

December 19, 2011

**Comments from Arid Lands Institute on Approval by mail: First tranche of the MDB project preparation and supervision budget to prepare the global component of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities**

Dear Patricia,

Thank you for the information.

My concern in this project is to ensure the free, prior and informed consent of indigenous peoples. In what level are indigenous peoples involved in the project, if at all?

All the best.

Naomi Kapuri

Arid Lands Institute

December 20, 2011

**Comments from Australia on Approval by mail: First tranche of the MDB project preparation and supervision budget to prepare the global component of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities**

Dear Patricia

Thank you for the opportunity to comment on the first tranche of the MDB project preparation and supervision budget to prepare the global component of the *Dedicated Grant Mechanism for Indigenous Peoples and Local Communities*.

Could you please clarify what are the agreed benchmarks for MDB preparation and supervision costs for projects under the Strategic Climate Fund? I had difficulty finding this information on the CIF website and it would be useful to understand the calculation of the estimated budget of USD 600,000 for preparation and supervision costs.

Kind regards,  
Rhonda

**Rhonda Mann**

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**Policy Manager | Climate Change and Forests Section| AusAID**

December 21, 2011

**CIF Administrative Unit response to Australia regarding the approval by mail of the first tranche of the MDB project preparation and supervision budget to prepare the global component of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities**

Dear Rhonda,

During its meeting in June 2011, the SCF Sub-Committee reviewed document SCF/TFC.7/6, *MDB Project Implementation Services under SCF's Targeted Programs – Sources of Funding and Implementation Arrangements*.

The decision by the SCF Trust Fund Committee on that subject reads as follows:

**MDB PROJECT IMPLEMENTATION SERVICES UNDER SCF TARGETED PROGRAMS: SOURCES OF FUNDING AND IMPLEMENTATION ARRANGEMENTS**

The Trust Fund Committee reviewed document SCF/TFC.7/6, *MDB Project Implementation Services under SCF's Targeted Programs: Sources of Funding and Implementation Arrangements*, and approves the proposals for approving and sourcing funding to cover the costs of project implementation services provided by the MDBs.

The Committee notes its expectation that if a funding request for project implementation support and supervision services exceeds the agreed range or if there are changes in the costs of such services between the initial estimate and the final request for funding, the justification for such a request should be highlighted when submitted to the Sub-Committees for approval.

The Committee underscores that the costs for project implementation and supervision should be discussed and proposed in close collaboration with the pilot country.

I attach the paper for your reference. Page 7 lists the benchmarks by project type.

Kind regards,  
Andrea

December 21, 2011

**Comments from Australia on Approval by mail: First tranche of the MDB project preparation and supervision budget to prepare the global component of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities**

Dear Andrea

Thank you for your fast response and for this advice. I had a look through the document you provided, SCF/TFC.7/6, which from my reading indicates a benchmark for preparation and implementation costs for SCF capacity building projects as \$176,000-\$533,000. Is this the correct benchmark range for the Dedicated Grant Mechanism? If so, are you able to provide some further information on why the estimated costs for the MDB preparation and implementation costs exceeds the benchmark range? Apologies if I'm misinterpreting the information, so if this is not correct could you please clarify the benchmark range? It would be useful to have this information to inform our decision on the proposal put forward.

Thanks and regards,  
Rhonda

**Rhonda Mann**

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December 22, 2011

**IBRD response to Arid Lands Institute on the approval by mail of the first tranche of the MDB project preparation and supervision budget to prepare the global component of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities**

IBRD thanks the member for this question. Please see our response below:

1. This program will be developed in close collaboration with the global working group of the Indigenous Peoples and Local Communities who have been leading on the preparation of the Design Proposal for the Grant Mechanism. The institutional structure for this program is unique - where the beneficiaries have a leading role in the governance of the program.
2. Indigenous Peoples and Local Communities' involvement will be achieved through their membership in the Governing bodies of the program - the Global Steering Committee and National Steering Committees. These bodies will have a majority of Indigenous Peoples and Local Communities representatives. Members from the MDBs, Government, Civil Society and others will be in observer status in these committees. As members of the governing bodies Indigenous Peoples and Local Communities will have a prominent role in shaping the operational details of the program, in the selection of beneficiaries and, in monitoring progress during implementation. Selection of global and national committee members will be through a self-selection process, and the World Bank will facilitate the meetings, etc. as requested.
3. The program is based on and will be aligned with the Design Proposal, and particularly the first overarching principle in the Design Proposal which states that, "The operations of the Grant Mechanism, including planning, implementation, monitoring and evaluation of activities supported under the Grant Mechanism, shall be carried out in accordance with the operational policies and procedures of the Multilateral Development Bank through which the funds shall be channeled. In doing so, the operations will include the full and effective participation of Indigenous Peoples, taking note of the United Nations Declaration on the Rights of Indigenous Peoples."
4. During the design process of the Forest investment Program (FIP) the terms of engagement set out in FIP Consultation Guidelines for Indigenous Peoples and Local Communities have been agreed with the global IPLC working group. These terms, which we believe are materially equivalent to free, prior and informed consent, are documented in the Guidelines contained in Annex 3 of the FIP Design Document. These Guidelines will apply throughout the continued preparation and implementation of this important initiative.

January 12, 2012

**IBRD response to Australia on the approval by mail of the first tranche of the MDB project preparation and supervision budget to prepare the global component of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities**

We thank the Member from Australia for this question. IBRD provides the following justification for the fee request:

The Dedicated Grant Mechanism cannot be dealt with within the benchmarks set for the preparation and supervision costs for SCF capacity building projects. The benchmark of \$176,000-\$533,000 reflects a standard situation for projects designed in partnership with pre-existing state institutions with known capacity constraints and risks.

The DGM is a unique, complex and innovative program. It is both a capacity building and investment project rolled into one. It is highly process driven, and dependent on the decisions of the Indigenous Peoples and Local Communities at every step during preparation and implementation. Therefore, the counterpart implementing agencies in the pilot countries are not yet known or identified and, IBRD has to take on a substantial portion of the preparatory work, which is normally carried out by country counterparts in standard projects. The geographic scope and design complexity of the program necessitates involvement of specialists from more than one region in IBRD to ensure that region specific issues and safeguards are taken into account. Specialists in fiduciary, social and environmental safeguards from at least two regions will be needed to carry out the necessary due diligence as per IBRD procedures. During implementation too, greater intensity of supervision is envisaged due to the dispersed nature of individual projects, higher risk owing to low fiduciary capacity and the fact that the counterpart agencies may not have all the necessary tools and resources at their disposal to carry out such supervision.

IBRD proposes a two phase preparation process for the DGM. The current request is for phase one. During phase one the framework for the overall program and the global component will be prepared and presented to IBRD's Board for approval. This will be followed by phase two - preparation of detailed project documents for individual pilot country implementation of the DGM. During phase one IBRD will define key aspects of the overall program such as beneficiary eligibility criteria, procedures for grant allocation and disbursement, and, environmental and social safeguards, as well as the activities of the global component. Consultations will be organized with the Indigenous Peoples and Local Communities to facilitate establishment of the national and global steering committees. An operational manual - framework document for the program -will be developed under the lead of IBRD jointly with all MDBS for use in all the pilot countries. The overall framework document will benefit not only the IBRD, but also the IADB which is expected to take lead in the Latin America Region. During phase one IBRD, together with other MDBs will also develop a communications strategy for the program which is important to reach out to the beneficiary communities in the pilot countries. In addition, a grievance redress mechanism will also be designed which will be applied to the program as a whole. By defining the overall framework during phase one, it would be possible to streamline preparation work in phase two.

As the Indigenous Peoples and Local Communities are still undecided about their choice of lead MDB for some countries, IBRD can only proceed with a request for phase one, to avoid further delays in implementation of the program.

IBRD would be happy to provide further clarification, if needed on this issue.