

CONCEPT NOTE

MÉXICO DEDICATED GRANT MECHANISM FOR INDIGENOUS PEOPLES AND LOCAL COMMUNITIES

Country/Region:	México
Investment Plan endorsement date:	October 2011
Project title:	México- Dedicated Grant Mechanism for Indigenous Peoples and Local Communities
Funding request (in USD million total) (including preparation grant):	USD \$6 million (100% grant from Strategic Climate Fund)
Implementing MDB:	IBRD
National executing agency:	To be selected

BACKGROUND AND OBJECTIVES:

1. The Dedicated Grant Mechanism (DGM) is a special initiative under the Forest Investment Program (FIP), one of the three programs of the Strategic Climate Fund (SCF), a multi-donor Trust Fund established in 2009. The FIP supports developing countries' efforts to address the underlying causes of deforestation and forest degradation and to overcome barriers that have hindered past efforts. One of the objectives of the FIP is to facilitate the effective participation of Indigenous Peoples and Local Communities (IPLCs) in the design and implementation of FIP investment plans and to strengthen the capacity of these groups to play an informed and active role in the FIP, as well as other national and global REDD processes. To facilitate participation and capacity building, the DGM was established, under the FIP, to provide resources for IPLC in FIP Pilot countries to support their participation in the development of the FIP and REDD+ strategies and programs. The FIP pilot countries are Brazil, Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Lao PDR, Mexico and Peru.
2. The DGM design has been led by IPLC groups. Discussions began at the earliest stages of the design of the FIP in 2009. During 2010-2011, four regional and two global meetings led by IPLC representatives from the eight FIP pilot countries and other countries were held. During these meetings, the principles, objectives and basic structural elements of the DGM were discussed and representatives for the Global IPLC Working Group – entrusted with finalizing the DGM Design Proposal – were selected. The final version of the DGM design proposal and other foundational documents such as the Framework Operational Guidelines were endorsed by IPLC representatives in October 2011 and September 2013 respectively.
3. Mexico's FIP Investment Plan supports the sustainable management under an integrated territory approach of both forest and non-forest landscapes. It also focuses on increasing institutional and local capacity and key investments to address the direct and underlying causes of deforestation and forest degradation in regions known as Early Action REDD+ Areas (ATREDD+ in Spanish), while improving the livelihoods of forests owners.¹ In particular, the outcomes of the Investment Plan are expected to include:

¹ Early Action REDD+ Areas: The criteria for selecting these activities include: (i) significant forest areas under high deforestation and degradation pressures resulting in forest carbon loss, (ii) high environmental value (including biodiversity and watershed protection),

- i. Investments within the forest landscapes, with a step wise approach for sustainable competitive productive mosaics;
- ii. Investments on institutional capacity, forest governance, implementation of Territorial Management Entities and strategic evaluation platforms;
- iii. Strengthen the participation IPLC in the overall forest landscape management and the strategic evaluation platforms;
- iv. Create financing mechanisms targeted at low carbon activities which enable financial access to communities and *ejidos* and promote productive mosaics in forest landscapes.

PROPOSED ACTIVITIES FOR THE DGM IN MEXICO

4. In addition to the principles and objectives outlined in the DGM foundational documents and the Framework Operational Guidelines, the preparation and implementation of the DGM in Mexico will be guided by the following principles: (a) Ownership and joint decision-making by IPLC through broad and transparent consultation in all key decisions during preparation, implementation, monitoring and evaluation of the DGM under the governance of a National Steering Committee that includes representatives from each of the ATREDD+ areas; (b) Transparency and accountability in the selection of the National Executing Agency, members of the National Steering Committee and beneficiaries; (c) Administrative flexibility and efficiency to facilitate easy, streamlined and fast-track access to grants by indigenous peoples and local communities; and, (d) Social inclusiveness and equity by ensuring the full and effective participation of women, children, elders, and other vulnerable people.
5. Once the National Steering Committee has been established, the Bank team will support them directly during project preparation. Specifically, the World Bank team will support them to: i) design the components; ii) define eligibility criteria for sub-projects; iii) identify eligible activities; iv) establish a decision making process consistent with the above mentioned principles; and v) identify a culturally appropriate dispute resolution mechanism. The design of the DGM Mexico will build upon and take advantage of progress made under the FIP Investment Plan and sub-projects as well as the preparation of the other DGMs in Peru and Brazil.
6. Consistent with and in order to support Mexico's FIP Investment Plan, it is anticipated that the DGM will finance investments under the following three broad components:
 - a) **Component 1: Capacity building.** This component will support activities to improve leadership, negotiation, organizational, administrative and technical skills through targeted capacity building and appropriate technology transfer. The expected result will be IPLC with a strengthened participation in FIP and other REDD+ processes at the local, national and global levels. Additionally, this improved capacity will support the productive activities developed under Component 2.
 - b) **Component 2: Sustainable forest management initiatives.** This component will facilitate investments for sustainable management of forest landscapes, including cross-sectoral productive systems that involve both timber and non-timber forest products

(iii) important social and economic needs and (iv) implementation feasibility, including a critical mass of local partners and political support.

and will use an integrated land management approach that incorporates the traditional use of resources by IPLCs.

- c) **Component 3: Monitoring and evaluation, reporting and communication.** This component will support building IPLC capacity to plan, monitor and track the impacts of the DGM investments at the landscape level. It will also promote communication and coordination between IPLCs and key stakeholders regarding evaluation of DGM objectives and its implementation results. In order to ensure higher impact of the interventions, this component will all include efforts to systematize experiences at a territorial scale, share good practices and lessons learned at a national and global level and contribute to the design of policies and instruments that foster the development of IPLCs. This sub-component will have a close link with the activities that will be undertaken by the Global Executing Agency and the Global Steering Committee.
7. **Safeguards:** To ensure compliance with Bank environmental and social safeguards, an environmental and social assessment will be carried out during project preparation and the results will be used to inform project design and the project’s Operational Manual (OM). An Environmental and Social Management Framework (ESMF) will be prepared to outline the procedures for screening, assessment and mitigation of environmental and social risks and impacts. The social assessment will inform the design of the eligibility criteria and outline the procedures to be followed during project preparation and implementation in order to ensure that there is a process of free, prior and informed consultation with indigenous peoples and that all sub-projects that are either intended to benefit them or will be implemented in their lands and communities receive their broad community support. The ESMF and OM will also outline the procedures to ensure that local communities are engaged in meaningful consultation and participation in project benefits.
8. **Financing Plan:** The FIP Sub-Committee has approved an overall envelope of US \$50 million in grant resources for the eight DGMs and the Global component. For the implementation of the DGM, Mexico has been allocated a total of US \$6 million.
9. **Preparation timeline:** The Bank team has undertaken initial work to explain the preparation process with the Transitional Global Steering Committee members and the FIP focal point at CONAFOR. A technical Task Force will be contracted by the Bank to assist the NSC with preparation. The next key milestone in the preparation of the DGM Mexico will be the selection and formal establishment of the National Steering Committee (NSC). Subsequent to the establishment of the NSC, the Bank team will provide technical assistance in order to select the National Executing Agency and prepare and approve the DGM Mexico design by the Bank.

Proposed Project Preparation Timeline

MILESTONE	TARGET DATE
First preparation mission and first meeting of the National Steering Committee	Aug/Sept 2014
Project Concept Note Review Meeting (PCN)	Dec 2014
Selection of the National	January 2015

Executing Agency	
Quality Enhancement Review (QER)	March 2015
FIP Subcommittee (FIP SC)	April 2015
Project Appraisal Document (PAD) and Approval	May 2015
Effectiveness	June 2015 (approx.)

PREPARATION AND SUPERVISION BUDGET REQUESTED

10. The Project will be implemented over 5 years (2015-2020). Total estimated costs for preparation and supervision are \$697,000. The preparation budget includes the consultation and technical support required to establish regional Steering Committees in Oaxaca, Jalisco and Yucatan Peninsula and facilitate the selection of the National Steering Committee from these regional Steering Committees. It also includes budget support for technical and administrative assistance for the National Steering Committee which is a lesson learned from the DGM Peru. A first tranche of \$348,500 is being requested.