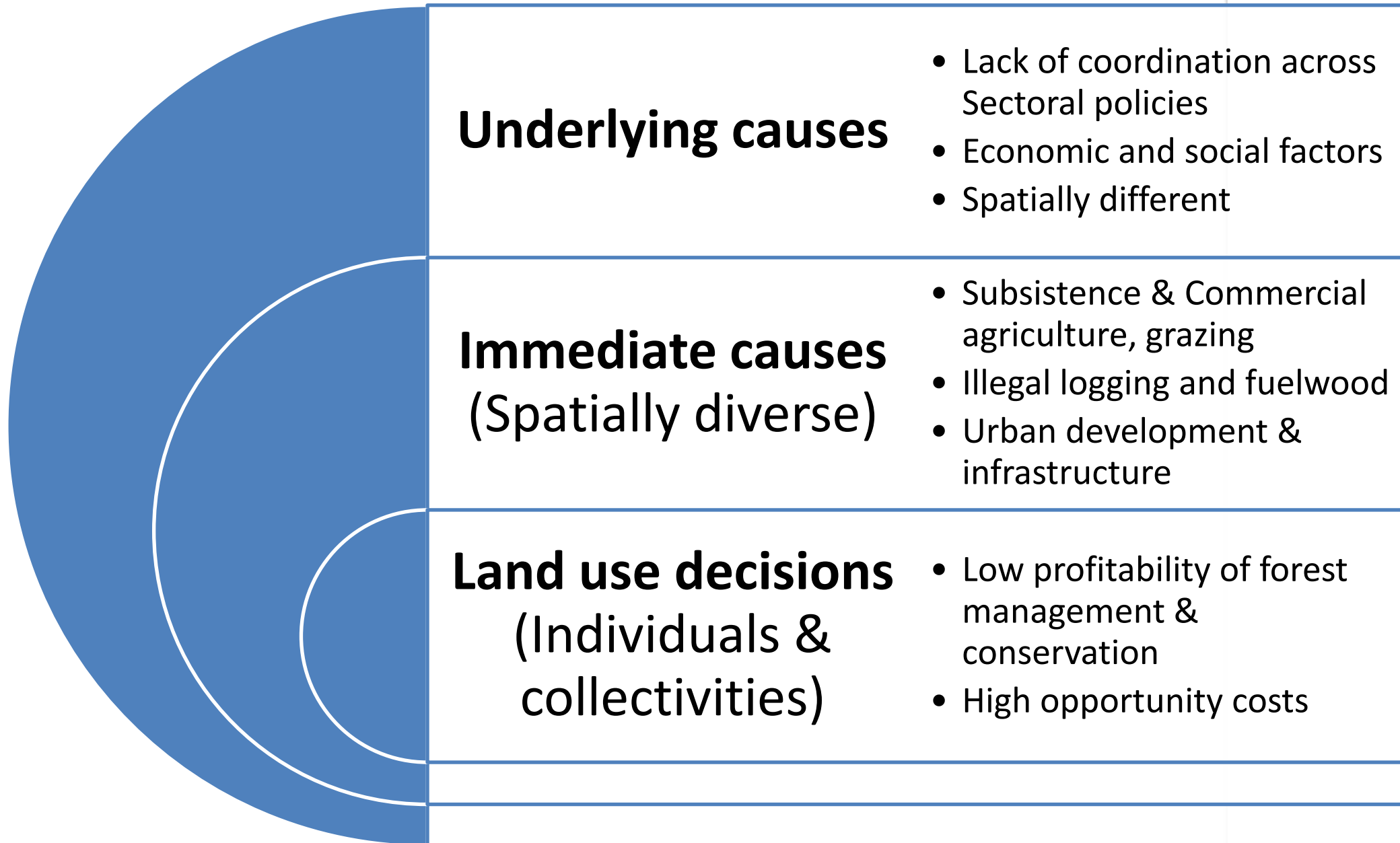
M-REDD (USAID)

Phase
I

FCPF
R-PP

DPL – Social Resilience & CC
Policy commitment to cross-sectoral and multi-level coordination
Participatory Platforms (IBRD & AFD)

Drivers of deforestation & degradation



Causes of Deforestation



Land use decisions driven by economic forces & market failure

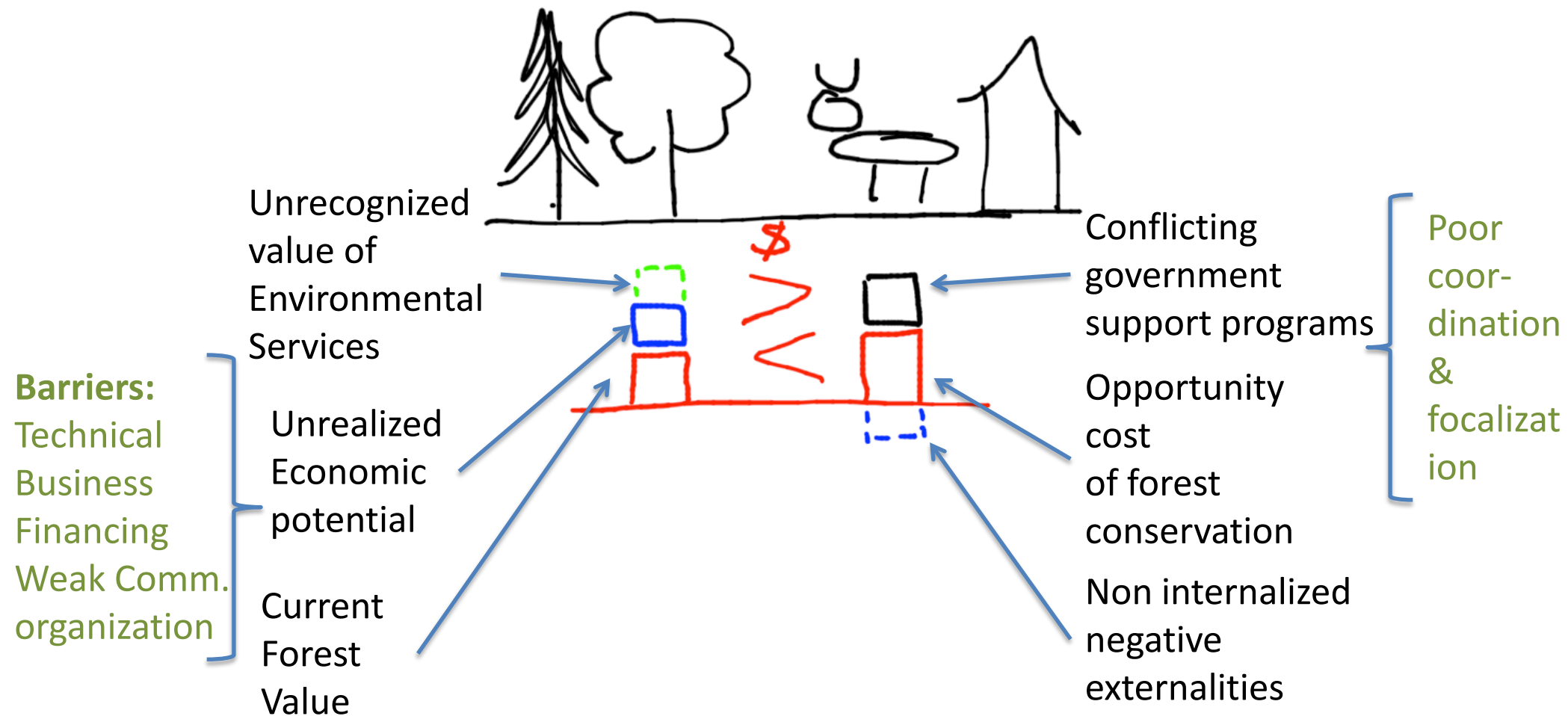


Causes of Deforestation



Land use decisions driven by economic forces & market failure

Non supportive landscape planning
High diversity of conditions across the country





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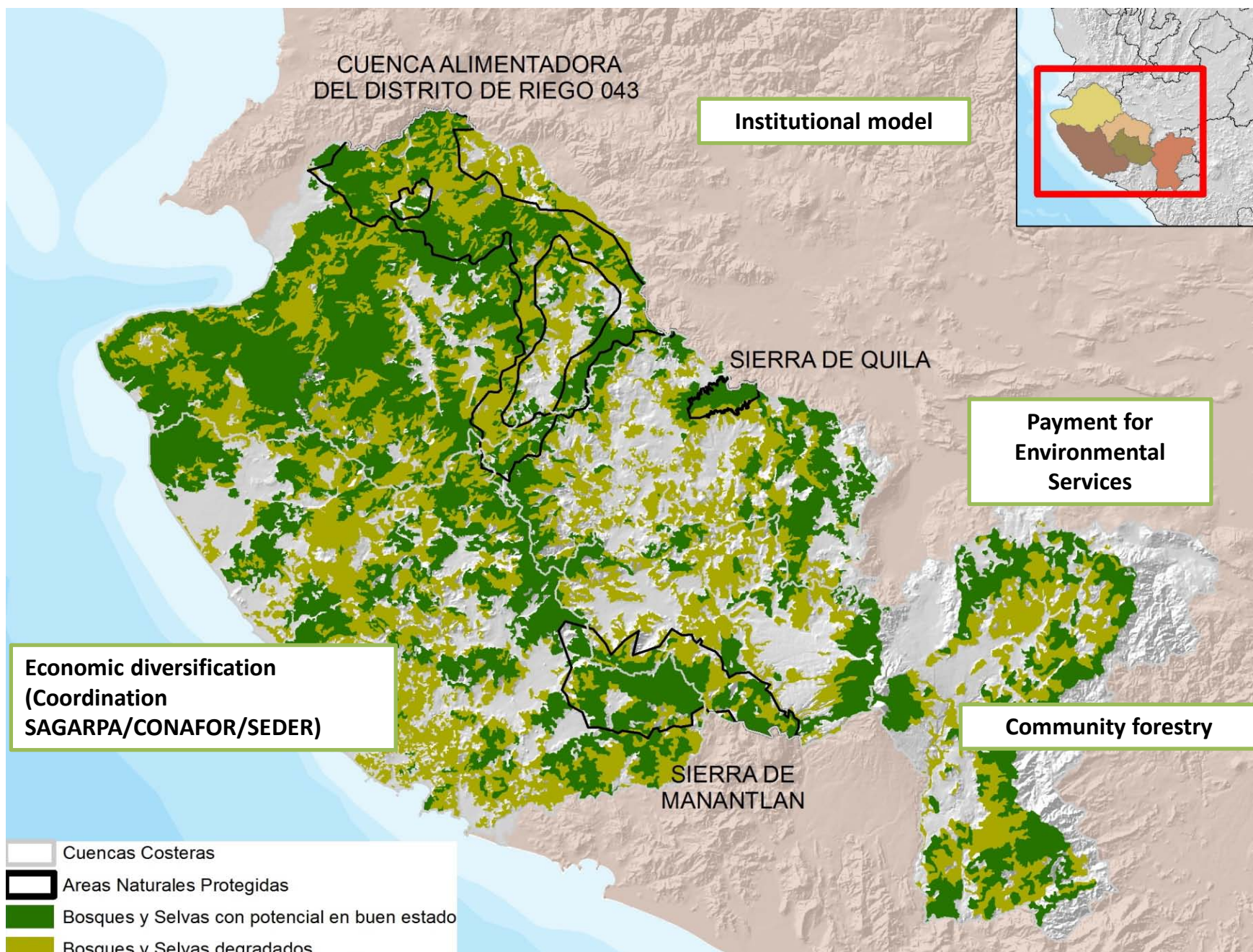
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Early Action REDD+ Areas

Intermunicipal Associations

Territorial Management Entity

Mesoamerican Biological Corridor

Community Forestry

Wildlife managment

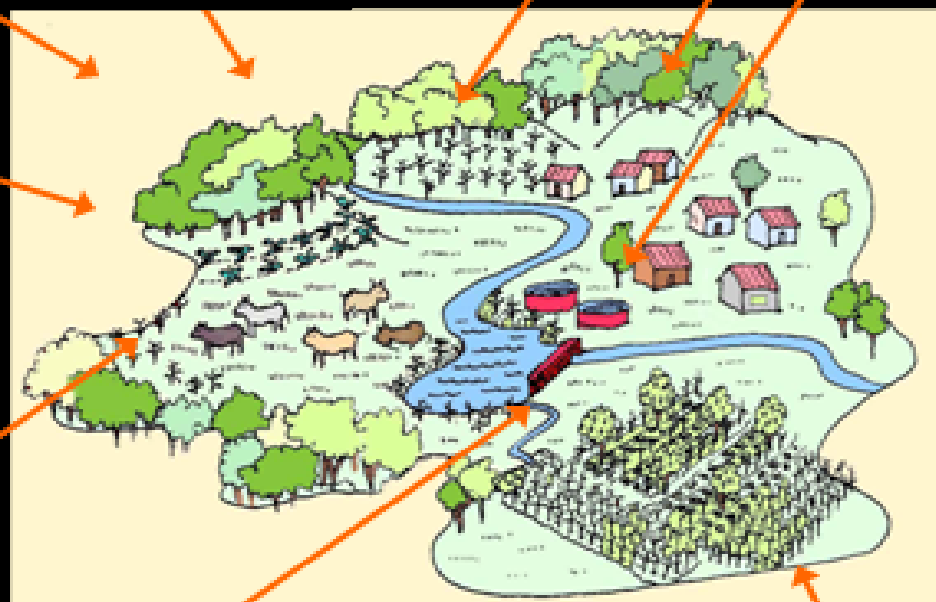
Watershed management

Reforestation

Aquaculture

Productive and Social infrastructure

Soil conservation and restoration



Sustainable Intensification of livestock production

Irrigation infrastructure

Sustainable agriculture and Productive reconversion

Ejidos and Communities

SAGARPA

SEDESOL

SCT

SEP

Economía

SRA

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Gobierno estatal

Gobierno municipal

National level
(including coordination
at State level)

Forest Landscapes
(e.g. biological corridors &
watersheds in areas or rapid forest
carbon loss)

Ejidos and communal lands
(typically under multiple uses)

Governance & Policy

Technical & Financial Support

Feedback & results

Conditions for
multisectoral policy
coordination

New participatory
mechanisms

Forest Landscape
Management Entities

Dedicated financing line
for low-carbon activities

Innovative mechanisms
for multisectoral &
integrated investments

Financing for community-
based enterprises

Business, technical &
financial assistance for
low carbon activities

Monitoring of REDD+ results & other co-benefits & Policy evaluation

Investments in Sustainable
(community) Forest Management
& value chains

Investments in conservation &
enhancement of environmental
services (carbon stocks)

Investments outside of the forest
sector

EMISSION REDUCTIONS, REMOVALS & CO-BENEFITS

— Financing
- - - Coordination & assistance

Territorial Focus



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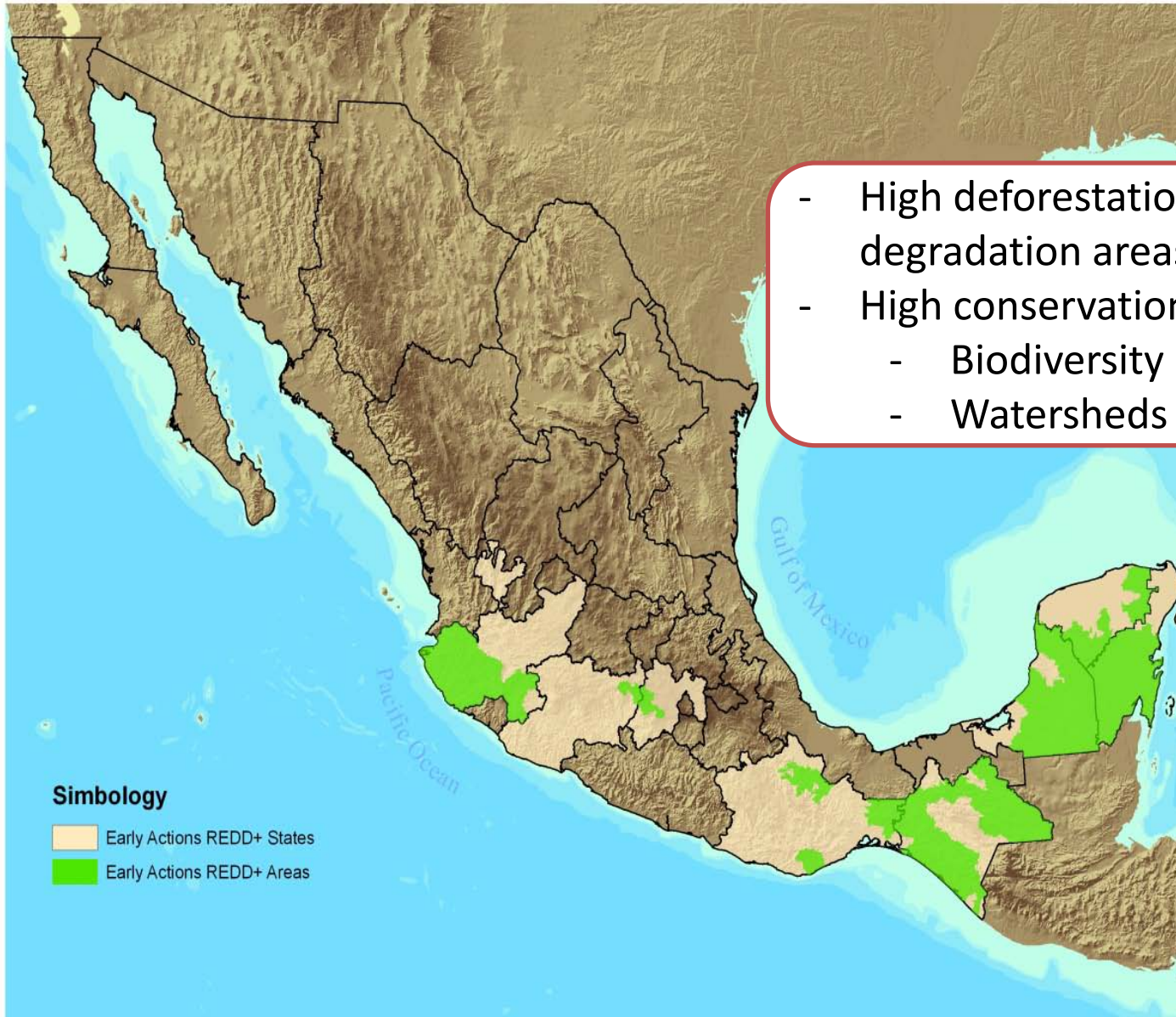
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AÑO INTERNACIONAL
DE LA NIÑA - 2012



- High deforestation & degradation areas
- High conservation priority
 - Biodiversity corridors
 - Watersheds



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Program structure



Project	Implementing	Budget (M USD)	Policy coordination	Territorial Institutions	Participation	Technical & business support	Community Investments in SFM	Investments in Enhancement of Env. Services	Investments outside the forest sector	Monitoring & Evaluation to the end???
Project 1. Capacity building for sustainable forest landscapes management	IBRD	15.66 (g: 100%)	Y	Y	Y	Y				Y
Project 2. Mitigation resilience and sustainable profitability in forest landscapes	IBRD	26.34 (g: 38%)				Y	Y	Y	Y	
Project 3. Creation of a dedicated financing line for low carbon strategies in forest landscapes	IDB	15 (g: 33%)	Y				Y	Y	Y	Y
Project 4. Strengthening the financial inclusion of <i>ejidos</i> and communities through technical assistance and capacity building for low carbon activities in forest landscapes.	IDB	3 (g: 50%)				Y	Y	Y	Y	

Improved low carbon, climate resilient socio-economic development

Reduced GHG emissions from deforestation and forest degradation;
enhancement of carbon stocks

Reduced poverty through improved quality of life of forest
dependent indigenous and local communities

Reduced biodiversity loss and increased resilience of
forest ecosystems to climate variability and change

Reduced deforestation and forest degradation and enhanced conservation

Increased direct
management of forest
landscapes by indigenous
and local communities

Improved enabling environment for
REDD+ and sustainable management
of forest landscapes including
Territorial Management Entities

Access to predictable and adequate financial
resources, including results-based incentives
for REDD+ and sustainable management of
forests through direct investments and a
dedicated financing line

Global goal
(15-20 years)

Country -
Transformative impact
(10-15 years)

Country – Catalytic
replication
(5-10 years)

Program
(2-7 years)

FIP Activities



Forest and non-forest areas under sustainable management of natural resources in productive mosaics

Sustainable management of forests
and forest landscapes to address the
drivers of deforestation and forest
degradation in the Early Action
REDD+ Areas

An institutional and legal/regulatory framework
that supports sustainable management of
forests landscapes and protects the rights of
indigenous and local communities in priority
forest landscapes within the Early Action REDD+
Areas

Empowered indigenous
and local communities
by providing capacity
building and financing
mechanisms

Increased institutional and local capacity, and sustainable investment to address the direct and underlying drivers of
deforestation and forest degradation in the Early Action REDD+ Areas

Investment within the
forest landscapes, and
launching a step wise
approach for
sustainable
competitive
productive mosaics

Investments on institutional
capacity, forest governance,
implementation of
Territorial Management
Entities and strategic
evaluation platforms

Strengthening participation
of indigenous and local
communities in the overall
forest landscape
management and the
strategic evaluation
platforms

Create financing mechanisms
targeted at low carbon
activities which enable
financial access to
communities and *ejidos* and
promote productive mosaics in
forest landscapes

Key indicators

Cross-cutting gender indicators, strengthening gender sensitive incentives

Reduced pressure on forest ecosystems	<ul style="list-style-type: none"> a) Change in hectares (ha) deforested in project/program area b) Change in hectares (ha) of forests degraded in project/program area c) Amount of non-forest sector investments identified to address drivers of deforestation and forest degradation
Sustainable management of forests and forest landscapes to address drivers of deforestation and forest degradation	<ul style="list-style-type: none"> a) Increase in number of communities building social organization and generating income from sustainable production of forest goods and services
An institutional and legal/ regulatory framework that supports sustainable management of forests and protects the rights of local communities and indigenous peoples	<ul style="list-style-type: none"> a) Percentage of participating communities receiving support from new ATLs/ADLs [local entities that integrate REDD+ across sectors, levels, and territorially] b) Number of agreements between CONAFOR, SAGARPA, and States in support of REDD+
Empowered local communities and indigenous peoples and protection of their rights	<ul style="list-style-type: none"> a) Number of new community-based, economically viable, REDD+ focused initiatives with demonstrated potential for replication at scale
Increased capacity to address direct and underlying drivers of deforestation and forest degradation	<ul style="list-style-type: none"> a) A national strategy or action plan b) A national reference level(s) c) A robust and transparent national multi-scale monitoring system including subnational and community level components d) An information system on how safeguards are being addressed
New and additional resources for forest and forest-related projects	<ul style="list-style-type: none"> a) Increase in the proportion of coordinated financial resources being mobilized in Early Action REDD+ Early Areas

Stakeholder Involvement process

Complements existing efforts (incl. PEF 2035 consultations)

National level:

Technical Advisory Committee for REDD+ (4 sessions dealt with FIP)
Civil society engagement during FIP missions

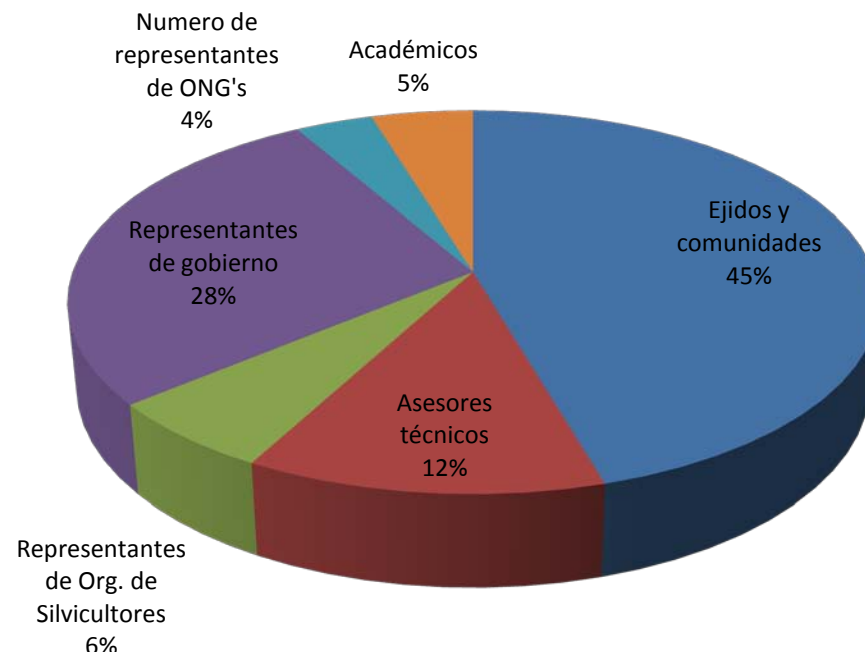
Regional Level:

6 regional 2-day workshops
Agenda: Drivers of deforestation, National REDD+ Strategy and FIP
Participation:

458 participants
9% women
130 ejidos & communities repr.
14 CSO
16 Academic institutions



Outcomes considred in Investment Plan



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Link with DGM for Indigenous & local communities



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- Challenge: 9,000 communities, 56 main indigenous groups
- Potential valuable contribution
- National CTC-REDD+
- State CTC-REDD+
- Participatory spaces in forest landscapes

Independently of DGM

- 75% of FIP resources will go to communities



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Relevance of FIP investment



- **Climate change mitigation potential:** Early Action Areas = 80% deforestation
- **Address drivers of deforestation and degradation:** addresses structural barriers hard to address through conventional interventions
- **Transversality & innovation:** enhances cross-sectoral ownership, transforming & innovating policy and support programs implementation
- **Transformational impact:** Combination of FIP innovation and magnifying effect of larger IBRD operation & government investments
- **Forest related governance:** Fills a void in cross-sectoral and multi-level coordination, fully community based, enhances social capital. Inclusive multistakeholder process.
- **Safeguarding integrity of natural forests:** Strengthening planning-investment link
- **Partnership with private sector:** Strengthens value chains, provides business support to communities
- **Economic and financial viability:** Pipeline with potential future payments for mitigation/REDD+ results

Final remarks

Mexico invests significant resources to forests and its contribution to mitigation efforts

Nonetheless, significant challenges remain to halt and reverse deforestation and forest degradation

The proposed Investment Plan targets innovative and transformative investments

Cross-sectoral and multi-level coordination is a key challenge worldwide

Approval would enable Mexico to keep momentum and deploy a critical link between REDD+ readiness efforts, planned scaled-up investments & eventual results based financing.



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México